

# The Commercial & Financial Chronicle

## BANKERS AND TRUST SECTION.

CONTAINING REPORT OF THE

Convention of American Bankers' Association

Held at ST. LOUIS, OCTOBER 16, 17, 18 and 19, 1906

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## October 27, 1906.

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 Corporation 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, *3d Vice-Pres. and Treas.*

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

J. SNOWDON RHOADS, *Trust Officer.*

ALBERT ATLEE JACKSON, *Second Vice-President.*

EDW. SYDENHAM PAGE, *Secretary.*

SAMUEL W. MORRIS, *Asst. Secretary.*

MINTURN T. WRIGHT, *Real Estate Officer.*

## 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,  
AUGUSTUS D. JUILLIARD,  
EDWARD J. BERWIND,

RANDAL MORGAN,  
EDWARD T. STOTESBURY,  
CHARLES E. INGERSOLL,  
JOHN S. JENKS, JR.,  
HENRY B. COXE, JR.

# MISSISSIPPI VALLEY TRUST COMPANY

N. W. Cor. Fourth and Pine Streets

ST. LOUIS

**A general Financial, Bond, Real Estate, Safe Deposit and Fiduciary  
business transacted**

## OFFICERS

JULIUS S. WALSH, Chairman of the Board

BRECKINRIDGE JONES, President  
JOHN D. DAVIS, Vice-President  
SAMUEL E. HOFFMAN, Vice-President  
HENRY SEMPLE AMES, Asst. Executive Officer  
FREDERICK VIERLING, Trust Officer  
CHARLES M. POLK, Assistant Trust Officer  
CHARLES W. MORATH, Safe Deposit Officer

JAMES E. BROCK, Secretary  
HUGH R. LYLE, Assistant Secretary  
HENRY C. IBBOTSON, Assistant Secretary  
C. HUNT TURNER, Jr., Assistant Secretary  
WILLIAM G. LACKEY, Bond Officer  
WM. McC. MARTIN, Assistant Bond Officer  
TOM W. BENNETT, Real Estate Officer

## DIRECTORS

JOHN I. BEGGS, President } United Railways Co. of St. Louis  
                                      } Union Elec. Light & Power Co.  
                                      } Laclede Gas Light Co.  
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  
AUGUSTE B. EWING  
DAVID R. FRANCIS, President D. R. Francis & Bro. Commis-  
                                      sion Co.  
AUGUST GEHNER, President German American Bank

S. E. HOFFMAN, Vice-President.  
CHAS. H. HUTTIG, President Third National Bank  
BRECKINRIDGE JONES, President  
NELSON W. MCLEOD, Vice-President Grayson-McLeod Lumber Co.  
SAUNDERS NORVELL, Pres't Norvell-Shapleigh Hdw. 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.  
JAMES E. SMITH, Vice-President Simmons Hardware Co.  
R. H. STOCKTON, President Majestic Mfg. Co.  
JULIUS S. WALSH, Chairman of the Board  
ROLLA WELLS, Mayor of City of St. Louis

# 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

203 East German Street  
BALTIMORE

205 La Salle Street  
CHICAGO

# 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 PALM 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 - - - 10,779,000

Allows interest on deposits subject to cheque.

Manages estates. Acts as executor, trustee, etc.



## Trustees

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

## OFFICERS

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

Incorporated 1889

# **FISK & ROBINSON**

## **BANKERS**

**Members New York Stock Exchange**

**35 Cedar Street  
NEW YORK**

**28 State Street  
BOSTON**

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### **INVESTMENT DEPARTMENT**

UNITED STATES BONDS 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.



# 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. . . .

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

UNLISTED and INACTIVE SECURITIES BOUGHT and SOLD.

---

### BRANCH OFFICES:

15 Congress Street, Boston. 145 Adams Street, Chicago. 10 South Street, Baltimore.  
Kilmer Building, Binghamton, N. Y. White Memorial Building, Syracuse, N. Y.  
Ellwanger & Barry Building, Rochester, N. Y. 516 Fifth Ave., New York City.

# MACKAY & Co.

## BANKERS

Members of the New York  
and Boston Stock Exchanges.  
Dealers in Government Bonds  
and other Investment Securi-  
ties. Interest allowed on deposits.

---

Nassau and Pine Streets  
N E W Y O R K

13 Congress Street  
B O S T O N

421 Chestnut Street  
PHILADELPHIA

Rookery Building  
C H I C A G O



# Union Trust Company of New York,

80 BROADWAY.

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CHARTERED 1864.



BRANCH OFFICE, - - - 425 FIFTH AVENUE.

(To be opened about November 1st, 1906.)

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Capital,	-	-	-	-	\$1,000,000
Surplus,	-	-	-	-	7,950,000

# **SHOEMAKER & BATES**

## **BANKERS**

24 BROAD STREET

Branch Office, . . . 500 Fifth Avenue

NEW YORK CITY

MEMBERS NEW YORK STOCK EXCHANGE

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

**Unlisted and Inactive Securities Bought and Sold.**  
**Commission orders for the purchase or sale of**  
**Bonds and Stocks executed in all markets.**

DEPOSITS RECEIVED AND INTEREST ALLOWED ON  
DAILY BALANCES SUBJECT TO CHECK.

---

**Travelers' and Commercial Letters of Credit**  
**Available in All Parts of the World.**

---

OUR LIST OF INVESTMENT SECURITIES SENT ON  
APPLICATION.



# New York Life Ins. 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., 2nd Vice-President

GEORGE M. CORNING, Secretary

Z. W. van ZELM, Asst. Secretary

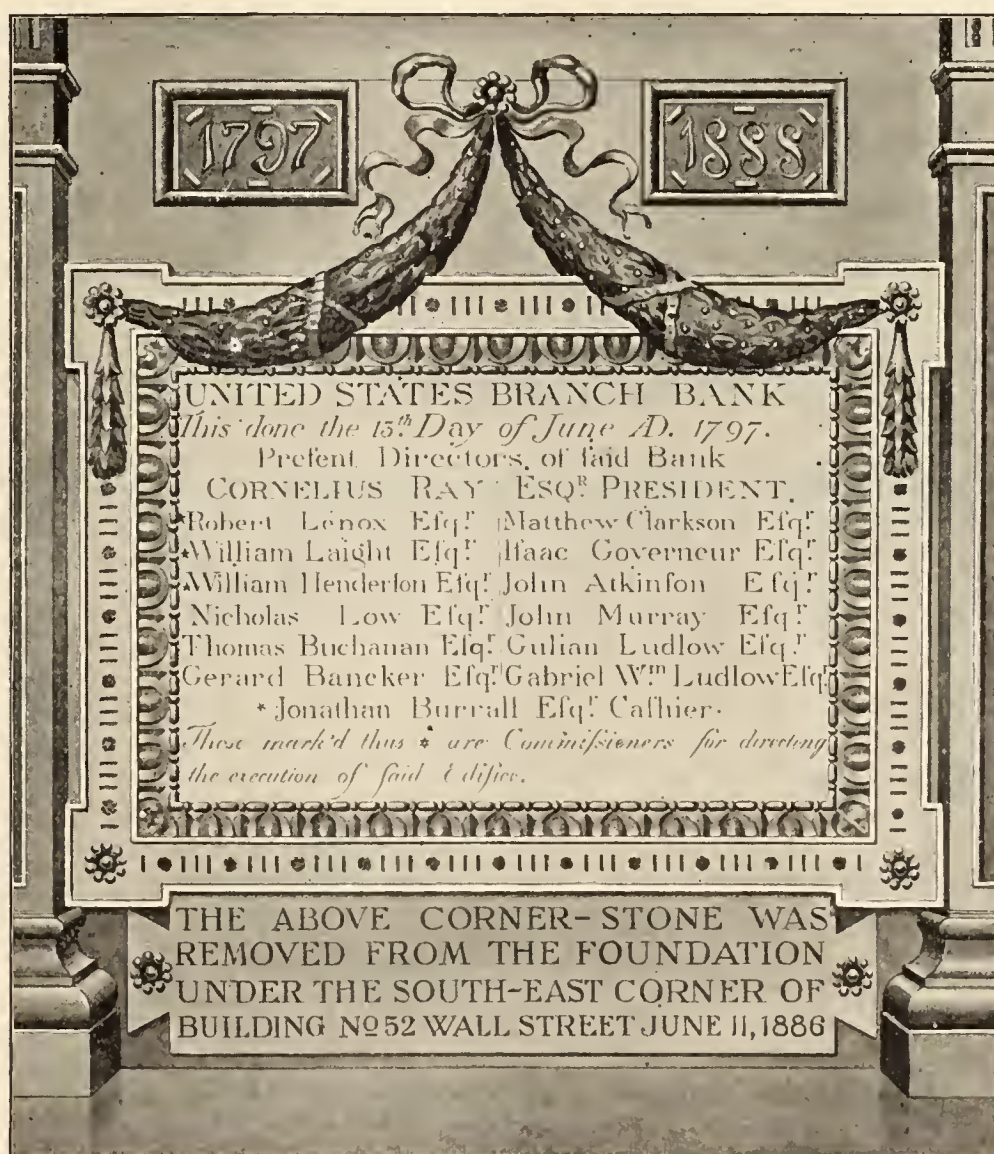
IRVING L. ROE, Asst. Secretary

## 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  
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 Claflin  
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

Made to the Banking Department of the State of New York at the close of business, on August 6th, 1906.

ASSETS		LIABILITIES	
Real Estate . . . . .	\$1,781,500.00	Capital . . . . .	\$1,000,000.00
Bonds and Mortgages . . . . .	3,373,247.20	Surplus Fund and Undivided Profits . . . . .	4,463,949.09
Loans on Collaterals . . . . .	6,074,282.82	(MARKET VALUE)	
Bills Receivable . . . . .	13,730,270.68	<b>Deposites in Trust . . . . .</b>	<b>36,313,508.86</b>
Cash in Company's Vaults . . . . .	2,000,000.00	Annuity Fund . . . . .	2,159,129.13
Cash on Deposit . . . . .	2,704,626.49	Life Insurance Fund . . . . .	381,215.12
Securities in Lawful Money Reserve . . . . .	3,279,000.00	Interest Due Depositors, Taxes, &c. . . . .	745,412.67
Accrued Interest, Rents, Suspense Acc't, &c. . . . .	739,829.18		
Bonds and Stocks, Market Value . . . . .	11,380,458.50		
	<b>\$45,063,214.87</b>		<b>\$45,063,214.87</b>

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.

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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**



# 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.  
Levi P. Morton.  
Oscar G. Murray.  
Norman B. Ream.  
Harry Payne Whitney.

Daniel G. Reid.  
Henry H. Rogers.  
James Speyer.  
H. McK. Twombly.  
Frederick W. Vanderbilt.

# First National Bank

Of Jersey City, N. J.

DESIGNATED DEPOSITORY  
OF THE UNITED STATES

Capital - - \$400,000.00

Surplus and }  
Net Profits } \$1,137,257.13

Deposits - - \$7,720,602.99

## OFFICERS

EDWARD F. C. YOUNG - President  
GEORGE T. SMITH - Vice-President  
GEORGE W. CONKLIN - - Cashier  
EDWARD I. EDWARDS - Ass't Cashier

## DIRECTORS.

EDWARD F. C. YOUNG  
HAMILTON WALLIS  
CHARLES SIEDLER  
ROBERT E. JENNINGS  
JOSEPH D. BEDLE  
GEORGE T. SMITH  
WM. H. CORBIN  
EDWARD L. YOUNG



**CAPITAL, - \$2,000,000**  
**SURPLUS, - \$2,000,000**  
**DEPOSITS, - \$28,000,000**



**OFFICERS.**

**C. H. HUTTIG,                      W. B. WELLS,**  
**President.                              Vice-President.**  
**G. W. GALBREATH,**  
**Cashier.**  
**J. R. COOKE,                      D'A. P. COOKE,**  
**R. S. HAWES,**  
**Ass't Cashiers.**  
**H. HAILL,**  
**Auditor.**

# MISSOURI-LINCOLN TRUST COMPANY

SAINT LOUIS

CAPITAL, \$3,000,000.00

SURPLUS, \$1,108,923.49

DEPOSITS, \$7,885,402.69

INTEREST PAID ON ALL DEPOSITS



AUGUST SCHLAFLY  
President

A. A. B. WOERHEIDE  
First Vice-President

DR. PINCKNEY FRENCH  
Second Vice-President and  
Treasurer

EDWARD H. GORSE  
Secretary

G. L. FAULHABER  
Bond Officer

M. P. MURRAY  
Counsel and Trust Officer

H. E. SPRAGUE  
Assistant Trust Officer

M. P. MURRAY, JR.  
Assistant Treasurer

A. C. HEINTZ  
Assistant Treasurer

C. C. COLLIER  
Assistant Treasurer

We solicit the financial accounts of Bankers, Firms, Individuals and Corporations.  
Correspondence invited with all Banks and Trust Companies desiring collection facilities.

## Commonwealth Trust Company

ST. LOUIS,  
MO.

Capital and Surplus,  
\$5,500,000.00

Accounts of Banks, Bankers and Trust Companies  
Receive Special Attention. Collections Promptly Made.

TOM RANDOLPH, President

ALBERT N. EDWARDS, Vice-President  
L. B. TEBBETTS, Vice-President  
EDWARD HIDDEN, Vice-President  
THOMAS W. CROUCH, Vice-President  
W. L. McDONALD, Vice-President  
HENRY KOEHLER, Jr., Vice-President  
W. C. FORDYCE, Asst. to President

J. M. WOODS, Secretary  
L. S. MITCHELL, Treasurer  
A. G. DOUGLASS, Asst. Secretary  
W. V. DELAHUNT, Trust Officer  
LEE BENOIST, Bond Officer  
R. L. GURNEY, Mgr. Savings Dept.  
ROBT. H. CORNELL, Real Estate Officer

BRYAN & CHRISTIE, Counsel

## N. W. HALSEY & CO. BANKERS

TRANSACT 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

BOSTON CORRESPONDENT

CHICAGO  
PHILADELPHIA

MERRILL, OLDHAM & CO.



# MECHANICS=AMERICAN NATIONAL BANK

## OF ST. LOUIS

Successor to

MECHANICS NATIONAL and AMERICAN EXCHANGE NATIONAL BANKS

Established 1857

Established 1864

Capital \$2,000,000

Surplus \$2,800,000

### BUSINESS OF BANKS SOLICITED

Report of Condition Sept. 4, 1906

#### RESOURCES.

Bills Discounted	\$12,212,998.90	
Demand Loans,	5,506,898.13	\$17,719,897.03
Overdrafts, - - -	- - -	2,083.52
U. S. Bonds,	2,000,000.00	
Premium,	50,000.00	2,050,000.00
Redemption Fund, - - -	- - -	100,000.00
City of St. Louis Bonds to secure U. S. deposits	- - -	243,000.00
Other Bonds, - - -	- - -	309,881.25
Cash,		
In Vault,	3,711,422.87	
With Banks,	5,386,966.93	9,098,389.80
		<u>\$29,523,251.60</u>

#### LIABILITIES.

Capital Stock, - - -	\$ 2,000,000.00
Surplus and Profits, - - -	2,821,029.61
Circulation, - - -	2,000,000.00
Reserved for Taxes, - - -	50,000.00
Bond Account, - - -	243,000.00
Deposits,	
Individual,	9,608,097.51
Banks,	12,601,124.48
U. S. Government,	200,000.00
	<u>22,409,221.99</u>
	<u>\$29,523,251.60</u>

#### OFFICERS

WALKER HILL, Prest.  
H. P. HILLIARD, Vice Prest.  
W. J. KINSELLA, Vice Prest.  
EPHRON CATLIN, Vice Prest.

L. A. BATTAILE, Cashier.  
J. S. CALFEE, Ass't Cash.

J. A. BERNINGHAUS, Ass't Cash.  
G. M. TRUMBO, Ass't Cash.  
C. L. ALLEN, Ass't Cash.  
F. M. GARDNER, Ass't Cash.

## The Omaha National Bank

OF OMAHA, NEB.

Condition September 4, 1906

Capital - - -	\$1,000,000.00
Surplus and Profits -	282,422.32
Deposits - - -	11,468,798.31

#### OFFICERS

J. H. MILLARD,  
President.

WM. WALLACE,  
Vice-President.

W. H. BUCHOLZ,  
Cashier.

C. F. McGREW,  
Vice-President.

FRANK BOYD,  
Asst. Cashier.

## BANK OF COMMERCE & TRUST COMPANY

MEMPHIS, TENNESSEE

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

Statement of Condition, September 4, 1906

#### ASSETS

Loans .....	\$4,701,692.13
Overdrafts .....	28,379.72
Bonds and Stocks .....	633,868.06
Due from Treasurer of U. S. ....	1,000.00
Company's Building .....	589,615.64
Other Real Estate (including Luehrmann Hotel) ..	155,537.36
Cash and Sight Exchange .....	2,037,455.07
Total .....	<u>\$8,147,547.98</u>

#### LIABILITIES

Capital paid in .....	\$1,500,000.00
Surplus .....	500,000.00
Undivided Profits .....	74,755.67
Title Guaranty Contingency fund .....	20,304.40
Deposits .....	<u>6,052,487.91</u>
Total .....	<u>\$8,147,547.98</u>

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 and writes Surety Bonds as Agent.

*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 as Agent.

*Safe Deposit Department;* Rents boxes \$5.00 per year and upwards.

#### OFFICERS

J. T. FARGASON	President
JNO. H. WATKINS	Vice-President
J. A. OMBERG	Vice-President
JAS. H. FISHER	Secretary
S. J. SHEPHERD	Trust Officer
L. S. GWYN	Assistant Cashier
E. L. RICE	Auditor

#### DIRECTORS

J. T. Fargason,	P. P. Van Vleet,	A. D. Gwynne,
R. B. Snowden,	O. C. Armstrong,	W. E. Love,
J. T. Harahan,	W. B. Mallory,	R. Brinkley Snowden,
T. B. Turley,	E. Lowenstein,	O. H. P. Piper,
R. A. Speed,	W. G. Thomas,	J. T. Fareason, Jr.
G. W. Macrae,	Jno. H. Watkins,	H. C. Nall,
		J. A. OMBERG.

CORRESPONDENCE INVITED



# MERCHANTS NATIONAL BANK NEW YORK

**FOUNDED  
1803**

<b>CAPITAL</b>	<b>\$2,000,000</b>
<b>SURPLUS AND PROFITS</b>	<b>1,500,000</b>
<b>DEPOSITS</b>	<b>23,700,000</b>

**ROBERT M. GALLAWAY, President**  
**ELBERT A. BRINCKERHOFF, V.-President**

**ZOHETH S. FREEMAN, Cashier**  
**ALBERT S. COX, Assist. Cashier**

## UNITED STATES DEPOSITARY

For over a century particular attention has been paid to Commercial and Bank accounts and we are still prepared to extend to Mercantile and Banking Institutions every facility consistent with sound banking. The capital and surplus offer a strong reserve for our depositors, who will receive as liberal treatment as their credit and balances warrant.



WALL ST. IN 1803—MERCHANTS' BANK BUILDING ON THE RIGHT.

# United States Mortgage & Trust Company

NEW YORK

55 CEDAR STREET

73d ST. AND BROADWAY

**CAPITAL AND SURPLUS, - - \$6,000,000**

The Company is a designated legal depositary 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.**

**Engraves and Certifies to Municipal and Corporation Bonds**

## OFFICERS

GEORGE M. CUMMING, President.	CARL G. RASMUS, Treasurer.
LUTHER KOUNTZE, Vice-President.	WILLIAM C. IVISON, Asst. Treasurer.
JOHN W. PLATTEN, Vice-President.	SAMUEL B. COIT, Asst. Secretary.
SAMUEL S. CAMPBELL, Vice-President.	ALEX. PHILLIPS, Mgr. Foreign Dept.
CALVERT BREWER, Secretary.	H. L. SERVOSS, Mgr. West End Office.

## DIRECTORS

C. LEDYARD BLAIR.	C. C. CUYLER.	CHAS. R. HENDERSON.	JOHN W. PLATTEN.
WILLIAM B. BOULTON.	CHARLES D. DICKEY.	WILLIAM A. JAMISON.	MORTIMER L. SCHIFF.
DUMONT CLARKE.	WILLIAM P. DIXON.	GUSTAV E. KISSEL.	VALENTINE P. SNYDER.
C. A. COFFIN.	ROBERT A. GRANNISS.	LUTHER KOUNTZE.	EBEN B. THOMAS.
GEORGE A. COX.	GEORGE G. HAVEN, JR.	WILLIAM B. LEEDS.	JAMES TIMPSON.
GEORGE M. CUMMING.	CHAS. M. HAYS.	CLARENCE H. MACKAY.	ARTHUR TURNBULL.
		ROBERT OLYPHANT.	CORNELIUS VANDERBILT.

INCORPORATED 1853.

# United States Trust Company of New York

45 and 47 WALL STREET.

CAPITAL, - - - - - \$2,000,000.00  
SURPLUS AND UNDIVIDED PROFITS, - 12,510,615.36

EDWARD W. SHELDON, President.

D. WILLIS JAMES, Vice-President.

WM. M. KINGSLEY, Second Vice-President.

HENRY E. AHERN, Secretary.

LOUIS G. HAMPTON, Assistant Secretary.

## Trustees.

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

Samuel Sloan,  
D. Willis James,  
John Harsen Rhoades,  
John Crosby Brown,  
W. Bayard Cutting,  
Charles S. Smith,

William Rockefeller,  
Alexander E. Orr,  
William H. Macy, Jr.,  
William D. Sloane,  
Gustav H. Schwab,  
Frank Lyman,

George F. Vietor,  
James Stillman,  
John Claflin,  
John J. Phelps,  
John S. Kennedy,  
D. O. Mills,

Louis Cass Ledyard,  
Lyman J. Gage,  
Payne Whitney,  
Edward W. Sheldon,  
Chauncey Keep.

# THE WASHINGTON TRUST CO.

OF THE CITY OF NEW YORK

Stewart Building, 280 Broadway

Capital, Surplus and Undivided Profits, - \$1,600,000

DAVID M. MORRISON, President

GEORGE AUSTIN MORRISON, } Vice-

PHINEAS C. LOUNSBURY, } Presidents

FRANCIS H. PAGE, 2d Vice-President

M. S. LOTT, Secretary

H. F. PRICE, Asst. Secretary

## TRUSTEES

Charles H. Russell  
George H. Prentiss  
Phineas C. Lounsbury  
David M. Morrison  
Seth E. Thomas

Lucius K. Wilmerding  
Geo. Austin Morrison  
Joseph C. Baldwin  
William Whiting  
H. J. S. Hall

Clarence W. Seamans  
Charles F. Cutler  
Carl Schefer  
John Harsen Rhoades  
Francis H. Leggett

William A. Putnam  
Charles M. Clark  
Francis H. Page  
George F. Vietor  
George W. Jenkins

William Barbour

## 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 done by Trust Companies of responsibility and standing.



# Colonial Trust Company

222 BROADWAY, NEW YORK

**CAPITAL, SURPLUS and UNDIVIDED PROFITS, \$2,900,000**

## 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.

### OFFICERS

JOHN E. BORNE, President

RICHARD DELAFIELD,  
CORD MEYER,  
JAMES W. TAPPIN,  
PHILIP S. BABCOCK, } Vice-Presidents

ARPAD S. GROSSMANN, Treasurer  
EDMUND L. JUDSON, Secretary  
JOSEPH N. BABCOCK, Trust Officer  
ROBERT L. SMITH, Assistant Secretary

### TRUSTEES

HENRY O. HAVEMEYER  
ANSON R. FLOWER  
WM. T. WARDWELL  
LOWELL M. PALMER  
JOHN E. BORNE  
PERCIVAL KÜHNE  
CORD MEYER

PERRY BELMONT  
SETH M. MILLIKEN  
FRANK CURTISS  
L. C. DESSAR  
HENRY N. WHITNEY  
VERNON H. BROWN  
THEO. W. MYERS

GEO. WARREN SMITH  
RICHARD DELAFIELD  
JAMES W. TAPPIN  
GEO. W. QUINTARD  
GEO. EDWARD IDE  
STEPHEN PEABODY

PAUL SCHWARZ, President. A. L. BANISTER, Vice-President. W. F. H. KOELSCH, Treasurer. G. S. MOTT, Ass't Treasurer. WEBB FLOYD, Ass't Secretary. JAS. J. McCORMACK, Ass't Secretary.

# The Mutual Alliance Trust Company

OF NEW YORK

### OFFICES

66 BEAVER STREET  
Hanover Square

323-325 GRAND STREET  
Cor. of Orchard Street

CAPITAL AND SURPLUS OVER ONE MILLION DOLLARS

Special facilities for handling the business of out of town banks and trust companies

ROBERT S. BRADLEY, President  
CLARK WILLIAMS, Vice-Prest.  
JOHN R. McGINLEY, Vice-Prest.  
LANGLEY W. WIGGIN, Secretary  
HOWARD BAYNE, Treasurer  
PARK TERRELL, Mgr. Bond Dept.  
DAVID S. MILLS, Trust Officer



**CAPITAL AND SURPLUS  
TWO MILLION DOLLARS**

**TWENTY-SIX NASSAU STREET  
CORNER CEDAR STREET  
NEW YORK**

### COMMENCED BUSINESS DECEMBER 4, 1905

Statement . . . . .	Dec. 30, 1905	Feb. 20, 1906	May 16, 1906	June 30, 1906	Aug. 6, 1906
Deposits . . . . .	\$2,827,336	\$3,355,963	\$3,777,780	\$5,008,255	\$5,847,310

### DIRECTORS

SAMUEL G. BAYNE  
E. C. BENEDICT  
ROBERT S. BRADLEY  
FREDERICK H. EATON  
JAMES M. GIFFORD  
HENRY GOLDMAN

FRANK S. HASTINGS  
A. B. HEPBURN  
C. H. HUTTIG  
ANTHONY R. KUSER  
J. R. McGINLEY

J. V. McNEAL  
WILLIAM H. MOODY  
WILLIAM H. NICHOLS  
AUGUSTUS C. PAINE  
WILLIAM R. PETERS

CLARENCE W. SEAMANS  
HERMANN SIELCKEN  
ARTHUR TURNBULL  
JACOB WERTHEIM  
CLARK WILLIAMS  
ARTHUR C. YATES

INDEPENDENT OF THE CONTROL OF ANY SINGLE INTEREST



ESTABLISHED 1851

# The Irving National Bank

Chambers, West Broadway and Hudson Streets, New York

Capital and Surplus, \$2,000,000



SAMUEL S. CONOVER, . . . . President  
CHARLES F. MATTLAGE, . . . Vice-President  
CHARLES L. FARRELL, . . . Vice-President  
BENJAMIN F. WERNER, . . . . Cashier  
E. VAN ZANDT, . . . . Assistant Cashier

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

## KNICKERBOCKER TRUST CO.

66 Broadway,  
100 W. 125th St.

358 Fifth Avenue,  
3d Av. & 148th St.

CHARLES T. BARNEY, President.  
FRED'K L. ELDRIDGE, 1st Vice-Pres.  
JOSEPH T. BROWN, 2nd Vice-Pres.  
B. L. ALLEN, 3rd Vice-Pres.  
WILLIAM TURNBULL, 4th Vice-Pres.  
FRED'K GORE KING, Sec'y and Treas.  
J. M'LEAN WALTON, Ass't Sec'y.  
HARRIS A. DUNN, Ass't Treas.  
Trust Department, WILLIAM B. RANDALL, Trust Officer.  
H. M. De LANOIE, Ass't Trust Officer.  
Harlem Branch, W. F. LEWIS, Manager.  
Bronx Branch, JOHN BAMBEY, Manager.

### BOARD OF DIRECTORS.

JOSEPH S. AUERBACH  
HARRY B. HOLLINS  
CHARLES T. BARNEY  
A. FOSTER HIGGINS  
I. TOWNSEND BURDEN  
HENRY F. DIMOCK  
CHARLES F. WATSON  
FREDERICK G. BOURNE  
C. LAWRENCE PERKINS  
CHARLES T. COOK  
JOHN MAGEE

HENRY C. BERLIN  
CHARLES W. GOULD  
FRED'K L. ELDRIDGE  
HENRY W. deFOREST  
ALFRED B. MACLAY  
WM. SLOANE  
MOSES TAYLOR  
G. LOUIS BOISSEVAIN  
A. H. BARNEY  
PAYNE WHITNEY  
ALFRED G. EVANS

JAMES B. HAGGIN  
JAMES W. GERARD  
HOSMER B. PARSONS  
JOSEPH T. BROWN  
HENRY R. HOYT  
GEORGE C. CLARK, JR.  
WILLIAM A. TUCKER  
CHAS. F. HOFFMAN  
EDGAR J. LEVEY  
ROBERT S. TOWNE

## The COAL and IRON NATIONAL BANK OF THE CITY OF NEW YORK.

CAPITAL & SURPLUS,  
\$1,000,000



Cor. Liberty and West Sts.,  
NEW YORK.

JOHN T. SPROULL, - President  
ANTHONY A. LISMAN, - Vice-President

DAVID TAYLOR, - 2d Vice-President  
ADDISON H. DAY, - Cashier  
HENRY J. DORGELOH, - Asst. Cashier

SOLICITS ACCOUNTS of Banks and Bankers upon a Reciprocal Basis

# SEABOARD NATIONAL BANK

NEW YORK, N. Y.

Capital - - - - - \$1,000,000  
Surplus and profits (earned) 1,200,000

S. G. BAYNE, President.  
S. G. NELSON, Vice-President. C. C. THOMPSON, Cashier.  
W. K. CLEVERLEY, Assistant Cashier. J. H. DAVIS, Assistant Cashier.

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

## THE EQUITABLE TRUST COMPANY OF NEW YORK

15 NASSAU STREET

CAPITAL \$3,000,000.00 SURPLUS \$10,000,000.00

ALVIN W. KRECH, President  
LAWRENCE L. GILLESPIE, Vice-President  
FREDERICK W. FULLE, Secretary and Treasurer  
LYMAN RHOADES, Jr., Assistant Secretary  
H. M. WALKER, Assistant Treasurer

### TRUSTEES

C. F. Adams, 2nd	John F. Dryden	Winslow S. Pierce
C. B. Alexander	Frederick W. Fulle	H. H. Porter, Jr.
H. M. Alexander	Lawrence L. Gillespie	Henry S. Redmond
Hugo Baring	E. H. Harriman	Lyman Rhoades, Jr.
F. R. Coudert	T. H. Hubbard	J. Henry Smith
Paul D. Cravath	Bradish Johnson	V. P. Snyder
W. H. Crocker	Otto H. Kahn	Gage E. Tarbell
T. DeWitt Cuyler	Alvin W. Krech	Sir William C. Van Horne
William A. Day	L. F. Loree	H. M. Walker
Henry C. Deming	D. H. Moffat	George T. Wilson
M. Hartley Dodge	Paul Morton	Henry Rogers Winthrop
	Ralph Peters	

Solicits accounts of banks, bankers and corporations upon favorable terms

ESTABLISHED 1829

## MERCHANTS EXCHANGE NATIONAL BANK

Of the City of New York

257 BROADWAY

PHINEAS C. LOUNSBURY, President  
JOSEPH THOMSON, Vice-President  
EDWARD V. GAMBIER, Cashier  
EDWARD K. CHERRILL, Assistant Cashier

Accounts of Banks, Bankers, Merchants and Manufacturers Solicited



# CLEMENT & SMITH

BANKERS AND BROKERS

NO. 1 NASSAU STREET (CORNER NASSAU AND WALL)

NEW YORK

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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

Branch Office, Sherry's, 44th St. and 5th Ave.

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**

**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

Organized 1882.

42nd STREET, OPPOSITE GRAND CENTRAL STATION.

Statement, October 1st, 1906.

CAPITAL,	-	-	-	-	-	\$300,000
SURPLUS AND UNDIVIDED PROFITS,	-	-	-	-	-	1,614,468
DEPOSITS,	-	-	-	-	-	19,468,300
TOTAL RESOURCES,	-	-	-	-	-	22,241,274

President: THOMAS L. JAMES.

Vice-Presidents: E. V. W. ROSSITER, J. D. LAYNG, WILLIAM A. SIMONSON.

Cashier: CHAS. ELLIOT WARREN.

Assistant Cashier: DAVID C. GRANT.

## DIRECTORS.

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

Depository of the United States, State of New York, City of New York.

Accounts of Banks, Bankers, Trust Companies, Corporations and Individuals Invited.

## HODENPYL, WALBRIDGE & CO.

BANKERS

7 WALL STREET, NEW YORK

INVESTMENT BONDS

## T. W. STEPHENS & CO.

BANKERS

Corporation and Municipal Bonds  
For Investment

2 WALL STREET, NEW YORK

BALTIMORE  
Continental Building

CHICAGO  
First National Bank Building

## HIGH GRADE RAILROAD BONDS

Suitable for Banks, Insurance and Trust Companies

## 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

TELEPHONE 2780 RECTOR.

Members of the New York Stock Exchange.

# Gas, Electric Light and Street Railway Securities

A SPECIALTY

Special list of offerings upon application

Correspondence Invited

## TOBY & LAMARCHE INVESTMENTS

25 Broad Street, New York

TELEPHONE { 5775  
5776 BROAD  
474

### WEBB & CO., *Investment Securities.*

74 BROADWAY, NEW YORK.

Telephone { 5415 } Rector.  
5416 }

### GEORGE D. COOK & CO. BANKERS

25 Broad Street, New York

We make a Specialty of Mexican Government and State Bonds

### A. O. BROWN & CO. BANKERS AND BROKERS

30 Broad Street    Waldorf-Astoria    Flatiron Building    11 W. 25th St.  
NEW YORK

BRIGHTON BEACH, N. Y.	DAYTON, O.	WILKES-BARRE, PA.
BUFFALO, N. Y.	ERIE, PA.	SARATOGA, N. Y.
CINCINNATI, O.	WILLIAMSPORT, PA.	SCRANTON, PA.
CLEVELAND, O.		ST. LOUIS, MO.

MEMBERS

New York Stock Exchange    New York Cotton Exchange  
Chicago Board of Trade    Cleveland Stock Exchange

PRIVATE WIRES TO PRINCIPAL CITIES



EDWARD SWEET & CO.  
BANKERS

17 Nassau Street - - NEW YORK

Established  
1854

Members  
New York Stock Exchange

LADD & WOOD

Members New York Stock Exchange

INVESTMENT SECURITIES

7 WALL STREET, NEW YORK

ESTABLISHED 1860

SCHAFER BROTHERS

*BANKERS AND BROKERS*

35 WALL STREET, NEW YORK

Members New York Stock Exchange

GEORGE LEASK.

JULIAN W. ROBBINS.

EDWIN M. LEASK, Member N. Y. Stock Exchange.

GEORGE LEASK & CO.,  
BANKERS,

35 WALL STREET, NEW YORK.

All Securities Current at the New York Stock Exchange Bought and Sold on Commission.

Interest Allowed on Balances Subject to Draft.

DEALERS IN COMMERCIAL PAPER.

# JAS. H. OLIPHANT & CO.

20 BROAD ST.

**BANKERS**

NEW YORK

## INVESTMENT SECURITIES

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.

HENRY P. HATCH

ESTABLISHED 1863

ARTHUR M. HATCH

# W. T. HATCH & SONS

**BANKERS AND BROKERS**

**96 Broadway and 6 Wall Street, New York**

MEMBERS OF NEW YORK STOCK EXCHANGE

Dealers in Investment Stocks and Bonds. Personal attention given at the New York Stock Exchange for the purchase and sale on commission of Stocks and Bonds for cash or on margin

FREDERICK MÜLLER

WILLIAM SCHALL, Jr.

CARL MÜLLER

E. PAVENSTEDT

# MÜLLER, SCHALL & CO.

**BANKERS**

44 Wall Street

- -

NEW YORK

Foreign Exchange

Members  
New York Stock Exchange

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. 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  
New York Produce Exchange  
Chicago Stock Exchange  
Chicago Board of Trade

### OFFICES:

NEW YORK.  
WILKES-BARRE, PA.

SCRANTON, PA.  
BINGHAMTON, N. Y.

CHICAGO.  
CARBONDALE, PA.

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# Peabody, Houghteling & Co.

(Established 1865)

FIRST NATIONAL BANK BUILDING

CHICAGO, ILL.

## *Investment Bankers*

We purchase entire issues of Industrial, Traction, Public Utility and Real Estate Bonds, secured upon well established, income-producing properties

CORRESPONDENCE AND INTERVIEWS SOLICITED

# The Fourth Street National Bank OF PHILADELPHIA

---

CAPITAL,	=	=	=	\$3,000,000
SURPLUS AND PROFITS,	=		=	\$5,500,000

---

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

---

R. H. RUSHTON, President.  
E. F. SHANBACKER, 1st Vice-President. W. Z. McLEAR, Cashier.  
B. M. FAIRES, 2nd Vice-President. FRANK G. ROGERS, Manager  
Foreign Exchange Dept.

## Graham & Co.

**BANKERS,**

435 Chestnut St.

Philadelphia.

STREET RAILWAYS FINANCED.

INVESTMENT SECURITIES.

LETTERS OF CREDIT.

## The Farmers' and Mechanics' National Bank

PHILADELPHIA, PA.

427 CHESTNUT STREET

ORGANIZED JANUARY 17, 1807

CAPITAL, . . . . .	\$2,000,000.00
SURPLUS AND PROFITS, .	1,170,000.00
DEPOSITS, . . . . .	14,500,000.00
DIVIDENDS PAID, . . . .	12,427,000.00

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

NATIONAL BANK, OCTOBER 20, 1864

ACTIVE AND RESERVE ACCOUNTS OF BANKS INVITED



# THE PHILADELPHIA NATIONAL BANK

PHILADELPHIA, PA.

ORGANIZED, 1803.

NATIONAL BANK, 1864.

CONDITION AT THE CLOSE OF BUSINESS, OCTOBER 17TH, 1906.

## RESOURCES.

Loans, Discounts and Investments,	- - - - -	\$25,574,502.12
Due from Banks (Not Reserve Agents),	- - - - -	6,435,986.13
Exchanges for Clearing House,	- - - - -	3,914,538.70
Cash and Reserve,	- - - - -	7,330,372.96
		<b>\$43,255,399.91</b>

## LIABILITIES.

Capital Stock,	- - - - -	\$1,500,000.00
Surplus and Net Profits,	- - - - -	3,014,928.99
Circulation,	- - - - -	1,040,700.00
DEPOSITS { Bank,	- - - - -	\$15,791,918.11
Individual,	- - - - -	21,907,852.81
		<b>\$43,255,399.91</b>

## OFFICERS.

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

# The Trust Company of North America

505 CHESTNUT STREET, PHILADELPHIA

Capital and Surplus, - - - - - \$1,250,000

## OFFICERS

ADAM A. STULL - - - - -	President
HENRY G. BRENGLE - - - - -	First Vice-President and Treasurer
JOSEPH S. CLARK - - - - -	Second Vice-President, Supervising Trust Department
CHAS. P. LINEAWEAVER - - - - -	Secretary and Assistant Trust Officer

## DIRECTORS

Henry G. Brengle	Eugene L. Ellison	J. Levering Jones	William F. Read
James Crosby Brown	Joseph C. Fraley	Malcolm Lloyd	Frank Samuel
John Cadwalader	Harry C. Francis	John McIlhenny	Adam A. Stull
E. W. Clark, Jr.	Henry L. Gaw, Jr.	Richard Waln Meirs	Edward D. Toland
Eckley B. Coxe, Jr.	Howard S. Graham	Clement B. Newbold	Joseph R. Wainwright
Edwin S. Dixon	Samuel F. Houston	John W. Pepper	William D. Winsor

Pays Interest on Deposits. Executes Trusts. Takes Charge of Real Estate, and Furnishes Letters of Credit.  
Saving Fund Pays 3 Per Cent.

# Westling, Jones & Emmett

LAND TITLE BUILDING

PHILADELPHIA

## Municipal and Corporation Bonds

PENNSYLVANIA TAX-FREE ISSUES

# The Market Street National Bank

Philadelphia, Penna.

Capital, \$1,000,000      Surplus and Net Profits, \$820,000      Deposits, \$7,500,000

GEORGE H. EARLE, Jr., President  
JAMES F. SULLIVAN, Vice-President

GEORGE D. McCREARY, 2d Vice-President  
WILLIAM P. SINNETT, Cashier

## DIRECTORS

George H. Earle, Jr.  
Richard Y. Cook  
James F. Sullivan

Stuart Wood  
August B. Loeb  
George D. McCreary

John G. Croxton  
William F. Harrity  
Samuel Y. Hcebner

A. Maxwell Sheppard  
John J. Henry  
Thomas F. Jones

W. Atlee Burpee.  
Theodore Voorhees  
W. P. Sinnett

We invite the Accounts of Banks, Corporations, Firms and Individuals and will be pleased to meet or correspond with those who contemplate making changes or opening new accounts.

## E. W. Clark & Co.

### BANKERS

321 Chestnut Street, Philadelphia

ESTABLISHED 1837.

### Street Railway Bonds and Stocks a Specialty

*Members of the Philadelphia and New York Stock Exchanges.*

New York Correspondents { CLARK, DODGE & CO.  
FIRST NATIONAL BANK.

INTEREST ALLOWED ON DEPOSITS

THEODORE W. CRAMP  
HOWARD ELLERY MITCHELL

SAMUEL L. SHOBER, JR.  
S. PEMBERTON HUTCHINSON

## CRAMP, MITCHELL & SHOBER

314 Chestnut Street, Philadelphia, Penna.

BRANCH OFFICES { 633-4 Real Estate Trust Building, Philadelphia.  
GEORGE H. OBERGE, Manager.  
The Colonial Trust Building, Reading, Penna.  
WM. McILVAIN, Manager.

### United States Government Bonds and other Investment Securities.

*Members New York and Philadelphia Stock Exchanges.*

**A General Banking and Brokerage Business Transacted.**

## UNION NATIONAL BANK, Philadelphia

We invite the accounts of  
Banks, Bankers, Corpora-  
tions and Individuals. :: ::

Capital  
**\$500,000.00**

Surplus and Profits  
**\$725,000.00**



WM. H. CARPENTER  
President

T. H. CONDERMAN  
Vice-President

A. E. FLETCHER  
Cashier

W. H. THOMPSON  
Assistant Cashier

JOHN W. MINK  
Assistant Cashier

Temporary Offices, during construction of new Banking House, Nos. 22 and 24 South Third Street





# Corn Exchange National Bank

PHILADELPHIA

Capital	.	.	.	.	.	.	\$500,000
Surplus and Profits	.	.	.	.	.	.	1,060,000
Deposits	.	.	.	.	.	.	16,000,000

BENJAMIN GITHENS, - - - President  
 WM. W. SUPPLEE, - - - Vice President  
 CHAS. S. CALWELL, - - - Cashier  
 M. N. WILLITS, JR., - - - Assistant Cashier

# BATTLES, HEYE & HARRISON

BANKERS AND BROKERS



Philadelphia Office Building

Dealers in High Grade  
 Unlisted and Inactive  
 Listed Bonds for Invest-  
 ment Purposes.

52 Broadway,  
 NEW YORK.

131 South Fifth Street,  
 PHILADELPHIA.

CAPITAL \$750,000

SURPLUS AND PROFITS \$2,600,000

### OFFICERS

Theo. Kitchen,  
 President  
 William Post,  
 Cashier  
 William Y. Conrad,  
 Asst Cashier

# The Central National Bank PHILADELPHIA

### DIRECTORS

Theodore Kitchen  
 Samuel R. Shipley  
 T. Wistar Brown  
 George Burnham, Jr.  
 William Wood  
 John Pitcairn  
 Chas. H. Smith  
 Henry W. Biddle  
 Chas. Wheeler  
 A. Heckscher  
 James Rawle

Accounts of Banks, Bankers, Individuals, Firms, Corporations, Trustees and Estates invited  
 on the most Liberal terms consistent with safe banking



# WEST END TRUST COMPANY

CITY HALL SQUARE, PHILADELPHIA

CAPITAL, full paid, = = \$1,000,000  
 SURPLUS, = = = = = 1,000,000

Transacts all that pertains to  
 BANKING, TRUSTS, SAFE DEPOSITS, REAL ESTATE, Etc.

## OFFICERS

HORACE A. DOAN, President.  
 JOSEPH T. RICHARDS, First Vice-President.  
 CHARLES E. WOLBERT,  
 2nd Vice-President, Treasurer and Secretary.  
 JOHN M. STRONG,  
 Trust Officer and Real Estate Officer.  
 ROBERT L. MORGAN,  
 Ass't Secretary and Ass't Treasurer.  
 JOHN HAMPTON BARNES, Solicitor.

## DIRECTORS

HENRY A. BORELL, Drugs, 2043 Chestnut St.  
 HORACE A. DOAN, President.  
 WILLIAM HENDERSON, Henderson & Bro., Incorporated,  
 25th St., below Spruce.  
 JOSEPH T. RICHARDS, Chief Engineer Maintenance of  
 Way, Penna. R. R.  
 A. LEWIS SMITH, Attorney-at-Law.  
 FRANK R. TOBEY, President Allison Mfg. Co.  
 MAX RIEBENACK, Comptroller Penna. R. R.  
 HORATIO C. WOOD, M.D.  
 WM. ALEXANDER BROWN, Attorney-at-Law.  
 G. BRINTON ROBERTS, David E. Williams & Co.  
 WILLIAM L. SUPPLEE.  
 DAVID E. WILLIAMS, David E. Williams & Co.  
 STEPHEN GREENE, Printer.  
 JOS. S. KEEN, JR., President American Pipe Mfg. Co.  
 WILLIAM C. ALDERSON, Treas. Lehigh V. R. R. Co.

WILLIAM WILSON & SONS.  
 Established 1802.

WILSON, COLSTON & CO.  
 Established 1867

# Wilson, Colston & Co.

MEMBERS OF BALTIMORE STOCK EXCHANGE.

## BANKERS,

216 E. BALTIMORE STREET, - BALTIMORE.

Investment and Miscellaneous Securities a specialty, and whole issues handled. Exceptional facilities for dealing in all classes of Southern Bonds. Loans on Collateral Securities negotiated.

# FARMERS AND MERCHANTS NATIONAL BANK

BALTIMORE, MD.

N. W. CORNER SOUTH AND LOMBARD STREETS.

CAPITAL, \$650,000

EARNED SURPLUS, \$325,000

## OFFICERS

CHAS. T. CRANE,  
 President.

CARTER G. OSBURN,  
 Cashier.

J. E. MARSHALL,  
 Asst. Cashier.

CORRESPONDENCE INVITED.



— THE —

# FIFTH NATIONAL BANK

---

## OF CINCINNATI

---

Depository United States  
and State of Ohio

### OFFICERS

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

Capital	-	-	-	\$1,000,000.00	}	\$1,700,000.00
Surplus and Profits,				700,000.00		
Deposits,				- - - - - \$8,000,000.00		

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.

# CASSATT & CO.

BANKERS AND BROKERS

111 Arcade Building, - - PHILADELPHIA

Stock and Bonds Bought and Sold. Accounts and Correspondence Solicited

Established 1872

# ERVIN & CO.

BANKERS

## INVESTMENT SECURITIES

Drexel Building  
PHILADELPHIA

43 Exchange Place, New York

*Members of the New York and Philadelphia Stock Exchanges*

# RIGGS NATIONAL BANK

WASHINGTON, D. C.

Penn. Ave., opp. U. S. Treasury

Capital \$1,000,000

Surplus \$1,300,000

LETTERS OF CREDIT ISSUED

Drafts issued direct on principal  
cities of the world.  
Money transmitted by cable.

Exchange bought and sold.  
Investments and collections made.  
Stocks and bonds bought and sold.

### 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

# THE CENTRAL NATIONAL BANK

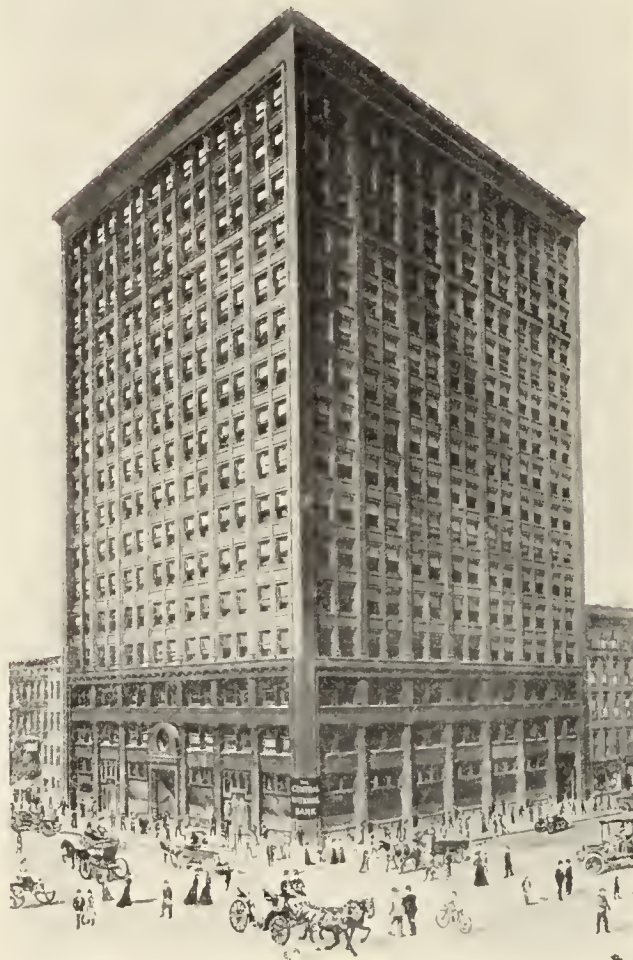
CLEVELAND, O.

Capital

\$1,000,000

Surplus and  
Profits

\$550,000



ROCKEFELLER BUILDING

## Officers

J. J. SULLIVAN

President

E. W. OGLEBAY

Vice-President

C. A. PAINE

Cashier

L. J. CAMERON

Asst. Cashier

# THE SUPERIOR SAVINGS AND TRUST COMPANY

Rockefeller Building  
Cleveland

J. J. SULLIVAN President

E. W. OGLEBAY Chairman of the Board

J. H. McBRIDE Vice-President

F. A. SCOTT Secretary and Treasurer

THIS COMPANY OPENED FOR BUSINESS  
SEPTEMBER 18th, 1905

## COMPARATIVE STATEMENT OF DEPOSITS

September 18th, 1905, Opening Day	-	\$2,630,269.05
April 16th, 1906	- - - -	4,739,817.96
August 8th, 1906	- - - -	5,230,525.28

We Invite Consideration of This Record of Growth



# Citizens National Bank

CINCINNATI, OHIO

United States, City and County Depository



CAPITAL  
**\$1,000,000**  
SURPLUS & PROFITS  
**\$550,000**  
DEPOSITS  
**\$6,000,000**

**OFFICERS**  
B. S. CUNNINGHAM,  
President.  
G. P. GRIFFITH,  
Vice-President.  
O. P. TUCKER,  
Cashier.  
S. M. RICHARDSON,  
Asst. Cashier.

LET US DO A SHARE OF YOUR BUSINESS

## RUDOLPH KLEYBOLTE & CO.

NEW YORK.

CHICAGO.

PHILADELPHIA.

BOSTON.

CINCINNATI.

DEALERS IN HIGH GRADE

MUNICIPAL

RAILROAD

PUBLIC SERVICE CORPORATION

# BONDS

Netting Investors 3 1-2 to 5 per cent.

—LISTS MAILED UPON APPLICATION—

ESTABLISHED 1868

## ISIDORE NEWMAN & SON

BANKERS AND BROKERS

212 Carondelet Street,  
NEW ORLEANS.

25 Broad Exchange Building,  
NEW YORK.

High-grade Securities for Investment a Specialty

# \$100,000

## Five Per Cent Gold Mortgage Bonds of the City Water Company of East St. Louis and Granite City, Ill.

Dated January 2, 1905—Due January 2, 1945

Denomination \$500 and \$1,000

Semi-Annual Interest Payable (January 1 and July 1) at the  
**Farmers Loan and Trust Company, Trustee, New York City**

Payment of Principal and Interest **guaranteed** by the  
**American Water Works and Guarantee Co. of Pittsburgh, Pa.**

### FINANCIAL STATEMENT 1906

Capital Stock, - - -	\$4,000,000.00	Earnings	
Authorized Bonded Debt, -	4,000,000.00	Annual Revenue, - - -	\$290,106.64
Total Bonds Outstanding, -	2,634,000.00	Interest and Operating Expenses,	212,443.36
Bonds held for Betterments, -	1,366,000.00	Net Revenue, - - -	\$77,663.28

The plant is one of the largest and best of the 40 water works owned and operated by the American Water Works and Guarantee Company, who have had a quarter of a century's success in the water works business.

We shall be pleased to mail, on request, full descriptive circular, and booklet entitled "Water Works Bonds."

We recommend the above bonds as being exceptionally high grade in every particular.

**PRICE PAR AND INTEREST, YIELDING 5 PER CENT.**

JAMES S. KUHN, President

L. L. McCLELLAND, Secretary and Treasurer

### MUNICIPAL AND CORPORATION SECURITIES CO.

PAID UP CAPITAL, - - - \$200,000.00

Boston, Mass.

Pittsburgh, Pa.

Philadelphia, Pa.

17 Water Street

Bank for Savings Building

400 Drexel Bldg.

THE necessity for independent bank examinations is admitted whenever the American Bankers' Association meet in convention.

¶ The Audit Company of New York has a Department for such examinations, employing only trained men whose wide experience insures the best results.

¶ Many clients of the department issue their statements over our certificate in pamphlet form.

¶ Specimens will be sent on application. Write us for terms.

The Audit Company of New York

43 CEDAR STREET, NEW YORK

CHICAGO

PHILADELPHIA

BOSTON



THE  
**Mellon National Bank**

PITTSBURGH, PA.

---

Capital	- . . . .	\$4,000,000
Surplus and Profits (earned)		1,610,000

---

Each call of the Comptroller shows a material increase in the Deposits and Profit of this bank that testifies to the ability and popularity of the management.

The equipment of the bank is designed to meet the most exacting demands of its correspondents.

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**COMMENCED BUSINESS JULY 1st, 1902**

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**COMPARISON OF DEPOSITS AND RESOURCES**

	DEPOSITS	RESOURCES
January 1, 1903.....	\$14,289,000	\$17,067,000
January 1, 1904.....	20,866,000	24,831,000
January 1, 1905.....	23,666,000	28,409,000
January 1, 1906.....	26,639,000	34,495,000
September 4, 1906.....	31,524,000	39,284,000

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A. W. MELLON, President	
R. B. MELLON, Vice-President	A. C. KNOX, Vice-President
W. S. MITCHELL, Cashier	
B. W. LEWIS, Asst. Cashier	A. W. McELDOWNEY, Asst. Cashier
H. S. ZIMMERMAN, Asst. Cashier	

# MARYLAND TRUST COMPANY

Capital \$2,000,000

BALTIMORE

## OFFICERS

GRIER HERSH,  
*President.*  
ALLAN McLANE,  
*Vice-President.*

L. S. ZIMMERMAN,  
*Secretary.*  
CARROLL VAN NESS,  
*Treasurer.*

JERVIS SPENCER, JR.,  
*Asst. Treasurer.*  
IVAN SKINNER,  
*Asst. Secretary.*

## DIRECTORS

JOSIAH L. BLACKWELL,  
of J. L. Blackwell & Co., Baltimore.  
GEORGE BLUMENTHAL,  
of Lazard Freres, New York.  
G. CLYMER BROOKE,  
of Geo. S. Fox & Sons, Philadelphia.  
H. CARROLL BROWN,  
of H. C. Brown & Co., Baltimore.  
JOHN W. CASTLES,  
President, Guaranty Trust Company,  
New York.  
B. HOWELL GRISWOLD, JR.,  
of Alexander Brown & Sons, Baltimore.  
A. BARTON HEPBURN,  
President, the Chase National Bank,  
New York.  
GRIER HERSH,  
President.



## DIRECTORS

ERNEST HOEN, JR.,  
Attorney-at-Law, Baltimore.  
GEORGE C. JENKINS,  
of Jenkins Brothers, Baltimore.  
JOSHUA LEVERING,  
of E. Levering & Co., Baltimore.  
OSCAR G. MURRAY,  
President, Baltimore and Ohio Railroad Co., Baltimore.  
WALDO NEWCOMER,  
President, the National Exchange Bank, Baltimore.  
HENRY F. SHOEMAKER,  
Trustee, Trust Company of America, and Van Norden Trust Co., New York.  
JAMES SPEYER,  
of Speyer & Co., New York.  
HENRY WALTERS,  
Chairman, Atlantic Coast Line Railroad Company, New York.

This Company transacts a General Trust and Banking Business, and respectfully invites Accounts from Banks, Bankers, Corporations, Firms and Individuals.

Interest allowed on deposits subject to check; special rates on time deposits. Correspondence Invited.

# Middendorf, Williams & Co.

## BANKERS and BROKERS

MEMBERS BALTIMORE STOCK EXCHANGE

Direct Wire to New York.

BALTIMORE, MD.

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

FRED WM. SCOTT

GEORGE J. SEAY.

# SCOTT & STRINGFELLOW

## Bankers & Brokers

RICHMOND, VA.

From time to time we make studies of railroad and industrial properties for the benefit of our clients.

We will upon application send our circulars on the following properties:

58—Cent. of Ga. Income Bonds.  
59—Chesapeake & Ohio.

60—Comp. B. & O., C. & O. and N. & W.  
61—Comp. C. & O. and N. & W.



# The National Bank of Commerce

## Of Norfolk, Virginia



Is now the second largest bank in Virginia, with resources of over six million. The careful service and attention to details incidental to the accounts of banks, firms, corporations and individuals makes an account with this bank most desirable.

### Directors

E. C. FOSBURGH  
D. F. DONOVAN  
JNO. L. ROPER  
H. L. SCHMELZ  
J. W. HUNTER  
A. C. HUMPHREYS

J. H. COFER  
F. GREENWOOD  
T. H. WILLCOX  
A. H. MARTIN  
F. E. WILCOX  
H. M. KERR

B. W. LEIGH  
T. S. SOUTHGATE  
N. BEAMAN  
TAZEWELL TAYLOR  
W. T. SIMCOE  
F. M. WHITEHURST

### Officials

NATHANIEL BEAMAN, President.

TAZEWELL TAYLOR, Vice-Pres.

HUGH M. KERR, Cashier.

M. C. FEREBEE,

F. A. PORTER,

Asst. Cashiers.

CAPITAL, - \$500,000.00  
SURPLUS, - 370,000.00

## MARKET AND FULTON

# NATIONAL BANK

### Of New York

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

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

# Norfolk National Bank

### NORFOLK, VA.

U. S. DEPOSITARY



Capital,  
\$1,000,000  
Surplus,  
\$500,000

CALDWELL HARDY,  
President.

C. W. GRANDY,  
Vice-Prest.

A. B. SCHWARZKOPF,  
Cashier.

W. A. GODWIN,  
Asst. Cashier.

Accounts of Banks and Bankers received  
on most favorable terms

# FIRST NATIONAL BANK

## NASHVILLE, TENN.

RESOURCES:

Loans and discounts.....\$3,176,832.27
Overdrafts ..... 8,779.58
Bonds and stocks..... 1,050,667.00
Furniture and fixtures..... 24,000.00
Cash and sight exchange..... 1,086,193.86

LIABILITIES:

Capital stock ..... \$500,000.00
Surplus and profits..... 251,686.70
Circulation ..... 322,000.00
Bills payable ..... 300,000.00
Deposits ..... 4,030,686.54

Total ..... \$5,404,373.24

DIRECTORS

Nat. Baxter, Jr.  
J. C. Bradford  
W. S. Bransford.  
Jas. E. Caldwell.  
Joel W. Carter.

W. R. Cole.  
Chas. F. Frizzell.  
W. H. Howe.  
Benj. Lindauer.  
E. A. Lindsey.  
B. F. Wilson.

H. E. Palmer.  
A. M. Shook.  
V. E. Shwab.  
M. J. Smith.  
T. M. Steger.

Jno. W. Thomas, Jr.  
G. P. Thruston.  
F. O. Watts.  
T. D. Webb.  
D. S. Williams.

OFFICERS

F. O. WATTS, President.

D. S. WILLIAMS, Vice President.

E. A. LINDSEY, 2d Vice President.

RANDAL CURELL, Cashier.

R. E. DONNELL, Assistant Cashier.

J. M. FORD, Auditor.

Under the present management the deposits of this bank have increased from less than one million dollars to more than four million dollars. With increased capital, a Board of Directors representing the largest interests in our territory and a reputation for conservative investments and for meeting every reasonable necessity of our customers, we believe we are sure to get bigger and stronger as Nashville grows.

# The Holston National Bank

Of KNOXVILLE, TENN.

514 Gay Street

United States Depository

Capital = = = = \$200,000.00

Surplus and Profits = 60,000.00

Deposits = = = = 1,000,000.00

OFFICERS

Joseph P. Gaut, President

D. A. Rosenthal, Vice-President

Ralph W. Brown, Cashier

DIRECTORS

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

J. H. Cowan  
Cecil H. Baker  
Hu. L. McClung

D. A. Rosenthal  
Jos. P. Gaut  
U. D. Beeler

UNITED STATES DEPOSITORY

The

City National Bank

OF

Knoxville, Tenn.

Organized 1888

Capital, - - \$500,000.00

Surplus, - - - 64,000.00

Deposits, - - 2,400,000.00

WM. S. SHIELDS, President

EDWARD HENEGAR, Vice-President

WM. T. MARFIELD, Cashier

R. E. MOONEY, Asst. Cashier

Send us your Tennessee Business.

FOURTH NATIONAL BANK

NASHVILLE, TENNESSEE.

Capital paid in, - - \$600,000.00

Surplus and profits, - 600,000.00

Deposits, - - - 4,250,000.00

We have excellent facilities for handling Tennessee items, and respectfully solicit your business, assuring PROMPT SERVICE and REASONABLE RATES.

S. J. KEITH, President,

J. H. FALL, Vice President,

W. C. DIBRELL, Vice President,

J. T. HOWELL, Cashier,

G. W. PYLE, Ass't Cashier,

J. S. McHENRY, Ass't Cashier.

40



# Birmingham Trust and Savings Co.

## BIRMINGHAM, ALA.

Capital,	.	.	.	\$500,000.00
Surplus,	.	.	.	225,000.00

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

COLLECTION ACCOUNTS SOLICITED.

“THE BANK THAT IS BIRMINGHAM”

# American Trust and Savings Bank

## BIRMINGHAM, ALA.

Capital, \$200,000	Total Resources, \$3,500,000
--------------------	------------------------------

REMITTANCES ON COLLECTIONS MADE BY FIRST MAIL. WE COVER ALABAMA  
AND ADJACENT TERRITORY

### OFFICERS

W. W. CRAWFORD, President.                      W. A. PORTER, Vice-President.                      H. L. BADHAM, Vice-President.  
H. B. URQUHART, Cashier.                      G. B. McCORMACK, Chairman Board of Directors.                      C. M. WILLIAMSON, Assistant Cashier.



# Fourth National Bank

## ATLANTA, GEORGIA

Capital,	-	-	-	-	\$ 400,000.00
Surplus and Profits,	-	-	-	-	362,500.00
Total Resources,	-	-	-	-	5,557,000.00

WE INVITE YOUR BUSINESS  
PROMPT AND RELIABLE SERVICE

J. W. WHITING, President.                      J. W. LITTLE, Cashier.  
J. B. DAVIS, Vice-President.                      B. W. PADGETT, Ass't Cashier.

# PEOPLES BANK

## MOBILE, ALA.

Capital,	-	-	-	-	\$150,000.00
Surplus Earned,	-	-	-	-	150,000.00
Undivided Profits over	-	-	-	-	400,000.00
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.

# 50 Years of Banking in Chicago

*"The growth of its oldest Bank is typical of this City."*

*—"The Chicago Banker."*



## Established 1857

Year	Capital	Surplus and Profits	Deposits
1857	\$500,000	⌘	⌘
1867	1,000,000	\$364,964	\$1,723,650
1877	1,500,000	801,560	2,321,482
1887	2,000,000	1,183,567	8,069,225
1897	2,000,000	1,554,077	18,445,741
1906	3,000,000	3,843,430	49,181,893
Sept. 5th, 1906			
50 years of safe and conservative banking			

\* Records burned in Chicago Fire

## The Merchants' Loan and Trust Company.

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, Mgr. Foreign Dep't  
John E. Blunt, Jr., Mgr. Bond Dep't  
Leon L. Loehr, Sec'y Trust Dep't  
F. W. Thompson, Mgr. Farm Loan Dep't

### THE BOARD OF DIRECTORS

Cyrus H. McCormick	Albert Keep
Lambert Tree	Erskine M. Phelps
Moses J. Wentworth	Enos M. Barton
Thies J. Lefens	Chauncey Keep
E. H. Gary	Clarence A. Burley
Orson Smith	E. D. Hulbert

The Accounts of Banks, Corporations and Individuals Invited



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, \$900,000**

Accounts of Banks, Corporations, and Individuals Solicited.

### CHICAGO SAVINGS BANK AND TRUST COMPANY

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

Solicits Reserve Accounts of State Banks.

### Western Trust & Savings Bank

## CHICAGO

S. E. CORNER LA SALLE AND ADAMS STREETS  
THE ROOKERY

*Capital*     /     /     /     /     \$1,000,000  
*Surplus and Profits*     /     /     270,000

Transacts a General Banking and Trust Company Business.

**OFFICERS**

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

S. R. FLYNN, President

G. A. RYTHER, Cashier

G. F. EMERY, Ass't Cashier

### The National LIVE STOCK Bank

## OF CHICAGO, ILL.

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

# 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.*

---

## American National Bank Record

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

## Inter-State Corporation Record

For Banks and Corporations organized under State  
Laws; both books contain proper organization proceed-  
ings, Subscription List, By-Laws, Minutes First Meetings  
Stock Holders and Directors, Blank Minutes, Stock Reg-  
ister, Transfers, Dividends and Stock Holders' Ledger.

---

STOCK CERTIFICATES  
BONDS

LOOSE LEAF BLANK BOOKS  
SEALS

BANKERS' BLANKS

---

## J. W. MIDDLETON & CO.

Manufacturing Stationers  
167 Dearborn St., CHICAGO

---

## A. G. BECKER & Co.

(INCORPORATED.)

---

## COMMERCIAL PAPER ∴ ∴ ∴

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SOUTHWEST CORNER LA SALLE  
AND MONROE STREETS,

CHICAGO, ILL.



THE

Continental National Bank

of Chicago

CAPITAL  
AND SURPLUS  
\$6,000,000

DEPOSITS  
\$55,000,000

Respectfully Solicits the Accounts of Banks and  
Bankers, Corporations, Firms and Individuals

A General Foreign Exchange Business Transacted

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

OFFICERS

GEORGE M. REYNOLDS.....President

ALEX. ROBERTSON.....Vice-President

WM. G. SCHROEDER.....Cashier

IRA P. BOWEN.....Assistant Cashier

BENJ. S. MAYER.....Assistant Cashier

HERMAN WALDECK.....Assistant Cashier

BOARD OF DIRECTORS

JOHN C. BLACK . . . . .Chairman of the Board

ALBERT J. EARLING, President Chicago, Milwaukee & St. Paul R. R.

J. OGDEN ARMOUR, President Armour & Company.

HENRY BOTSFORD, Packer.

F. WEYERHAEUSER, Lumberman and Pine Land Owner, St. Paul, Minn.

P. A. VALENTINE, Vice-President Armour & Company.

ALEX. ROBERTSON, Vice-President.

FRANK HIBBARD, of Hibbard, Spencer, Bartlett & Co., Wholesale Hardware.

W. C. SEIPP, Capitalist.

B. A. ECKHART, President Eckhart & Swan Milling Co.

EDWARD HINES, President Edward Hines Lumber Co.

GEORGE M. REYNOLDS, President.

Unsurpassed Facilities for the Handling of Local and Out of Town Collections

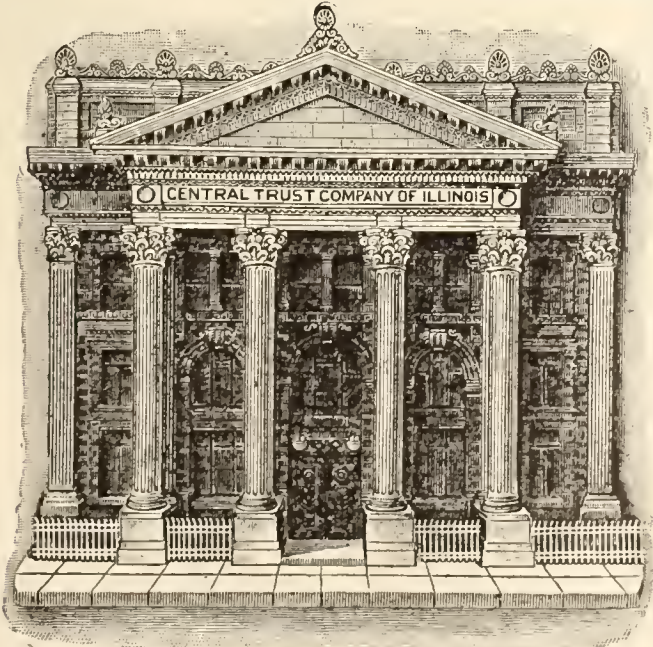
Courteous Treatment    Superior Facilities    Ample Resources

CHARLES HATHAWAY & CO.

DEALERS IN

COMMERCIAL PAPER,

New York, Boston, Chicago and St. Louis.



CENTRAL TRUST COMPANY OF ILLINOIS

CHICAGO

CHARLES G. DAWES, President

W. IRVING OSBORNE, Vice-President    D. H. ROOD, Asst. Cashier.

A. UHRLAUB, Vice-President    W. W. GATES, Asst. Cashier

WILLIAM R. DAWES, Cashier    ALBERT G. MANG, Secretary

L. D. SKINNER, 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.

# American Guaranty Company of Chicago

ESTABLISHED IN 1892

CAPITAL, - - - - - \$500,000  
SURPLUS AND UNDIVIDED PROFITS, \$677,443

General Offices, 171 La Salle St., Chicago

Attends to the preparation of municipal and corporation bonds.

Guarantees the genuineness of the bonds and the legality of the issue.

Secures the services of a trust company in any financial center as trustee for the bondholders.

Prepares the necessary deed of trust ready for execution by the officers of the corporation and the trustee.

Attends to all the details of an issue of bonds, relieving the officers of the municipality or corporation of all annoyance incidental thereto.

Assumes three classes of corporate obligations:  
FIRST, the payment of the principal of bonds at maturity.

SECOND, the payment of interest on bonds for limited period.

THIRD, the redemption of corporation stock.

## INTERVIEWS AND CORRESPONDENCE SOLICITED

FREDERICK M. STEELE - - - President  
CHARLES L. FUREY - - - Vice-President  
LEWIS W. PITCHER - - - Secretary  
JAMES L. BIGELOW - - - Treasurer

## DIRECTORS

FRED'K M. STEELE, President Standard Forgings Co.	DUNCAN A. HOLADAY, J. S. Brown & Bro., Denver, Colo.
W. F. BARNES, President } Mrs. Nat'l Bank, Rockford, Ill.	LEWIS W. PITCHER, Secretary of Company.
CHARLES L. FUREY, Vice-President of Company.	B. M. FELLOWS } Treas. U. S. Realty & Improv. Co.
FRANK M. HEGGIE, Lapman & Heggie, Chicago.	WILLIAM GEORGE } Geo. A. Fuller Co., New York.
JAMES L. BIGELOW, Treasurer of Company.	} President Old Second National Bank, Aurora, Ill.
	} " Illinois Bankers' Association.



W. H. WINANTS, Vice-President  
W. A. RULE, Cashier

W. S. WOODS, President  
P. F. COVINGTON, Assistant Cashier

CHAS. H. MOORE, Assistant Cashier  
W. H. GLASKIN, Assistant Cashier

# THE NATIONAL BANK OF COMMERCE

1906  
1865

41  
Years  
Old

KANSAS CITY, MO.

— WE HAVE —		
EMPLOYES	- - - - -	260
DEPOSITORS	- - - - -	16,000
CAPITAL, SURPLUS, PROFITS, STOCKHOLDERS'		
LIABILITY	- - - - -	\$3,900,000
DEPOSITS	- - - - -	\$33,000,000

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*

Bond, Ledger, Linen and Writing Paper in Variety  
Fine Correspondence Papers

WHITING PAPER CO.

NEW YORK      CHICAGO      PHILADELPHIA      HOLYOKE

# FIRST NATIONAL BANK

MINNEAPOLIS, MINN.



Capital \$2,000,000

Surplus \$1,700,000

Deposits \$13,500,000

## OFFICERS

F. M. PRINCE, President

C. T. JAFFRAY, Vice President  
GEO. F. ORDE, Cashier

D. MACKERCHAR, Assistant Cashier  
ERNEST C. BROWN, Assistant Cashier

We solicit your collections on Northwestern States.

# The Northwestern National Bank

MINNEAPOLIS, MINNESOTA.

ORGANIZED 1872.

Capital,	-	-	\$1,000,000
Surplus and Profits,	-	-	950,000
Deposits,	-	-	12,000,000

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.*

ROBT. E. MACGREGOR, *Ass't Cashier.*

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

Dividends paid since organization, \$2,410,000.

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.

Send us your Northwestern collections.



KENNETH CLARK, President.  
GEO. H. PRINCE, Vice President.

H. W. PARKER, Cashier.  
H. VAN VLECK, Asst. Cashier.

# The Merchants National Bank

OF SAINT PAUL, MINNESOTA

United States Depository

Capital	-	-	-	-	-	-	\$1,000,000
Surplus	-	-	-	-	-	-	500,000

DIRECTORS

CRAWFORD LIVINGSTON.  
THOMAS A. MARLOW.  
KENNETH CLARK.  
W. B. PARSONS.  
LOUIS W. HILL.

J. M. HANNAFORD.  
DANIEL R. NOYES.  
JAMES H. SKINNER.  
E. N. SAUNDERS.  
V. M. WATKINS.

CHARLES P. NOYES.  
L. P. ORDWAY.  
FRANK B. KELLOGG.  
CHARLES H. BIGELOW.  
GEO. H. PRINCE.



CAPITAL \$250,000

SURPLUS \$250,000

## The International Trust Company

DENVER, COLORADO

Facilities for management of all kinds of  
Trust Business. Acts as Agent or Repre-  
sentative of Eastern Corporations.

D. H. MOFFAT,  
President.

F. B. GIBSON,  
Vice-President.

S. G. GILL,  
Secretary.

## BONDS

E. H. ROLLINS & SONS.

BOSTON

CHICAGO

DENVER

SAN FRANCISCO

# Rhode Island Hospital Trust Company

PROVIDENCE, R. I.

CAPITAL	-	-	-	-	-	\$1,000,000
SURPLUS	-	-	-	-	-	1,500,000
UNDIVIDED PROFITS	-	-	-	-	-	212,000

## OFFICERS

HERBERT J. WELLS, President

EDWARD S. CLARK, Vice-President

HORATIO A. HUNT, Vice-President

WILLIAM A. GAMWELL, Secretary

PRESTON H. GARDNER, Trust Officer

CYRUS E. LAPHAM, Ass't Sec'y

JOHN E. WILLIAMS, Ass't Sec'y

HENRY L. SLADER, Ass't Sec'y

WALTER G. BROWN, Ass't Sec'y



The

# Merchants National Bank

Providence, R. I.

Established 1818

United States Depository

Capital	. . . . .	\$1,000,000
Surplus earnings over	. . . . .	600,000

ROYAL C. TAFT, President.

SAMUEL R. DORRANCE, Vice-President.

MOSES J. BARBER, Cashier.

FRANK A. GREENE, Assistant Cashier.

Collections handled with care and remitted for promptly

# PROVIDENCE BANKING COMPANY

PROVIDENCE, R. I.

Capital and Surplus (over) \$1,000,000

DEALERS IN

HIGH GRADE INVESTMENTS, MUNICIPAL BONDS  
FOREIGN EXCHANGE

PRIVATE TELEGRAPH SERVICE TO NEW YORK AND BOSTON

ESTABLISHED IN 1792.

# 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.

HAROLD W. STEVENS, President.

FRANK P. FURLONG, Cashier.

W. S. ANDREWS, Assistant Cashier.





# MARINE NATIONAL BANK OF BUFFALO

Capital,	=	=	=	\$1,500,000
Surplus,	=	=	=	1,000,000
Deposits,	=	=	=	20,000,000

## OFFICERS

STEPHEN M. CLEMENT, President.      JOHN J. ALBRIGHT, Vice-President.      JOHN H. LASCELLES, Cashier.  
HENRY J. AUER, Assistant Cashier.      CLIFFORD HUBBELL, Assistant Cashier.

## DIRECTORS

John J. Albright	Wm. H. Gratwick	Charles H. Keep	Henry J. Pierce
Stephen M. Clement	Edmund Hayes	Spencer Kellogg	Moses Taylor
Chas. W. Goodyear	Wm. H. Hotchkiss	John H. Lascelles	Cornelius Vanderbilt
Frank H. Goodyear	E. H. Hutchinson	George B. Mathews	George L. Williams

INDIVIDUAL AND BANK ACCOUNTS SOLICITED

# Utica Trust & Deposit Co.

UTICA, N. Y.

Assets July 1, 1905,	-	-	\$4,484,492.17
Assets July 1, 1906,	-	-	\$5,608,936.21

JAMES S. SHERMAN, President.

J. FRANCIS DAY, Secretary.

ESTABLISHED IN 1872 AS A PRIVATE BANK.

NOW

THE FIRST TRUST COMPANY IN MAINE OUTSIDE OF PORTLAND TO HAVE \$200,000 CAPITAL STOCK.

# MERRILL TRUST COMPANY

BANGOR, MAINE

Capital, Surplus and Undivided Profits, \$300,000

EDWIN G. MERRILL	-	-	-	-	President
W. B. HASSARD	-	-	-	-	Treasurer

Collection Accounts Solicited

Excellent Facilities for Handling Maine Business

# National Commercial Bank

OF ALBANY, N. Y.

**Capital**  
**\$500,000**

**Surplus**  
**\$1,218,000**

**Deposits**  
**\$18,304,000**



## OFFICERS

**Robert C. Pruyn**  
President

**Grange Sard**  
Vice-President

**Charles H. Sabin**  
Vice-President

**Edward J. Hussey**  
Cashier

**Walter W. Batchelder**  
Asst. Cashier

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,**  
**\$150,000**

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

**Collections Receive Prompt and Careful Attention.**  
**Why Not Keep Your Reserve Account With Us?**

# THE UNION TRUST COMPANY

OF ALBANY, N. Y.

**Capital, \$250,000**

**Surplus and Profits, \$370,000**

Transacts a General Trust and Banking Business

**Interest Allowed on Deposits**

GRANGE SARD, President

W. B. VAN RENSSELAER, Vice-President  
JOSEPH R. SWAN, Treasurer

T. I. VAN ANTWERP, Vice-Prest.  
MAC NAUGHTON MILLER, Secretary

ARTHUR L. ANDREWS, General Counsel.

The Equipment in Every Department is Thorough, Modern and Efficient



# The National Bank of Rochester

## ROCHESTER, N. Y.

**CAPITAL**  
\$1,000,000

**SURPLUS**  
\$1,000,000

**DEPOSITS**  
\$10,000,000

Largest Capital and  
Surplus of any Bank in  
Rochester



### OFFICERS

EUGENE SATTERLEE  
President

WALTER B. DUFFY  
Vice-President

ALBRECHT VOGT  
Vice-President

EDWARD BAUSCH  
Vice-President

PETER A. VAY  
Assistant Cashier

WILLIAM B. FARNHAM  
Assistant Cashier

# FEDERAL TRUST COMPANY

95 Milk Street, Boston, Mass.

Capital \$500,000

Surplus and Undivided Profits \$150,000

### OFFICERS

President, JOSEPH H. O'NEIL  
Vice Presidents, JAMES W. KENNEY TIMOTHY E. HOPKINS  
JAMES J. PHELAN  
Secretary, J. H. TURNBULL Treasurer, DAVID BATES

Interest Allowed on Deposits of \$500 and Over

### BOARD OF DIRECTORS

Theodore G. Bremer  
Thomas F. Galvin  
William J. Emerson  
Francis Gray  
James M. Morrison

James W. Kenney  
Pierce Powers  
James J. Phelan  
John C. Stanton

John T. Burnett  
C. James Connelly  
Timothy E. Hopkins  
William F. Hammett

Lawrence J. Logan  
Joseph H. O'Neil  
T. J. Falvey  
William J. Carlin

# Charles Head & Co.

BANKERS & BROKERS

74 State St., Boston, Mass.  
17 Broad St., New York, N. Y.  
20 King St., West, Toronto, Ont.  
86 St. Francois Xavier St., Montreal, P. Q.

Connected by Private Wires

# \$1,000,000

## Clyde Steamship Company

### First Mortgage Sinking Fund

### 5% Gold Bonds

**Dated February, 1906**

**Due February, 1931**

Redeemable at 110 and accrued interest at option of Company or through operation of Sinking Fund.

Principal and Semi-Annual Interest payable at National Bank of North America, New York.

KNICKERBOCKER TRUST COMPANY, Trustee

#### **CAPITALIZATION**

<b>Capital Stock . . . . .</b>	<b>\$14,000,000</b>
<b>First Mortgage Bonds issued</b>	<b>4,000,000</b>

The mortgage is limited to \$6,000,000, the balance of which, \$2,000,000, may be issued upon additional steamships and real estate acquired, the actual cost of which has been 25% in excess of the amount of bonds to be issued.

**EARNINGS** Net earnings for ten years, January 1, 1894, to December 31, 1903, are shown by the Auditors to have averaged \$486,016.16 per annum. They also report the following:

	Year 1905	Year 1904	Increase
Gross Earnings . . . . .	\$4,428,568.29	\$4,080,886.00	\$347,682.29
Net Earnings . . . . .	852,791.82	662,036.85	190,754.97
Annual Bond interest charge, \$200,000			

**The net earnings for 6 months ending July 1, 1906, were \$533,855.64, or 5 1-3 times the interest charge for same period.**

**INSURANCE** Under the terms of the mortgage, the Company is obliged to keep its property insured to the amount of \$5,000,000 until January 1, 1909, and it must keep the amount of insurance on the trust property at all times at least 25% in excess of the amount of bonds outstanding.

**SINKING FUND** Beginning January, 1908, the Company agrees to cancel in yearly instalments sufficient bonds to retire the issue at maturity.

#### **THE CLYDE STEAMSHIP COMPANY OWNS AND OPERATES 22 STEAMSHIPS UPON THE FOLLOWING LINES:**

New York, Charleston & Jacksonville, Florida Line	Philadelphia, Norfolk & Newport News Line
New York, Wilmington, N. C., and Georgetown, S. C., Line	Philadelphia & New York Line
New York & Santo Domingo Line	New England & Southern Lines
	The Clyde St. Johns River Line

The successful and conservative management of this Company by three generations of Clydes has placed it in a most enviable position. The multiplicity of lines insures stability of earnings. The Company occupies the most favorable terminals in all its ports and connects with the large railroad systems. In 1905 the Clyde Steamship Company carried over 40,000 passengers and 1,900,000 tons of freight. It is splendidly equipped for the service it renders and the policy of the Company is to maintain a high standard of efficiency.

**Price, 101 and interest, yielding about 5%.**

Full descriptive circular, with map, sent upon request.

**GEO. A. FERNALD & CO., Bankers,**  
**67 Milk Street, Boston.      36 Wall Street, New York.**



# OLD COLONY TRUST COMPANY

**AMES BUILDING**

**BOSTON**

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**Branch Office, 52 Temple Place**

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**Capital and Surplus, \$7,000,000**

## OFFICERS

GORDON ABBOTT, President.

FRANCIS R. HART, Vice-President.      JAMES A. PARKER, Vice-President.

WALLACE B. DONHAM, Vice-President.

## BANKING DEPARTMENT

F. G. POUSLAND, Treasurer.      E. A. PHIPPEN, Cashier.

F. M. LAMSON, Assistant Cashier.

In charge of Temple Place Office.

## BOND AND REORGANIZATION DEPARTMENT

E. ELMER FOYE, Secretary.

## TRUST DEPARTMENT

JULIUS R. WAKEFIELD, Trust Officer.

## SAFE DEPOSIT VAULTS

JOSEPH G. STEARNS, Assistant Secretary.

---

## BOARD OF DIRECTORS

T. JEFFERSON COOLIDGE, Jr., Chairman.

GORDON ABBOTT  
OLIVER AMES  
C. W. AMORY  
CHARLES F. AYER  
SAMUEL CARR  
B. P. CHENEY  
T. JEFFERSON COOLIDGE  
CHARLES E. COTTING

PHILIP DEXTER  
EBEN S. DRAPER  
GEORGE F. FABYAN  
FREDERICK P. FISH  
REGINALD FOSTER  
GEORGE P. GARDNER  
ROBERT F. HERRICK  
HENRY S. HOWE

WALTER HUNNEWELL  
THOMAS L. LIVERMORE  
GEORGE V. L. MEYER  
LAURENCE MINOT  
RICHARD OLNEY  
NATHANIEL THAYER  
LUCIUS TUTTLE  
STEPHEN M. WELD

# Boston Safe Deposit & Trust Co.

Attention is especially invited to the following advantages derived from selecting the **Boston Safe Deposit & Trust Company** as your Executor and Trustee:

**CHARGES:** The expense is no greater to the estate than where individual Executors and Trustees are appointed.

**PERMANENCY OF APPOINTMENT:** Its doors are open on every business day of the year for the accommodation of its clients and its charter is perpetual.

**SECURITY:** The probate bond required of the Company for the faithful discharge of its duties is secured by its capital and surplus amounting together to three million dollars.

**The Boston Safe Deposit & Trust Company** has been in active business for 30 years, has established a reputation for conservatism in its affairs and holds in trust under wills and other trust agreements 48% of the total Trust Property held by all Boston Trust Companies in their Trust Departments and **41% of the total Trust Property** similarly held by all Massachusetts Trust Companies.

The Company will be pleased to give personal interviews to those desiring information in regard to these matters and invites correspondence.

CHARLES E. ROGERSON, President

87 Milk Street . . . . . BOSTON

## Webster & Atlas National Bank Of Boston

Capital	-	-	-	-	-	\$1,000,000.
Surplus and Profits,				-	-	760,000.

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,  
JOHN P. LYMAN,  
AMORY ELIOT,

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

JOHN W. FARWELL,  
JOHN REED,  
FRANCIS A. PETERS,  
ANDREW G. WEBSTER,  
ROBERT H. GARDINER.

## TUCKER, ANTHONY & Co.

BANKERS AND BROKERS

53 STATE STREET,

BOSTON, MASS.

MEMBERS BOSTON AND NEW YORK  
STOCK EXCHANGES.



# American Loan and Trust Company

**B O S T O N**  
**MASS.**

**Capital**  
**\$1,000,000**

*DIRECTORS*  
C. F. ADAMS, 2d  
F. LOTHROP AMES  
HOBART AMES  
EDWIN F. ATKINS  
FREDERICK AYER  
CHARLES S. BIRD  
GEORGE W. BROWN  
A. G. BULLOCK  
SAMUEL CARR  
GILMER CLAPP  
GORDON DEXTER  
WILLIAM R. DRIVER  
F. C. DUMAINE  
EUGENE N. FOSS  
WM. A. GASTON

*OFFICERS*  
**N. W. JORDAN, President**  
**C. L. BURRILL, Vice-Prest. and**  
**Treas.**  
**J. H. PERKINS, Vice-President**  
**C. H. BOWEN, Secretary**  
**E. A. COFFIN, Asst. Treas.**  
**G. W. AURYANSEN, Asst. Sec.**

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

**Surplus (Earned)**  
**\$1,500,000**

*DIRECTORS*  
ELMER P. HOWE  
N. W. JORDAN  
DAVID P. KIMBALL  
JOHN LAWRENCE  
JOHN S. LAWRENCE  
LESTER LELAND  
S. E. PEABODY  
FRANCIS PEABODY, Jr.  
ROYAL ROBBINS  
HENRY A. RUETER  
PHILIP L. SALTONSTALL  
R. PAUL SNELLING  
FRANK W. STEARNS  
EUGENE V. R. THAYER  
CHARLES W. WHITTIER

**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.**

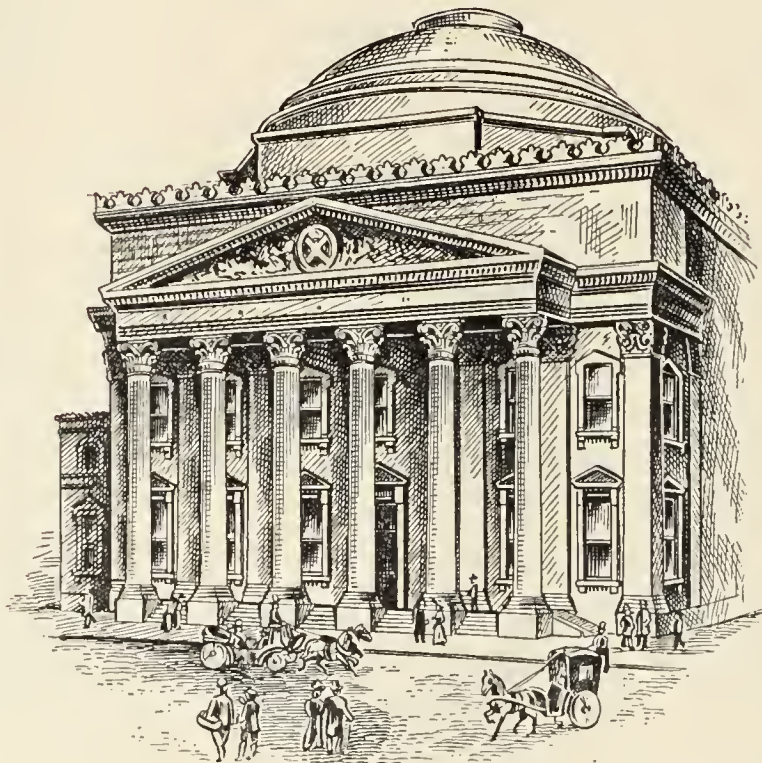
**33 Wall St., New York**

**33 Congress St., Boston**

LISTS UPON APPLICATION

# Bank of Montreal

Established 1817



HEAD OFFICE, - - - MONTREAL, CANADA

<b>CAPITAL PAID UP,</b>	-	-	<b>\$14,400,000</b>
<b>REST,</b>	-	-	<b>10,000,000</b>
<b>UNDIVIDED PROFITS,</b>	-	-	<b>922,418</b>

## Board of Directors

RT. HON. LORD STRATHCONA AND MOUNT ROYAL, G. C. M. G., Honorary President

HON. SIR GEORGE A. DRUMMOND, K. C. M. G., President

E. S. CLOUSTON, Vice-President

A. T. PATERSON

R. B. ANGUS

E. B. GREENSHIELDS

JAMES ROSS

SIR WILLIAM C. MACDONALD

R. G. REID

HON. ROBERT 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, - - - 31 PINE STREET

R. Y. HEBDEN, Agent

LONDON OFFICE, 46 & 47 THREADNEEDLE STREET

F. W. TAYLOR, Manager



# THE CANADIAN BANK OF COMMERCE

## HEAD OFFICE—TORONTO

Paid-up Capital,	-	-	-	\$10,000,000
Reserve Fund,	-	-	-	\$4,500,000

HON. GEO. A. COX, *President*

B. E. WALKER, *General Manager*

ALEX. LAIRD, *Asst. General 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	New Westminster	Vancouver (3 offices)
Cranbrook	Greenwood	Nanaimo	Penticton	Victoria
Dawson	Kamloops	Nelson	Princeton	White Horse
WESTERN PROVINCES				
Brandon	Gleichen	Lethbridge	Norwood	Strathcona
Calgary	Grandview	Lloydminster	Pincher Creek	Swan River
Canora	High River	Macleod	Ponoka	Treherne
Carman	Humboldt	Medicine Hat	Portage la Prairie	Vegreville
Claresholm	Innisfail	Melfort	Prince Albert	Vermilion
Crossfield	Kamsack	Moose Jaw	Radisson	Vonda
Dauphin	Kinistino	Moosomin	Red Deer	Wetaskiwin
Edmonton	Langham	Nanton	Regina	Weyburn
Elgin	Lashburn	Neepawa	Saskatoon	Winnipeg (8 offices)
Elkhorn	Leavings	North Battleford	Stavely	Yellowgrass
ONTARIO AND QUEBEC				
Ayr	Dresden	Latchford	Port Arthur	Strathroy
Barrie	Dundas	Lindsay	Port Perry	Toronto (10 offices)
Belleville	Dunnville	London	Quebec	Toronto Junction
Berlin	Fort Frances	Montreal (3 offices)	Rainy River	Walkerton
Blenheim	Fort William	Orangeville	St. Catharines	Walkerville
Brantford	Galt	Ottawa (2 offices)	Sarnia	Waterloo
Cayuga	Goderich	Paris	Sault Ste. Marie	Warton
Chatham	Guelph	Parkhill	Seaforth	Windsor
Cobalt	Hamilton	Parry Sound	Simcoe	Wingham
Collingwood	Kingston	Peterboro	Stratford	Woodstock
MARITIME PROVINCES				
Alberton	Bridgewater	Montague	Shelburne	Sydney
Amherst	Charlottetown	New Glasgow	Souris	Truro
Antigonish	Halifax	Parrsboro	Springhill	Windsor
Barrington	Middleton	St. John	Summerside	

### IN THE UNITED STATES

NEW YORK      PORTLAND, ORE.      SAN FRANCISCO (2 offices)      SEATTLE, WASH.      SKAGWAY, ALASKA

### IN GREAT BRITAIN

LONDON: 60 Lombard Street, 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. The London and River Plate Bank, Ltd.
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. Mathieu & 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.	

# BANK OF NOVA SCOTIA

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Capital, - - - \$3,000,000

Reserve Fund, - \$5,000,000

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HEAD OFFICE, - - HALIFAX, N. S.

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## BOARD OF DIRECTORS

JOHN Y. PAYZANT.....President

CHARLES ARCHIBALD.....Vice-President

R. L. BORDEN, G. S. CAMPBELL, J. WALTER ALLISON, HECTOR McINNES, H. C. McLEOD.

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GENERAL MANAGER'S OFFICE, TORONTO

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H. C. McLEOD, General Manager

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## BRANCHES

### NOVA SCOTIA

Amherst.  
Annapolis Royal.  
Antigonish.  
Bridgetown.  
Canning.  
Dartmouth.  
Digby.  
Glace Bay.  
Halifax.  
Kentville.  
Liverpool.  
New Glasgow.  
North Sydney.  
Oxford.  
Parrsboro.  
Pictou.  
River Hebert.  
Springhill.  
Stellarton.  
Sydney Mines.  
Truro.  
Westville.  
Windsor.  
Yarmouth.

### ONTARIO

Arnprior.  
Berlin.

### ONTARIO

Hamilton.  
London.  
Ottawa.  
Peterborough.  
Toronto, King St.  
" Dundas St.

### QUEBEC

Montreal.  
Paspébiac.

### PRINCE EDWARD ISLAND

Charlottetown.  
Summerside.

### NEW BRUNSWICK

Campbellton.  
Chatham.  
Fredericton.  
Moncton.  
Newcastle.  
Port Elgin.  
Sackville.  
St. Andrews.  
St. George.  
St. John.  
St. Mary's.  
St. Stephen.  
Sussex.  
Woodstock.

### MANITOBA

Winnipeg.

### ALBERTA

Calgary.  
Edmonton.

### SASKATCHEWAN

Saskatoon.

### BRITISH COLUMBIA

Vancouver.

### NEWFOUNDLAND

Harbor Grace.  
St. John's.

### WEST INDIES

Havana, Cuba.  
Kingston, Jamaica.  
Montego Bay, Jamaica.  
Port Antonio, Jamaica.  
Port of Spain, Trinidad.

### UNITED STATES

Boston.  
Chicago.

---

COLLECTIONS promptly accounted for at usual rates.

LETTERS OF CREDIT issued for Commercial or Travellers' use.

STERLING EXCHANGE bought and sold.

CORRESPONDENCE invited.



# The Sovereign Bank of Canada

Head Office,  
TORONTO.

Executive Office,  
MONTREAL.

RANDOLPH MACDONALD,  
President.

A. A. ALLAN,  
Vice President.

DUNCAN M. STEWART, Second Vice President and Gen'l Manager.

W. GRAHAM BROWNE, Manager, Montreal.

L. P. SNYDER, Inspector.

New York Office, 25 Pine Street.

C. E. LANSKAIL, Agent.

**67—BRANCHES IN CANADA—67**

**BANKERS AND CORRESPONDENTS.**

NEW YORK { J. P. Morgan & Company  
National Bank of Commerce  
Standard Trust Company  
Metropolitan Bank

LONDON { J. S. Morgan & Company  
London Joint Stock Bank, Limited  
The Dresdner Bank  
National Bank of South Africa, Ltd.  
Commercial Banking Co. of Sydney, Ltd.

Collections, Payments, Credits and all other  
CANADIAN BUSINESS at best rates.

## THE Bank of British North America

ESTABLISHED 1836.

INCORPORATED BY ROYAL CHARTER IN 1840.

Capital, \$4,866,666.66

Rest, \$2,141,333.33

### COURT OF DIRECTORS.

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

RICHARD H. GLYN, Esq.  
E. A. HOARE, Esq.  
HENRY J. B. KENDALL, Esq.

FREDERIC LUBBOCK, Esq.  
C. W. TOMKINSON, Esq.  
GEORGE DUNBAR WHATMAN, Esq.

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

A. G. WALLIS, Secretary

W. S. GOLDBY, Manager, London Office

H. STIKEMAN, General Manager

J. ELMSLY, Supt. of Branches

J. ANDERSON, Inspector

### AGENCIES IN THE UNITED STATES.

#### New York.

52 Wall Street.

H. M. J. McMICHAEL AND W. T. OLIVER, Agents.

#### San Francisco.

120 Sansome Street.

J. C. WELSH AND A. S. IRELAND, Agents.

### BRANCHES IN CANADA.

Alexander, Man.  
Ashcroft, B. C.  
Battleford, Sask.  
Belmont, Man.  
Bobcaygeon, Ont.  
Brandon, Man.  
Brantford, Ont.  
Calgary, Alta.  
Campbellford, Ont.  
Darlingford, Man.  
Davidson, Sask.  
Dawson, Yukon.  
Duck Lake, Sask.  
Duncans, B. C.  
Estevan, Sask.  
Fenelon Falls, Ont.  
Fredericton, N. B.

Greenwood, B. C.  
Halifax, N. S.  
Hamilton, Ont.  
" Barton St. Sub Branch.  
" Victoria Ave. Sub Branch.  
Hedley, B. C.  
Kaslo, B. C.  
Kingston, Ont.  
Levis, P. Q. (Sub Branch to Quebec)  
London, Ont.  
" Market Sub Branch.  
Longueuil, P. Q. (Sub Branch to Montreal).  
Midland, Ont.  
Montreal, P. Q.  
" 2259 St. Catherine St.  
North Battleford, Sask.  
North Vancouver, B. C.

Oak River, Man.  
Ottawa, Ont.  
Quebec, P. Q.  
Reston, Man.  
Rossland, B. C.  
Rosthern, Sask.  
St. John, N. B.  
" Union St. Sub Branch.  
Toronto, Ont.  
" King and Dufferin Sts.  
Toronto Junction, Ont.  
Trail, B. C.  
Vancouver, B. C.  
Victoria, B. C.  
Weston, Ont.  
Winnipeg, Man.  
Yorkton, Sask.

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.

Toronto (5 Offices).	Gaspe,	Que.	Port Hope,	Ont.
Montreal (3 Offices).	Keene,	Ont.	Preston,	Ont.
Allandale,	Ont. Langenburg,		Quill Lake,	Sask.
Aurora,	" London,	Ont.	Rossgburn,	Man.
Barrie,	" London, E.,	"	Rossgland,	B. C.
Berlin,	" London, N.,	"	St. Catharines,	Ont.
Brantford,	" Lynden,	"	Sarnia,	"
Brockville,	" Maisonneuve	Que.	Shelburne,	"
Burford,	" Merriton,	Ont.	Stayner,	"
Cardinal,	" Millbrook,	"	Sudbury,	"
Cartwright,	Man. Oakville,	"	Swan River	Man.
Cobourg,	Ont. Oil Springs,	"	Thornbury	Ont.
Coldwater,	" Omamee,	"	Victoria Harbor,	"
Collingwood,	" Parry Harbour,	"	Wallaceburg,	"
Copper Cliff,	" Parry Sound,	"	Waterloo,	"
Creemore,	" Peterboro,	"	Welland,	Ont.
Dorchester	" Petrolia,	"	Winnipeg,	Man.
Elmvale,	" Pilot Mound,	Man.	Wolseley,	Sask.
Galt,	" Point St. Charles,	Que.	Yorkton,	"
Gananoque,	" Portage la Prairie,	Man.		

**TORONTO, CANADA.**

CAPITAL, . . . .	\$4,000,000
RESERVE, . . . .	4,400,000
ASSETS, . . . .	35,000,000

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.

INCORPORATED 1855.

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

## HEAD OFFICE

CORNER OF YONGE AND FRONT STREETS

# TORONTO

<b>Capital</b> (authorized)	-	-	-	-	-	-	<b>\$5,000,000</b>
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SAMUEL BARKER, M.P., President.

GEORGE P. REID, General Manager.

F. J. GOSLING, Inspector.

## DIRECTORS IN CANADA

Samuel Barker, M.P.  
Rev. T. S. C. Macklem, D.D.

Mark Bredin	George A. Clare, M.P.
M. McLaughlin	Bennett Rosamond

E. E. A. Du Vernet  
Wm. J. Smith

## DIRECTORS IN GREAT BRITAIN

T. Willes Chitty

Lieut.-Col. F. T. C. Du Vernet

S. Stanley Marling

**COLLECTIONS** on all points in Canada received on the most favorable terms  
**CORRESPONDENTS** throughout the United States and Great Britain

**CORNER KING AND YONGE STREETS, TORONTO, CANADA**

## DEALERS IN

**Securities for Insurance Company Deposit with the Canadian Government. Trustee Investments. Municipal Government and Public Service Corporation Bonds.**

**WE ESPECIALLY INVITE CORRESPONDENCE REGARDING**

# CANADIAN BONDS



# Union Bank of Canada

ESTABLISHED 1865

HEAD OFFICE, QUEBEC

Capital Paid-Up, = = = \$3,000,000  
 Rest, = = = 1,500,000  
 Total Assets, 30th September, 1906, Over 30,000,000

ANDREW THOMSON, President:

G. H. BALFOUR, General Manager.

## BRANCHES AND AGENCIES

QUEBEC.—Dalhousie Station, Montreal, Quebec, St. Louis Street, Quebec, St. Polycarpe.

ONTARIO.—Alexandria, Barrie, Carleton Place, Cookstown, Crysler, Erin, Fenwick, Fort William, Haileybury, Hastings, Hillsburg, Jasper, Kemptville, Kinburn, Leamington, Manotick, Melbourne, Metcalfe, Merrickville, Mount Brydges, Newboro, New Liskeard, North Gower, Norwood, Osgoode Station, Pakenham, Portland, Plantagenet, Roseneath, Shelburne, Smith's Falls, Smithville, Stittsville, Sydenham, Thornton, Toronto, Warkworth, Warton, Winchester.

MANITOBA.—Altona, Baldur, Birtle, Boissevain, Brandon, Carberry, Carman, Crystal City, Cypress River, Dauphin, Deloraine, Glenboro, Gretna, Hamiota, Hartney, Holland.

Killarney, Manitou, Melita, Minnedosa, Minto, Morden, Neepawa, Ninga, Rapid City, Roblin, Russel, Shoal Lake, Souris, Strathclair, Virden, Waskada, Wawanessa, Wellwood, Winnipeg, Winnipeg N. End Branch.

SASKATCHEWAN.—Arcola, Carlyle, Craik, Cupar, Esterhazy, Fillmore, Humbolt, Indian Head, Lemberg, Lumsden, Maple Creek, Moose Jaw, Moccasin, Milestone, Oxbow, Pense, Qu'Appelle, Regina, Saskatoon, Sinaluta, Strassburg, Swift Current, Wapella, Weyburn, Wolseley, Yorkton.

ALBERTA.—Airdrie, Blairmore, Bowden, Calgary, Cardston, Carstairs, Claresholm, Cowley, Didsbury, Edmonton, Fort Saskatchewan, Frank, High River, Innisfail, Lacombe, Lethbridge, MacLeod, Medicine Hat, Okotoks, Pincher Creek.

Agents and Correspondents at all important Centres in Great Britain and the United States.

# THE BANK OF OTTAWA

CAPITAL (Authorized), = = = \$3,000,000  
 CAPITAL (Paid-up), = = = 2,979,040  
 REST and UNDIVIDED PROFITS, = = = 3,123,060  
 TOTAL ASSETS, over, = = = 31,000,000

HEAD OFFICE, = = OTTAWA, CANADA

GEORGE HAY, President.

GEO. BURN, Gen'l Manager.

DAVID MACLAREN, Vice-President.

D. M. FINNIE, Asst. Gen'l Manager.

**Branches throughout the Dominion of Canada and correspondents in every Banking town throughout the world.**

## FOREIGN AGENTS

NEW YORK—The Agents the Bank of Montreal. National Bank of Commerce.

BOSTON—National Bank of the Republic. Commonwealth Trust Company. First National Bank.

CHICAGO—Bank of Montreal.

ST. PAUL—The Merchants National Bank.

PHILADELPHIA—Girard National Bank.

LONDON—Parr's Bank, Limited.

FRANCE—Comptoir National D'Escompte de Paris.

INDIA, CHINA and JAPAN—Chartered Bank of India, Australia and China.

**This Bank gives prompt attention to all Banking matters entrusted to it.**  
**CORRESPONDENCE INVITED**

# THE DOMINION BANK

Head Office, Toronto, Canada

CAPITAL AUTHORIZED \$4,000,000

CAPITAL PAID UP \$3,000,000

RESERVE FUND AND UNDIVIDED PROFITS \$3,839,000

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

CLARENCE A. BOGERT, General Manager.

WILMOT D. MATTHEWS, Vice-President.

**Branches and Agencies throughout Canada and United States**

**Collections Made and Remitted for Promptly**

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

# 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 \$2,200,000. Number of Shareholders 2,727.

### DIRECTORS.

ROBERT BALFOUR, M.P. WILLIAM THOMAS BRAND. SIR WILLIAM DUNN, BART.	ARTHUR JOHN FRASER. SIR THOMAS JACKSON, BART. HENRY OPPENHEIM.
MANAGER—CHRISTOPHER R. NUGENT. SUB-MANAGER—E. C. STEVENSON.	ASSISTANT SUB-MANAGER—F. NEVILL JACKSON. SECRETARY—W. B. HOBBS.

Balance Sheet, 30th June, 1906.				DR.	CR.	
	\$	c.	\$	c.	\$	c.
To Capital Account, 150,000 Shares of \$50 .....	7,500,000.00				By Cash at Bankers .....	2,400,401.50
Amount paid, \$25 per Share ....		3,750,000.00			" Consols, Exchequer Bonds, Indian Government and other Securities.	13,465,859.56
Reserve Fund ...		2,150,000.00			" Loans on Securities at call and short dates, and other Accounts.	12,429,618.91
Provident Reserve Fund .....		211,942.25			" Bills Discounted, etc.....	75,757,683.56
" Loans and Deposits, including provision for contingencies .	78,847,234.33				" Sundry Debit Balances.....	20,453.33
" Bills Re-discounted.	18,571,383.68				" Freehold and Leasehold Premises, Fittings and Furniture.....	535,739.60
		97,418,618.01				
" Rebate on Bills Dis- counted .....	562,915.85					
Balance at Credit of Profit and Loss for Appropriation..	516,280.35					
		1,079,196.20				
		<u>\$104,609,756.46</u>				<u>\$104,609,756.46</u>

Profit and Loss Account for the Six Months ending 30th June, 1906.				DR.	CR.	
	\$	c.	\$	c.	\$	c.
To Current Expenses, including Salaries, Rent and Taxes, Directors' Fees, and all other charges .....			94,785.70		By Balance brought forward from 31st December, 1905 .....	268,851.37
" Rebate of Interest on Bills discounted not due, carried forward to New Account .....			562,915.85		" Gross Profits for the half-year, after making provision for bad and doubtful debts.....	905,130.54
" Reserve Fund .....	50,000.00					
" 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.....	260,030.36					
			516,280.36			
			<u>\$1,173,981.91</u>			<u>\$1,173,981.91</u>

W. B. HOBBS, Secretary.	W. T. BRAND, } T. JACKSON, } Directors.	Balance brought down.....	\$260,030.36
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The Company discounts approved Bank and Mercantile Acceptances, receives Money on Deposit, and grants Loans on approved Negotiable Securities at rates which can be ascertained on application at the Office, and effects Purchases and Sales of Government Stocks, Shares and other Securities on the usual terms.

LONDON, E.C.,  
9th July, 1906.

\$5 = £1.



# 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, 3,290.

## DIRECTORS

EDMUND THEODORE DOXAT, Chairman.  
W. MURRAY GUTHRIE, Deputy Chairman.  
LAWRENCE EDLMANN CHALMERS,  
FRIEDRICH C. K. FLEISCHMANN,  
FREDERICK WILLIAM GREEN,  
FREDERICK LEVERTON HARRIS,  
SIGISMUND FERDINAND MENDL,  
JOHN FRANCIS OGILVY,  
CHARLES DAVID SELIGMAN.  
MANAGER, PHILIP HAROLD WADE.  
SUB-MGR.: WATKIN W. WILLIAMS. Ass't SUB-MGR.: FRANCIS GOLDSCHMIDT. 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, 1906.

Dr.		\$5=£1 Sterling.	Cr.	
To subscribed capital . . .	\$21,166,625		By Cash at Bankers . . . . .	\$1,024,829
viz., 169,333 shares of			" Securities—British and	
\$125 each.			Indian Govern't, and	
" Capital paid up, viz.,			other Trustee Securities,	
\$25 per share . . . . .	\$4,233,325		including City of Lon-	
" Reserve fund . . . . .	2,000,000		don Corporation Bonds.	\$8,043,614
" Deposits and sundry			" Other Securities . . . . .	2,314,367
balances . . . . .	58,144,941			10,357,981
" Bills re-discounted . . .	15,408,983		" Loans at call, short and	
" Rebate . . . . .	321,286		fixed dates . . . . .	9,931,875
" Amount at credit of			" Bills discounted . . . . .	58,304,586
profit and loss account	266,163		" Sundry balances and In-	
			terest due on invest-	
			ments and loans . . . . .	202,427
			" Freehold premises . . . .	553,000
				\$80,374,698
	\$80,374,698			\$80,374,698

## Profit and Loss Account for the Half-Year Ending 30th June, 1906

Dr.		\$5=£1 Sterling.	Cr.	
To Current expenses, includ-			By Balance brought forward from 31st	
ing directors' and auditors'			December, 1905 . . . . .	\$58,877
remuneration, salaries,			" Gross profits during the half year.	592,393
stationery, Income Tax and all other charges	\$63,821			
" Rebate of interest on bills				
not due, carried to new				
account . . . . .	321,286			
" Six months' dividend at				
the rate of ten per cent.				
per annum, free of In-				
come Tax . . . . .	\$211,666			
" Balance carried forward				
to next account . . . . .	54,497	266,163		
		\$651,270		\$651,270

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, 6th July, 1906.

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.

# **BARING & CO.**

CORNER

WALL AND BROAD STREETS

**NEW YORK**

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## **FOREIGN EXCHANGE**

TRAVELLERS AND COMMERCIAL LETTERS OF CREDIT

## **INVESTMENT SECURITIES**

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AGENTS AND ATTORNEYS

FOR

**BARING BROTHERS & CO., LTD.**

LONDON

---

# BLAKE BROTHERS & Co.

50 Exchange Place,  
NEW YORK.

84 State Street,  
BOSTON.

---

Dealers in all issues of

**NEW YORK CITY BONDS**

and other

**MUNICIPAL BONDS.**

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# SPEYER & CO.

## BANKERS

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*AGENTS FOR*

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# HONGKONG SHANGHAI BANKING CORPORATION

HONGKONG, CHINA.



HEAD OFFICE, HONGKONG SHANGHAI BANKING CORPORATION, HONGKONG.

THE Head Office of the Hongkong and Shanghai Banking Corporation is located in Hongkong, China. It was incorporated by Special Ordinance of the Legislation Council of Hongkong, in 1867. It has a paid up Capital of Hongkong currency \$10,000,000; Sterling Reserve Fund, \$10,000,000; Silver Reserve Fund, \$10,250,000. Reserve liability of Proprietors, \$10,000,000. June 30, 1906, the current accounts (gold and silver) were \$108,089,783, and the fixed deposits were \$100,149,359.

It has 26 branches and agencies in various parts of the world.

## Chartered Bank of India, Australia and China

Branches in China, Japan, Philippine Islands, Java, Straits Settlements, India and Burmah, and Agencies in all the principal cities of Europe and Australia. Commercial and Travelers' Credits issued, available in all parts of the world. Foreign exchange bought and sold.

Incorporated by Royal Charter, 1853

Capital (Gold),	-	-	-	-	\$4,000,000
Reserve Fund,	-	-	-	-	4,875,000
Reserve Liability of Shareholders,	-				4,000,000

Head Office: Threadneedle Street, LONDON, ENGLAND

G. BRUCE-WEBSTER, Agent, 88 Wall Street, NEW YORK

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Head Office: HAVANA.

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84 Galiano, Havana  
Santiago  
Cienfuegos  
Matanzas  
Cardenas  
Manzanillo

**Capital,**  
**\$5,000,000**



## BRANCHES

Sagua la Grande  
Pinar del Rio  
Caibarien  
Guantanamo  
Santa Clara  
Camaguey

**Deposits,**  
**\$13,200,000**

## GOVERNMENT DEPOSITORY

**SPECIAL AGENTS** at every Commercial Point in Cuba, and Correspondents throughout the World.

Domestic and Foreign Banking.  
Sole Depository for the Republic of Cuba.  
Member American Bankers' Association.

Commercial Collections a Specialty.  
Trust Company Business of Every Character.  
Cable Address: BANCONAC.

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

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ON

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AND ITS BRANCHES.

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## TRAVELERS' LETTERS OF CREDIT

AVAILABLE THROUGHOUT THE UNITED STATES.

# Long Island Loan & Trust Company

BROOKLYN-NEW YORK CITY.

Capital, \$1,000,000

Surplus & Profits, \$1,750,000

## DEPARTMENTS

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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

## Collections in Brooklyn

will be made by this company promptly  
and at small expense, for Banks  
or business houses.

Capital and Surplus = \$750,000.00

Assets = = = = 4,000,000.00

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HAROLD A. DAVIDSON, Secy.

THOMAS W. HYNES, Treas.

ANDREW H. MARS, Ass't Secy.

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of

New York

184 Montague Street

Branch Office :

Hamburg and Myrtle Aves., Brooklyn

## The Peoples Trust Company

181-183 MONTAGUE STREET

Bedford Branch, Bedford Ave. and Halsey Street  
Wallabout Branch, - Clinton and Myrtle Aves.

BROOKLYN, NEW YORK

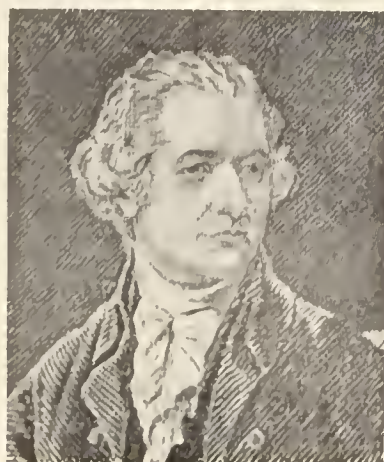
Capital and Surplus, - - - \$2,700,000.00



## OFFICERS

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J. G. DETTMER	Vice-President
HORACE J. MORSE	Vice-President
CHARLES A. BOODY	Secretary
CHARLES L. SCHENCK	Assistant Secretary
HENRY M. HEATH	Assistant Secretary
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INTEREST ALLOWED ON DEPOSITS



## Hamilton Trust Co.

191 Montague St., Brooklyn, New York City

## OFFICERS

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WILLIAM BERRI, Vice-President	ROBERT S. GIRLING, Asst. Sec.
W. C. HUMSTONE, Vice-President	

## STATEMENT OF EARNINGS

Organized June, 1891

Condition Oct. 1, 1906

Capital, - - \$500,000 Capital, - - \$500,000

Surplus and

Surplus paid in, - 250,000 Undivided Profits, 1,130,000

Distributed to Stockholders out of Earnings, \$575,000

Deposits, \$7,506,517.33



# BANKERS TRUST COMPANY

7 WALL STREET, NEW YORK

Capital \$1,000,000

Surplus \$500,000

Undivided Profits (August 6, 1906) \$655,661

## DIRECTORS

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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.

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Acts as Executor, Administrator and Guardian; Assignee and Receiver; Registrar, Transfer  
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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 and  
Undivided Profits, } \$3,252,420.15

Francis L. Hine,  
Chairman Ex. Com.

Theo. F. Miller, President  
Samuel W. Boocock, Vice-President  
Stanley W. Husted, Secretary  
Frank J. W. Diller, Asst. Secretary  
Willis McDonald, Jr., 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 - \$4,500,000

## OFFICERS

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GEO. H. SOUTHARD, JR.,

GEO. H. SOUTHARD,  
Vice-President  
2d Vice-President  
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CLINTON W. LUDLUM,  
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HENRY C. LOW, JR.,  
Trust Officer  
Secretary  
Assistant Secretary  
Assistant Secretary

# The Farmers' Loan & Trust Co.

CHARTERED 1822.

NOS. 16, 18, 20 AND 22 WILLIAM STREET,  
BRANCH OFFICE, 475 FIFTH AVENUE,  
NEW YORK.

CAPITAL, - - - - \$1,000,000 00  
UNDIVIDED PROFITS, - 7,247,619 53

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.

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WILLIAM WALDORF ASTOR,	HENRY A. C. TAYLOR,	STEPHEN S. PALMER,
D. O. MILLS,	D. H. KING, JR.,	CLEVELAND H. DODGE,
FRANKLIN D. LOCKE,	E. R. HOLDEN,	FREDERICK GELLER,
JAMES F. HORAN,	WILLIAM ROWLAND,	JOHN L. RIKER,
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HUGH D. AUCHINCLOSS,	EDWIN S. MARSTON,	P. A. VALENTINE.

## STATEMENT.

Quarterly report at the close of business on the sixth day of August, 1906.

### RESOURCES.

United States Bonds, at market value, - - - - -	\$216,850.00
Bonds of the City of New York, at market value, - - - - -	5,793,282.99
Railroad Bonds and other Bonds and Stocks, at market value, - - - - -	16,856,357.26
Real Estate, - - - - -	1,450,000.00
Bonds and Mortgages, - - - - -	2,235,175.00
Loans, - - - - -	49,757,033.80
Cash on hand and in Bank, - - - - -	14,133,455.69
Accrued interest, Rents, etc., - - - - -	578,647.48
	<u>\$91,020,802.22</u>

### LIABILITIES.

Capital Stock, - - - - -	\$1,000,000.00
Undivided Profits, - - - - -	7,247,619.53
Deposits, - - - - -	82,236,614.67
Interest accrued. Taxes, and other Liabilities. - - - - -	536,568.02
	<u>\$91,020,802.22</u>



# BANKERS' AND TRUST SECTION.

OF THE

## COMMERCIAL & FINANCIAL CHRONICLE.

Entered according to Act of Congress in the year 1903 by William B. Dana Company, in the office of the Librarian of Congress, Washington, D. C.

VOL. 83

NEW YORK, OCTOBER 27, 1906

No. 2157

### THE CHRONICLE

THE COMMERCIAL AND FINANCIAL CHRONICLE is a weekly newspaper of 80 to 96 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 or Supplements, issued periodically, and which form exceedingly valuable adjuncts of the weekly issues.

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Terms for the CHRONICLE, including *all* the Supplements, are Ten Dollars within the United States and Thirteen Dollars (which includes postage) in Europe.

WILLIAM B. DANA COMPANY, Publishers

Pine Street, corner Pearl Street, New York

### 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.

### CURRENCY REFORM AND THE BANKERS.

We must confess to some disappointment that the Bankers' Convention at St. Louis did not take more positive action in the matter of currency reform. It is to be said, however, that a body of this sort, gathered largely for conference over technical business details, and comprising in its membership many shades of opinion on the currency question, is not altogether well fitted to decide in open debate on a question so delicate and intricate as the establishment of a new basis of bank note currency. This is more particularly the case when so many propositions, which have been advanced for the consideration of bankers and others, are of a character which

make their nature and practical effects extremely difficult to ascertain. Uncertainty as to the probable working out of a given plan has been, we think, the main fault of currency reform propositions in the past; it is, perhaps, the chief reason why they have thus far met with so slight success.

We hold, therefore, that the first essential in any proposition for reform in the bank currency is that it should be simple in terms, and that there should be no possibility of doubt as to how it will work in practice or what actual results it will achieve. It should, moreover, be entirely free from the questions on which legitimate dispute concerning the safety of the currency thus established would converge. There has, for instance, been of late more or less desultory discussion regarding the use of national bank notes in the reserves of national banks. Such a proposition came incidentally before the Bankers' Convention at St. Louis, and was very properly voted down. We freely admit that under the present system of security, the national bank note is in a way as secure a form of currency as the United States note. It has behind it, to all intents and purposes, the credit of the Government. But this does not meet the fatal objection that no fiduciary institution should, under any circumstances, be allowed to count in its reserve against liabilities its own promises to pay. The reason for this objection is not necessarily that the promises to pay are not certain of redemption—though even that objection might in given contingencies arise—but the fact that the bank with the right to issue its promises to pay as circulating notes has the power of indefinite increase. What this would amount to, in the case of national banks using their own notes as reserves, would be that each of the six thousand national institutions, with their varied managements and situations, would have the power of expanding at will the reserve fund through which is regulated its right to issue credit.

Even if this objection did not exist, however, we should regard all such propositions as unfortunate, from the fact that the first consideration before the



financial public is a change in the system of bank note issues. This being so, nothing could be more unwise than to cumber a proposition of reform with such questionable outside considerations. The St. Louis Convention took no definite action on the currency. It received the report of its Committee, appointed at the last Convention, and referred it to a larger committee, which is instructed to confer with the New York Chamber of Commerce Committee, whose proposition for currency reform was lately placed before the public. It appears to us that on the whole this was the best disposition of the case. It will be remembered that, even in the report of the Chamber of Commerce Committee, the Chairman expressly requested that neither debate nor action should be had on the proposition until the Chamber's next meeting—the purpose obviously being to give time for the serious digestion of the Committee's propositions, so that discussion might be conducted on intelligent lines. The Bankers' Convention has now taken similar action, and by its formal instructions to its committee to co-operate with the Chamber of Commerce has at all events paved the way for a proposition which shall come before the public with the eventual endorsement of both these representative bodies.

We have referred hitherto to the plan of the Chamber of Commerce Committee. By general consent, that part of the report which proposed a central national bank has been pronounced unworkable. The committee's alternative proposition, on the other hand, has been received with a very considerable degree of approval—largely, we think, because its proposals were so clear and distinct, and its practical purposes so plain, that no doubt could exist as to how the plan would work in operation. In brief, its plan was that a national bank whose circulation, secured, as now, by Government bonds, equals 50 per cent of its capital stock, shall be permitted to issue additional notes up to 35 per cent of capital, these extra notes being unsecured except on the general assets of the bank, and being subject to a graduated tax of 2 to 6 per cent; the first 5 per cent of this additional circulation bearing a 2 per cent tax, the second 5 per cent three, the third a tax of four, the next 10 per cent issue a tax of five, and the balance one of six.

The committee's reasoning was, first, that the bond-secured circulation must in a measure be retained because liquidation of these enormous holdings of United States bonds by national banks, supposing it to be done immediately, would not only cause a panic in the bond market, but would impair the quoted credit of the United States Government at a time when its Panama enterprise calls for large additional borrowings. The plan concedes the general principle of an asset currency, but guards it from excessive issue by a graduated tax, designed to insure redemption of such notes as soon as the urgent need for them has passed. The plan is confessedly a compromise; it may not suit outright believers in an asset currency, and it possibly will not suit those who object to departure from the bond-

secured circulation. But as a compromise it has the advantage of narrowing the discussion which compromise often possesses, its meaning is entirely clear to the simplest understanding and it provides, we think, an effective basis for a conference plan.

The plan submitted by the Committee of the National Bankers' Association (it will be found in full among the detailed proceedings of the Convention on page 124) is somewhat more complicated. It is based on a proposed "currency commission" of seven members with large powers, appointed by the President of the United States, this commission to decide whether in a given case issue of additional credit currency is necessary. The commission also has to say how long such notes shall be left outstanding. There are, it seems to us, some obvious disadvantages in such control by an arbitrary commission. Conditions differ in different sections of the country and need for immediate issue of a proper bank note currency is sometimes urgent when very possibly a conservative commission might not so consider it. Except for this handicap, there are many virtues in the provisions of the Bank Committee's plan—virtues which may, we should suppose, be used in or incorporated with any plan agreed on by the Bankers' Committee in their conference with the Chamber of Commerce representatives.

As the matter stands, we think there is much cause for congratulation that such definite progress has been made. The question has, at all events, been brought definitely before the public, and there is ground for hoping that some positive action may be taken. This is, we believe, the first occasion when two powerful representative financial associations have co-operated in such work and have done so with the pledge of cordial co-operation by influential public men. There is here a promise of definite action in the not too distant future.

#### THE WORK OF THE CONVENTION.

It would be difficult to exaggerate the power and influence of the American Bankers' Association and it would be folly to attempt to minimize its work. With each succeeding year the membership of this imposing bankers' guild keeps growing at an increasing rate, and with each succeeding year the part played by it in affairs is becoming more important. During the past year 1,043 new members were added to the roll, and to show the marvellous strides that are being made, it is only necessary to say that in 1896, just a decade ago, when the Association last convened in St. Louis, the total membership comprised only 1,911; on August 31, 1906, the number enrolled was over eight thousand—8,383.

According to the Secretary of the Association, the capital and surplus and deposits represented by the institutions composing the membership is now over 12½ thousand million dollars—\$12,514,846,572. With its growth its revenues, too, are expanding, the annual dues now amounting to \$137,600, thus adding to its capacity for effective work. Obviously, much of its recent success has been due to the de-



parture made when the Trust Company Section and the Savings Bank Section were organized, thereby providing new sources of membership, and enlisting new interests in the welfare and upbuilding of the Association. And it is noteworthy that the present year still another section was created, the Clearing House Section.

As the organization increases in numbers and in power, its responsibility to the community and to the interests of which it is the champion and guardian, obviously also increases. And this responsibility seems to be recognized. The level of attainments has been rising in a marked way of late years. When the Association was launched over thirty years ago a high standard was set, and this standard was steadfastly maintained so long as George S. Coe, Jacob D. Vermilye, Alexander Mitchell, Lyman J. Gage, John Jay Knox and men of that type continued to be actively identified with its affairs. But candor compels the statement that then came a sort of interregnum. The Association, for apparently no well-defined reason, except that pleasure seemed to be the chief aim at the annual gatherings, began to lose influence. This decline in prestige continued even while the membership was slowly increasing and notwithstanding that the executive heads were generally men of unblemished reputation. The trouble was the policy was wrong. It was openly proclaimed at that time that at the yearly meetings those present could not be induced to listen to carefully prepared papers or to do serious work of any kind.

This lasted until only a few years ago. Since then, however, the situation has changed, and the Association has visibly risen in public esteem, and with this and the organization of new departments, or Sections, there has come that rapid expansion in membership, which has been the feature of the recent history of the body. A very few of the old band still remain, but they are no longer in undisputed control, and the decadence of their views is apparent to every one except themselves. Presently they themselves will disappear from the scene. New ideas are dominant. It is no longer considered sufficient to exhibit the officers and to print excellent pictures of them. It is recognized that the members demand, and the public expect, more than that—that there must be some tangible, visible evidence of work accomplished, and that the program must provide for the discussion of topics that appertain to the things uppermost in the minds of the banking fraternity and the financial and mercantile community.

With the growth in membership more and more of the work of the Association must be done by and through committees. Hence, these committees are multiplying very fast. Some of them are permanent and some are temporary, and thus far each has been useful in a way, though it is easy to see that the tendency to create new committees may eventually lead to more subdivisions than there is any need for. An excellent sample of what the committees are capable of is furnished in the report and plan for currency reform, submitted by the

Federal Legislative Committee. The views contained in that report may or may not prevail, but the task was peculiarly within the province of the working bodies of the Association, and whatever the outcome their labors will not have been in vain.

The papers read at this year's gathering were of a high order of merit. Three of these dealt with financial and currency questions, and form very important contributions to the discussions of these questions. We have commented in the previous article on the action with reference to the currency problem, and desire to say here merely that if the Convention had nothing to its credit but the speeches of Comptroller Ridgely and Congressman Fowler it would have amply justified its existence. Both these addresses should be read by every one of our readers. Mr. Ridgely was called on quite unexpectedly. A Canadian speaker, who had been assigned to prepare an address (Mr. John T. P. Knight), was detained at home by the failure of one of the Canadian banks, and Mr. Ridgely was asked to take the time allotted to the absentee. He pointed out that one vital and serious defect in our currency system since its very beginning has been its entire lack of any elasticity in the volume of the circulation. Furthermore, he showed that this is an unavoidable defect in any system of currency entirely secured by bonds. Such a system cannot be made elastic or in any way responsive in its volume to the factors and conditions which should determine such volume. In one respect, Mr. Ridgely rendered an inestimable service—in showing the true function of a bank-note. We have never seen anywhere a plainer or more conclusive demonstration of the fallacy of the suggestion, espoused thoughtlessly of late by some advocates of currency reform, that bank-notes should be allowed to be counted as reserves.

Congressman Fowler's speech was one of the most effective ever delivered by him. He set out the defects in our present currency arrangements in such a clear and convincing way that even the way-faring man no longer can have any excuse for erring or for pleading ignorance as a justification for delay in giving consideration to relief measures. He re-enforced his arguments and statements by an array of figures that was perfectly overwhelming. Nor did he fail to suggest remedies for the most glaring defects in our currency system. If the people do not want the Government to continue to withdraw ten or twelve millions of bank reserves each month, let them demand that all public moneys shall be deposited from day to day in the usual way. If the desire is to prevent 1 per cent and 100 per cent money—riotous speculation half the time and ruinous rates and panic stringency the other half—adopt without delay the principle of converting bank book credits into bank note credits, in accordance with the demands of trade and commerce. If more one and two dollar bills are wanted, and a broader and better diffusion of the gold standard, the remedy is very simple: five and ten dollar gold certificates must be substituted for some of the \$300,000,000 of five dollar silver certificates, making it possible to increase largely the one and two dollar certificates



which are needed so much in the trade of the country. Mr. Fowler pointed out that there are bills now pending in the House of Representatives for attaining every one of these objects, besides a bill to provide clean paper currency. The only thing necessary to ensure their adoption is an insistent public demand, which Congress cannot refuse to heed.

The address of Mr. John T. P. Knight, Secretary of the Canadian Bankers' Association, on "Our Currency as It Appears to a Canadian" was not read before the Convention, as already stated, because of the absence of Mr. Knight. As it has been prepared, however, it will appear among the printed proceedings. Mr. Knight tells how in 1900 the Association became a business organization and sought incorporation, and how now by Act of Parliament all the chartered banks of Canada are subject to supervision by the Association, as far as their note issues are concerned. He asserts that the banks remain strictly outside the arena of politics, and he quotes the remark of the Canadian Minister of Finance in alluding to the Canadian Bankers' Association as an "annex" of the Finance Department. With reference to our own currency system he expresses surprise in a quaintly humorous but entirely decorous way that a condition of things, which every one admits is indefensible, should so long have been allowed to continue. And he ventures the statement that it is never too late to mend.

The address entitled "A Plea for the Cotton Fields," by Charles J. Haden, of Atlanta, Ga., was an argument in favor of currency legislation, to the end that the South might be able to obtain the needful supplies of currency during the crop-moving season for cotton. Mr. Haden's remarks were directed to emphasize the deep concern the South has in seeing the problem solved. The keynote of the address is found in the statement that "a currency system by which the people of America are enabled to hold their cotton, allowing it to percolate into the market as the spinners need it, enabling the producers to enjoy the full benefit of competitive buying, is compatible with the policy of our Republic, and wise beyond controversy." Mr. Haden asserts that \$500,000,000 is required in the South every year within a period of about three months to handle the cotton crop, and the banking capital of the South is inadequate for the purpose.

The program contained one unique feature—an address by a woman, Mrs. V. F. Church, Cashier of the Bank of Joplin, Mo. Very appropriately, her theme was one relating to her own sex—"A Woman's Qualifications as a Bank Official." Mrs. Church undertook to show that a woman possesses superior qualifications to a man for work in a bank—and she made out a pretty good case, too, for her side, arguing that women possess to an unusual degree such indispensable attributes in the banking business as honesty, integrity, faithfulness, affability, good habits, intuition. She did not deny that men possess certain elements of usefulness "peculiar to their kind." "They are capable of grasping, fully understanding and apprehending in all of its details large propositions, great schemes and

broad plans for the carrying on of the banking business, and the enlargement of the same; and as in the bank that I represent, they are extremely useful in carrying out the heavy books in the morning and putting them back in the vaults at night."

#### THE TRUST COMPANY SECTION.

Like the other departments of the American Bankers' Association, growth continues the dominant characteristic in the affairs of the Trust Company Section. Perhaps the best way to indicate this fact and to show the importance to which the Trust Company Section has risen is to say that there are now 718 institutions of this class who hold membership in the Association, a net addition for the twelve months of 80. That trust companies should be so numerous, as evidenced by this expanding membership in the Association, furnishes testimony to the development of this new creation of the modern financial world. The number of such concerns would not keep multiplying so fast if they did not fill a need, nor would prosperity attend their operations except for the same reason. Clark Williams, in his reply to the address of welcome, did not exaggerate when he said that representing co-ordinate branches of moneyed institutions, the trust companies are "a part of the warp and woof of the financial fabric of the country," and it is to their interest "to stand as an integral part of the American Bankers' Association, which aims to bring within its fold the financial powers of the United States."

Both Mr. Williams and President Festus J. Wade, of the Mercantile Trust Company, of St. Louis, referred to the fact that the present was the tenth anniversary of the founding of the Trust Company Section. The important event, too, occurred at St. Louis. It was on the twenty-second of September, 1896, that Breckenridge Jones called together the seventeen representatives of the trust companies, who had met as members of the American Bankers' Association, in annual Convention at St. Louis, with the purpose of organizing a section of that Association to be devoted to the interests of trust companies as distinguished from those of the banks. From 17 to 718 certainly represents an important advance within the short space of a decade. Mr. Wade went even further than Mr. Williams in the emphasis he laid on the important function performed by the trust companies, and he prophesied still more wonderful growth for them in the future. After noting that these institutions represent a branch of finance in this country second only to the national banking system itself, he ventured the prediction that with continued conservative business methods, tireless energy and efficient management of the trust companies now in existence, and those to be organized hereafter, the resources of trust companies in the coming ten years will equal, if not exceed, the resources of the national banking system.

Mr. Wade admitted that this seemed an extravagant statement, and yet would such an achievement be any more wonderful than the record of the past ten years? He pointed out that the national banking system, with over forty years existence, and the



power and influence of the entire Government, has accumulated total resources of \$7,472,350,878 (we find these figures are of date August 25, 1905, presumably to make them correspond with the date of the trust company returns), from which he deducts circulation and Government deposits of \$531,101,000, leaving a net of \$6,941,249,318; as compared with trust company aggregate resources of \$3,802,000,000. Ten years ago, he states, the total resources of the entire national banking system amounted to only \$3,367,115,772, or less by \$435,000,000 than the present aggregate of the trust companies. On the other hand, the resources of the latter, ten years ago, according to the best available statistics, were only \$962,000,000. In the decade, therefore, he figures the resources of the trust companies increased 295 per cent, and those of the banks, 106 per cent. Mr. Wade, as is known, is a believer in adequate cash reserves, and he insists that these concerns, while trust companies in name, are banks in fact, competing in the realm of banking, and hence they cannot ignore sound principles of banking and fail to keep up their cash reserve.

As is well known, trust companies have had an exceedingly good record in the matter of freedom from failures. But the recent disaster in Philadelphia and the unpleasant disclosures connected with the same naturally give prominence to the subject of providing adequate safeguards and protection for the interests entrusted to the care of the managers of these institutions. Mr. Williams gave much attention to the matter in his speech, and it formed the topic of the address delivered by Pierre Jay, Commissioner of Banking of Massachusetts, whose subject was "Defalcations—What Can be Done to Decrease Them."

Mr. Jay was well qualified to deal with this subject. Aside from the fact that he has under his supervision the whole body of financial institutions in Massachusetts, he was formerly connected with the Old Colony Trust Company (having been a vice-president of that institution), from which he passed directly to the Banking Department of the Commonwealth, when early this year that department was reorganized and a single commissioner substituted for the previous board of three members. Mr. Jay points out that while it is impossible to devise a system which shall be embezzlement proof, it is, nevertheless, the duty of those in charge of banking institutions, in justice not only to their depositors and stockholders, but also to their employes, to attempt to reduce the number of opportunities for embezzlement to the minimum. He suggests that this can be best accomplished in two ways: First, by establishing a thorough system of accounting. He indicates how best to proceed to attain this end and he remarks that a proper system of accounting will prevent more embezzlements than a proper system of auditing will disclose, and it will save many a naturally honest man from yielding, under great stress, to the temptation of stealing, which a loose system of accounting will encourage.

The second step is a proper auditing system—that is, the best accounting system obtainable having been installed, the entries made under it should be audited as frequently as possible. In many of the largest banks the work is done by an auditing department, which is constantly checking the work of various departments. With the small institution which cannot afford an auditor and has not sufficient clerks to undertake internal audits, the auditing question is a serious one. But as to such institutions, Mr. Jay offers some excellent suggestions. He suggests that it would be perfectly feasible for a number of banks in a city, or a district, or a State—national banks, savings banks and trust companies combining if desirable—to form a mutual auditing association, which should employ accountants by the year, and conduct audits of the members of the association, assessing them only the actual cost of the audits.

But Mr. Jay well says that more serious than defalcations is the making of excessive or unsound loans and investments by trusted officers of banks. Systems of accounting and auditing cannot be relied on to disclose such situations. It is to the directors one must look for protection against mismanagement of that kind. The question is, how to make every board of directors realize its responsibility in this respect. On that point Mr. Jay suggests compulsory examinations by the directors, like those required under the New York State law. In some banks and trust companies the directors meet only at long intervals, and the supervisory work is left to a small executive committee. In such cases he would have each director in turn serve as a regular member of the executive committee for one or more months in each year. This, he thinks, would awaken the responsibility of directors, increase their interest and familiarize them with the methods and conditions of their institution. The plan in a measure approximates the English system of having one or more directors on duty at the bank for an hour or two every morning, each director having his tour of duty during certain months of the year.

Mr. Jay's was the only prepared address on the Trust Company program the present year. No other paper was read before this section. This was in accordance with a new arrangement by which the time at disposal was devoted mainly to discussions of selected topics. The new plan, at the present its first trial, worked well, and appeared to meet with much favor. The topics related to affairs in which every trust company has a vital interest, and it is significant as an indication of what matters are uppermost at the moment in the minds of the officials that three of the subjects appertained to the things discussed in Mr. Jay's paper. These three subjects were: "Advantages to a Trust Company of Frequent Examinations and Public Reports," "Safeguards Against Irregularities in the Trust Company," and "How to Maintain the Interest of Members of the Board of Directors." These subjects elicited wide interest, and the discussions brought out a number of points of importance, and proved instructive and profitable.



*EDUCATION FOR BUSINESS.*

In a paper read before the Convention, Prof. Joseph French Johnson, of the New York University, made some interesting suggestions on the subject of "Education for Business." Taking up the objections commonly urged against the graduates of high schools and colleges, that they are very often deficient in the essentials of the counting room—that while they have been taught many things of little practical value, they have been left without instruction concerning some of the prime requisites of business life, and, furthermore, that they have not been trained to accuracy—he urges that steps be taken to remove whatever basis there may be for criticism of this kind by making the instruction in the high schools as practical and useful as possible. Book-keeping, he well says, should be taught in all the high schools. It is merely an application of arithmetic to business affairs, and in the teaching of it accuracy, good penmanship and neatness can most properly be insisted upon. Stenography is another subject for which he would make a place in the curriculum of every high school. To the teaching of English, with the view to making the pupils express their thoughts clearly and concisely, he would give much attention, and he would insist on instruction in industrial and commercial geography.

He outlines a "possible institution" which he suggests as "the business man's ideal." Here is his idea regarding the faculty:

In the first place the faculty would be a judicious combination of the practical and theoretical and should be so large that personal attention could be given by the instructors to every student. The salaries would be high enough to secure as teachers men who had actually proved their ability in business, some who knew by experience all about the operations of banks, others who had bought and sold goods, others who had successfully dealt in international trade and had acquired practical knowledge of the laws governing such trade, of the articles dealt in and of foreign exchange as a means of payment. The faculty would also include men who were familiar with the needs of our investors and with the operations of our stock market and produce exchanges. In every field of business that faculty should have a man who could impart information out of his own experience, so that the students would be brought into the closest possible touch with business problems as they actually exist. The other half of the faculty would be men with purely scientific training.

While theoretically nothing can be urged against a faculty with a man "in every field of business" "who could impart information out of his own experience," the feasibility of such a scheme in practice would certainly be open to question. Assuming

the men could be obtained, the expense would apparently be forbidding. What Professor Johnson says, however, concerning the organization and discipline of such a school embodies suggestions which it ought to be possible to reduce to a workable basis, and which if adopted could not fail to be of advantage to the pupils.

He would have the school organized and conducted upon the lines which have been found to be most effective in the conduct of business enterprises. The hours would be from nine to five. Every student would be required to be at his post promptly at nine o'clock. If he were tardy or in any way delinquent he would receive the same summary treatment that he would get from an employer in actual business. No student would have any inherent right to quit his task at five o'clock if the instructor having him in charge desired his services until a later hour. Indeed, in order that the student might be fully prepared for what is certain to happen when he gets out into the world, the instructor would quite frequently have him kept at his desk until eight or nine o'clock in the evening. Of course he would not be listening to lectures all day. He would be a mere listener for not more than three hours a day. The rest of his time would be devoted to work—to writing, to reading, to experiments in laboratories, to the collecting of information by personal visits to business houses, exchanges, banks and factories and to the preparation of reports containing the results of his observations.

In this proposed school Professor Johnson would follow business methods in one other particular. He would not have any fixed standard of admission. He would not say that the youth must be a high school graduate, or that he must be prepared for college, or that he must have studied this or that language. Whether he was ready or not to profit by the work would be a matter for the faculty itself to decide. As is done in business, each applicant would be considered as an individual case and be rejected or admitted on his merits. If a mistake were made and a youth were admitted who proved incompetent, or unprepared, the rigid discipline of the school would bring the truth to light in a very short space of time, and the youth would be dropped.

These suggestions and ideas are certainly novel, but the only way of testing their merit will be by actual practice and experience. The proposal to keep business hours, even to the extent of compelling the pupil who is studying to fit himself for business, to work overtime, would have an element of practical advantage in making students acquainted with the conditions they must face in the business world.



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# BANKING SECTION

## AMERICAN BANKERS' ASSOCIATION

Thirty-Second Annual Convention, Held at St. Louis, October 16, 17, 18, 19, 1906

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### *Pending Financial Legislation.*

By HON. CHARLES N. FOWLER, Chairman Banking and Currency Committee of the House of Representatives.

Mr. Chairman and Gentlemen of the American Bankers' Association:

On behalf of the House of Representatives, and especially on behalf of its Committee on Banking and Currency, over which I happen for the time being to preside, I desire to thank you for the courtesy and honor of this invitation.

Twelve years ago this fall I received a unanimous nomination to represent a district of the State of New Jersey in the House of Representatives; and, every two years, since, I have been complimented by receiving at the hands of my constituents a like distinguished honor. If their favor has borne any special significance, it must be on account of my attitude upon those questions directly affecting the finances of the nation and banking operations and practices.

This being true, you will pardon me, in this particular presence, if I review for a moment the past and, like the mariner, get our bearings for this day's journey, which, I am sure, will not be over so boisterous a sea as I looked out upon four years ago, at New Orleans, when a storm of protesting but innocent resolutions filled the air and covered the chairs of your Convention. Since then, unless I mistake the light breaking upon this commercial day, you have come, generally speaking, to sit upon those fulminations with your minds as well as your bodies; and will agree with me, at least in principle, that those resolutions were properly located when in your chairs.

In 1895 I made a speech in the House of Representatives in favor of the single gold standard. In 1896 I introduced a measure to secure the standard beyond cavil, remove the Government as a disturbing factor from the field of commerce, and provide a banking system that would facilitate the conversion of credit subject to check into current credit, and so adjust our banking to the varying needs of business. This measure was an unequivocal gold-standard measure and contained the exact terms for funding the national debt into 2 per cent. gold bonds that, four years later, March 14, 1900, were enacted into law. It also

contained a provision that would have put gold dollars behind every greenback instead of only fifty million of them, as did the gold standard act of 1900.

I have said this much to establish an intelligent relation between us at the outset, since there are bankers in this audience who were not born when I began to advocate these reforms—born into the banking business, of course, I mean. I realize well that should one call upon any one of you to borrow money, he would find you all as old as Methuselah in experience and capacity to do your duty as bankers, and not necessarily to do your caller, as too many people are inclined to think.

What a splendid jury I have before me. No man ever stood before a better jury. No jury ever fulfilled better the prerequisites of a jury; thoroughly honest, absolutely fair minded, of the highest degree of average intelligence of any jury that ever sat in the United States, bar none. Yet, if you had met four years ago, you would have possessed to a perfect degree the other essential to pass an attorney's challenge—absolute ignorance of the case to be tried. Not so to-day, however; and I thank God devoutly for that. The American banker has at least reached a receptive frame of mind. Prejudice, the child of abject ignorance, has largely disappeared. And among your number there are many missionaries and hosts of believers.

You will pardon me one or two personal experiences, since they furnish whatever of confidence and assurance I have that in the end the wisest thing will be done, even though it may come as the result of bitter trials and frightful losses.

When Representative E. J. Hill came to Washington in 1894 we were both appointed to the Banking and Currency Committee, and he was at once my most assiduous and powerful opponent. But his absolute intellectual honesty, his great ability, his determination to know the truth, made him a thorough and reliable student. Coming from the Connecticut State Convention in the spring of 1896 he showed me a resolution passed there to the effect that



the Republicans of Connecticut were utterly opposed to any kind of currency except such as was secured by Government bonds.

He asked me what I thought of it.

I replied that it only marked a degree of ignorance, not of intelligence.

Six months later he told me that he was ready for at least 50 per cent. of credit currency.

I replied that if he took six months more for study and reflection he would be ready for another 50 per cent. of credit currency.

Again, Hon. Lyman J. Gage told me soon after he came to Washington that he knew absolutely nothing about the subject; but his years of study brought him to the same conclusion.

Only a few days ago, while sitting at luncheon with the officers of one of the great banks of New York, I remarked that I had never known a man who had made a study of credit currency with an open mind who did not come out exactly at this same point.

One of the officers, himself a great student and an acknowledged leading financier, replied, "that is literally true."

#### THE GOLD STANDARD.

"God is Truth." Truth in finance is materialized honesty, and that kind of honesty it was that demanded that our measure of value should be the same in the payment of obligations that was contemplated when they were contracted; that, having been gold, it was godliness to pay our debts in gold measure. To-day, everybody, I think, thanks God that we adopted that standard—even all the followers of Mr. Bryan.

#### CLEANLINESS.

Cleanliness is next to godliness; therefore, let us fight to make our money as clean as it is good. And let me say right here that you will get nothing in the way of legislation unless you—I mean you men who are sitting before me, you bankers, as bankers, not merely as men—interest yourselves in demanding that your representatives vote for the things you want. Let us understand this once for all; and, as we proceed to discuss the pending legislation and agree upon certain principles, let it become a part of your daily life, a duty of every hour, to secure their adoption. Otherwise, if you make them only one of a hundred recollections, it were as well that we had never come here.

First, then, let us here and now resolve that we will have clean money, and pledge ourselves to one another that we will not stop until we have secured such legislation as will bring this end about. Such a law is now pending before the Banking and Currency Committee. It will become a law, if you demand it and work for it.

#### \$5 AND \$10 GOLD CERTIFICATES.

A bill has been favorably reported by the Banking and Currency Committee, and is now pending before the House of Representatives, providing for the issuance of \$5 and \$10 gold certificates, as well as the present denominations. The purpose of this bill is two-fold. First, it would enable the Secretary of the Treasury to supplant a portion of the \$300,000,000 of five-dollar silver certificates with gold certificates of the same denomination, and thus make it possible to increase largely the one and two-dollar silver certificates, which are needed so much in the trade of the country. Of this you are more fully aware than any other class. Will you pledge yourselves here and now to fight for this change, or go on forever as at present with the demand for small notes constantly increasing because of additional population and doubling trade, but with nothing out of which to make them? This is your business; will you attend to it?

The second object of this measure is to broaden the basis of the standard of value, increase the quantity of gold in the country, and make it possible to distribute it among the mass of people, thereby generalizing its use, as

well as strengthening our reserves. These objects justify your active and insistent co-operation. Don't forget it, will you?

#### GOVERNMENT DEPOSITS.

From the establishment of the first sub-treasury, sixty years ago, the practice of hoarding or locking up money has been a disturbing factor and a curse to business. Now, jumping over all the past, and taking up the situation precisely as it presents itself to-day, what shall we do; go on as before, or, like intelligent men, treat this Government's business just as you would treat it were it your own, making only such distinctions as a due regard for the people's interests, from a national point of view, demands?

The fiscal operations of our Government are such that, the coming year, we may have a surplus of fifty or possibly seventy-five millions. Indeed, we may again have the same excess of revenue we had from 1888 to 1892, when we lowered our bonded debt from \$1,021,000,000 to \$585,000,000, or a decrease of \$435,000,000. What shall be the conduct of the Treasury? Should it not be such as in no way to interfere with the commercial interests?

If we should repeat this record, we could pay off \$435,000,000 of our debt, and leave it at \$490,000,000, or \$25,000,000 less than the amount now deposited to secure our bank notes, which aggregate \$517,000,000. If our excess should not be applied to the reduction of our debt, it would have to be deposited from time to time in our National Banks, and the banking capital of the country would be reduced by the cost of the bonds required to secure such deposits.

Our banking capital is now depleted more than \$150,000,000 by this ancient and inane procedure, and, though the Government has control of this money, it is paying 2 per cent. upon it; for the interest paid on the bonds held by the Government goes to the banks that have put up the bonds to secure the deposits.

The available cash balance July 1, 1906, three months ago, was \$175,000,000. The available cash balance October 5, 1906, was \$222,000,000. In other words, at the very season of the year when there was a constantly growing need of money, and panic prices for its use, the Government has been engaged in withdrawing it from the channels of trade at the rate of \$15,000,000 every month, or \$47,000,000 for the months of July, August and September.

It may be asked whether the Secretary of the Treasury has not redeposited the money so withdrawn? Yes; but only on condition that the banks would purchase and put up specified bonds amounting to more than \$50,000,000; so that the banking capital of the country has been depleted during these three months by that amount. As a result, credits have been displaced, business seriously disturbed, and no good whatever has come to counterbalance the loss and havoc.

Why should not the Government do just what you are doing, deposit its money with National Banks and get 2 per cent. on its daily balances?

On September 4, 1906, the National Banks had on deposit with National Banks over \$830,000,000, or seven times as much as the Government had, and were undoubtedly getting 2 per cent. interest upon it. The State Banks and bankers had on deposit with the National Banks more than \$381,000,000, and were undoubtedly getting 2 per cent. interest upon it. The trust companies and savings banks had on deposit with the National Banks upwards of \$346,000,000, and were undoubtedly getting their 2 per cent. interest. In other words, the banking institutions of the country had on deposit with our National Banks more than \$1,500,000,000, or more than ten times as much as the Government had, and yet the Government by its practices would have us believe that although it has the power of supervising and knowing all about the management of every National Bank in the country, it cannot safely do what probably every banking institution in the country is doing without any special information at all.

Let the Government deposit its receipts from day to day precisely as our municipalities and great business interests do. If it had pursued this policy from 1879 down to the



present time, and received, as it had the right to do, 2 per cent. interest upon its balance, it would have received \$50,000,000 interest, and not have lost a single dollar.

A bill has been favorably reported by the Banking and Currency Committee, and is now pending before the House of Representatives, providing for the daily current deposit of all public moneys. It will depend upon your active co-operation whether the Government shall do its business as the bankers of the twentieth century do theirs, or whether it shall continue to do it as General Jackson, inspired by passion, in his supreme ignorance began to do it nearly a century ago. What will you do? Help? Answer, yes or no.

#### CREDIT CURRENCY.

During the present crop-moving period there will be taken from the bank vaults of the country approximately \$200,000,000 of United States notes, gold certificates, silver certificates and other forms of lawful or reserve money, and sent into those parts of the country where checks are not used for the purposes to which this money will be put.

For the sake of being definite and comprehending fully the effect of this movement of reserve money from the banks to the country, let us assume that when the movement began the banks had loans outstanding up to the limit provided by law. What effect would this movement have upon the credits of the country?

The Actuary of the United States Treasury prepared for me a table showing that the credits which would grow out of deposits of \$100,000, made respectively in a central reserve city bank, a reserve city bank and in a country bank, would reach an aggregate of \$1,906,000. That is, the credit standing upon \$300,000, deposited as stated, would be six and one-third times that amount. While the total credits of the reserve city banks would be exactly \$1,000,000, or five times the \$200,000 deposited with them.

It will be reasonable, therefore, to assume that, if \$200,000,000 of money in actual use as reserves is taken out of the bank vaults and scattered over the wheat, cotton and corn districts to assist in moving the crops, credits to the extent of at least five times \$200,000,000, or \$1,000,000,000, are disturbed and displaced.

With the Treasury concurrently withdrawing \$50,000,000, or more, from the channels of trade, and our credits contracting to an extent approximating \$1,000,000,000, does anyone wonder that money runs up to 125 per cent., when the straining and breaking contraction is on?

Need anyone wonder, when the flood of money returns to the centres, the wheat, the cotton, the corn, the cattle and the hogs, the products of about one-half of our entire population, having been marketed, and there is no further immediate need of these tools of commerce in the country districts, that money, so-called, but nothing but credit based upon these reserves, can be had for 1 per cent.? Need anyone wonder that speculation runs riot, and that we have an abnormal money condition all the year around? Now too much, now too little, and never anything like a natural relation between capital and business—all this because we do not recognize one simple truth about credit, and put it into operation.

What is this simple truth? It is this; that there is not the slightest difference in essence between the true bank note and a bank check.

The committee, appointed by the New York Chamber of Commerce, composed of some of the best scholars in the United States, used the following language in its report, just published:

"Between a bank note and a bank check there is no essential difference. The depositor, to be sure, is a voluntary creditor of a bank, and the checks written by him do not circulate widely without endorsement, whereas a bank note is an acceptable substitute for money among people who have little or no knowledge of the issuing bank. Nevertheless both the check and the note are representatives of money, and both must be redeemed on presentation. They have, however, different fields of usefulness. The home of the bank check is the town and the city,

where people keep their funds in banks. The bank note, on the other hand, belongs in the country among people who have no bank accounts, with whom it is quite as effective as money itself. If our banks were permitted during the crop-moving season to increase their issues of bank notes by from \$100,000,000 to \$200,000,000, these notes would go into the harvest fields and do the work which now absorbs legal tender money. Since the banks under such circumstances would not be obliged to pay out lawful money from their reserves, they would be under no compulsion to contract their loans as at present."

Hon. Lyman J. Gage recently used this language:

"There is no difference in principle between the obligation of the bank, expressed by a credit on its books, and its note which may pass from hand to hand.

"The public is the best judge according to time, place and circumstances of what will best serve its needs, whether bank notes or credit on bank books; and, consistent with safety, the greatest freedom of choice should be allowed.

"In France, the people hold claims against the Bank of France to a total of \$1,045,000,000. Of these claims \$944,000,000 were evidenced by the notes of the bank and only \$145,000,000 by credit entries (deposits).

"In Germany the Imperial Bank owes the people \$330,000,000, evidenced by notes and \$125,000,000 in so-called deposits.

"Quite in contrast with the countries named stands Canada. The banks in Canada owe the people eight or nine-fold, by book account, what they owe them as evidenced by circulation notes. It is to be observed, however, that in all these countries the relation between the two is constantly changing according to the desire and convenience of the peoples. By an easy process 'deposits' are converted into 'circulating notes' and 'circulating notes' are convertible into 'deposits.' They are, in their nature, reciprocal; the conditions that surround them are essentially alike, and the relative volume of each is governed, not by the will of the banks, but by the needs and convenience of the people."

How can we apply this principle to our own conditions?

Let us see. It has been observed that during the crop-moving period, this year, from July 1, there will have to be sent into our great agricultural sections \$200,000,000 of currency or money for the purpose of moving the crops. Let us assume that this amount is due from the banks in the money-centres to the banks located in the crop-growing territory, and that on the first day of July the demands for this amount were met in the denominations asked for by cashiers' checks drawn to bearer. What would the result be?

All the country banks would be paid off in full; but the city banks would have a corresponding liability to meet in the form of cashiers' checks or credit bank notes, for the two are identical. What has actually taken place? Bank book credits have been converted into bank note credits to the extent of \$200,000,000.

The bank credits of the country have not been increased by a single dollar. There has been neither expansion nor contraction. It has been a simple transaction in bookkeeping, and yet the entire crop-raising and stock-producing regions have been served precisely as they would have been or are being served to-day by the withdrawal and transmission of \$200,000,000 of reserve money requiring a contraction of credit approximating one thousand million dollars. I challenge any man in this audience to deny these statements and controvert these conclusions.

But will it be suggested that this is a large conversion of book credits into note credits at one time? Let us see. The book credits of the National Banks alone are now \$4,000,000,000. Therefore, the conversion of \$200,000,000 of book credits into note credits is only 5 per cent. of the total.

Again, since the aggregate of all bank deposits in corporate and private institutions is now \$12,000,000,000, it



would be a conversion of only 12-3 per cent. of the total book credits into note credits.

But the fact is, that whether large or small relatively, it is wholly immaterial, as the transaction does not change the total bank credits to the extent of a single cent.

This state of facts brings me to this declaration: That since bank notes are not a legal reserve, they cannot be used to expand credit, nor will their creation result in the expansion of credit.

What we want, and this is the crux of the whole matter, is this: Place our note redemption so located in the United States that no banker will be out of the use of his money for more than twenty-four hours, and the cost of transmission paid by the Government. Then, bank note credits will be sent home when their mission is filled as directly and swiftly as now are checks and drafts, for the bankers will want the proceeds of the note credits precisely as they want the proceeds of their checks and drafts.

But will some one innocently inquire: "Will these note credits be safe?"

No one has ever lost anything by holding Canadian bank notes during the last fifty years. You, you American bankers, are just as clever as your Canadian brothers. If you can't work out something yourselves, you can adopt their plan.

The Banking and Currency Committee has favorably reported a currency bill to the House of Representatives, providing for an issue of credit bank notes equal to 50 per cent. of the capital of the National Banks, and the method of guarantee makes such an issue safe beyond peradventure.

Our present bank notes are a first lien upon the assets of the banks issuing them. With this law remaining in force, taking the entire history of the National banking system down to 1901, the average tax upon the outstanding note issue, after eliminating all the Government bonds deposited to secure circulation from our calculation, would have been eight one-thousandths of 1 per cent. per annum to secure the payment of the notes.

In other words, the reserve of 5 per cent. for current redemption and the proposed guaranty fund of 6 per cent. would be sufficient to last 1,375 years, and the annual tax of 2 per cent. would be sufficient to pay the average loss of eight one-thousandths of 1 per cent. for 250 years.

Again, assuming that the notes had not been a first lien and that the entire note issue of all the banks failing during that same period had been paid out of the guaranty fund, it would have taken twenty-two one-hundredths of 1 per cent., or about one-fifth of 1 per cent. per annum upon the outstanding notes. In other words, 11 per cent. would last over fifty years. Two per cent., or one year's tax, would last ten years.

The banks should pay the Government the same for these note credits that they are usually paying on large balances, viz., 2 per cent. per annum. They should also pay into the Treasury the same redemption fund of 5 per cent. that is now required for the redemption of our bond-secured circulation.

The first banking bill I introduced ten years ago had a graduated tax in it for regulative purposes. But I have graduated from that graduated tax, which I should now regard as an almost fatal blunder. For the amount issued would be so small that the intended purpose would be completely neutralized; since banks never have been and never will be eleemosynary institutions. Therefore, they will not issue notes at a loss, which would be the case when the tax passed the 3 per cent. limit, if we can assume that our profit upon such circulation would be approximately what it is in Canada.

Again, banks are not going to subject themselves to the criticism of their competing neighbors, who will say that they are paying 5 and even 6 per cent. for money.

Furthermore, in the long run, if you assume for the sake of argument that the banks will issue these highly-taxed notes, you have only saddled this burden upon commerce, for, under the pretence of these heavy taxes, you bankers will find a way not only to get the tax back, but more with it.

I assert that a graduated tax is indefensible from any point of view, and that it will completely defeat its declared purpose.

Perfect facilities for redemption and freedom from cost for transportation will place note credits side by side with checks and drafts, and effect that facile interchange and transfer from one to the other that is absolutely essential to the complete and perfect accommodation of our currency to the ever varying needs of trade.

Do you want clean money? Join us, and fight for it.

Do you want more one and two-dollar bills and a broader and better diffusion of the gold standard? Tell your Congressman that we must substitute five and ten-dollar gold certificates for some of the \$300,000,000 of five-dollar silver certificates.

Do you want the Government to continue to withdraw ten or twelve millions of your reserves each month, and so contract our commercial credits from \$50,000,000 to \$60,000,000, at the same time? If not, then demand that all public moneys shall be deposited from day to day in the usual way.

Do you want to prevent 1 per cent. and 100 per cent. money; riotous speculation half the time, and ruinous rates and panic stringency the other half? Adopt without delay the principle of converting bank book credits into bank note credits at the will of the depositor, in accordance with the demands of trade and commerce.

God grant that in place of stolid indifference there may be intense interest; in place of ignorance, there may be knowledge; in place of prejudice, an earnest search after truth; in place of political cowardice, political courage; in place of blind greed, an enlightened self-interest; in place of sordid selfishness, patriotic duty.

Let every banker in the United States plead to this indictment, and put himself on trial with his conscience as judge. Then, we shall soon have the chief banking system in the world and become the financial centre of the globe. Until then, as now, all will be chaos.

It is up to you, gentlemen. Will you do your duty?

## *Our Currency as It Appears to a Canadian.*

By JOHN T. P. KNIGHT, Secretary Canadian Bankers' Association.

I think it was Lord Bacon who said: "Some books are to be tasted, other to be swallowed and some few to be chewed and digested." If this may also be said of the addresses delivered at a gathering of American bankers, I feel confident that my contribution to your menu card will be tasted only.

Let me explain my presence at this gathering. When the President of the Canadian Bankers' Association found himself unable to accept your gracious invitation to meet

his banking brethren of the United States at St. Louis, I made an effort to secure a suitable substitute. I failed, and I am here representing the failure.

It may interest you to know something of the Canadian Bankers' Association, and, in parenthesis, let me now say that if Canada has anything in her financial mechanism worthy of your consideration you are welcome to adopt same. At least so far as I am concerned, there is no opposition to your absorption of any good things you may find



in this address. I feel safe in saying this. There is nothing in it. You all remember the story of the editor's wife who aroused him at midnight with the statement that there was a burglar in the house. He turned over in the bed and said: "All right, if he finds anything I'll get up and take it away from him." If you find anything in this address, please respect my rights of ownership.

To return to the Canadian Bankers' Association. The original membership thereof was voluntary, and its work largely educational. In 1900, it became a business organization, incorporation was sought, and now by Act of Parliament any one of the thirty-five chartered banks doing business in the Dominion of Canada is subject to supervision, so far as its note issues are concerned, by the Canadian Bankers' Association. To it also has been given by Parliament the winding up of failed banks. Since this duty devolved upon Canadian banks, only one of our financial institutions has given up the ghost.

The work of the association and the duties devolving upon it have been well defined by the present Canadian Minister of Finance, who has referred to the Canadian Bankers' Association as an "annex" of the Finance Department. Our banks remain strictly outside the arena of politics, and are not looked upon with suspicion or dislike by the people or by Parliament. Both realize that a sound banking system is conducive to the prosperity of a country, and both are equally interested in granting to the banks such privileges as will be conducive to their safety and to that of their clients. To travel round the world in our times with a single story, even if generally admitted to be a good one, would be dangerous. In these days of rapid transit the best rendition of some humorous incident may become old in a day, and it is therefore, advisable to preface a story with a careful inquiry as to whether your audience have "heard it before." I know that what I may say to you about the currency botheration has been heard by you before, and that it has been said much better by others. It may be interesting and incidentally displeasing to some of you to know what Canada, the "Spoiled Child of the Empire to the North," thinks of some questions of interest to her neighbors in the south.

In speaking of the country of my adoption as a spoiled child, I am merely using the words of a United States Senator.

Of course, post-prandial pleasantries exchanged between guests at a dinner will hardly be regarded by sensible people as a reason for a display of resentful anger at the breakfast table on the following morning. Yet, about four years ago, an international quarrel was almost precipitated by an after-dinner speech.

No one will believe that Senator Chauncey Depew would intentionally say or do anything contrary to good manners, especially when being entertained at dinner. Even dull, inactive listeners are said to have found the wit of your breezy countryman exhilarating, and the few particulars which flitted westward across the summer seas of a little contretemps at a Pilgrims' dinner held in London in 1902 sustain his reputation.

After dining as gentlemen should dine—wisely, but not too well—drinking the usual loyal and patriotic toasts in "Scotch and Radnor," rather than in frothy goblets of soulless champagne, the Pilgrims naturally expected to hear a funny story or some humorous remarks from a raconteur of such repute as Senator Depew. Well, it seems he selected as a subject to talk about the supposititious affection felt by all good Americans for Great Britain. The representative of a former British colony incidentally made a pragmatic reference to Canada, and dubbed her the "Spoiled Child of the Empire to the North."

Sir Gilbert Parker, the Canadian novelist, was present at the dinner, and his supersensitive soul seems to have been shocked by American Senatorial audacity. He could not stay silent while the land of the beaver and the maple leaf was subjected to slight or treated with contumely. However, cooler Canadians failed to find that Senator Depew's conduct was marked by circumstances of peculiar

atrociousness and they refused to get angry. The Senator had not transgressed against modern usage by falling asleep in his chair and slipping from thence under the table. He had simply found a new name for my country, and I am not at all sure that I do not prefer to think of Canada as the "Spoiled Child of the Empire to the North," rather than as Kipling's "Lady of the Snows." Her people do not regret that Canada is as she is. We are glad to find that both Great Britain and the United States are beginning to notice the growth of the lusty child in high latitudes. Instead of uttering a reprobation of Senator Depew's remarks, it would perhaps have been better had the ruffled Canadian Knight and novelist been content with a fair and honorable exchange of after-dinner pleasantries. Then the two gentlemen who created this unnecessary flutter could have soothed their troubled tempers and stomachs with some peat reek and retired amicably to bed.

Canada is attracting attention from others of your countrymen besides the silver-tongued Senator. There is a steady stream of your people into our western territory, a sign of a growing, even if greedy, admiration for the broad wheat lands, great woods and ranges of hills of a country of which it may be truthfully said that nowhere can be found a happier union between the fertility of nature and the industry of man.

Having said what I think of the "Spoiled Child of the Empire to the North," allow me, upon your own invitation, to say what I think of the question assigned to me by your association, viz.: United States banking and currency and that sort of thing.

The Secretary of your association in requesting my presence at St. Louis, informed me that if I could find anything funny in your difficulties no one would object to the discovery. But I have too much respect for your members to ridicule any ailment you say you suffer from. I say "say" advisedly, for it seems to me so singular that such an intensely practical people can be unable to devise a remedy for an intermittent strangulated currency. I do not wish to be as flippant, when alluding to your monetary woes, as the editor of a society paper who was written to by a fair contributor who wanted to know what she should do with a wrinkle in her forehead. In the absence of the head of the beauty department, the worried editor said to his stenographer: "Tell her to putty it up and forget it." Yet, when your alleged troubles—the wrinkles on the financial forehead—are viewed through my glasses, their presence is incomprehensible to me.

As the editor of a quarterly magazine, the official organ of the Canadian Bankers' Association, which, as I have said, is incorporated by Act of Parliament and entrusted with the supervision of the currency issued by the chartered banks of the Dominion, I naturally read your financial papers. Let me admit to my confreres of the United States financial press that, when short of matter, I delight in indulging in a friendly, good-natured fling at the inability of our practical neighbors to find a way out of what they are pleased to call "the currency trouble." From perusal of the financial papers referred to, I find that your bankers chat about the currency, speculate upon it, and pass the silly season, when not too busy, in deriding the efforts of those who dare to advocate any change not in accordance with the very conflicting opinions entertained by their fellow bankers. In saying this, I am only "thinking aloud." Excuse my temerity in addressing such a distinguished body of bankers in the language of truth.

The gentlemen of the State of New York with whom I dined, wisely and well, at Bluff Point in July last, may recall the address delivered at their convention by Mr. Vanderlip. His subject was "The Currency." I listened with closer attention than many of those to whom this subject seems to be as puzzling as a Chinese laundry bill. At the close of the reading of Mr. Vanderlip's paper I was asked by a representative of the Associated Press for an expression of opinion thereon. The excessive hospitality



of my New York friends during my all too short sojourn at Bluff Point had put me in the mood to express opinions upon any and every subject, whether relating to the United States, Peru or Madagascar. I, therefore, expressed an opinion, but have not yet seen it in print. It may have been regarded as unfit for publication, expressing as it did my shocked surprise to find that the most practical people on earth permit politics to block the way when they are wrestling with a currency or any other problem. Mr. Vanderlip reiterated what your bankers have been saying for years and years. He was quite eloquent in his picture illustrating the evils of having undue accumulations of currency at financial centres, and pathetic in regret that your banking system has not been permitted to develop so as to keep pace with the growth of the work entailed upon it. You have asked me to talk to you like a mother to a sick child, and with maternal solicitude for your welfare. Let me venture to say what this currency botheration looks like to me. Here is a quotation from Mr. Vanderlip's address upon the question under consideration, and I have yet to see a suggestion in any financial paper that Mr. Vanderlip's utterances are not worthy of the most careful consideration.

"New York is the financial centre. New York bankers ought to accept the financial leadership. They ought to have well considered opinions upon the currency. The financial portion of the whole country looks to New York for this leadership. For New York bankers to say that anything practical in the way of suggestions must, for political reasons, come from some other quarter, is but a cheap way of escaping responsibility. For the financial leaders of New York to say that the popular prejudice against Wall street is so great as to prevent their voices being effectively heard, and that it is useless for them to devote thought to a problem the solution of which must, for political exigencies, come from some other place, is to offer but lame excuses for failure to do their duty.

"I believe there is little force in these protestations behind which New York bankers modestly step into the background. Their proper place is at the front in a currency discussion. Financial leaders should be leaders in fact; although in truth not a few of them have given less earnest consideration to the great national question of the currency than they have to any one of dozens of corporate underwriting or reorganizations."

Then, having thus scolded his fellow-bankers for their inability to influence the public opinion of this country on financial matters, and having told you that the main trouble can be found in the fact that you have no well-considered conclusions, Mr. Vanderlip said:

"The thing of which I am absolutely certain, however, is that a solution of the whole problem could be obtained wisely, promptly and easily if bankers would give to a consideration of the subject anything like the attention which it merits. And again I say the responsibility is on the bankers of New York. You cannot hide behind Congress to avoid the responsibility. You cannot shift the responsibility to the shoulders of your associates in the West. You are the financial leaders and the responsibility is yours."

You will reasonably infer from my remarks that I look upon the conditions in Canada in banking and currency matters with complacent satisfaction. I do. It is one of the happiest characteristics of the peculiarly happy country to the north that its Government recognizes that the bankers themselves know what is best for the financial and commercial interests of the Dominion, and consequently whenever the Bank Act of Canada is being re-

vised the bankers are consulted upon any and every contemplated change therein.

The banks trust the people, the people trust the banks, and the Government, wisely, most of us think, grants every reasonable privilege to insure the stability of the banks and thereby to promote the prosperity of the country.

Upon Canadian banking and the currency system it is not necessary for me to dilate. Many of you have heard Mr. B. E. Walker, the gifted General Manager of the Canadian Bank of Commerce, explain the banking system of Canada. With voice and pen he has done much to make known the mechanism of Canadian banking, and he has shown your people what to admire therein. In some of his papers, of course, he has not been able to avoid a comparison with this great country, where, as Mr. Walker says: "Banking systems are being keenly discussed and where it is admitted that changes, and perhaps radical ones, are necessary." In a comparison made of the banking of the two countries as far back as 1893, Mr. Walker robbed his reference to the banking system of the United States of any offensiveness by admitting that "a cherished dogma of one country might be rank heresy in another." In a paper read before the Congress of Bankers of Chicago in 1893, Mr. Walker said:

"In contending for the comparative perfection of the Canadian system, I do not wish to be understood as asserting that the points of superiority in our system could be adopted here. For over half a century banking in the United States has been following lines of development opposed in many respects to the Canadian system, and it may well be that no matter how desirable, it is too late to adopt our practices."

Lacking the modesty of Mr. Walker, I say, "It is never too late to mend."

I have tried to think aloud in your presence on the subject entrusted to me. It seems to me that the appointment of a committee to deal with a question which has been bothering your bankers for so many years ought to result in action rather than in further long drawn-out discussions. Or is it possible that you have become so accustomed to facing the prospect of a currency famine that you find compensation in talking about it rather than in taking action to have it wiped out? Why give thought to personal interests or political significance? If the trouble is national, it should be dealt with in a broad national spirit. The suggestion that you revel in a disordered currency system reminds me of one of the clever distichs of the late Colonel John Hay, viz.: "The pleasure of scratching almost compensates one for having the itch."

Your currency botheration was looked at through Canadian glasses at Chicago in 1893, and a delicate reference made to it in Mr. Walker's masterly address. . . . Thirteen years have elapsed and you are still bothered. . . . Comment is unnecessary. . . . I have seen a boy after a prolonged fit of weeping stop to survey his miserable face in the glass. Apparently he found pleasure in this singular performance, as he immediately commenced to cry again, in preference to wiping his face and examining the source of his sorrow with a view to its removal.

Pardon me for venturing to meddle, even upon your own invitation, in matters which concern me not. On behalf of a sister association I thank you for the opportunity of meeting members of the American Bankers' Association. Knowing that you have a special committee working upon a scheme of currency reform I have purposely refrained from submitting any alternative plan, but if you really require advice or assistance from Canadian bankers it is only necessary to whisper your wishes to me.



## *A Plea for the Cotton Fields.*

By CHARLES J. HADEN, Atlanta, Ga.

Mr. President:

The time allotted to me on the program is short. So without preface or apology I will go direct to the core of my theme.

The cotton fields of the South need a larger volume of currency at the harvest season. Cotton at that season so nearly absorbs our whole banking capital that other lines of trade are thereby made to suffer. I am here to ask your distinguished body to throw the weight of its great influence in favor of some currency plan that will relieve this yearly congestion. It is unjust and unsafe that we be left wholly dependent upon Eastern banks. It sometimes happens that demands enormous and unforeseen are made upon New York for money just at the time of the cotton movement.

I will pause at the threshold of my argument to say that we want only sound money. Cotton is to the commodities what gold is to the monies—the most universally coveted, the most readily cashed, the most widely consumed among the great staples of trade. It demands a currency as good as gold—a currency regulated and warranted by the Federal Government and redeemable in gold. Federal indorsement and gold redemption form the citadel of American financial stability, and upon it floats the flag of our business supremacy.

It is necessary that I approach by way of certain established facts, as upon stepping-stones, to prove the truth of my postulate.

### A BILLION LOST BY NEGLECT OF COTTON.

Other parts of our republic, in the first half of the last century, accumulated their surplus in the form of the yellow metal, or its equivalent in the world's markets; but the cotton States held their cash reserve in black brawn and sinew, a species of property not elsewhere marketable. It would be irrelevant to recount the story of how this reserve of eighteen hundred million dollars was finally stricken from the balance sheet.

Beginning with the crop of 1865, and continuing by very slow and gradual diminution for about thirty years, the cotton crop was literally sown and reaped in debt. For the first decade of that period, contrary to our national traditions, and in violation of the Federal Constitution, the cotton crop was punished by a direct Federal tax. During the first decade, and, indeed, through the greater part of the second, our people were oppressed by a degree of poverty which can be understood only by those who know the wreckage of a war of invasion, and by debt which trails the footsteps of poverty as the jackal pursues the wounded prey.

A system of crop mortgages prevailed throughout the South. Cotton was the only crop on which the farmer could obtain advancements of supplies; it alone commanded gold, and gold was then at a premium. In most instances the crop was mortgaged before the seed germinated; the laws forbade that the lien should be made before the planting. The supply merchant gave his mortgagor a line of credit and charged against him his supplies at profits so exorbitant that they would now sting the conscience of even a modern trust. In his turn, the merchant pledged these mortgages to the Eastern wholesale merchants, who, in their turn, demanded profits commensurate with the helplessness of the consumer. The supply men were generally called factors. The farmers vaguely thought that this word was a corruption of malefactors.

Banks and money lenders were few and remote. In September, when the cotton bolls began to unfold their palms,

displaying the crisp, white staple, the clamor for swift liquidation began. The Eastern wholesaler called the factor, and the factor called the farmer. The factor sent his patrols on horse-back through the districts to inspect the crops of his debtors, and to see that the staple was hurried to the gin and from the gin hurried on to the factor. Sometimes years came and went before the farmer saw a real dollar of the money he earned. All debts matured at harvest-time, and no one was willing to wait. The importers of Manchester and Liverpool arbitrarily named the price. It was a transfer without negotiation; more a surrender than a sale. There was but one question: "How much will the English spinners give?"

It is painful to consider that era—those desperately dark years in which it seemed to me, as a boy, that the sun of hope which cheers the earth and gilds all nature, had set forever upon the "scenes of my childhood." The greatest agricultural product of the world was disposed of by the toilers of the field as if by beggars. Our Government allowed its monopoly, inherited of nature, to be slaughtered by alien hands. Lacking financial support, lacking available currency to hush, even temporarily, the clamor of creditors while the cotton producers could hold their crop even long enough to negotiate with foreign consumers, the people of America lost and the people of Europe gained within those thirty years, at the lowest computation, more than a billion dollars of gold!

### THE MASTER PRODUCT OF THE WORLD.

A report of the Department of Commerce and Labor, now fresh from the printing press, tells us that during the last fiscal year, "cotton was the king of the American exports." The ranks of the different articles of export are as follows:

Cotton .....	\$404,000,000
All kinds of breadstuffs.....	186,000,000
All kinds of provisions.....	211,000,000
All kinds of iron and steel.....	161,000,000

This data does not come from partial sources, or from swift witnesses. Between the Bureau of Commerce and Labor and the cotton fields there is no political affinity. It is a declaration of the Government, under solemn seal, that cotton is the master product of the world. This same report further shows that the total balance of trade for the fiscal year in favor of America, was only \$374,000,000. Thus, but for the export of cotton, there would have been no balance of trade to our credit, the withering blight of panic would have set in, and not only would our people have been short of what we have now in hand nearly \$400,000,000, but in addition thereto thirty millions of American gold must have been sent across the seas to foot our losses and to augment the prosperity of other lands. The world's annual output of gold is less than the South's annual output of cotton.

### TRIUMPHANT DESPITE NEGLECT.

During the years of the travail of cotton, iron and steel were the favorite offspring of the protective tariff system. The Government, as a fostering mother, barred our ports against the free ingress of the manufactured products of the old world to protect our "infant industries"—industries, though now hoary-haired with age, are still suckling at the breast—and in return these "infants" brought back into America during the last fiscal year the splendid return of \$161,000,000. Herein was "wisdom justified of her children." During the same era, the Government by enormous subsidies of land to the trans-continental railroads, developed the great Northwest, opened practically free lands



to the landless immigrants, and amazed the world by the rapid expansion of corn and wheat fields. Last year this other favored child brought back through exports made to foreign shores in the aggregate, from the sale of breadstuffs, the magnificent yield of \$186,000,000 of gold. Cotton, without Government favors direct, or indirect, yielded to our country in the same fiscal period double the aggregate sum brought in by iron, steel and breadstuffs, with a margin left over of \$57,000,000! Personally, I think the protective tariff and the railway land grants were wise and beneficent. I cite their history not in disparagement, but to estop those who would deny that the currency relief which the South now seeks is well founded both in precedent and principle.

#### COTTON AS A COLLATERAL.

During the panic of 1893 one of the State banks of our city (Atlanta) had \$350,000 loaned on cotton. The bank called these loans and every penny was paid within sixty days! This bank carried through the panic a cash reserve of 42 per cent. At the same time a National Bank of our city, the oldest in the Cotton States, and one of the best in America, only had a cash reserve of 10 per cent. During the same period the Bank of England had only a legal tender reserve of 6 per cent., and the aggregate banking interests of Great Britain averaged a legal tender reserve of less than 7 per cent. In the fall of 1863, more than a year after every Southern port had been blockaded, Vicksburg had fallen, Sherman's army was on Georgia soil, and Grant's far-flung battle lines were coiled around Richmond; the death rattle was in the throat of the Confederacy; its treasury notes were worth less than ten cents on the dollar. The Confederate Government issued what was known as the "cotton bonds" in the total sum of \$15,000,000 and pledged as security therefor cotton owned by the Government, which was scattered on the various plantations where it was grown, from North Carolina to Texas. By the terms of these bonds the cotton was to be delivered, should the war continue, within ten miles of a railroad, or navigable river, within Confederate lines. Within twelve hours after the subscription books were opened in London, the price of the bonds being fixed at 90 cents on the dollar, subscriptions received were five times the amount of the aggregate issue. It was not the credit of the Confederacy—the Confederacy had no credit then—but a world hunger for cotton.

#### THE LOUISIANA BANKING SYSTEM.

In the fierce light that now beats upon the despised State banking systems of the old days, there was one whose name remains spotless, and that one the banking system of Louisiana. The banks were required by law, and did maintain a specie reserve of 33 per cent. This system lasted twenty-two years. There were no failures. When the war came on and specie payment was suspended throughout America, the banks of New Orleans never hesitated, failed, or refused to redeem their obligations in gold and did so up to the very hour that the Federal fleet under Admiral Farragut captured both the cash and the city. Years afterward I saw the explanation in two heroic figures in the Louisiana State display at the World's Fair; the one, a white-haired and crowned old monarch with his arm around a young girl at his side, and below was written the inscription "King Cotton and his darling Louisiana."

#### COTTON AN AMERICAN MONOPOLY.

After a careful study of the paternal policy of England, I am confident that if the cotton crop was grown under the English flag that that country would by an export tariff, or appropriate bounties, reserve for its home manufacturers the monopoly of the raw material for the clothing of the world. We invoke no such nursing. We would not disturb the maternal privileges of the "infant industries." But a currency system by which the people of America are enabled to hold their cotton allowing it to percolate into the market as the spinners need it, enabling the producers to enjoy the full benefit of competitive buy-

ing, is compatible with the policy of our republic, and wise beyond controversy.

Cotton is a child of climate more than of soil. During the cotton famine of the Civil War millions were spent and wasted by the European governments in the effort to establish cotton fields in other parts of the world. All, in the end, failed. So, recently, was lost \$10,000,000 by Manchester manufacturers who attempted to establish cotton farms in the Congo basin of Africa. This plant requires a certain average temperature during the young and tender period; a certain higher average temperature during the succeeding days of development, and a certain other average temperature during the days of its fruition. Coupled with these conditions there must be a certain average degree of moisture in the air. The hot winds from the South Atlantic, crossing the Gulf stream and meeting the colder air currents of the Appalachian chain, produce this degree of moisture. The facts which I have just recited are proven by a century of experiment and by scientific research. Between latitudes 30 and 39 north, and from longitude 100 west, thence eastward to the Atlantic Ocean, is formed by nature by the combination of warmth and moisture, the cotton yielding area for the world. Scientists tell us that the growth of cotton on a considerable scale will be restricted to this area until the Creator has physically reconstructed this planet. So skillful have become the manipulations of this wonderfully plastic and versatile fibre, that it has well-nigh put the silk worm out of business, and has become a substitute for the sheep. Once blended and woven, nothing but the chemical test can detect it in the finest woolen garment. It has become in surgery second only to the knife. So universal is its consumption that in strange lands, among strange tongues, where your Government bonds would not be collateral for a breakfast, this white fibre of the cotton fields is sought and bought, and woven and worn. Had the monopoly of this product been placed by nature a few degrees further North, I am profoundly confident that the law of self-preservation which inspired the tariff and the trans-continental railway subsidies, would have found means by which Americans would have to a large degree named the price at which the old world might obtain the raw material for its clothing. Financiers would have found it abundantly safe for asset currency. In a past era of mutual prejudice, the habitat of cotton was then deemed a kind of wooden limb, a lifeless appendage to the body politic, through which neither blood nor money needed to circulate. That era, thank God, is ended. Now let us meet on the level and part on the square.

#### COTTON AS A BASIS FOR CURRENCY.

Under reasonably good storage, baled cotton will preserve unimpaired more than ten years. Instances have been known where after being stored in a farmer's barn fifteen years, it brought the current market price. Gold from Copenhagen to Valparaiso goes in search of it as earnestly as the mediaeval knight-errant went in search of the Holy Grail. Again and again, our Government, through its sub-treasury, has hastened to the aid of the New York banks, amidst the giddy whirl of a stock gambling panic. Is America's foremost gold-yielding crop less sacred to the public weal than the paper properties of Wall Street? There has never been an hour for forty years that it could not be instantly reduced to cash. Is any promise to pay better security than the essence of wealth? Five hundred million dollars is required in the South every year within a period of about three months to handle this crop. Our banking capital is inadequate. Why should we need to send our money to Eastern banks nine months in the year to gain their good will, that they may lend it back to us in the harvest season to handle a crop for which the gold of the earth beckons? We feel kindly to New York; that city has been our friend at a remunerative interest rate. But we want the fullest measure of independence that conditions justify. Is it prudent or just that any one city, or section, should by



approval of the Government, financially dominate all other cities and sections? Shall the United States sub-let even in part, its prerogative that the regulation of money shall be by Congress, as provided by Art. 1, Sec. 8, Paragraph 5, of the Constitution? Can this great America allow the first-fruits of its soil to be exposed to the foreign bear, or leave its protection to the mercy, or caprice of the banks of any city, or to the agony of an always possible "Black Friday?" I have no specific plan to propose. I am neither a banker, nor the son of a banker. The questions propounded are for you to answer. The plan of your Committee on Legislation is, in my opinion, an adequate answer.

#### DANGER OF BANKING MONOPOLY.

The city of Venice, under the despotism of the Doges, used the Bank of Venice as its chief tool of tyranny. Credit on the books of this bank was the then sole universal currency. It drove ships out of their normal pathway; it wasted the energies of men; it throttled trade; it destroyed the freedom of commerce and blighted the hopes of less powerful competitors. The lands of the Mediterranean paid tribute to the one clearing-house. Ancient Hebrew Rabbis taught that whenever a people used in their current life the coin of a monarch they thereby admitted him as their temporal lord. It is only the duty of our Government to put the banks of all sections on a common footing, in so far as the welfare of the whole people will permit. The Canadian Government has wisely

provided that all the banks under its domain from ocean to ocean, shall deal directly with its treasury department, and issue their notes with Government authority and protection. Once every year our Southern banks are so drained of money by the movement of cotton that in self-defense they withdraw their money from other channels of trade. They are forced to imitate the wisdom of the spider, who, feeling the chill air, tightens his cords against the coming storm. Why should we not call upon the Government for aid, as do the gambling-stricken banks when pressed by frenzied speculation? The banks South and West help those directly engaged in the gainful pursuits, their borrowers produce the merchandise that lures gold from its foreign hoarding place, and that maintains the treasury reserve. They do not lend the "brokers and the breakers." Such aid would uplift the price of cotton, and every dollar thereby added is an American dollar—a dollar that circulates through the pockets of men whose sweat and sacrifice maintain the prestige of the Stars and Stripes.

We ask no special privilege; we seek no paternalism beyond that established by principle and precedent. We have a half-Georgian in the White House, and are confident it is his purpose to do "love to all and malice toward none." I appeal to you, to your powerful association, to make clear to him and to Congress the justice of our plea. We call for equality of opportunity. We do not desire "the trained attendant, but the glorious privilege of being independent."

## *Education for Business.*

By Prof. JOSEPH FRENCH JOHNSON, Dean of New York University, School of Commerce.

Education is such a very old subject that I should hesitate to discuss it before a body of well-read and intelligent men were it not for the fact that the conditions of living and of making a living are changing so rapidly that the subject becomes almost a new one with each generation. It is in many respects a new subject to-day because of the great changes which have been made in society by steam and electricity. These forces have made our great cities and great corporations possible, and have brought all parts of the world into such close touch that the educational system of fifty years ago would not now be adequate to prepare young men for the duties of life. New professions have been created and the practice of the old professions has been greatly changed in character.

The general purpose of education is twofold: First, to give the youth's intellect such exercise and training that he shall be able to think clearly and grapple masterfully with any problem which confronts him in life; second, to develop in a youth such a character as will make him an honorable, reliable and patriotic citizen. So important are these two educational results, and so greatly is their importance recognized that the people of the United States do not rest content with the facilities which are afforded in the public schools, the advantages of which can be fully availed of by a wideawake boy or girl of the age of 18. In order that education may not necessarily stop here many million dollars are expended annually that the young people of every State may have easy access to a higher institution of learning, which we call a college. While some of these are supported by the State itself, most of them rely for their income upon private endowments. These colleges aim to continue the same sort of education which was begun in the grammar and high schools, and they aim at the same result, namely to train the mind and develop the character.

We have also numerous technical and professional schools. These do not aim primarily at mental discipline or the development of character. Culture and character

are by-products of their instruction. Their main purpose is utilitarian. Each of these schools seeks to give its students a certain training and a certain amount of information or knowledge which will equip them for the successful pursuit of some definite career. The multiplication of these industrial and professional schools in the United States during the last twenty years has been such that any young man is now able with very little expenditure of time and money to fit himself for almost any calling which he chooses.

In this address I intend to do two things. I wish to examine our educational system from the point of view of the average American business man. Then I want to consider certain improvements that suggest themselves.

I would first have you note the fact that the average American business man is far from being satisfied with our school system. He believes thoroughly in the primary school and grammar school. He also approves of our trade and industrial schools, and his approval of these is so hearty that he does not hesitate to contribute voluntarily millions of dollars for their support, for he feels that the health and welfare and prosperity of this country are largely dependent upon their work. I think you will agree with me, however, that the average business man does not look with much favor on our high schools and our colleges. It may be true that the business man is altogether wrong in his estimate of the value of these schools, yet the fact of his disapproval is tremendously important. It means that he withholds his support. It means also that he refuses to send his sons to these schools, and that means that the great majority of young men entering business life in this country are what we commonly call uneducated men, their training being no better than that furnished by our public schools to boys of fifteen years and less.

Now the United States is a business man's country. Public opinion here is made by business men. No matter what question may arise in our politics, it is taken for



granted that the views of our business men will prevail. The views of the doctors and preachers on public questions are held to be of little consequence. The lawyer's advice, unfortunately, is tainted by the suspicion of a retainer. The opinions of our industrial workers, among whom we include our mechanics, our engineers and our working men, have very little weight, because these men are so busy with their daily duties, or are so engrossed with their specialties, that they are believed to lack the time and opportunity to form sane opinions on matters not falling within the scope of their regular work. Thus it happens that public opinion in this country really finds its voice through our business men. They may seek advice from specialists in this field and that, but the final decision is theirs. They are the real lawmakers of this country. Their ideals are the dominant ideals of the nation. Their standard of honor and honesty is the nation's standard. They support its schools and its charities, and because most of them are married to good women—they support its churches.

You may not all agree with my estimate of the importance of the business man in this country. Nevertheless, I am sure you will admit that his attitude toward education is a very important matter. Let us, therefore, hear his criticisms.

With regard to the high school, which is attended by less than 5 per cent. of our boys and girls, the business man has two complaints. It teaches young people a lot of subjects which are of no use to them, and it does not make them accurate in anything. Many practical men think that if a boy is going into business it is a mistake to have him spend four years in a high school studying algebra, geometry, modern languages, ancient and mediæval history and English literature. The important thing, in their opinion, is that the boy should be able to write a good letter, spell correctly and be quick and accurate at figures, and for these things he ought to get sufficient training in the grammar school before he is fifteen years old. Then let him go into a business office, for there he will get some useful knowledge and form better habits than he will if he goes to a high school. The school, it is admitted, will do him some good, but it will waste a good deal of his time on studies which will never be of any practical value to him, and at the same time he will forget some of the useful things he learned in the grammar school. I have been told by prominent bankers and business men that our high school graduates are not at first very useful employes. Their spelling is uncertain, their handwriting is careless, and their figuring is unreliable. One banker told me that he had tried several high school graduates—also several college graduates—and had never found one who was able without error to copy and add fifty items from the account of a bank depositor. Usually, he said, they were not even able to copy figures without making mistakes. No matter how well they understood the principles of arithmetic, they could not be relied upon to put the simplest ones into practice with accuracy.

If these criticisms are well founded, and I fear there is some basis for them, it must be admitted that our high schools are at fault. If you should look at it from the point of view of the high school teacher, you would find much that could be said in extenuation. The main object of the high school education is to train the reasoning faculties of a youth, to make him understand the why of things. To this end he is given many studies which appeal to the understanding. He learns something about the laws of physics and chemistry and sometimes of other sciences. Geometry develops his faculty for close and exact reasoning; history is studied, not merely that he may know a lot of facts about the growth of nations, but that he may see the relation between cause and effect in human affairs; and in the study of the languages one of the important aims is to make him master of the subtle laws of syntax. Ability in thinking rather than ability in doing is the aim of the high school. I personally believe that the youth who has been trained to think logi-

cally, even though he is careless in penmanship, in orthography and in the application of the multiplication table, is going to be a better business man in the long run than the young fellow who starts in without that training, even if at the beginning the latter writes a copper plate-hand and can add with the accuracy of a machine.

Most of our business men, however, hold a contrary opinion, and for that reason, if for no other, we ought to bring all the pressure possible upon our high school teachers and boards of education to make the instruction given in our high schools as practical and useful as possible. Bookkeeping, for example, should be taught in all our high schools. It is merely an application of arithmetic to business affairs, and in the teaching of it accuracy, good penmanship and neatness can most properly be insisted upon. Stenography is another subject which might well find a place in the curriculum of every high school. It is a most useful art, and its acquirement develops alertness, concentration and attention to details. The teachers of English in high schools are tempted to endeavor too much. Their fondness for the masterpieces of literature naturally leads them to give most of their attention to the beauties of their favorite authors, and to seek to make their pupils write like Irving, Hawthorne or Stevenson. While it is quite proper to make a boy or girl of eighteen familiar with the masterpieces of English literature, it is a waste of time to try to make them acquire all the graces of style by which the classics are characterized. The two essentials to good English are clearness and brevity. These are what our young people need training in, for these are within their reach, and these qualities happen to be what the business man most admires.

Having in mind the business man's hostile attitude toward the high school, I think that this association would be justified in adopting some such resolution as the following:

RESOLVED, That the American Bankers' Association urge upon the local boards of education in the United States the importance of making the instruction in high schools as useful and practical as possible; and to this end the Association recommends that such studies as bookkeeping, stenography, industrial and commercial geography form part of the curriculum; that English be taught with a view to making the pupils express their thoughts clearly and concisely; that correct spelling and neat, legible handwriting be insisted upon, and that throughout the course there be exercises in the fundamental rules of arithmetic.

Next let us consider the business man's indictment of the college. Why is it that only 2 per cent. of the sons of our business men go to college? Why are they skeptical as to the advantages of a college education? In my opinion the business man's indictment of the college can be summed up as follows:

"First. The American college does not teach my son the things which I want him to know. Their studies are all right for men who are going to be scientists, writers, professors, preachers, doctors or lawyers, but not for the young business man. The average graduate of a college knows practically nothing about the industries of the country, and as for geography he has forgotten the little he learned of that in the grammar school. He knows nothing about the raw materials which are the sources of this country's wealth, nor does he know anything about the ordinary rules of law in accordance with which business is carried on. The college graduate, in short, has a lot of useless information, and very little that is useful.

"In the second place, the business man complains that our colleges do not insist on hard work. Students get through too easily. They are not required to do each day's work thoroughly, but are 'passed' if they cram at the end of the term and squeeze through the examinations. As a result they form lazy and luxurious habits, spend money foolishly, get a taste for gambling and sport, and leave college with a notion that they are superior beings to whom the world owes an easy living. Their college life does not develop those habits of thoroughness and



promptness which are absolutely essential to success in business."

Such is the indictment which many business men bring against our colleges. Please notice that I do not call it a true bill. My opinion on the matter would not be worth much to you, for I am myself a member of a faculty and am open to the suspicion of partisanship. To me the important thing is the fact that this indictment represents the opinion of our average business man with regard to our colleges, and the important question is, "What must the colleges do to win his confidence and approval?"

I can not take time to defend the high school and college against these criticisms of the business man. Every institution has defects as well as merits. I am confident that the great merits of our high schools and colleges, the services they perform, the beneficial effect of their work in this country, the moral and intellectual uplift they give our civilization, the high ideals and the breadth of view which they give to our young men and women—I am confident that all these things are well known to you. Let me, therefore, keep to my text and continue to look at the subject through the eyes of the business man. If he is dissatisfied with the existing system of higher education, what does he want? What kind of a school would give his boy just the sort of training he wants him to have, and the kind of information he wants him to possess?

We must bear in mind that schools, like other social institutions, are a product of evolution. Gradually, step by step, in response to the needs of the community, they have taken their present form. Radical changes in our method of education are seldom made. Every man has his ideal, but it cannot be realized in a day or in a year. The approach to it is barred by countless prejudices and habits, all of which must one by one be removed before the goal of perfection is reached. However, if I had the money and the power—and in this case money would be power—and were asked to establish a school that would win the unqualified approval of our business men, I have in mind a possible institution which I would like to suggest to you as the business man's ideal. I will describe first its faculty, then its curriculum, then its organization and discipline.

In the first place, the faculty would be a judicious combination of the practical and theoretical, and should be so large that personal attention could be given by the instructors to every student. The salaries would be high enough to secure as teachers men who had actually proved their ability in business, some who knew by experience all about the operations of banks, others who had bought and sold goods, others who had successfully dealt in international trade and had acquired practical knowledge of the laws governing such trade, of the articles dealt in, and of foreign exchange as a means of payment. The faculty would also include men who were familiar with the needs of our investors and with the operations of our stock markets and produce exchanges. In every field of business that faculty should have a man who could impart information out of his own experience, so that the students would be brought into the closest possible touch with business problems as they actually exist. The other half of the faculty would be men with purely scientific training. Perhaps you would call them theorists, but that does not matter. These men would be graduates of our best universities and must have proved their fitness by special investigations in commerce and finance. They would teach the science of business. Theirs would be the task of developing the principles which underlie the phenomena of domestic and international trade, finance and industry. To these men also would be assigned the subject of history—a most important subject, for no man can understand the events of to-day unless he knows those of yesterday.

In my description of this faculty I have already hinted at the nature of the curriculum. This school, since it would be essentially a business school, would cover every subject

which is of interest and value to the business man. Its courses of study, therefore, would necessarily include political economy, or the science of business, commercial and industrial geography, banking and general finance, commercial law, insurance, business organization, bookkeeping and accountancy, and practical courses in mathematics and in such natural sciences as physics, chemistry, geology and mineralogy. English should have an important place in the curriculum of such a school, and every student should be required to master at least one foreign language. The teachers of foreign languages should be equipped to discuss the industries and trade of their own country and should lecture on such subjects in their native tongue. Bearing in mind that business men are dominant in our civic life, I would have every student trained in the principles of political science and in the constitutional and political history of this country, in order that he may be a good citizen as well as an intelligent business man.

The organization and discipline of this school would be a very important matter, for a school is like a business undertaking—its successful operation depends very much upon its organization and discipline. I would, therefore, have this school organized and conducted upon the lines which have been found to be most effective in the conduct of business enterprises. The hours should be from nine to five. Every student should be required to be at his post promptly at nine o'clock. If he is tardy or in any way delinquent, let him receive the same summary treatment that he would get from an employer in actual business. I have said that the hours should be from nine to five, yet no student would have any inherent right to quit his task at five o'clock if the instructor having him in charge desired his services until a later hour. Indeed, in order that he may be fully prepared for what is certain to happen when he gets out into the world, particularly if he goes into a bank, I would quite frequently have him kept at his task until eight or nine o'clock in the evening. It goes without saying that a student would not be listening to lectures all day. He would be a mere listener for not more than three hours a day. The rest of his time should be devoted to work, to writing, to reading, to experiments in laboratories, to the collecting of information by personal visits to business houses, exchanges, banks and factories, and to the preparation of reports containing the results of his observations. The internal organization of the school would be such that no student could escape from doing a full day's work. There should be no need of examinations at the end of a term or at the end of a year, for the character of the work done by the student should be known to the faculty at the end of every day. And if he did not regularly do first-class work he would be promptly dismissed.

I would admit to this school no youth under seventeen years of age, and would not set up any fixed standard of admission. Whether a youth was ready or not to profit by the work would be a matter for the faculty itself to decide. I would not say that he must be a high school graduate, or that he must be prepared for college, or that he must have studied this or that language. Each applicant should be considered as an individual case and be rejected or admitted on his merits. That is the plan now prevailing in business, and it is a better plan than the one prevailing in our colleges. If a mistake were made, and a youth were admitted who proved incompetent or unprepared, the rigid discipline of the school would bring the truth to light in a very short space of time, and the youth would be dropped.

In my opinion, a school like this, with a standard of work and discipline so high and exacting that only picked young men of ability could live up to it, is just what this country needs, for it needs the trained captains of industry, commerce and finance which such a commercial West Point would turn out. The people of the United States are getting rich now by the grace of God. They are harvesting with prodigal hand crops upon which nature has been at work for countless ages. But the time is not far distant when our forests, our mines, our wheat and corn and cot-



ton fields will show signs of exhaustion. Then the people of the United States, if they are to escape poverty, must have trained leaders in the production and exchange of wealth.

In conclusion, let me say that there is no organization in this country able to carry on a more effective campaign for educational improvements than the American Bankers' Association, and none more vitally interested in the beneficial results to be achieved. This association has already proved its capacity for taking the initiative in education. I recall that fifteen years ago you sent an expert commissioner to Europe to make a study of the commercial schools of the Old World. The man you selected as your agent was Dr. Edmund J. James, then director of the Wharton School of Finance and Economy and now president of the

great University of Illinois. The reports which Dr. James prepared, and which you published, have ever since then been the standard source of information and inspiration to all teachers interested in the development of higher education in commerce, industry and finance. When his report was published there was hardly a commercial high school in the country, and only one of our universities was making any effort to furnish an education suitable for the future man of business. Now many high schools have commercial departments, and a score or more of our universities are offering instruction in subjects of practical importance to the man of business; and the American Bankers' Association, in my opinion, deserves great credit for all the progress in this field which has thus far been made.

## *A Woman's Qualifications as a Bank Official.*

By Mrs. V. F. CHURCH, Cashier of the Bank of Joplin, Mo.

Mr. President and Gentlemen of this Convention:

I consider it a very happy privilege to appear before you this morning to speak upon the subject announced. I have the honor to represent one of the chief cities in the grand Commonwealth of Missouri; one which, in population, ranks fourth, and in material wealth and industry, proportionately the best city in the State of Missouri.

It will probably be of interest to the most of you to learn that the last report of the Secretary of State showed the combined banking business of Jasper County to be fourth in the State of Missouri, and the surplus product of Jasper County for the year 1905 exceeded \$25,000,000, of which the Joplin district produced between \$13,000,000 and \$14,000,000 in ore, and for the year 1906, at the ratio we have produced the past few months, we will add \$1,000,000 more to those figures. You have all heard of the Klondike of Alaska, but how few of you know that our Joplin district is a Klondike without the hardships and perils in the development of its hidden treasures, and that the aggregate value of all the mineral produced since its discovery is only exceeded in all the camps in the United States by the Great Bonanza mines in Nevada and the Leadville district in Colorado. Not alone in zinc and lead mining does Joplin and Jasper County take the lead, but nature has favored it most bountifully in the point of agriculture, fruit raising and truck gardening, all of which yield handsome profits. Land to-day may be fine for agricultural purposes and next year be producing fortunes in zinc and lead.

I also have the honor to represent one of the banks in the city of Joplin; one which has a unique history and will at once commend itself to your sober judgment. The Bank of Joplin, of which I am Cashier, was organized in 1882 with a capital of \$5,000. The moving spirit, the President of it then and now, Mr. T. W. Cunningham, seeing the opportunity, decided to engage in the banking business, and no doubt it will surprise some of you still more to know that in 1872, ten years previous, he walked into Joplin a poor, illiterate country boy, and that at the age of thirty-four he attended school. You can readily see that at the time he organized this bank with its meager capital of \$5,000, that his schooling had been very limited; but, having other qualifications that more than offset his limited education, and because of his rugged honesty, sterling integrity and intense activity, the bank was successful from the start, as will at once be apparent when I make the statement that to-day, while the capital of the bank is the same, the surplus is \$270,000, representing the net earnings of the institution.

After the Bank of Joplin had been in operation about six years, it was my good fortune to receive the position from Mr. Cunningham as book-keeper, which position, and

others, I have held with the institution for about eighteen years, during ten of which I have been Cashier. It is therefore due to Mr. Cunningham that I am before you this morning as Cashier of a banking institution in the State of Missouri, and I presume that he, like our forefather, Adam, felt that it was good to have associated with him, even in his business enterprise, a woman.

The qualifications of a woman in occupying official positions in a bank are many, and, while I do not feel that I possess all of them by any means, yet I will endeavor in the brief time allotted me to state some of the qualifications as I see them.

The first prerequisite for any bank official is that of absolute honesty, and I believe I am justified in saying that women, as a rule, possess this qualification in a very marked degree. Perhaps there are reasons for it, such as their environments, etc.; but whatever the cause may be, I feel warranted in saying that fewer women are dishonest than men. In this day and generation, when we have been appalled by the gross dishonesty of bank officials in high positions, men who have been tempted beyond the breaking point, it is no small matter to see to it that our banks are officered by persons, whether men or women, who are absolutely honest under any and all circumstances, and the records will bear me out in the statement I have made that very, very few women holding positions of trust have absconded, embezzled or otherwise misappropriated the funds committed to their trust.

Sterling integrity is most certainly another qualification for any bank official; and right here, again I claim for woman that she possesses this qualification in its highest form. As a rule women are reared and trained to bear themselves above reproach, and few of them would condescend to do anything that would lower them in the estimation of their friends or acquaintances, or in the business world; therefore, it would indeed be rare to find a woman holding an official position in a bank who would stoop to do anything that would tarnish her name or reflect upon her reputation. Not even flattery, or a division of the spoils would tempt her to be otherwise than sincere and honorable in handling the funds entrusted to the safe keeping of her bank.

We all cannot be bright; we all cannot be wise and sagacious; but we all can, if we will, be faithful; and to be faithful in the performance of the duties imposed upon a bank official is one of the qualifications absolutely essential, and surely no one will deny it that of all the qualifications that a woman possesses, that of faithfulness is her highest and best.

To be affable, polite, civil, courteous, is most certainly essential for a bank official, especially one who comes in contact with the customers of the bank, and all of you



will bear me out in the statement that many a good bank account has been lost because of some discourtesy or inattention; and, while it is true that our best bankers have this characteristic, and some of them in a very marked degree, yet it is also true that some of them are quite uncivil, impolite and discourteous—especially when it is the morning after the night before, and they may not be feeling in the best of humor. I hold it to be true that woman by nature embodies this characteristic, and that it is exceedingly hard and unusual for her to be otherwise than affable, polite and extremely courteous to all with whom she comes in contact. This characteristic is not only desirable with the male customers of the bank, but is especially advantageous in dealing with ladies who are by nature diffident, timid and retiring. Such a one, who might go before a man with fear and trembling, would approach a woman officer of the bank with as much grace and ease as she would meet a friend in her own drawing room.

A banking institution, being a depository for the funds of the people, must of necessity be careful. What the public thinks of it, is what the people think of its officials. Therefore, it is extremely important and absolutely necessary that the habits, that is, the general conduct, of the officials of a bank be such as to commend the institution to the confidence of the people who leave with it their savings. It is not my purpose to condemn the lives or habits of my fellow-bankers—that may not be best for the good of their institutions—but I think you gentlemen will agree with me that the average life and conduct of a woman is as good, if not better, than that of a man; and just to the extent that a woman's life is above reproach, just to that extent is she bringing credit upon the institution with which she may be associated. Beside the very fact that her life is different from that of a man, she is not subjected to the temptations that might prompt her to misuse the institution's money. Without disparaging man, I want to say that I believe woman possesses this characteristic of good conduct in such a pronounced degree as to pre-eminently qualify her for an official position with any banking institution.

If time permitted, I could give other qualifications that woman possesses to make her a good and safe officer of a bank, but I will mention in conclusion just one other, and that is, I believe, peculiar to herself. I speak of a woman's intuition; and, while I speak of it and dare to call it perhaps her chief asset in business life, yet I acknowledge my inability to describe or analyze it. Somehow, when the Lord made woman. He gave her a peculiar insight into

persons and matters that enables her to discern at once without logical deduction whether a man or a proposition is good or bad. You may ask her why, and she will probably say, "because," and this may be the only reason she can give you, and yet I will risk the truth of my statement regarding this matter, upon the experience of every man before me, if at some time in his life, if not many times, he has not been forewarned against certain persons by a faithful wife, sister or mother, which would have been well for him to have heeded. A woman seems to have the power to divine the purpose that actuates, or the insincerity lurking behind an affable smile, or cordial handshake, and, having this power of discernment, she declines what many men would accept, and what would and has been the ruination, not only of men, but of the institution they represent.

I therefore conclude that woman is a valuable adjunct and asset to any banking institution, and that she possesses in a very marked degree the foregoing qualifications, which I here again enumerate—Honesty, Integrity, Faithfulness, Affability, Good Habits, Intuition—and for that reason I believe she should be given such posts of honor and trust, and believe that any banking institution doing so would not regret the step taken. The bank with which I am associated has not **only** honored me with the position of Cashier, but we have **as** our working force in the bank, other than our worthy President and Vice-president, five bright, intelligent young women, all possessing the qualifications heretofore mentioned and each performing her respective duties in a manner entirely satisfactory to the officials of the bank.

Now, Mr. President and gentlemen, I wish to thank you again for the high honor you have conferred upon me in giving me this place of honor upon your program, and conclude by saying that, while I am a firm believer in introducing woman in our banking institutions, yet I would not be understood to say that we could manage these institutions alone, without the men. Men possess many rare qualifications peculiar to their kind. They are capable of grasping, fully understanding and apprehending in all of its details large propositions, great schemes and broad plans for the carrying on of the banking business, and the enlargement of the same; and, as in the bank that I represent, they are extremely useful in carrying out the heavy books in the morning and putting them back in the vaults at night.

Again I thank you.

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## *Some Financial Aspects of the Late War.*

By YEIJIRO ONO, Ph. D., Superintendent of Agencies, the Bank of Japan.

It is my great pleasure to have the honor of being invited to attend this important convention and make a few remarks.

As a citizen of Japan I wish to avail myself of this opportunity to express the sincere thanks of my countrymen for your moral and even financial support which you have always given to our cause during our late national crisis. To carry on a great modern war there is needed not only an efficiently organized army and navy under strong leadership, but a sound financial system as well, capable of giving adequate supplies for the war. It is to some of the salient features of our financial operations during the war that I desire to direct your attention for a few moments.

But before doing this it may be well for me to dwell upon a few leading facts about our financial organization. The banking system of Japan is, as you may know, something like the English or German system. All paper currency is supplied by the Bank of Japan upon a gold basis, save the sum of ¥120,000,000, which can be issued by the bank upon government bonds or commercial assets. Beyond this legal limit the issue of the bank notes upon bonds and commercial assets is subject to the approval of the Minister of Finance, and also to a tax of 5 per cent. or more, the rate of tax being determined by the Minister according to the business situation. The Yokohama Specie Bank is another chartered bank, very closely related with the Bank of Japan, and acts as its foreign agent. Under these central institutions there are about 1,800 private banks, with total capital, reserve and deposit account of about ¥878,000,000.

At the time of the outbreak of the war the principal revenue of the government consisted of the land tax, income tax, excise duty upon sake, import duty, tobacco monopoly and the like, and the total revenue amounted to about ¥257,000,000 in 1903. The bonded debt of the government was about ¥565,000,000, of which about ¥190,000,000 was foreign debt.

It was in the main upon this basis that Japanese financiers were called upon to work out a financial program for the war, and you will be interested to note the tremendous changes which the war wrought in the financial status of the country.

Speaking from the financial standpoint, I think the war broke out at the right moment, if Japan had to fight at all. Japanese industries had made great progress during the ten years following the Japan-China war. As you know, the importation of Chinese indemnity money, which amounted to over ¥356,000,000, gave wonderful stimulus to all departments of our economic life. Since then railroads, shipping business, cotton manufacture, silk culture, coal and copper mining, iron industry, all alike shared in the general prosperity and made great expansion. If you look at the statistics of our foreign trade you will see that exports and imports, which were only ¥235,000,000 in 1894, the year the Japan-China war began, increased to ¥643,000,000 in 1903, the year before the late war broke out. During these intervening ten years also Japanese financiers endeavored to increase the gold reserve of the country, not only in the vault of the Bank of Japan but in its foreign agencies as well and in the Government Treasury at home. So when our government purchased two armored cruisers just built in Italian docks from the Argentine Government, in December, 1903, the time when the whole world was gloomy in the anticipation of the war, we were able to pay for these two warships by a single check on our gold balance held at London by the

agent of the Bank of Japan. It was really here that our war financiering began.

At the outbreak of the present war our financiers became at once conscious of the gravity of the situation. They determined, if the war must go on, that the country should not be defeated for financial reasons. So they undertook to work out at once the financial program. It is unnecessary for me to say that to form a financial scheme for a war whose duration and extent were unknown is not an easy task, and, moreover, our experience in the Japan-China war taught us that for the sound financiering of war we must take into consideration not only our expenditure during the war but also our financial situation after the war. The question is not only how to pay for the war but also how to wind up the business of war financiering with the least injury possible to the economic interests of the country.

With these thoughts in mind the program laid out by our financiers seems to have been as follows:

The first consideration was to supply all necessary expenditure for the war; second, to maintain our currency on gold basis and have always a strong gold balance on hand for foreign purchase; third, to disturb as little as possible the ordinary course of trade and industries during the war, in order to maintain the resources of the country. It was also thought most desirable to create a sufficient revenue during the war with which to pay not only a part of war expenditure but to liquidate within a certain number of years all obligations incurred during the war.

These propositions seem to have been constantly kept in view during the war, and it was the good fortune of our country that our financiers were able to put them through to a satisfactory issue.

As you know, during the Japan-China war the government did not impose any war tax, and the weakness of such a financial system became evident after the war. Profiting by this experience our financiers tried in our late war to work out the war financiering on a solid basis from the beginning. They planned to pay for the war expenditures from four principal sources:

1. War taxes.
2. Domestic and foreign loans.
3. Surplus revenue created by curtailment of ordinary expenditures.
4. Funds transferred from permanent funds held in the Treasury and the like.

Twice during the war the government submitted bills for increasing the rates of the principal taxes and for extending or creating the operation of tobacco and salt monopolies. The increased revenue estimated to be derived from these sources was some ¥170,000,000 a year.

The total expenditure of the war was estimated at ¥1,356,000,000. If to this we add the expenditure for withdrawing the army and the like it will eventually reach the total amount of ¥1,982,000,000. The account is still in the course of settlement. But the amount actually paid up to February of the present year was about ¥1,364,000,000, and this was paid from the following sources: ¥184,000,000 from war taxes, ¥435,000,000 from domestic loans, ¥349,000,000 from foreign loans, ¥134,000,000 from permanent funds and curtailment of ordinary expenditures, and the rest was still in form of floating debts, which were to be settled from the proceeds of other revenues.

To pay such an immense amount within two years was not an easy task. But to pay it in such a manner as not to disturb the money market was a still greater task. In financiering the war the government was obliged to call



a great deal upon the Bank of Japan for temporary loans, which the bank was able to advance mainly by issuing its bank notes. Thus there was great danger of an over-issue of paper currency and of consequent inflation. Moreover, from the beginning of the war we were quite surprised by the immensity of our foreign payments, which produced a very heavy pressure upon the gold reserve of the Bank of Japan. Within the first five months the bank lost over ¥70,000,000. It is needless to say that this was caused principally by the war. A great modern war requires such a vast supply of materials, ammunition and means of transportation and the like that no nation, however rich in her industrial resources, is able to meet them alone on a short notice. Nowadays the effect of a great war seems to be felt all over the world. When we think that a modern quick-firing gun will consume a carload of bullets within a few minutes we can form a faint idea of the immensity of war consumption. And moreover, when the government made heavy purchases at home of foodstuffs, rations and the like, for the use of the army or navy, it was found necessary to import their foreign substitutes for the general consumption.

Thus, at the very outset of the war, the Bank of Japan was placed in a very difficult situation. It had to make large foreign payments. It had also to make large advances to the government, by issuing its bank notes, inflation of which will be attended with the dangers of still further drainage of its specie reserve.

Under these circumstances our financiers made a very careful estimate of our foreign payments, which naturally changed from time to time, and they managed to issue foreign loans to such an amount that they could always keep a strong gold balance on hand for our foreign purchases. And in order to check the outflow of gold our Treasury Department sold to the public, through the Yokohama Specie Bank, gold drafts on London in all needed amounts. This enabled us to keep up our currency on a gold basis and to stop the heavy drainage of our gold reserve which we had experienced in the early part of the war.

As to the inflation of the bank notes, which must be kept in check in order to maintain a sound economic system, they so determined the amounts and dates of instalments of internal loans and of payment of war taxes that what the bank paid out as temporary loans to the government could be restored at once to the Treasury by bond subscribers and tax payers. That is to say, we constantly kept up receiving as war taxes and bond installments what we had paid out as temporary loans to the government. To make this operation still more effective the government also issued Treasury bills at current interest, running three or four months, when it recognized any superfluous currency in the money market.

These financial schemes worked very smoothly. During seventeen months of the war the government was able to pay its expenditure, which sometimes amounted to over ¥100,000,000 a month, without giving much disturbance to our money market or to our general economic system. Our principal industries enjoyed prosperity in spite of the large withdrawal of capital and labor to belligerent purposes. The general price of commodities underwent slight changes, except those immediately affected by war demands. If you analyze the statistics of our foreign trade during the last two years you will find a large increase of both imports and exports, compared with previous years. A large increase of imports is what might have been expected during the war. But a large increase of the exports of our stable commodities seems somewhat surprising when we think that such a large portion of the working class was withdrawn to the war. But in fact the lack of labor seems to have been made up by the patriotic zeal of the working men left at home, and commodities which usually entered into home consumption seem to have been used for export purposes, owing to the strict economy observed by all classes of the people during the war. And I am sure that you will admit all these as very satisfactory results of the policy adopted by Japanese financiers.

But this phase of our late war has become a matter of historic record, and we are now brought face to face with the problem of how to wind up the business of war financing and of how to build up our national industries. As the first step in this direction our last Diet passed two important laws, the one of which transmuted the war taxes to ordinary taxes, and the other set aside annually ¥110,000,000 from the revenue as a sinking fund, which is calculated to pay both principal and interest of all national debts incurred for the late war within some thirty-two years. At present Japan is confronted with many important economic questions which will absorb all her national energy for their satisfactory solution, and what we can do in these lines the future only can tell. But we trust that in dealing with these questions our financiers will observe the same prudence and circumspection which they have shown in working out the program of war financing. In one sense our late war was an economic war. Japan fought for the so-called principle of "the equal opportunity and open-door policy of China." This means the open door of a great empire with four hundred million inhabitants and vast natural resources, demanding all sorts of commodities to build up her new civilization. From their geographical positions Japan and the United States may confidently expect to get a large share in this new field of commerce. With this principle secured by the late war we feel confident that Japan will make her own place among the commercial competitors of the world.

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## *Gold Reserve National Bank Notes.*

By WILLIAM BARRETT RIDGELY, Comptroller of the Currency.

Mr. Chairman, and Gentlemen of the Association:

I have been very much interested in the address we have heard this afternoon from Congressman Fowler. It is an additional pleasure to me to find that in the main I can subscribe entirely to everything that Mr. Fowler has said. In the past Mr. Fowler and I have not been thoroughly or completely in accord on all subjects, although from the beginning we have, I believe, been practically agreed on a few great fundamental principles, which should be applied and must be applied to any change in our bank note system, which will make that system properly elastic, responsive to the demands of the trade, and such a system as the American people are entitled to and must have in their various financial and commercial transactions.

I am only here by courtesy, by reason of the fact that one of the regular speakers was not able to be here, and I have no specially prepared address for this occasion. I do, however, want to read you a few remarks that I made at the State Bankers' Association in Georgia, three years ago. I wish to make no apology for reading you a speech out of my barrel, rather than prepare you a new article for the occasion, because in what I have to say I wish to lay down what I believe can be demonstrated to be the real principles of national currency, and principles which were as true three years ago as they are to-day.

There has been one vital and serious defect in the system since its very beginning, and that is the entire lack of any elasticity in the volume of the circulation. This was predicted when the act was being considered and debated, and the prediction was fulfilled soon after the establishment of the national system. It is an unavoidable defect in any system of currency entirely secured by bonds. Such a system cannot be made elastic or in any way responsive in its volume to the factors and conditions which should determine such volume. Its changes are necessarily too slow and complicated by too many other considerations, such as the price of bonds, which may have no relation whatever to the supply of and demand for circulating notes. The advantages of basing these notes upon United States bonds at the time of the passage of the bank act were so great that it probably was the part of wisdom to waive the question of elasticity for the sake of the greater advantage. At the present time, however, with the experience of forty years to guide us, and the necessity of providing a market for bonds greatly reduced, it is certainly wise to try to make such changes as will introduce as much proper elasticity as is possible, if it can be done without in any way impairing the good qualities of the notes.

There are several special and very important reasons why such elasticity is very necessary to our currency system. There is no other country where there is such a great variation in the amount of currency needed for current cash transactions, owing to the vast extent of our territory, our varied interests and enormous business, and the great value of crops and products which have to be moved at certain seasons, calling for very large and varying amounts of cash. There is no other way so good; in fact, there is no other good way to provide this needed elasticity but by means of bank notes if they can be made quickly available when and where needed, and as quickly redeemed and retired when the work is done and the demand for them ceases.

In our system all the elasticity must be supplied by the bank notes. There is and can be no periodical variation in the amount of coin and coin certificates in circulation which can in any way respond to variations in de-

mand. The volume of our government legal-tender notes is absolutely fixed by statute and cannot be varied to meet changing conditions. Since all the elasticity in our supply of currency must come from the bank notes, it is therefore of vital importance that they be given this quality in the highest degree possible consistent with safety. This should be done with the greatest possible care, in order that the essential qualities of safety and uniformity in value which our bank notes have always had in so marked a degree shall not be lost or impaired, but if this currency can be made more elastic without danger of losing these qualities it should be done at once. In any plans for making this exchange it is necessary to utilize the present bond-secured currency. We should not, if we could, attempt now to radically change or do away with the present notes. The most conservative and practical suggestion seems to be to make no change in the present bank circulation, but to allow the banks to issue in addition to the present notes a certain percentage of notes uncovered by any bond deposit, but against which the banks should be required to hold in gold or its equivalent the same reserves as against deposits, and at the same time to so add to the laws and regulations in regard to redemption as to provide very ample requirements and means for redemption and retirement. This redemption machinery can and should be made so complete and effective as to lead to constant and frequent redemption of these notes. It is also part of this plan to provide a guarantee fund for the payment of all these uncovered gold-reserve notes. Each bank will be required to pay into this fund five per cent. of its uncovered notes before they are issued, and this fund is to be maintained by a tax on this circulation. The proportion of uncovered gold-reserve notes proposed varies from 25 to 50 per cent. Fifty per cent. could be permitted with safety.

It has been frequently shown, from the figures based on the experience of forty years, that a comparatively small tax will produce a guarantee fund which will make every bank note absolutely safe in the hands of the holder. No one need ever know the name of the bank issuing a note or whether it is solvent or insolvent. He may be sure it will be redeemed for its full face value in gold or its equivalent. These figures have been published so often it hardly seems worth while to repeat them, but there have been so many objections, based on the possibility of impairing the safety of the notes, that I give some of them again. The notes of all national banks which have ever failed amount to about twenty millions dollars, while the banks have paid in taxes on circulation over ninety million dollars. If there had been no bond security and no assets in the banks, these taxes would have paid about four and one-half times the amount of all the notes of these insolvent banks. For the whole period from 1863 to 1901, inclusive, a tax of twenty-two hundredths of one per cent. (0.22%) on the outstanding circulation of all the banks would have paid off the notes of all the insolvent banks if there had been no bond security and no assets in the banks which failed.

If, as the present law provides, the notes were a first lien on all the assets, a tax of eight-one-thousandths (0.008), or one one hundred and twenty-fifth of one per cent. would have paid all the notes which could not have been paid out of the assets. The five per cent. guarantee fund which it is proposed to provide before any uncovered notes are issued would on this basis pay all the notes above the value of the assets of the insolvent bank for six hundred and twenty-five years if the proportion of



failures remained the same. But, it is argued, conditions may vary, and these figures are based on experience with entirely different bank notes. It is not conceivable that conditions can so change that those most extraordinary margins of safety will not be ample. The figures are so conclusive that the question of the safety of the notes in the hands of the public may be taken as established. The smallest tax which is proposed for the guarantee fund would be very ample to secure perfect safety. This tax can be so small that any bank can afford to pay it without raising the question as to whether it is paying to guarantee the circulation of a weaker bank or not. It need make no difference whether the tax is turned into the Treasury of the United States as at present or used to guarantee the redemption of the notes of other banks.

But the argument most frequently seen in the press and heard in conversation against uncovered gold-reserve notes is that their issue will lead to a great inflation of the currency. This is a most serious objection; and, if it is true that it would lead to inflation, it is such a fatal objection that the plans should at once be abandoned forever. After going through all the dangers and trials of the greenback and silver craze, and having firmly established our financial system on the gold standard, it would be the height of criminal folly to introduce any change in our currency laws which would lead to a paper-currency inflation. If we consider carefully, however, the provisions under which the proposed uncovered notes are to be issued, and, above all, if we bear in mind that these notes are not to be counted as bank reserves; that the issuing banks are to be compelled to carry an ample reserve in gold or its equivalent against them, and, further, that provision is made for such constant and frequent redemption that the notes cannot stay out any longer than they are required for cash transactions, we will be forced to the conclusion that there is no danger of undue inflation. On the contrary, this change in our currency laws will introduce more factors which lead to contraction than to expansion. Both are necessary, in any good currency, and in fact, if there is any difference, contraction is more necessary than expansion, or at least should be made the easier of the two. Conditions should be such that when there is no strain there should be a gradual contraction and just enough currency be left in circulation to furnish current cash. Then when the demand increases for any reason, expansion will quickly and easily follow. The trouble with our present bank notes is that both processes are too slow and difficult, the contraction being actually limited by statute \$3,000,000 per month.

In considering these questions there are a few fundamental principles which should be clearly kept in mind. They are not new—few, if any, good financial ideas are—novelty being one of the least desirable qualities in currency plans or laws. We are apt to lose sight of them, however, or become confused in their application.

There are two general uses for money or currency in our modern business, which is so largely based on credits and in which comparatively few transactions are carried out by the actual use of money.

The first is for use as bank reserves against deposits or circulating notes.

The second is for the daily current cash transactions and in payment of balances.

Bank notes should never be used for reserves, their true use being for current cash business only. Bank reserves should be gold, or some paper certificates which can be quickly converted into gold. As long as the greenbacks are in circulation and the United States carried a large gold reserve for their redemption, they may be considered as practically gold certificates and used for reserves. This is not a good arrangement, but as long as we have these legal-tender government notes in circulation as part of our system, the banks should be allowed to use them for reserve. We may also have to continue to use the silver dollars and the silver certificates as bank reserves. Through the mistakes of our silver legislation, we have this silver

on our hands, and the government will for many years have to bear the burden of it. Having once shouldered it and provided for it, we must make the best of it for the present. It will make the silver much better for reserves if Congress, as it should, makes it specifically redeemable in gold.

The gold coin and certificates and the clearing-house certificates for gold deposited are ideal bank reserves. As soon as it can be done, the greenbacks should be redeemed and retired, the silver also disposed of, and nothing but gold and gold certificates used as bank reserves. When this is done, we shall be solidly and firmly on a real gold standard basis, and our financial system be such as we should have to take our proper place as the leading commercial nation of the world.

Bank notes are not money at all, but mere promises to pay money, which are used for currency. They should never, under any circumstances, be counted as reserves for either national or State banks. It is surprising how often the suggestion is made to permit this. Very recently an officer of one of the largest banks in New York told me he thought the three-million-dollar limit on retirement should be repealed, and the banks authorized to count notes of other banks as reserve. He gave the usual reason that the bank notes are much better than the greenbacks, as the bank's credit adds everything to the government bond security. There could hardly be a greater mistake than to ever use bank notes as reserve. Not that they are not good and safe enough, but that it removes all inducement for any one to send a bank note home for redemption, and puts an end to all possibility of making our currency elastic. Instead of decreasing the inducements for redemption, they should be increased in every reasonable way.

The only proper use of bank notes is for the current cash transactions necessary in the business of the community. Bank notes are the best possible form of currency for this use if made properly elastic and responsive to the demand. The composite result of each bank supplying to its own customers what currency they need, and these customers presenting it for redemption when not needed, is the best way to regulate the amount of currency which should be in circulation. It is infinitely better than any regulation by statute or by any officer of the government. Such a currency would be more efficient and more economical. It would save expensive transfers of currency from distant parts of the country. It would lessen the liability of disturbance in all our financial affairs and would be a source of strength in case of threatened or actual trouble. It would be better than an emergency circulation; it would prevent many emergencies and be a great help in meeting any which might arise. It would lessen the danger of both expansion and contraction and prevent inflation of the currency. A currency not available for reserves and protected by gold reserves and ample facilities for redemption would not be made the basis for undue inflation of credits or used for speculation. It would only be used for those legitimate enterprises which have a proper basis of credit, and only to furnish the cash as long as it was needed for cash transactions.

We cannot by legislation increase the supply of money which should properly be used for bank reserves. The addition to our currency in circulation of such an amount of uncovered gold-reserve bank-note currency as the banks could keep out would add such an amount to our bank reserves as to lead to undue inflation. The banks can just as well and safely be trusted to issue such gold-reserve currency as they can be trusted with deposits to be loaned to their customers. They will only pay it out for value, and will, in self-protection, be more careful about loaning it than they now are, because they must provide reserves and must always count upon its being sent back for redemption when no longer needed.

Owing largely to the kind of paper which we have had in circulation for forty years, the popular idea of paper currency has become perverted. The government has the power to issue and to keep in circulation a large amount



of currency. It can be issued by paying it out for the government expenses. As it comes back it can be paid out again, and when revenues exceed expenses it can be deposited in banks, and thus kept in circulation. The bulk of our paper currency has been for so many years government issues thus kept in circulation that it has come to be assumed that if any given amount of currency is authorized it will at once be issued and maintained in circulation. This however, is not true of bank-note circulation not available as reserves and for which prompt and constant redemption is assured. A bank has no such means of putting its notes in circulation as the government. Its expenses are comparatively very small, and it can only pay out notes in exchange for value of some kind. If paid out in exchange for the note of a customer or in payment of a check against deposits, notes will only stay out as long as they are needed for cash transactions. As soon as the demand slackens, the notes will either come back to the issuing bank or be deposited in some other bank. This bank will, as soon as possible, send them for redemption, so as to convert them into something which can be counted as reserve. The notes must be easily and promptly redeemable in gold or its equivalent. This is the vital point of the whole plan, and is the most potent force with which to make the bank-note currency elastic and automatically elastic. When currency is wanted, the banks can and will supply it. When the supply of notes exceeds the demand, they must redeem the notes and retire them until needed again. If the same reserve is required to be maintained against the gold-reserve notes as against deposits, it will make no difference to the bank whether a borrower takes the notes of the bank away with him or leaves the proceeds of his note circulation taxed by the government. It is the very fundamental principle of bank-note circulation that there is no difference to the bank between the bank-note credit and the deposit credit. They are both obligations of the bank and exactly the same thing so far as the bank is concerned. It is only a question of the convenience of the customer whether he leaves the credit in the shape of a deposit to be checked against or takes the notes to be used as cash. It is not so much a privilege of the bank to issue the notes as it is a privilege of the customer to do whichever suits him best.

It is important that it shall be thoroughly understood that there is no difference between the deposit credit and the bank-note credit, and that bank notes which are protected by a gold reserve, quickly and easily redeemable and not available for reserves, will not stay in circulation in greater volume than is needed for current cash transactions. With these principles fixed in our minds, there will be no justifiable fear of inflation from such notes. Any bank which can be trusted with deposits can be trusted to issue the notes. The guarantee fund will make the notes of any bank safe in the hands of every holder, no matter what happens to the bank. The main safety of the whole system, however, is the gold reserve and the constant current redemption. Constant and frequent redemption cannot be too strongly insisted upon. The notes must be perfectly free to come and go, and thus freely follow supply and demand.

The notes of the Suffolk bank system were the best paper currency we ever had in America, and they were kept good by the frequent redemption, although they were purely credit notes. The system grew and was successful without government aid, because it was based on correct principles. The worst bank notes we ever had were the "wild cat" bank notes in the West, which were bond-secured. In the States where they required reserves and provided for current redemption the bank notes were good, but where they depended on the bond security they were very bad.

The chief trouble with our present bank notes is that the supply is hardly regulated by the demand in the slightest degree. It mainly depends on the price of bonds, and the profit on circulation is so very small that the

banks are compelled to figure to small fractions to see whether it pays or not. The issue of circulation instead of being the exercise of one of the most proper and useful functions of a bank in supplying currency as needed by the people, becomes rather a speculation in bonds, and there is thus introduced into the regulation of the volume of the currency factors which have no proper relation to it whatever.

The Secretary of the Treasury has recently very wisely and properly encouraged the increase of circulation in anticipation of the demand which may be hard to supply next autumn. The outstanding notes are now for the first time over five hundred million dollars. No one can tell whether this is enough or too much, or how much more it would be by September or October next. How much better it would be if we had a system which would automatically adjust this amount, each bank supplying its own customers when and as needed. There is far more danger of inflation through these bond-secured notes becoming redundant than there would be if the banks could issue a portion of their circulation in uncovered gold-reserve notes with such proper redemption requirements that they would retire themselves when no longer needed and could only be kept out by exertions on the part of the bank, and then only as long as they were demanded by the public for current cash transactions.

Objection is frequently heard to a great number of small banks, widely scattered, issuing uncovered notes. On thorough consideration this objection does not seem to be serious, and there are some counterbalancing advantages. The notes being furnished by the government, there is no danger of fraudulent over-issue. The proportion of uncovered notes to the capital of the bank proposed is not large, and the regulations could be made such as to remove the temptation to organize the banks for the note issue only. The constant redemption spoken of so often would check this. Those of you who remember the time when you had notes out which you were constantly looking to have presented for redemption, doubtless realize that such notes are a source of considerable anxiety and solicitude. These small banks are now allowed to take unlimited deposits. The notes will be safer than the deposits on account of the guarantee fund. If the banks are fit to take unlimited deposits, they are fit to issue a limited quantity of notes, protected by a gold reserve. One chief advantage of the issue by the great number of banks is that the gauge of the quantity needed by widely scattered banks, each in close touch with its own customers and community, would be the best possible way to determine the proper amount required. They would feel and supply the demand more quickly and collect and retire the notes more promptly, quietly, and with less disturbances when no longer needed in circulation.

It is not claimed by the most enthusiastic advocates of this change in our currency that it will cure all our financial ills. We cannot prevent by any means yet known speculation and overtrading. It seems to be a fixed law in all human affairs, and especially in business, that the events run in cycles, and that we are bound to have periods of too great activity followed by corresponding periods of depression. Modern business is the result of the development of credit, and must be done largely on credit to be done at all. There never is a time when there is money enough to liquidate all outstanding credits or even any large part of them. We are thus always exposed to the possibility of some unexpected and unavoidable event leading to such a demand for liquidation that many who have debts cannot meet them, and this leads to a panic or crisis, which is followed by a period of depression in all lines of business and trade. It is idle to expect to cure or change this by legislation, but we may by proper financial and currency laws remove some of the causes of disturbance and diminish the chances of sudden demands for liquidation. We are confronted with a situation in business every autumn, one of the dangers of which is the fear of a demand for currency which may check business



of all kinds. Being forewarned and expecting it, every one makes every possible preparation for it, and only in this way has serious trouble been avoided. Our currency and banking system is a great factor in the situation, and if we had a better and more elastic bank currency, it would be a source of strength now when needed. If our banks had been in the habit of supplying the varying demands for currency and an automatic elastic system were in operation which all knew would take care of the demand as it came, there would have been no necessity of extra endeavors being made by the United States Treasury to increase the circulation and less danger of inflation from such a circulation as could then be issued and expanded than from our present bond-secured circulation, which, after it has been expanded, can only be contracted at the rate of \$3,000,000 per month. This is a matter of far greater importance to the people who want and need this money than it is to the banks. A man who wants currency for his business and cannot get it is

much worse off than the banker who cannot furnish it. It may only mean a loss of profit to the bank when it means ruin to the customer.

The people who want this currency for handling their crops and products are entitled to the credit based on the wealth of marketable articles they have produced. They are entitled to it in the shape which is most convenient to them, whether as a bank deposit, subject to check, or current cash. It is the duty of the government to supply them with the best facilities which can be devised, and to enact such laws as will enable the banks to serve their customers to the best possible advantage to the whole country. This question is a matter of equal, if not greater, importance to the entire business community, who find every year their calculations interfered with, if not overthrown, by the annual disturbance which is due to the demand for currency to move the crops. That we allow this to go on year after year without any attempt to cure or stop it is an absolute disgrace to us.

## KIDDER, PEABODY & CO.

### BOSTON

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#### Investment Securities

Foreign Exchange

Letters of Credit

# Detailed Report of Proceedings,

THIRTY-SECOND ANNUAL CONVENTION, HELD AT ST. LOUIS, OCTOBER 17th, 18th and 19th, 1906

## FIRST DAY'S PROCEEDINGS.

Olympic Theatre.

Wednesday, October 17, 1906.

The convention was called to order at 10 o'clock a. m. in the Olympic Theatre by the President, John L. Hamilton, of Hoopeston, Illinois.

Prayer by the Right Reverend Archbishop John J. Glennon:

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. Lead us not into temptation but deliver us from evil, for Thine is the kingdom and the power and the glory forever and ever. Amen. Oh, Almighty and true God, righteously ordain to bless this Convention, that its word and works may be marked by the strictest justice and the just share of charity through Christ our Lord. Amen.

**Address of Welcome of Hon. David R. Francis, President Trans-Mississippi Commercial Congress.**

*Mr. President and Gentlemen:*

During my absence from home, when preparations were being made for the reception and entertainment of the American Bankers' Association, the committee in charge paid me the compliment of placing me on the program to extend to the bankers of the United States a welcome on behalf of the Mississippi Valley. That selection was made mainly because I am President for 1906 of the Trans-Mississippi Commercial Congress—an organization composed of delegates appointed by Governors of States, Mayors of cities and commercial organizations—which held its first meeting in 1890, and will hold its next on the ensuing 20th of November in Kansas City. The objects of this organization are not sectional in that its effort is to array the West against the East, but it is intended to solidify Western sentiment along commercial lines, to the end that the mighty empire lying west of the Alleghanies may receive its due recognition from the Federal Government, and have its boundless resources deservedly developed.

### TRANS-MISSISSIPPI CONGRESS.

The organization of this Congress was the outcome of a deep water convention held in Topeka, in 1890, over which I had the honor to preside. It is impossible to state or to estimate what effect such assemblages have in shaping the policy of federal legislation, but in a country with a republican form of government, as extensive in area as ours, and with interests so diversified, there can be no objection to patriotic citizens congregating in systematic assemblages, and after an interchange of views, giving expression to their convictions upon any subject of public import. In my judgment the appropriations for deep water at Galveston and for deepening and maintaining the jetties at the mouth of the Mississippi, and for various river and harbor improvements on the Pacific Coast, as well as the comprehensive irrigation policy of the Federal Congress, and a number of other like measures, are due to a large extent, if their cause cannot be directly traced, to action of the Trans-Mississippi Congress.

### PERSONNEL OF BANKERS' ASSOCIATION.

Likewise, it is eminently fit that the bankers of America should meet in convention and give expression to their views on subjects which, while pertaining more directly to banking than to any other interest, still seriously affect every commercial interest in the country, and in fact bear up the value of every dollar's worth of property throughout

the land. I am glad of an opportunity to say a few words to a body of men who are not only intelligent and patriotic, but who, in comparison with their numbers, exert greater influence and wield more power throughout the country than any like number of men in any other pursuit of life.

In these times of knowledge and thought on the part of all the people, a successful banker must be something more than a custodian of money. In any community, however large or small, the banker is looked to for assistance and guidance in every movement whether it be commercial or social or political or charitable. Consequently the banker who is respected and who wields the proper influence among his fellows, has greater responsibilities than the mere safe-keeping of his deposits or the earnings of his stockholders. The banker is a quasi-public official, whose habits and character are carefully scrutinized by the community in which he lives, and by all the territory over which his business extends. His influence is co-extensive with that jurisdiction, and he must likewise expect the fate of all public and semi-public men in that his course and position upon the different questions are subject to attack, and even to malicious criticism. The only remedy for this is one beyond our power—and that is a change in human nature so that the qualities of envy and jealousy shall be eliminated therefrom.

### RELATIONS TO THEIR COMMUNITIES.

It would require more time than you can give and more eloquence than I can command to recite in detail the many benefits that have been wrought out for the country and the State, as well as for the general Government itself, by the members of the banking fraternity. I am sure that within my recollection there has been a decided change in the feeling of the public toward those engaged in the banking business, and while there are still those who impugn your motives and question your sincerity, that class is by no means so numerous as it was some years ago, and the change is attributable, first, to the higher standards which have obtained in the banking business; next, to greater intelligence on the part of the general public who realize that after all bankers are as much interested, if not more than other citizens, in the welfare of the communities in which they live, and to the further fact that the ownership of banks is yearly and daily becoming more general; in other words, most, if not all, of the banking institutions of the country are owned by a number of stockholders instead of by a few men. You are the representatives of those stockholders, and while your first effort is to conserve their interests, you should not lose sight of the fact that that object can be best attained by keeping constantly in view the well-being of the section over which your business extends, as well as the welfare of the entire country.

### ANXIETY CONCERNING ELECTIONS.

My memory, if not my business experience, extends back over a period of thirty years or more. During most if not all of that time I have been a director in financial institutions and also a large borrower. I have seen money a drug on the market, and I have gone through seasons when it was impossible to procure sufficient money with which to transact the legitimate business of the country. All of the relations of life are based upon confidence, and it is the corner-stone not only of banking interests but of the commercial fabric of the country and of the world. When confidence is shaken in a specific institution or section it is not likely to be without just cause, at the same time the doubt may be wholly without foundation, and may originate purely from malice. When the confidence of the entire country is shaken, however, such a deplorable con-



dition is attributable to some, if not to a great extent to the bankers themselves. The first mutterings of such uneasiness generally emanates from the bankers. I can remember nine presidential elections beginning with 1872, when I cast my first vote. Almost every one of those elections has been preceded by direful prophecies of financial and commercial disaster if some policy advocated by one party or the other should be adopted and become the law of the land. Those prophecies have unsettled the business of the country, have made the people uneasy, and in some instances have caused serious distress.

#### STABILITY OF OUR INSTITUTIONS.

Don't you think our institutions have been sufficiently tested? That the intelligence of the American people has reached that stage of development and progress that it will not elect to positions of trust and responsibility men who have not the welfare of the country at heart? Do you not believe that any patriotic citizen placed in a position of trust and responsibility will be so sobered thereby and so surrounded by advisers that he will hesitate long before making any change in the policy of the government that would be so radical as to produce a panic? I give to a great majority of the men in public office or seeking public office that credit for sincerity of purpose, for devotion to our public institutions and for love of their fellows that I claim to possess, and in my opinion every one should do likewise.

#### SOBER SECOND THOUGHT OF THE PEOPLE.

The sober, second thought of the American people is conservative in its nature, and is the most potential element in the selection of public officials and in the maintenance of our government, whether federal, State or municipal. That sober, second thought it should be your pleasure, as it is your interest, to encourage and sustain. The origin and the most effective promoter of panics are talk and anticipation thereof. If we believe in the stability of our government and desire to perpetuate its forms, we should cherish and encourage the faith of the people in a government of the majority. Other governments, republican and monarchical, have flourished and decayed, and in every instance their downfall was attributable to the excesses of the powerful and the rich, and to the ignoring of the interests and welfare of the masses of the people.

We have many problems before us in this country, and new ones will continue to rise in the future. You, the bankers of America, are on the firing line in these contests of peace, as you are also called upon to furnish the sinews for the conflicts of war. Do not attempt, therefore, to play upon the passions of the people by exciting distrust.

#### ENGLISH CONSERVATISM.

Look at England. There has been a radical change of government in that country within the past twelve months. The great conservative party which had been in power for years was overwhelmingly defeated by the Liberal party in the last elections, and the result was a complete change in the administration. It was attended by no financial stringency, by no commercial depression; the business interests of the British Empire, having confidence in the stability of the government and knowing full well that whatever party might be in power the prestige of the country would be maintained, pursued the even tenor of their way. In that country there is no vested right which cannot be forfeited by an act of Parliament; there is no constitution to prevent a charter from being revoked if Parliament in its wisdom should see fit to revoke it. All charters, however, and all property rights are as secure there as in any country in the world, and it is because of the confidence of the people in the perpetuity of their institutions; it is because of their unwavering sense of justice when their own people are concerned; it is because of the great conservatism that has characterized the English mind and heart for centuries past.

#### DUTIES OF BANKERS.

The commercial or financial paroxysms which we seem to go through in this country at every presidential election

are occasions of which farseeing financiers abroad take advantage by buying our securities. It would seem they have greater confidence in the perpetuity of our institutions than we have ourselves. What I am endeavoring to impress upon you gentlemen is that we should have an abiding faith in the intelligence and patriotism of the American people, and should rest secure in the conviction that the sober second thought of our citizens will always throw a conserving influence around those whom it places in positions of trust and responsibility.

#### FLEXIBLE CURRENCY.

In times of prosperity such as now prevail it is opportune for us to provide safeguards against the crises in the financial condition of the country which are likely to arise from time to time. There is no reason why the business interests of this country should be hampered as they are from year to year by the scarcity of the circulating medium and the consequent high rates of interest.

I have read with interest the well-considered report of the Legislative Committee of this body, submitting a plan for an elastic currency, and am free to confess that its recommendations impressed me very favorably.

#### PLAN OF NEW YORK CHAMBER OF COMMERCE.

The New York Chamber of Commerce has very opportunely taken up the question of a flexible currency, and an intelligent committee appointed for that purpose, after considering the question for more than six months and investigating the laws and experiences of other countries, has submitted a very thoughtful report thereon. We all recognize that New York is the financial center of the country, but we also see that every section of this country is yearly becoming more and more financially independent, and that a law which applies to the entire country should take into consideration the interests of every section.

The question of an elastic currency is one which this convention very properly considers. Here are represented not only all of the financial centers of the United States, but also every State and Territory, every class of financial institutions, and almost every community. Every financial system to be satisfactory must operate with equal hardship and benefit upon all.

#### BANKS INCREASE EXCHANGE.

I attempted to show in an address delivered to the Missouri Bankers' Association in May, 1904, that the establishment of a bank in any community added materially to the circulating medium of that community by the interchange of checks between its customers. That is another and a very potent reason for the existence and operation of banks throughout the country. They furnish a circulating medium for any community in which they are located.

#### CONCLUSION.

In conclusion, gentlemen, while you are possessed of great influence—and properly so—you are also vested with grave responsibilities; and it devolves upon you as much if not more than upon any class of business men, or of law-makers, or even of citizens, to exercise your influence and use your power for the uniform development of the entire country for the impartial protection of all interests, and for the broadening and uplifting of all the people, if you would steer this ship of state between the Scylla of selfish and blind and monopolistic accumulation and the Charybdis of Socialism.

May your deliberations be inspired by patriotism and characterized by a broadmindedness whose view is not circumscribed by or co-ordinate with the particular interests you represent, nor limited by the requirements and the welfare of the present generation. We all owe a duty to posterity. It should be our ambition to transmit, unimpaired and strengthened, to meet new and trying conditions, the priceless heritage we received from our forefathers.

The financial system evolved by this Association should be in keeping with the wonderful commercial progress of



the day, and should be framed so as to meet the necessities of a population which at the rate of increase of the past thirty years will, within the next four decades, amount to two hundred million souls.

Not only the Mississippi Valley, but every section of this country will follow with interest the discussions of this Association, and will scrutinize its conclusions with anxious solicitude.

The well-earned reputation of St. Louis for hospitality will undoubtedly be sustained by the committees appointed for your reception and entertainment, but to the stranger within our gates every citizen is a host, and none will spare effort to add to your welcome.

I thank you for your attention.

**Address of Welcome by Rolla Wells, Mayor of St. Louis.**

*Mr. President and Gentlemen of the National Bankers' Association:*

It is my grateful privilege to welcome you to the City of St. Louis. You are representative men of the districts from which you hail. The profession of your adoption is of no ordinary character. The confidence and trust which necessarily must be imposed create in you a leadership in the respective communities in which you reside. Your moral and business integrity necessarily must be of the highest standard. The successful banker is one who is well informed as to the character and standing of those with whom he is brought in contact. Especially must he have a thorough knowledge of business communities, and particularly of large commercial centers.

In holding this, your annual convention, in the City of St. Louis, the opportunity is afforded me to welcome you to what we consider the commercial center of the United States, and I feel that it is not inopportune for me to speak of its growth and prosperity.

On the wall of the Mayor's office of this city I have had inscribed a prophecy made by the founder of St. Louis in 1764 upon landing on the site upon which St. Louis is now located, which reads: "I have found a situation where I intend to establish a settlement that may become one of the finest cities in America." This forecast has been realized.

Geographically situated as we are at the mouth of four large waterways, made the village of St. Louis a trading post of the first magnitude. It was here the fur trader of the North met the cotton and sugar planter of the South; the miner of the West, the pioneer from the East.

This amalgamation of the foremost commercial men of the time has left with us the best types of each section, producing a class of business men noted for their conservative progress, resulting in the building of commercial structures, comfortable homes and the accumulation of private fortunes.

I will not occupy your time with detail concerning the rapid advancement that has been made within a comparatively short period of time. I feel, however, it may be of interest to you if I point out some of the material results that have been accomplished.

Of the total railroad construction in the United States during the year 1905, amounting to 4,388 miles, 1,690 miles, or 40 per cent., were built in the St. Louis trade section.

St. Louis waterways afford immediate communication with the Mississippi, the Missouri, the Illinois, the Ohio and the Tennessee rivers, having craft in actual service of 377,935 tonnage, with a mileage of 5,815 miles of navigable rivers. The combined river and railroad mileage contiguous to the City of St. Louis is greater than any other city of the world.

The financial condition of the banking institutions of this city is probably more familiar to you gentlemen than to me, but a few figures relative thereto I feel will not be out of place.

Reports of the Clearing House Association for 1896 show the capital and surplus of St. Louis banks to be \$31,000,000; 1906, \$85,000,000, an increase of about 274 per cent. The deposits in 1896 were \$73,000,000; in 1906, \$264,000,000;

an increase of about 362 per cent. During the same period loans increased from \$66,000,000 to \$216,000,000, about 327 per cent. Cash and exchange increased from \$26,000,000 to \$90,000,000, 246 per cent.

During the ten years between 1890 and 1900 St. Louis added four millions in value of manufactured products. In the five years since 1900 she has gained \$73,000,000, or an increase of over 1,800 per cent.

St. Louis is in the immediate vicinity of an unlimited supply of coal, obtainable at a lower rate than in any other large city. Coal is furnished to St. Louis manufacturers at \$1.55 per ton; in Pittsburg at \$1.65; in Chicago at \$1.95; in Toledo at \$2.10, and in Cincinnati at \$2.15 per ton.

In its rapid financial strides this city has not been neglectful of its institutions of learning, and may justly be proud of its educational facilities, both public and private.

The growth of this municipality can best be realized by a comparison of the receipts and expenditures and work accomplished during the past eight years.

In 1898 taxable real estate valuation was \$294,000,000; in 1906 increased to \$248,000,000, or 18 1-3 per cent. Taxable personal property was \$45,000,000, increased to \$87,000,000, or 95 per cent. In 1898 the revenue in licenses was \$1,400,000; in 1906 \$2,200,000, an increase of about 52 per cent. Franchises, which indicate the progress and use made of public utilities, returned in revenue in 1898 \$90,000; in 1906, \$296,000; an increase of 229 per cent.

Of the 230 miles of hard paved streets in the City of St. Louis, 130 miles were laid within the last four years.

The bonded indebtedness of this city in 1890 was \$21,900,000; to-day it is only \$21,019,000, including five million voted in aid of our recent universal exposition. As against this indebtedness the city owns real estate and improvements to the amount of forty million, or about double the bonded indebtedness.

The assessed valuation of all taxable property in the year 1890 was \$248,827,000; in 1900, \$380,923,000; in 1906, \$499,000,000.

Receipts from municipal revenue in 1890 were \$7,000,000; in 1900, \$10,000,000; in 1906, \$15,000,000. Disbursements in 1890 were \$6,500,000; in 1900, \$8,250,000; in 1906, \$12,000,000. In the treasury to the credit of St. Louis in 1890 there were \$3,075,000; in 1900, \$3,781,000; in 1906, \$6,871,000. The amount spent on public work and buildings in 1900 amounted to \$795,000; in 1906, \$1,214,000. In 1900 \$781,800 was spent in repairing and cleaning public thoroughfares; in 1906, about \$1,500,000. And thus in all the city departments a great growth and increase in population of St. Louis is indicated.

Probably the greatest blessing bestowed upon this municipality since its incorporation is the betterment of its water supply; through the intelligence and energy of the officials now in charge of the St. Louis Water Works a simple and inexpensive purifying and clarifying process has been devised and placed in use, which gives the people of this city water for domestic and other uses more wholesome than is used in any other city of the first class in the world.

Much of the prosperity this city now enjoys results from its advantageous commercial location and the intelligence and energy of its inhabitants. Since the holding of the Universal Exposition in the year 1904 St. Louis has taken a new lease on life, such condition of affairs proving contrary to the experience of other cities that have undertaken similar enterprises. The people of St. Louis are under lasting obligations to the energetic and public-spirited men who assumed the leadership in promoting and conducting what has been demonstrated to have been the greatest world's fair ever held.

As an illustration of the activity that has resulted in the holding of the exposition, it is only necessary to refer to the increase in the construction of buildings for sundry purposes. For the two years just prior to the fair building permits were issued in this city to the extent of \$28,-



500,000; for the two years next succeeding the close of the fair building permits were issued to the amount of \$40,000,000.

A few years ago St. Louis was subjected to a vast amount of criticism throughout the United States, outgrowing from the apprehension and conviction of those guilty of corrupt practices while in the performance of public obligations—such condition being no worse, and probably not as bad, in St. Louis as in some of the other large cities of the United States. Many were convicted, and some escaped. Much credit has justly been given to the official prosecutors for the efficient and conscientious labor they thus performed. Permit me, however, gentlemen of the Bankers' Association, to inform you that the crimes I have referred to were an occurrence of over six years ago and not of recent date. During the five and a half years I have had the honor of being the Mayor of this city no scandal resulting from the act of any municipal official has occurred, and it is to a city of this character I now have the honor of extending to you greeting and welcome. Here you will find an hospitable people, ever mindful of their public and private obligations, and on their behalf I extend to you a cordial welcome and express the hope that your visit to St. Louis will prove most enjoyable.

**Address of Welcome for the State of Missouri by the Governor, Joseph W. Folk.**

Mr. Chairman, ladies and gentlemen of the American Bankers' Association, I had hardly expected to have the pleasure of being with you, but I am glad that I was able to come.

I am here without a specially prepared address, but I assure you the welcome I extend to you to Missouri comes not only from my heart, but from the heart of every true Missourian. (Applause.) I have heard some talk that there is a prospect of making St. Louis the permanent meeting place of the American Bankers' Association. (Applause.) I hope that your stay here will be so pleasant that you will want to come here every year and partake of that hospitality. In an adjoining State there is a station on the railroad by the name of "Holder." Near that station a young man got married, as young men will sometimes do, and he took a train with his bride to go on their wedding trip. They took a seat in the passenger coach, and gradually the arm of the bridegroom commenced to encircle the waist of the bride. Just then the train was approaching this station and the brakeman stuck his head in the door and yelled "Holder, Holder!" The bridegroom yelled back "Shut up your mouth, I have a right to hold her, she is my wife." (Laughter.) So if you establish a permanent place of meeting anywhere, St. Louis has the right to hold you, for God has given her a central location which has made her the meeting place of all the people of the nation.

I am glad to welcome so distinguished a body of men to Missouri. The first means of civilization, the dawn of commerce, commenced with the dawn of banking. Out of the persecutions of the middle ages arose the bill of exchange, first used to transmit large sums of money, to evade the exactions of the robber princes of that period. Then it came into general commercial usage and rapidly facilitated the exchange of wealth throughout the world. The banking system has been the heart that has sent out the blood making possible the growth of commercial conditions to their present proportions. Without the banking system our world wide commercial operations of to-day could not be carried on for even a day, and without banking, commerce would eventually decay. A business that is so powerful, so universal, on which the welfare of man depends intimately, must necessarily command the serious thought of wide and patriotic men. You cannot make a law to directly legislate prosperity for the banking interests.

On the other hand, the prosperity of the banking interests must depend upon the civic and commercial conditions in the communities in which they operate. The banks cannot be prosperous while the customers of the banks do not prosper. There is no business that is so sensitive to general commer-

cial conditions, that is so absolutely dependent upon public confidence, that so absolutely depends on that mutual faith and security between man and man, as the banking interests. Anything that tends to promote that feeling tends to help not only all commercial conditions but particularly the banking interests. Special legislation for the benefit of a class will not operate to permanently promote these conditions. On the other hand, they tend in the end to destroy them.

Justice in the law, a fair deal for every man, an honest administration of the laws—these are the things that count. (Applause.)

The things that count to breed respect and confidence between man and man are the things that breathe new life and vigor into the channels of trade.

With all of our complex and diversified commercial interests there is no interest that should demand a strict enforcement of the laws more than the banking interests, for there is no interest that suffers more from the lawless spirit than the banking interests. Against dishonesty in public and private life the banking interests should be first to cry out, for the banking interests rest at last upon the honesty of the average man. We need more honesty behind the counter; we need more honesty in front of the counter. I read yesterday where someone had suggested before this convention certain laws to regulate banks more strictly. The need of such laws perhaps is apparent, but more than anything else we need the enforcement of the laws that we already have upon the statute books. (Applause.)

There has been in State and nation too much of making laws to please one element, and then not enforcing those laws to please another element. (Applause.) We need more respect for existing law rather than more law. (Applause.) The corporation magnate should be compelled to respect the law that regulates the conduct of his corporation as he asks others to respect the law that protects the property of the corporation. (Applause.) Respect for law amongst all classes and conditions of men; let them know that the law applies alike to high and low, to rich and poor.

Governor Francis in his address spoke of the need of patriotism, the patriotism of peace as he called it. He is right about that. There used to be a very strange idea as to the meaning of that word patriotism. It used to be used in connection with war. We are now learning that there may be just as much patriotism in giving one's time to the betterment of civic conditions and in getting good men in office as in baring one's breast to the bullets of a public enemy. (Applause.) Some four years ago there lived in the city of New York a very wealthy man. He was spending tens of thousands of dollars trying to put the American flag over the north pole. He was inspired, he said, by patriotism. He wanted the flag of his country to be the first to float over that undiscovered region. And yet while he was spending tens of thousands of dollars trying to put the American flag over the north pole he was spending thousands of dollars trying to debauch the legislatures of Missouri and some other States to pass a bill favorable to his interests.

In another city some years ago there was held a banquet of prominent business men. After the repast was over the band played "America" and the audience stood and sang the familiar words. As the last strains of that song died away one of those present turned to his neighbor and, with the tears of patriotic devotion and delight trickling down his cheeks, said: "Oh, I wish I could die for my country." Just three weeks after that that same man was humbly kneeling at the feet of justice, confessing that he had bribed an entire municipal assembly to pass a franchise bill. He was willing, he said, to die for his country; but his conduct had shown that he was unwilling to live for his country. These men are but two types. Many men have patriotism on their lips and treason in their hearts. (Applause.) Many men would be willing if need be to give up their lives on the field of battle or State or for country, but the man that will live for his country every day is the man that the Republic needs most just now. (Applause.) There may be just as much patriotism in the banking house as on the battle field. The country needs your services just as much



in your counting rooms as with the gun in front of your shoulder.

The nation is in more danger from enemies within than from enemies without. Those men here if traitors to their country could do more to overturn this Republic than could the combined powers of the world outside. We need the patriotism of peace as well as the patriotism of war.

I read yesterday where another speaker before you had said that there was need of a moral awakening amongst the bankers. I don't know about that. But there has been a wonderful change in the public mind during the past four years. Four years ago bribery was the common and accepted thing. Men gave bribes; thought nothing of it. Men took bribes and boasted of the fact. Legislative halls were made dens of thieves, and the touch of the unclean dollar was over all. And yet the public conscience was asleep. Your conscience was asleep. Men would take bribes and still consider themselves honest. I remember when I was the prosecuting attorney of this city, not under the administration of Mr. Wells but under that of his predecessor, some six years ago, the House of Delegates and City Council was pretty corrupt. They would do anything for bribe money. There was before me on one occasion a member of the House of Delegates who confessed to having received bribe money on any number of measures. He said he had been selling his vote for a dozen years. In speaking of another member of the House of Delegates he said, "Oh, that man is not an honest man." "Well," I said, "what do you mean by honesty anyway? You say you have been selling your vote for a dozen years; I would like to know what you call honesty?" "Oh," he said, "I don't call selling my vote dishonest; but," he says, "that fellow we will send him out to get the bribe money and he will stick a part of it in his pocket and won't divide up on the square." (Laughter.) "Now, that is what I call dishonest," he said. Men have been taught that they cannot take bribes and still be honest. The public conscience has taught them that, and the energies of the State public conscience have been extended from the domain of the public wrongdoer to that of the private wrongdoer and have been probing into the workings of rascals of every kind.

I noticed yesterday a reference was made to the insurance disclosures. These men said that they did not know it was wrong to use the trust funds in that manner, that they thought it was all right, that it was honest according to the light that they had before them. But these lights have now been put out and other lights have been placed there in their stead. They have now been taught that it is wrong to use trust funds in that way: this public conscience has taught them that. So this public conscience is going on and on, teaching men that the things we used to submit to in silence can no longer be tolerated, and if abuses exist in the banking business it is up to your bankers to correct those abuses, for if you do not the people will correct them for you. (Applause.)

There is a term called "good banking." You all know what that means. It means the wise exercise of discretion in conducting banking business. Examine back into the causes that either make or destroy your business and you will find that good banking likewise demands the election of men who will make and enforce the laws just as honestly and as impartially as the men do their duty in your banking house, and the public official who fails to carry out his oath of office embezzles the power of the people just as the clerk in your banking house may embezzle your money—for there is an embezzlement of power as well as an embezzlement of money. Embezzlement of power is far more dangerous than embezzlement of money, and the time will come when it will be just as much a crime upon the statute books for public officials to embezzle the people's power as it is now a crime upon the statute books for officials to embezzle the people's money.

We have in this State numerous bankers, active bankers, prosperous bankers, patriotic bankers. Public activity secured the passage through the last legislature of the uniform negotiable instrument law, which I believe is a step in the right direction, and which legislation ought to be adopted by all of the States. In Missouri three years ago the cap-

italization and surplus of our banks was \$202,000,000 in round numbers. On the 10th of July last the capitalization and surplus amounted to \$337,000,000. That was an increase of \$135,000,000 in three years. This shows you how actively our bankers are engaged in their work and it likewise shows you what splendid opportunities for commercial enterprises this imperial commonwealth offers to all. Missouri stands in the front rank of civilization to-day, not demanding but acknowledging the homage of all. Satisfied with her past progress, yet looking to the future, she is going forward in progress along material lines, and in progress along moral lines. To such a State I bid you welcome, hearty and sincere, and a cordial welcome. (Applause.)

The President: We will now have an address by Mr. Van Blarcom, chairman of the Reception Committee, and President of the National Bank of Commerce of St. Louis.

**Address of Welcome by J. C. Van Blarcom, President National Bank of Commerce in St. Louis.**

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

It is owing to the courtesy and kindness of my associates that I have the honor to-day of representing them in expressing to you our keen appreciation of your presence here as our guests. We have such pleasant recollections of your former visit to St. Louis and the good results that followed in the better understandings, closer friendships and more thorough appreciation of each other that we are delighted to have the opportunity of renewing many old acquaintances and forming new ones with those who have come into your organization in later years. We welcome you heartily to St. Louis and feel honored by your selection of our city for this convention, which we regard as one of the most important in the history of your association. We trust your stay with us will be pleasant and enjoyable, and that your deliberations will result in such action by you as will be of lasting benefit to your institutions and to the whole country.

When you were with us before one subject of the highest importance absorbed the main portion of your attention, and the discussion of bi-metallism was on all tongues. Three years prior to that the necessity for reform of the currency had become evident to your members, but owing to the overwhelming interest taken in the silver question the currency reform was held in abeyance and no active steps taken until a solution of that important problem was accomplished.

It is now five years since your Association took up in earnest the discussion of currency reform and as a basis adopted resolutions expressing their conviction that elastic currency was both necessary and desirable. Committees were appointed for the purpose of recommending to your Association such measures as would bring this about and would meet the approval of our Congress.

Thus far there has been nothing definite accomplished, although the interest in the subject has been growing year by year and the attention of all financiers is directed towards the problem of working out a plan which will be effective and safe. It is quite proper that the initial discussion of this subject should take place in this convention, which represents directly and indirectly the whole banking interests of the United States, and thus over 40 per cent. of all the banking business of the world.

In nearly all of the propositions that have been advanced for providing to our people a currency which should be elastic, i. e. available in time of need and for the retirement of which adequate provision is made when it is issued, it is noticeable that the suggestions come from the large centers and are such as will be for their direct benefit, the country banker receiving his proportion of the benefits only by indirection.

Owing to the position which St. Louis occupied during the great Exposition of 1904, we acquired the habit of presuming to represent in many ways the states and territories which have been carved out of the Louisiana Purchase. From our years of close relation, both business



and social, with the people in the Mississippi Valley, we have unconsciously assumed that same attitude towards them that we did towards the Louisiana Purchase Territory. Our intimate acquaintance with them keeps us in touch with their thoughts, their wishes and their intentions.

Those states which we include in the Mississippi Valley are fourteen in number—Arkansas, Colorado, Illinois, Indian Territory, Iowa, Kansas, Kentucky, Louisiana, Mississippi, Missouri, Nebraska, Oklahoma, Tennessee and Texas.

Since you were with us last the population of this valley has grown four and one-half millions, or from 23,200,000 to 27,700,000. The improved land has increased thirty millions of acres—from 181,000,000 to 211,000,000.

The value of live stock has increased nearly five hundred million dollars, or from \$1,300,000,000 to \$1,800,000,000.

The total value of farm property has grown three thousand million dollars, or from \$7,700,000,000 to \$10,700,000,000.

The production of wheat has increased from 113,000,000 bushels to 242,000,000 bushels, and cotton from 4,000,000 bales to 7,500,000 bales.

The banks have increased in number from 5,344 to 8,015; the capital of the banks has increased from \$270,000,000 to \$383,000,000; the individual deposits from \$634,000,000 to \$1,975,000,000 and the total resources of all banks from \$997,000,000 to \$3,245,000,000.

I have given you these figures in order to impress upon your minds the enormous territory, the tremendous values and the great influence which these States represent, and I submit to you the query as to whether you will not be more likely to arrive at a conclusion which will meet the occasion if you look at the subject from the other end and try to find out what can be done to solve the troubles of the country bankers located in this immense territory.

I have given you the figures of only fourteen of the agricultural States. I have no doubt that the other agricultural States of the Union would take the same view of the proposition made for the general good which, according to my information, is held in this special territory.

In framing a proposition for reform of our currency, I think we should bear in mind that the proposition should be such as will meet the approval of our Congress, and in order to meet the approval of Congress it must meet the approval of the people who make our Congressmen. It does not seem to me reasonable that the citizens of these States will be willing to approve any scheme which does not give the same benefit to the banker in the country town in proportion to his means and requirements as it does to the banker in the large city.

I am aware that the argument is advanced that if arrangements can be made for the issuance of currency in the large centers, the country banks will receive their benefit by being able to procure such credits as they need from their city correspondents. But from the conversations I have had with our bankers in the country I do not believe that they will be satisfied with such indirect benefit from proposed new legislation. I, therefore, suggest to you that in considering this subject you will bear in mind the wants and requirements of our country friends and try to meet their necessities in order that you may have the great influence which they wield in their respective communities to secure favorable action by our legislators.

I am convinced that the country bankers in the section to which I refer as a class will neither advocate or assist in the passage of a law the benefit of which is confined to the reserve and clearing house cities, and if you cannot get their support I do not think you can succeed in procuring legislation on your recommendation.

I, therefore, hope that when this convention speaks and puts its endorsement on any one of the many plans which will come before it for consideration it will be a measure which has been carefully thought out and will do justice to our country friends, from whom we are deriv-

ing the great prosperity which is referred to by nearly every speaker of to-day.

We have every confidence in your ability to solve this important currency question on broad lines and look to you for such action as will lay the foundation for a long continuance of the good times we are now enjoying.

#### Reply of President Hamilton to Addresses of Welcome.

Gentlemen, on behalf of the Association as well as personally, I wish to express to you our appreciation of the welcome so generously extended to the members of the American Bankers' Association.

President Francis, we feel indeed gratified that you, president of the Trans-Mississippi Commercial Congress, should welcome us across the line of your sacred precincts into the territory so diligently guarded by your organization. The modesty of the framers of your constitution in limiting your territory to that portion of the United States bounded on the East by the Mississippi River, on the West by the setting sun and on the North and South by the poles of the earth speaks volumes and shows your magnanimity by not taking us all in.

However, your organization has a grand aim in developing the resources of the vast territory that you embrace. The questions that you are considering are of national importance, and any movement that has in it the betterment of the interests of the citizens of the United States in any section, so long as it does not work to the disadvantage of another, I can assure you will have the hearty support and co-operation of the American Bankers' Association.

We, Governor Folk, are proud of being a part of the great nation in which your State of Missouri is one of the leaders in agriculture, in manufacturing, in mining, in commercial lines, in railroad facilities and in banking, and any disaster that should come to your State would be felt by the whole nation. Your prosperity means our prosperity as a nation. We are interested in the growth and development of your State, and we congratulate the citizens of Missouri upon having able and courteous men as their executive officers, men who know and men who have the courage to see to it that the rights of the people are protected.

Mr. Van Blarcom, representing the banking interests of St. Louis, as you do, may well speak with pride of your steady and wonderful growth. The trebling of your resources in ten years and your clearances now about three billions annually are records of which you and the bankers of your city, or any other city, might well be proud. Back of this is even a grander record. During the panic of 1893, the trying times of 1896 and for more than ten years past, St. Louis has not had a bank failure. This is a magnificent record, and it is no wonder that you are looked upon as the steadiest, strongest and most conservative money center in the United States. Your bankers have proven themselves worthy of the confidence imposed in them, and I predict a far greater growth and development for you in the next ten years to come.

Yours is the only city that has been able to make a financial success of a World's Fair, and this has brought to St. Louis at this time the large attendance of bankers from Atlanta, Ga., who hope to profit by your experience and to carry out successfully their World's Fair in 1908.

Mayor Wells, you may think it strange that I have reversed the order of your recognition, but to you, Mr. Mayor, I must make my last appeal. Our membership extends from the extreme North to the extreme South, from the extreme East to the extreme West, and in traveling to reach this center many of the members have had to cross dusty, barren and desolate wastes. Their thirst and the joy of renewing old acquaintances may lead them to excesses, and I implore you to mete out justice for them as leniently as your city laws will permit.

You have gracefully presented to us the freedom of your city, and true to bankers' principles I am willing to accept for this organization all the additional collateral that I can secure for our members' pleasure.



We feel a personal interest in St. Louis and its wonderful development. Your history has been one that other cities can well study and follow. You are one of the oldest in the United States, from a trading post in 1764 to the new magnificent city of 1906. You have been baptized by fire, swept by tornadoes and almost depopulated by pestilence and disease, and yet with all your trials you have come forth one of the most conservative, most charitable and most hospitable cities in the United States.

There is no other city that has the number of hospitals and well-kept charitable institutions, and it can be well said that you recognize your responsibility and are truly "your brother's keeper."

It was here in 1896 that the Association broke down the traditions that had interfered with its growth, and by resolution took a firm stand on questions of financial and public policy, and from that day to this the Association has grown and has become a recognized factor in shaping the financial policy of the nation.

This convention promises to be an interesting one, and we have with us many of the leading financiers to discuss the currency and other important questions. It is sincerely hoped that out of this discussion will be formulated such legislation as will be creditable not only to the Association, but to the city that has so graciously welcomed us.

Ten years ago last September this Association met with you. At that time we had a membership of 2,188, and there were present at that convention 296 members and 66 guests. To-day we have a membership of about 9,000, and there are present at this convention 3,500 delegates and 2,000 guests.

Those of us who were so fortunate as to attend the former convention remember well the welcome we received at that time, and we have since had in our hearts a warm place for St. Louis. Our organization is pleased to be recognized by successful people, and I assure you that your courtesy will not soon be forgotten, but that we will go away from here with a personal interest in your future welfare, feeling that in some way we are a part of your family circle.

To you, President Francis, of the Trans-Mississippi Commercial Congress; to you, Governor Folk, as representative of the great commonwealth of Missouri; to you, Mayor Wells, of the magnificent city of St. Louis, and to you, Mr. Van Blarcom, representing the great financial interests of the Southwest, to you, and each of the great bodies you represent, I wish to express our appreciation of the hospitality so generously extended to us.

#### **Annual Address of John L. Hamilton, President of American Bankers' Association.**

Members and Guests of the American Bankers' Association: Another year has elapsed since our former convention, and it is a pleasure to me to note the increase of attendance and the growing interest that is being taken in our annual conventions.

The American Bankers' Association is recognized as the one financial organization of America and the greatest financial organization in existence. Our deliberations are watched with interest around the entire world, and the people of America have come to depend upon us to outline and recommend such financial policies as will protect the interests of all. A delegate to the National Convention has a personal obligation to his community to pay, and he owes it to his home people to attend the convention and to use his vote and voice for the best interests of the public.

The American Bankers' Association wields the greatest influence of any non-political organization in the United States, and careful consideration should be given the important questions coming before it.

It was formerly said that the Association was an organization for pleasure, and the policy was that we should not take a decided stand upon any question. It was here in St. Louis ten years ago that this policy was first broken over, and from that day to this we have had a steady growth. I am glad that this Association is now doing practical work and is not afraid to use its influence in support of proper measures.

The Association to-day is a live organization, and our committees are composed of active men who are willing to lend their best efforts to the work assigned them. There is not a dead committee in the organization, and every member of the various committees is taking a personal interest in his work.

#### **ENLARGEMENT OF EXECUTIVE COUNCIL.**

The Association is undergoing a reorganization for a practical period of usefulness. I am in favor of such a movement, and for one favor the enlargement of the Executive Council of the Association, giving to each State one member of the council and an additional member for every two hundred, or three hundred, bankers of the State who are members of this Association. I believe it is fair that representation should be based upon actual membership. I favor the giving of fifteen members of the council to representatives of the State Associations the same as in years past, and I also favor giving to the Trust Company and Savings Bank sections each three members of the Executive Council. I favor the organization of a section to be known as the Clearing House Section, and giving to it the same representation as the others. This section should be organized, giving to each Clearing House Center the privilege of sending one delegate to the annual convention for each five members of the local Clearing House. The Clearing Houses have become a permanent part of our financial system, and through their united influence we can hope for safe financial policies.

I favor the recognition of the National Institute of Bank Clerks by allowing them three representatives on our Executive Council.

I see it in some of our faces and I can almost hear you make the statement that such a council would be unwieldy and too large to get any practical results. I do not agree with such a sentiment. There are thousands of men representing the nine thousand banks that are members of the Association who are just as capable and just as competent to serve upon the council as any men upon the council, or any men who have ever served. I am in favor of bringing these men forward so that the bankers of America, the financial interests of the people and the nation may have the benefit of their counsel and influence. A larger council means a greater and wider influence for our organization, and I favor any policy that will give us the greatest growth and promote the best public interests.

The council will consider and direct, and the work must necessarily, whether the council be large or small, be divided into special lines and given to committees in whom we have confidence to consider and report, and when these reports are made a large council is of much greater assistance than a small one in carrying out their recommendations.

I would recommend that that Educational Committee of the Association be dispensed with and the educational features be carried on by the direction of the trustees of the Institute of Bank Clerks. I can see no necessity for this double committee. The best interests of the Association demand that one of them be discontinued. I am glad to learn that the members of the institute have declared their independence and are willing to assume the responsibility of self-government, as it was originally expected that they would be able to do.

#### **IMPORTANCE OF COMMITTEE REPORTS.**

I cannot dwell upon the work of the individual committees of this Association, but wish to state that their work is of the greatest importance to the individual bankers. Each committee is laboring diligently and persistently, battling with the difficulties that are thrown in its way to prevent the accomplishment of the results that it is intended it should accomplish.

The reports of these committees are of the utmost importance to each of you as individual bankers, and I can assure you that if you can follow them closely as you should you will learn that you are daily taking hazardous risks that could be avoided.

Bear in mind that these committees are made up of our most energetic and progressive business men, who are giving their valuable time that the problems they are working out may be solved and that banking and commercial interests be protected. Their reports mean the boiling down of a vast amount of work and careful thought and should have your careful attention.

I believe you will agree with me that the work of the Association this year has been effective. We have accomplished results, we have moulded public opinion and we have resented any discourteous treatment shown our committees. We have taken the position that while our committees are willing to meet with those of any other organization, yet we stand second to none.

If the work has been successful, we owe it to the State Vice-Presidents, who have proved themselves very valuable and willing workers; to the members of the Executive Council, who generally have taken an active interest; to the Secretary and his assistants; to the officers of the Trust Company Section and to the officers of the Savings Bank Section, as well as to the Clearing House and other committees, who have all taken an interest and helped in the work.

The most encouraging part of the work has been the promptness of the thousands of our members to respond to calls made upon them, and the credit of the work accomplished is largely due to the individual members. It is necessary that the officers and committees, to make a success of their movements, have the active support of the members.

My part in the work has been a pleasure, and I wish to thank the members, the Vice-Presidents, the Executive Council, the Secretary and his assistants and the committees for the help and encouragement they have given me.



## SAN FRANCISCO DISASTER.

April 18th this country stood aghast at the dreadful calamity that came upon the fair city of San Francisco and upon the Pacific Coast. The Executive Council felt it their duty, and did contribute of the funds of the Association for the relief of the sufferers of that stricken district. This money was sent direct to the bankers at San Francisco, members of the Association, with instructions to use it as they deemed proper, and it was by them paid to the relief fund of the Red Cross Association.

While the country stood appalled at the dreadful calamity, and before the smoke had died away from the burning embers, the word came across the continent that "we will rebuild better, grander and more magnificent than before," and true to their word, they are doing it. Proud are we of American courage, and proud indeed we should be of our noble, courageous and generous hearted brothers of the Pacific Coast.

## BANK EXAMINATIONS.

The examination of banks has been brought to the attention of the public by the recent failures of both State and National banking institutions; and no small amount of blame has been attached to the management of these departments, both State and National, as it has been shown that they have not been as thorough as they should have been in their examinations.

The blame does not rest wholly with these departments, but should be shared by the law-makers, both State and National. The attention of Congress and of the State Legislatures has been called, not only by the Comptroller of Currency and the management of State banking departments, but by the bankers, individually, and through the different State Associations as well as by the American Bankers' Association, to the fact that there are not enough examiners to properly do the work.

The wages that an examiner can make are not in keeping with the ability required nor with the wages paid men in like capacity in banking institutions. The result is that it is hard to get and to keep for any length of time men of ability as examiners.

The present method of paying examiners so much for each bank examined is all wrong, as, in order for an examiner to make an ordinary living, more banks must be assigned to him than he can possibly examine thoroughly.

Bank examiners should be paid a fixed salary, commensurate with the responsibility of their position, and the number of examiners increased so as to make the examinations more thorough. The banks would be only too glad to have them made so if possible, but it is not possible under the present laws.

The blame rests with our National Congress and not with the Comptroller of Currency nor with the bankers, for time and again has the attention of Congress been called to this very condition.

There is no good reason for the niggardly manner in which our National Bank examiners are paid. The National Banks of this country would a thousand times rather pay an unnecessary additional expense for examination than to stand the odium that is placed upon them through no fault of their own. If the examinations must be paid for by a special tax on the National Banks, then make it, and make it high enough to employ more examiners and pay them salaries in keeping with the services required.

There is, however, no need for a special tax to secure more thorough examinations. The National Banks of this country are paying annually \$1,784,000 in tax on circulation in excess of the amount of expenses of the Comptroller's department. Why not use a part of this fund and secure better service? The fact is that from the head of the Comptroller's office down there is not a man whose wages are commensurate with the responsibility of the position he holds and yet being political positions they dare not complain. When it comes to a point that through the lack of proper facilities the banking interests of this country are made to suffer it is high time that we demand that the blame be placed where it properly belongs—with Congress.

## RESPONSIBILITY OF THE PRESS.

The press of the country in its eagerness for sensational news makes too much of every bank failure and aims by its articles to make them as sensational as possible. When a report is made of a failure the public is led to believe that every dollar of every depositor is lost and the entire savings of thousands are swept away. This has led many to commit suicide and other acts of desperation, at the same time creating an unrest in the minds of the public so that without reason, upon the slightest rumor, runs have been started upon other institutions.

While we deplore the actions and have no apology for bank wreckers, yet a great injustice is done our perfectly sound and solvent institutions through the press in its eagerness for sensationalism.

Think of the twenty thousand bankers in the United States and the vast army of their employes—almost double in number the standing army. Think of the temptation for speculation that surrounds every one of them, and yet out of that grand army of employers and employes less than one-tenth of one per cent. are unfaithful to their trusts, a record that is unequalled by any class of business men in the world. When one of them does go wrong the shock is great to the public, and

the press in its desire for sensation works a great injustice to the financial interests of the Nation by discrediting through inference all financial institutions.

The bankers of every State and of the nation stand as a unit for equitable laws, both federal and State, that will give protection to the public. When defects in our laws come to our notice the bankers, through the mediums of the State and National Bankers' Associations, stand ready to present and will present at the first opportunity such recommendations for laws to the proper authorities as will cure the defects.

## MUNICIPAL OWNERSHIP.

There is considerable agitation going the rounds for Federal, State or Municipal ownership of public utilities. Just what is meant by this or what institutions would come under this head I have not yet seen clearly defined. I am opposed to all such political buncombe, no matter where it may originate, and favor only such laws as will give to every man a right to successful competition, at the same time preventing the creation of a monopoly in any business or profession.

President Roosevelt in his recent address at the completion of the State House of Pennsylvania struck the keynote of the situation and voiced the sentiment of the people when he said he favored federal supervision but not federal ownership.

## SHIP SUBSIDY.

While I come from a country town, and while our city is as far removed as possible from any great body of water, being located on the actual divide between the waters of the Mississippi and Ohio Valleys, yet I favor a ship subsidy measure that will place the United States at the head of the merchant marine of both the Atlantic and Pacific seas. It seems to me to be a narrow and contracted policy for any man to oppose any such movement, and no good reason has come to my notice why this Nation should not make an effort to have the commerce of this country carried in American vessels under the American flag. Ninety-two per cent. of our business, or over \$200,000,000 annually, is paid to foreign vessels for the carriage of our products. This should not be. We owe it to ourselves and to future generations to build up a merchant marine that will not only be able to carry the rapidly multiplying products of our nation, but will be the means of carrying our products to foreign markets regardless of the possibility of any discrimination of carriers brought about through the influence of any foreign power. To say nothing of the advantages and the greater safety that will accrue to our nation to have such vessels easily convertible into cruisers of defense in case of any open hostility against us.

The ultimate completion of the Panama Canal is of great importance and will be of great benefit not only to the South, but to all sections of the country. Let us hope that the first vessel that passes through that great waterway will be an American vessel loaded with American products and carrying the Stars and Stripes at its masthead.

## IMMIGRATION.

I think a great good can yet come from the foreign immigration, and some plan should be devised whereby this element could be encouraged to locate in that section of this country in which climatic conditions are most suited to them. It seems to me that this is a question of great importance and worthy of special consideration by the gentlemen of the Southern States. Those of the territory embraced in the organization of the Trans-Mississippi Commercial Congress need no suggestions on this line, as I understand this is one of the lines they are carefully cultivating.

## OUR NATIONAL EXECUTIVES.

We do not realize our good fortune in having for the head of our government a President and Secretary of the Treasury who are fearless men of such good judgment and such sterling character, resourceful men, men not afraid to break down the traditions of the past, and in the management of the financial affairs of this Nation have more than once saved the country from financial embarrassment by the deposit of public funds at critical times, by accepting other than United States bonds as security, and by the anticipation of gold imports. These have been timely moves, and their authority by law has been seriously questioned, yet the conditions have warranted their action and the gentlemen have had the courage to meet the emergency.

These emergencies have been brought about by the rapid growth and development of the country, each year bringing with it new and greater demands upon our financial resources. There is a limit to which our executives can go. A change of administration or a change of policy would throw the country into a serious financial condition, and the continued growth and development without new laws to meet our rapidly changing conditions will sooner or later place us beyond the power of the Treasury to aid us and in an embarrassing condition by not having the proper banking laws giving to us a sufficient elasticity of currency to at all times and at all seasons of the year be able to handle and market the products of our country.

## FEDERAL LEGISLATION.

Such remedies can be had by wise legislation. It is expected and it is the duty of the bankers of this country to get together and to formulate and recommend such legislation as will care



for and protect the rapidly developing interests of our Nation. It is a duty we owe to our customers, the citizens and to our representatives in Congress to formulate and agree upon such measures as will be for the best financial interests of the people. If we, for pecuniary or any other reasons, shirk our duty as bankers we are not worthy of the confidence imposed in us. Let us do our duty and formulate such plans as will be for the best interests of our country as a whole, favoring no one locality more than another, but giving to us measures that will be equitable to all classes of business and to all classes of people.

President Swinney in his annual address last year recommended that the limit of loans made by National Banks be increased. His recommendations of a year ago are a law to-day, brought about through the influence of this Association by the aid of its individual members.

CONCLUSION.

This is one of the most powerful, if not the *most* powerful, organizations in our land, and by the proper use of our powers we can accomplish great good for our people along financial lines. It is a duty we owe to them and to our members of Congress to see to it that men are elected to office and are put upon committees in this Association who have the interest of the people as a whole at heart, and not men who are working for their own personal interest or that of the particular banks they represent.

Members of the American Bankers' Association, members of the greatest financial organization in the world, members of an organization whose country is the greatest Nation of the earth, you, each, individually, have a great responsibility and a duty to perform in seeing to it that the work of the Association in the future, as in the past, continues along the line of encouraging, developing and protecting the National, State, Municipal and individual interests of our people.

The world and its markets are ours. Let us continue to develop them and continue to stand "First in peace, first in war" and first in the hope of all nations.

The President: Gentlemen, when the American Bankers' Association wishes to accomplish results and wishes men of courage, men who are willing to do good work, we always come to Missouri for such men. We have with us to-day the author of the Ten Per Cent. Bill, or, more properly, the Honorable Congressman William Shartel, of Missouri, and I take great pleasure in presenting Mr. Shartel. (Applause.)

Mr. Shartel: Mr. President and gentlemen of the American Bankers' Association, I am very glad to meet you to-day, but do not desire to deliver an address to you as you have your regular programme. I desire to thank you for this opportunity of meeting you, and also the chairman for giving me this introduction to this great Bankers' Association. (Applause.)

Mr. Campbell, of Indiana: I would like to make a suggestion. I think as bankers most of us are in the habit of getting to work as early as nine o'clock. By starting our session at nine o'clock instead of ten it seems to me we ought to be better able to get through our work, and I therefore move that the meeting be held to-morrow morning at nine o'clock instead of ten.

The motion was seconded, and, the question being taken, the motion was agreed to.

Report of the Secretary, James R. Branch.

New York, September 1, 1906.

To the American Bankers' Association:

GENTLEMEN—For three years the work of the Protective Committee has been conducted through the Secretary's office with a considerable reduction of expenses for each member of the association. Compared with the expense of \$5.93 per member for the year of 1903, the last year the work was done outside of the office of the association, the decrease has been as follows:

1904—\$1.40 per member .....	\$10,588.20
1905—\$1.87 per member .....	14,355.99
1906—\$2.22 per member .....	18,608.04

It was in 1904 that a new contract made by the 1903 committee with the Pinkerton National Detective Agency went into effect. This contract increased the cost of the general work \$1.50 per member, and if this were taken into consideration in comparing the expenses for the last three years with former years there would be a further decrease of \$35,434 for this period.

During the past fiscal year the Protective Committee has obtained splendid results through the Pinkerton National Detective Agency, and much has been done to suppress crime against the banks of the country. There have been 70 special arrests and 109 general arrests, making a total of 179. Out of this number of professional criminals 115 have been convicted,

and there are 35 forgers and burglars in prison awaiting trial. The entire cost of this work was \$31,057.76, \$145.85 less than the cost of the work last year, although there has been a net gain in membership in the American Bankers' Association of 706.

The expenses of the committee and the practical results of their work since 1901, are as follows:

Fiscal year ending.	Paid members.	Cost per member.	Total expenses.	Special arrests.	General arrests.	Total arrests.	Total convictions.
1901.....	5,392	\$5.56	\$29,973.20	59	51	110	99
1902.....	6,204	5.28	32,781.11	78	60	138	125
1903.....	6,943	5.93	41,145.61	59	86	145	122
1904.....	7,563	4.53	34,282.44	78	48	126	82
1905.....	7,677	4.06	31,203.61	51	116	167	85
1906.....	8,383	3.71	31,057.76	70	109	179	115

The work of the Protective Committee cannot be overestimated, being of great benefit to the members and welfare of the association. The splendid results of the committee's work entitle it to the sincere thanks of the members of the American Bankers' Association for its conscientious and active efforts.

EDUCATION.

The Committee on Education has organized 42 chapters, an addition of 5 during the past year. The total membership of the chapters is now 6,700. Thirty-four students have passed preliminary examinations in practical banking, 14 in commercial law and 13 in political economy. The rapid promotion of clerks who have taken an active interest in the work of the chapters has attracted attention, and clearly shows that the clerks are not only being benefited, but that the efforts of the committee are being acknowledged by the officers of banks throughout the country.

BANK MONEY ORDERS.

Seven hundred and sixty-six banks scattered all over the country have ordered a supply of the American Bankers' Association money order. This is an increase of 150 using the order during the last year. One bank has ordered and disposed of 50,000 orders, and another bank 7,500. A large number of State Bankers' Associations have endorsed the order and recommended its use to their members.

CIPHER CODE.

The Cipher Code adopted by this association has been placed in the hands of every member and is daily growing in importance and being more freely used. Some members rarely use a code in the transaction of their business and put the books away so carefully that they forget having them in their possession. This has caused some complaint from those who have tried to communicate with these banks through the use of the cipher. It is important that all members of the association keep the code in secret but accessible places, notifying the active officers of their banks where the books are deposited.

OTHER COMMITTEES.

The Bill of Lading Committee, Committee on Uniform Laws, Clearing House Conference Committee, Bank Legislative Committee, Committee on Uniform Warehouse Receipts, Committee on Conference on Emigration, Committee on Legal Decisions, Committee on International Form of Money Order and Committee on Revision of the Constitution have all given the different subjects special attention, and their reports to be made at this convention will show the results of their labors.

THE SECTIONS.

The Trust Company Section is progressing rapidly. At the close of the fiscal year, August 31, 1905, 638 members had paid their dues, but owing to withdrawals and liquidations 33 were dropped from membership, leaving 605. One hundred and thirteen Trust Companies joined the Association during the last fiscal year, making a present membership of 718, the largest in the history of the Section.

The entire expense of the Section to the American Bankers' Association was \$1,184.80, although the disbursements were \$2,522.05. This amount was reduced to \$1,184.80, owing to the sale of books printed and sold by the Section for \$1,327.27.

The Savings Bank Section in the last fiscal year has increased from 735 to 1,012 members. Three hundred and sixty-eight of these members are institutions with combined titles of Trust and Savings and other banks members of the American Bankers' Association having Savings Departments. This is a splendid growth. The expenses of the section were \$3,619.01.

ROUTINE WORK.

During the past fiscal year ending August 31, 1906, 9,000 special letters and 130,000 circulars and reports have been issued from the Secretary's office.

MEMBERSHIP BY STATES.

(To August 31, 1906, inclusive.)

Alabama .....	100	Arkansas .....	114
Alaska .....	6	California .....	318
Arizona .....	36	Colorado .....	104



Connecticut .....	130	New York .....	756
Delaware .....	27	New Mexico .....	29
District of Columbia....	29	North Carolina .....	111
Florida .....	73	North Dakota .....	140
Georgia .....	197	Oklahoma .....	80
Idaho .....	54	Oregon .....	81
Illinois .....	578	Ohio .....	421
Indian Territory.....	69	Pennsylvania .....	694
Indiana .....	269	Rhode Island .....	40
Iowa .....	307	South Carolina .....	65
Kansas .....	261	South Dakota .....	122
Kentucky .....	116	Tennessee .....	89
Louisiana .....	111	Texas .....	196
Maine .....	63	Utah .....	27
Maryland .....	137	Vermont .....	48
Massachusetts .....	233	Virginia .....	155
Michigan .....	286	Washington .....	125
Minnesota .....	256	West Virginia .....	103
Mississippi .....	117	Wisconsin .....	247
Missouri .....	259	Wyoming .....	28
Montana .....	81	Hawaii Islands .....	8
Nebraska .....	218	Canada .....	5
Nevada .....	16	Republic of Mexico....	6
New Hampshire .....	45	Cuba .....	1
New Jersey .....	195	Porto Rico .....	1
		Total .....	8,383

During the fiscal year three hundred and thirty-seven members were dropped from the association through failure, liquidation, consolidation and withdrawal, which brought the membership September 1, 1905, to seven thousand, three hundred and forty (7,340). One thousand and forty-three (1,043) members have joined since that date, making the paid membership at close of business, August 31, 1906, eight thousand, three hundred and eighty-three (8,383). Their aggregated capital, surplus and deposits now amounts to twelve billion, five hundred and fourteen million, eight hundred and forty-six thousand, five hundred and seventy-two dollars (\$12,514,846,572).

The membership and resources of the association have increased as follows:

	Membership, Paid.	Dues, Annual.
Sept. 1, 1875.....	1,600	\$11,606
Sept. 1, 1885.....	1,395	10,940
Sept. 1, 1895.....	1,570	12,975
Aug. 31, 1905.....	7,677	127,750
Aug. 31, 1906.....	8,383	137,600
Interest on the following bonds, viz.:		
\$10,000 4% Government bonds of 1925.....	}	3,400
\$25,000 Atchison 4% bonds of 1995.....		
\$50,000 C., B. & Q., Ill. Div. 4% bonds of 1905.....		

Making the total income.....	\$141,000
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In closing my eleventh annual report as your Secretary, I wish to thank most sincerely the officers, active committees and members for their uniform courtesy and active work. I have never asked for their time or labor but what it has been given freely and promptly. I also tender my appreciation of duties well performed to the entire clerical force in my office. But for such harmonious efforts the American Bankers' Association would stand on a plane below the high elevation it now occupies.

Respectfully submitted,

JAS. R. BRANCH.

### Report of the Treasurer, Ralph Van Vechten.

## RECEIPTS.

September 1, 1905, balance.....	\$142,674.00
Interest on daily balance from March 1, 1906, to August 31, 1906.....	411.58
Interest on bonds.....	900.00
Sale of Trust Company Section proceedings, 1896- 1903 (516) .....	1,040.50
Sale of Trust Company Section forms (24).....	296.75
Rebate from Business Address Co. account postage in mailing list of members.....	7.73
Error account of drafts, 1905-1906.....	110.00
Dues from 664 members, 1905-1906.....	7,942.34
Dues from 380 new members to 1907.....	4,797.00
Dues from 718 old members to 1907.....	12,570.00
	<hr/>
	\$170,749.90

## DISBURSEMENTS.

Standing Protective Committee.....	\$31,057.76
Committee on Education.....	7,889.07
Committee on International Travelers' Checks.....	124.50
Committee on Uniform Laws.....	134.79
Federal Legislative Committee.....	747.35
Clearing House Committee.....	147.80
Bill of Lading Committee.....	2,484.69
Savings Bank Section.....	3,619.01
Trust Company Section.....	2,522.05

Executive Council Meeting, New York, May 2, 1906..	2,761.75
Donation San Francisco sufferers.....	5,000.00
Salaries .....	19,346.42
Proceedings, 1905.....	6,501.44
Distribution of Proceedings, 1905.....	1,727.17
8,000 copies, list of members as of September 1, 1905.	525.00
Printing and binding 1,000 list of members as of February 1, 1906.....	220.56
Printing, stationery, etc.....	523.18
Sundry expenses .....	249.90
Traveling expenses of Secretary.....	213.15
Expenses of Convention of 1905.....	6,917.38
Postage .....	1,222.00
Petty cash .....	132.07
Rent .....	3,100.04
Telephone .....	192.32
Premium on officers' bonds.....	56.25
Audit Company of New York, for auditing accounts for 1904-1905 and installing new office system....	1,066.77
New books for office.....	209.80
9,500 crystalloid name plates for signs.....	432.72
1,147 signs.....	198.81
\$25,000 Atchison General 4 per cent. bonds at 102 $\frac{7}{8}$	25,718.75
Commission .....	31.25
\$25,000 C., B. & Q., Illinois Division, 4 per cent. bonds, at 101 $\frac{1}{4}$ flat.....	25,312.50
Dues returned, one member.....	10.00
335 drafts charged back account 1905-1906.....	5,150.00
Balance, August 31, 1906.....	15,201.65

\$170,749.90

The Treasurer holds for investment account as follows:

United States Government 4 per cent. registered bonds	\$10,000.00
Atchison General 4 per cent. bonds of 1995	30,000.00
C., B. & Q. (Illinois Division) 4 per cent. bonds	50,000.00

Total par value.....	\$90,000.00
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The Treasurer (continuing): I beg to say that since the close of the fiscal year of September 1st the treasurer has received the collections for the current year, amounting to about \$109,000. Of this amount we have collected all but about twenty-five hundred dollars, and the balance on hand this morning to the credit of the Association was \$89,097.54. I am very glad to say that during my term of office the Association has enjoyed a surplus instead of a deficit. It has been the aim of the officers to keep the Association's funds invested as closely as possible, and at the same time carry a sufficient cash balance for expenses during the current year. During the present year the Association has invested \$80,000 in high class underlying railroad bonds, as will be seen from the report. Your president was very kind in his remarks, and in closing I desire to say that if I succeeded in my efforts it is largely because I received the support and hearty co-operation of our worthy president and other officers of the Association, as well as the members of the Executive Committee.

Mr. Perrin: I move the report of the secretary and the report of the treasurer be received and referred to the Auditing Committee.

The motion was seconded; the question being taken, it was agreed to.

A Member: I move that the reports of the other committees be received and printed without being read.

Mr. Campbell, of Indiana: I think it would be very unbusinesslike indeed for this Association to take such action. I think it is our business when we come here to hear what we are voting on instead of voting on anything that is not even read.

Mr. Livingston: It seems to me that it would be a very great mistake to omit the reading of these reports.

Mr. Houston, of Missouri: I would amend the motion in this way: that we now have the report of the Committee on Administration and that the reading of the remainder of the reports be postponed until to-morrow morning.

Upon motion of another member the pending motion and the amendment thereto were laid on the table.

Mr. Swinney, for the Protective Committee, read their report as follows:

### Report of Protective Committee.

NEW YORK, Sept. 1, 1906.

To the Executive Council of the American Bankers' Association.  
GENTLEMEN: The detailed financial statement of the Standing



Protective Committee for the year ending Aug. 31, 1906, is as follows:

September 1, 1905, by balance.....	\$17,730.03
May 2, 1906, by appropriation of Executive Council at New York.....	25,000.00
	<u>\$42,730.03</u>

DISBURSEMENTS.

Sept. 1, 1905, Pinkerton National Detective Agency.....	\$30,907.61
Attorneys .....	150.15
	<u>\$31,057.76</u>
	<u>\$11,672.27</u>

Fiscal year ending	Paid members	Cost per member.	Total expenses	Special arrests.	General arrests.	Total arrests.	Total Convictions.
1901.....	5,392	\$5.56	\$29,973.20	59	51	110	99
1902.....	6,204	5.28	32,781.11	78	60	138	125
1903.....	6,943	5.93	41,145.61	59	86	145	123
1904.....	7,563	4.53	34,282.44	78	48	126	82
1905.....	7,677	4.06	*31,203.61	51	116	167	85
1906.....	8,383	3.71	31,057.76	70	109	179	115

There are 35 forgers and burglars now awaiting trial.

\*Owing to change of dates of payments to the Pinkertons, \$5,172 of this expended amount was not paid during the year ending 1905.

The actual cost for the past year was a little less than the previous year, notwithstanding the fact that there has been a net increase in membership in the association of 706.

The committee has endeavored to conduct its operations with as little cost to the association as possible, consistent with accomplishing satisfactory results.

RESULTS.

The above statistics will show that more arrests have been made in the past year than ever before; 179 professional criminals were captured, 115 convicted, and 35 are now awaiting trial.

YEGG LAW.

An important change in the criminal laws has been proposed by the Committee of each State Legislature, providing for the most severe punishment of the "Yegg" criminal. Its adoption will have a deterrent effect on this dangerous class of men. The committee again requests the active co-operation of all the members of the association toward the passage of this law, which was adopted by the Maryland Legislature last winter. The "Yegg" burglar is not only a dangerous menace to the banking fraternity, but to citizens generally distant from the centers of population.

REPORTS.

During the past year your committee has secured the publication of its monthly reports in the papers throughout the country, thereby giving much publicity to the successful results of its operations. We take this opportunity to thank the press for its valuable assistance.

WORK.

The committee wishes to extend its appreciation for the effective work of the Pinkerton National Detective Agency. A report of their operations during the past year is submitted in printed form.

The members of your Protective Committee deem it proper to give expression to their feeling regarding the performance of that part of the work of the committee incident to the duties of the secretary of the association.

We assume that the protective work is as important in its results as any other branch of the association's activity. Those not conversant with the work cannot appreciate the tremendous amount of labor involved, and labor which cannot be performed by its members. Over six thousand letters and reports have passed through the secretary's office during the last year.

For three years past the work of the committee has been done in the office of the association, and although the membership has largely increased, as well as the rate per member paid to the Detective Agency, an average saving of \$14,000 has been effected as compared with the expenses of former years.

For the accomplishment of satisfactory results, a peculiar aptitude for the work is required and because of his knowledge of the history of the many cases which come before the committee, his personal relations which the representatives of the Detective Agency and his trained judgment, we have been able to accomplish results which otherwise would have been impossible.

The secretary has been faithful in the performance of these duties, and to his efforts are due in a large measure the results your committee is able to report.

Very respectfully,

MEMBERS OF THE PROTECTIVE COMMITTEE.

Report of the Executive Council, by J. D. Powers, Chairman.

The work of the Association in Convention is chiefly to pass upon the detailed work, formulated for its action by the

Executive Council and the various committees of the Association. A great variety of resolutions and many questions which are brought before the Council are finally determined by that body, and never brought to the attention of the Convention. The details of the work of the Convention and of the Association, naturally and properly come within the purview, and are considered, digested and passed upon by the various committees, and these reports in turn are passed upon by the Council and reported to the Convention with the expression of the views of the Council; disagreeing therewith or recommending the same for action by the Convention, all of which indicates that the detailed work and real labor of the year is performed by your committees and the Executive Council.

During the past year, many important committees have been created and have been appointed as follows: Appointments by the President, Clearing House Conference Committee, Committee on Uniform Warehouse Receipts, Committee on Legal Decisions, Committee on International form of Money Order; and the following committees have been appointed by your Chairman: Protective Committee, Committee on Bureau of Education, Committee on Constitution, appointed by your Chairman in 1904, and the same Committee has since been continued, Clearing House Conference Committee, Committee on Uniform Warehouse Receipts, and Committee on Certification of Municipal Securities by Trust Companies. The Chairmen of these various committees will make detailed reports of their action during the past year. Your Chairman, from an intimate knowledge of what has been done by these various committees, feels no hesitancy in saying that the work of each of them has been taken up in a thoroughly intelligent and earnest way, and the labors performed by them have been wisely, and in many instances, laborously performed, and they are entitled to the commendation of the Convention, for their devotion to the duties assigned to them.

SECRETARY'S REPORT.

Your Secretary has made a full and complete report, from which you will learn the general condition of your Association, and from which you will find the true status of our membership up to the end of the fiscal year. This report is most gratifying, as showing a marked increase in the membership; showing that great care has been taken to advance the interests of the Association and increase its importance and extend its benefits and protection; and at the same time, this has been done not at an additional expense, but at a positive saving to the Association, by reducing the expenditures per member to the lowest figure that has been reached since the beginning of the work of the Protective Committee; nor has this been done at the expense of efficiency, but has been the result of careful, painstaking effort, since the work of the Protective Committee has been done through the office of the Secretary of the Association; thus demonstrating the wisdom of the change that was made three years ago. It is gratifying to note the increase in membership for the past decade. When we met in St. Louis in 1896, we had only 1911 members; in 1897, 2,800; 1898, 3,400; 1899, 3,915; 1900, 4,500; 1901, 5,504; 1902, 6,354; 1903, 7,065; 1904, 7,563; 1905, 7,677; and for 1906, we now have a membership of 8,383, which shows a most gratifying and regular increase, which indicates that the work of this Association is being more and more appreciated by the Bankers throughout the United States. But the most effective work of the Association would not have produced the increase in membership, except for the indefatigable efforts of your Secretary, who has been unremitting in season and out of season, in striving to build up, popularize and strengthen your Association; and at this point, your Chairman desires to extend his thanks to the Secretary and his worthy assistants for uniform courtesies extended to him, and for the full co-operation they have given him in the discharge of his duties.

TREASURER.

The report of your Treasurer is an exhibit of our financial condition and demonstrates that our condition is not only safe and sound, but is an evidence of our general prosperity. Expenditures during the past year have in no single instance been extravagant; on the contrary, they have been such as we could afford to make, and in every instance have been justified by the uses to which the money was apportioned, and always within the limitation set by the disbursing power. There has been no occasion for parsimony, but there has been no extravagant expenditure of money, and the net results show that your finances have been at all points properly safeguarded, and the investments made of our surplus have been put into Gilt Edge Securities, amounting to \$90,000 bearing 4 per cent interest, an increase since last year of \$80,000. Your Treasurer, at all times, has been fully alive to the best interests of the Association, in his recommendations of investments, and he has been painstaking and thorough in the discharge of his duties to the absolute satisfaction and pleasure of the Council, and we doubt not, also to the entire satisfaction of the membership.

PROTECTIVE COMMITTEE.

There is no department of your Association that requires such delicate handling and such firm and determined action



as does that which is under the control of this Committee. Its report is a most interesting one, and deals with matters that are vital to every member of the Association. The splendid work achieved by this Committee and the results as shown in its report, are most gratifying. The whole story of its wonderful efforts in behalf of the Association may be gleaned from the bare statement that they have run to cover and captured 179 professional criminals within the year, and have secured convictions of 115, and still have 35 awaiting trial. This is indeed a wonderful record, and the beneficial results are shown in the fact that for the past four months there has not been a single member of this Association attacked; but during the same period there were three attacks made upon non-members, which lost \$5,563.53. In appointing this Committee your Chairman appreciating the splendid work already accomplished the year previous, re-appointed the former Chairman, and the wisdom of that action is seen in the splendid results attained. It is a work that is not coveted by any of its members, and the Chairman of this Committee made a positive sacrifice in accepting the position, and only did so at the earnest entreaty of your Chairman and the Secretary. It is really unfortunate that some public recognition cannot be made of the distinguished services rendered by the Chairman and his co-members of the Protective Committee for the Association, but for obvious reasons, their names are withheld from publication and not even the detectives employed by the Committee are cognizant of the personnel of this Committee. In the judgment of your Chairman, the yearly saving to the Association through the untiring efforts and skill of this Committee has been in benefits much more than the aggregate of annual dues paid by the entire membership, and it is truly surprising that with these facts, published as they now are, not only in our proceedings, but in the daily press, that any banking institution in the country can feel that it is justified from an economic standpoint, in withholding its membership from this Association.

#### UNIFORM LAWS.

The splendid work of this Committee was inaugurated and successfully and successively carried on for a number of years by its first Chairman, now deceased, Mr. Frank W. Tracy, of Springfield, Ill., and the labor bestowed upon its efforts by him was such as to produce most excellent results. After his demise, the work was taken up by his son, Mr. Frank W. Tracy, as Chairman, and now about three-fourths of the States of the United States have passed the Negotiable Instruments Law, and on account of the death of Mr. Frank E. Tracy the further work of the Committee devolved upon Mr. E. D. Keys, who was appointed by the President, as Chairman of the Committee, and he is continuing the good work, so splendidly begun by Mr. Tracy senior, who now rests from his labors in that peace which will finally come to all of us.

#### COMMITTEE ON BUREAU OF EDUCATION.

This Committee, under the able leadership of its Chairman, Mr. J. B. Finley, has accomplished most laudible results for good to the banking fraternity of the country. Mr. Finley and his co-committeemen deserve great credit for their untiring zeal and intelligent effort in behalf of this most praiseworthy work. His labors have been most arduous and only at the strong importunity of your Chairman did Mr. Finley consent to again accept the Chairmanship of this most important Committee. There is really no estimating the value of the services rendered to the Association by this Committee, in the beneficial results growing out of its persistent and intelligent efforts.

#### REPORT OF THE AUDIT COMPANY OF NEW YORK.

By action of the Council, the Audit Company of New York was employed to examine the books in the Secretary's Office, and directed to open up and have adopted a more comprehensive method of bookkeeping to meet the requirements of the largely increased business of the Secretary's Office; and on May 4th last, the Audit Company reported in writing that they had installed an improved system of accounting for the Secretary's Office, and had written general books in double entry form, up to and including April 30, 1906, and they likewise certified to the correctness of the accounts in the Secretary's Office, and the system so inaugurated is now being used in all the accounts of the Secretary's Office.

#### AMENDMENTS TO THE CONSTITUTION.

Amendments to Section 1, Article 3, of the Constitution, offered by Mr. John L. Hamilton, and amendments to Sections 1 and 2, Article 3, offered by Mr. William George, and amendments to Section 1, Article 3, offered by Mr. E. F. Swinney, and a substitute for Article 3, Section 1, offered by the Committee appointed to revise the Constitution, and the amendment of said Committee, to Section 2, Article 3, are before you for your consideration, all of which amendments relate to the membership of the Executive Council and the general administration of the affairs of the Association through the officers thereof and the members of the Executive Council, differing only in degree as to the constituent parts of the general administration of its affairs. But as these amendments go to the organic law of the Association, it is of the

first importance that they should be carefully weighed and thoroughly digested by the members, before the final vote to determine such changes is reached. The report and recommendation of the Committee on Revision makes a radical change in the mode of selecting members of the Association, and lodges the authority for the selection of the general members with the State Association, which is a guaranty of a more representative membership on the Board, than under the old plan has been possible, and fixes the responsibility where it would seem that it properly belongs, with the Bankers of each State.

#### THE CURRENCY.

The Association has long been of opinion that reform in our currency system was absolutely essential for the good of the country, but no plan has heretofore been formulated, upon which an agreement could be reached. The Federal Legislative Committee has presented for your consideration an elaborate scheme for an elastic currency, and has asked at the hands of the individual members of this Association, in advance of the meeting of the Convention, a careful examination, and criticism of its plan. And it is to be hoped that the question will have that serious consideration in the Convention, that a matter of such great moment to the country demands, and it would seem that no more fitting time or place for final action thereon, could be found than the present, as it was in this great city, and in this hall 10 years ago, when each of the great political parties without chart and without compass were adrift on the Financial Sea of doubt and uncertainty—a veritable Derelict! that this Association took the initiative for a sound and stable currency, and committed itself irrevocably to the gold standard, and by its action builded the foundation upon which has grown the great prosperity of the whole country which we have since enjoyed.

#### CONCLUSION.

The progress of our Association has been co-extensive with the general progress of the country and the reports of the individual membership making up our honor roll show that the component parts are in flourishing condition, and we may safely say without the charge of egotism, that the Banking Institutions of the United States have, by their conservative and yet progressive course, done more to encourage and foster the commercial growth and importance of our country than any other class, calling, or profession.

Our present meeting assembles under most favorable conditions. May its deliberations be wise and alike beneficial to the Association and the Nation, and when our labors are ended, may we return to our respective homes feeling that it was indeed good to be here.

J. D. POWERS,  
Chairman Executive Council.

Mr. Lowry, of Atlanta, Georgia: Mr. President, I believe that this financial question demands attention more than anything else demands attention, and if we do not give it attention now it probably will not be done for two or three years. I believe in laying everything aside to take up a question so vital to the banks and to the country and to everyone.

#### Report of Committee on Uniform Negotiable Instrument Law.

*To the President and Members of the American Bankers' Association:*

We have the honor to submit the following report:

Since our appointment March 3, 1906, there have been no States added to the roll of honor of States which have adopted the Negotiable Instrument Law, as none of the Legislatures have met during the period elapsing since that date and the present time.

The Committee met in Chicago on the first day of May, 1906, and perfected an organization and laid out plans for their work. A considerable quantity of literature has been sent out and many letters have been written on the subject which we hope will bring good results during the coming winter when the Legislatures of the different States meet.

Many inquiries for our pamphlets and copies of the law from various parts of the country have been received. We are prepared to send them and do send them the desired material to carry on the work.

The following States are now acting under the Negotiable Instrument Law:

Montana,	
New Jersey,	
Nebraska,	
New York,	
North Carolina,	
North Dakota,	
Ohio,	
Oregon,	
Pennsylvania,	
Rhode Island,	
Tennessee,	
Utah,	
Virginia,	
Wisconsin,	
Washington,	
Arizona,	
Connecticut,	
Colorado,	
District of Columbia,	
Florida,	
Iowa,	
Idaho,	
Kentucky,	
Kansas,	
Louisiana,	
Massachusetts,	
Michigan,	
Missouri,	
Maryland,	



The following twenty-three States have not yet adopted the law and are those to which we must turn our attention:

Alabama,	New Hampshire,
Arkansas,	New Mexico,
California,	Oklahoma,
Canada,	South Carolina,
Delaware,	South Dakota,
Georgia,	Texas,
Illinois,	Vermont,
Indiana,	West Virginia,
Maine,	Wyoming,
Minnesota,	Cuba,
Mississippi,	Mexico.
Nevada,	

The committee urges all the members of the American Bankers' Association to constitute themselves a committee to work on this important subject in the different parts of the country where they reside. Such an effort on their part will aid the committee and help to accomplish the result which we are so anxious to have completed.

The Committee has expended \$134.79 in conducting the work.

EDWARD D. KEYS, Chairman;  
HOMER A. MILLER,  
GEO. F. ORDE,

Committee.

Thereupon, at one thirty o'clock, upon motion, the convention took a recess until two thirty p. m.

#### AFTERNOON SESSION.

The President: The secretary will now present the unfinished portion of the report of the chairman of the Executive Council.

#### SAFEGUARDING THE ISSUE OF STOCK CERTIFICATES.

The secretary read as follows:

"Resolved, That this Convention of the American Bankers' Association approve and request the Board of Governors of the New York Stock Exchange to adopt the plan as formulated by Mr. J. B. Newman, of New York to wit:

"To require all corporations listed on the New York Stock Exchange to issue their stocks in denominations of one hundred shares, fifty shares, twenty-five shares, ten shares, five shares and one share. Also requiring the number of shares to be made a part of the engraving in the same manner in which United States currency is made, and to have the certificates made in different classes, in order that they may be easily distinguished one from another, and in this way eliminate the possibility of raising the amount on certificates of stock."

The Executive Council recommends that this pass.

Upon motion, the recommendation of the Executive Council was adopted.

#### CLEARING HOUSE SECTION CREATED.

The Secretary: There was an amendment offered to the by-laws to make section six read as follows:

"A section of the Association to be known as the Clearing House section is hereby established, which shall meet annually in connection with the meeting of this Association. Its scope shall embrace all matters relating especially to work which shall be taken up by clearing houses, in their respective localities, in the interest of its members: with a similar programme of proceedings as the Trust Company Section, and it shall be under the supervision of the Executive Council."

This also received the approval of the Council.

Upon motion the recommendation of the Council was unanimously adopted.

#### RESOLUTION OF OHIO BANKERS' ASSOCIATION REFERRED TO EXECUTIVE COUNCIL.

The Secretary: Also this resolution:

"Resolved, that it is the sense of the Ohio Bankers' Association that national banks, outside of reserve cities, should be permitted to take real estate mortgages to the extent of twenty-five per cent. of their assets, to loan to the extent they may properly buy of municipal, county, State and general government bonds; and that all national banks should be permitted to count national currency as reserve; and that a copy of this resolution be transmitted by our secretary to the American Bankers' Association."

Upon motion this matter was referred to the Executive Council.

#### NATIONAL BANK NOTES AS RESERVES.

The Secretary: This was brought before the Council and referred by them to the Convention without recommendation.

A Member: I move that this resolution be referred to the incoming Executive Council, so that it may come up with other questions of like importance.

Another Member: I move as an amendment that it be adopted.

Mr. Wayne: I move it be taken up piecemeal.

A Member: I second the motion.

The President: The motion is that the recommendations be adopted.

Mr. Nelson, Baltimore: It seems to me that this is too important a subject to act upon without deliberation. There are many things in it that we are not agreed upon and which many of us cannot sanction, and I think it ought to be referred to the next Executive Council.

The President: The question is upon the motion to adopt the recommendation of the Ohio Bankers' Association.

The question was taken and the motion was rejected.

Mr. Nelson: I move to lay it on the table.

A Member: I second the motion.

The President: The motion before the house is to refer it to the incoming council.

Mr. Wayne: There is no doubt that we should be allowed to count all our currency in our vaults. I think we are agreed on that, but I do not think that we ought to try to pass these two things together; I think that we ought to vote on them separately.

The President: The gentleman would have a right to move to consider separately.

Mr. Dismukes, Florida: I would like to know what the question before the house is.

The President: The gentleman from North Carolina moved that the recommendation of the Ohio Bankers' Association be referred to the incoming council for their consideration. The gentleman over there moved to consider it in section, but I failed to hear any second.

Mr. Bolton, Louisiana: It seems to me that the resolution embraces two objects. The gentleman's idea now is a division of the question and a motion to divide would be in order. I move a division of the question and that the two things be taken up separately.

The President: The motion as a substitute before the house is that we take up the currency question as embodied in the resolution.

The question was taken and the Chair announced that he was in doubt as to the vote. Those in favor were requested to rise.

Mr. Wayne (while the vote was being taken): I would like to have the Secretary read it.

The Secretary again read the first part of the resolution offered by the Ohio Bankers' Association.

A Member: I move that it be referred to the incoming council.

The President: The motion is that the part of the resolution you have heard read be referred to the incoming council.

The question was taken and the motion was agreed to.

The President: The Secretary will now read the second part of the resolution.

The Secretary read as follows:

"And that all national banks should be permitted to count national currency as reserve, and that a copy of this resolution be transmitted to the American Bankers' Association."

Mr. Wayne: I move the adoption of that resolution.

Mr. Nelson: I move that that portion be referred to the Executive Council.

Mr. Cohen: I would like to ask if that applies to national currency or greenbacks. What does national currency mean? That ought to be clearly defined in such an important resolution.

Mr. Goddard: If this should be adopted it ought to go into the record in correct form. I therefore move as a sub-



stitute that this be adopted as the sense of this Convention.

A Member: I second the motion.

The President: As I understand the resolution, it states that national bank currency be counted as reserve, which of course is not in our power to determine. There is a motion to refer it to the incoming council.

Mr. Goddard: In order to straighten it out and come within our power of expression I simply move as a substitute that the resolution be adopted as the sentiment of the Convention.

The President: The resolution is that national currency be used as reserve, and I think that the members here misapprehend that. We have that law in existence at the present time. It says national currency in the resolution. I don't want any misapprehension about that.

Mr. McCord, of Atlanta, Ga.: The resolution of the Ohio Bankers' Association is that the notes of national banks shall be counted in the legal reserve of the national banks. That is not the case at this time; nothing but the Government issues are allowed in the reserve. This question has been seconded, I believe, and is open for debate. I want to call attention to this fact: That if you put national bank bills in the reserve you draw the other legals from the bank. That will cause an export of gold from your country.

Mr. Campbell: National currency is the proper term to apply to national bank notes.

Mr. Lewis, of Philadelphia: I think there were two motions before the Convention. The gentleman from Baltimore moved that the matter be referred to the Executive Council and the Convention seems to be debating about it. As I understand it a motion to refer takes precedence of other motions.

The President: The motion before the house is the motion of Mr. Goddard, of Illinois.

Mr. Lewis: The motion to refer has precedence; it is not subject to debate. It is a point of order I would like to make.

Mr. Davis, of Cincinnati: I think it is too important a subject to try to settle here in fifteen minutes' talk. I therefore move as an amendment to the original motion that the subject be referred to the incoming council.

Mr. Lewis: That motion has been made and I make the point of order—

The President: The Chair holds that the motion of Mr. Goddard is the motion properly before the Convention.

Mr. Williams, of Illinois: As a State banker, I do not believe that it would be just to the national banks for me to vote on this subject, and I think the proper place for this is to refer it to the Council.

Mr. Perrin: As I understand the resolution it is that it is the sense of this meeting that national bank notes should be available for reserve. Before that very important motion is put, I wish to state a few figures. My recollection is that the comptroller's last summary showed approximately \$5,700,000,000 total deposits in our national banks. The average reserve of lawful money against this is about one billion dollars. The present national banking capital is somewhat in excess of \$800,000,000. Our present lawful money reserve is absolutely without profit to us; it is dead, it yields us no interest. Give us a reserve which will yield us a profit of from three-quarters to one per cent. and how long will we delay to substitute national bank notes for lawful money which we are now required to hold? With a profit of one per cent. upon our reserve we will immediately substitute national bank notes. You then wake up to-morrow morning to find approximately one thousand million dollars held as reserve instead of your gold, your silver certificates and your legal tender. What then becomes of your gold? It goes out of the country. What do you hold in your reserve? Somebody's promise to pay. What will he pay? It is purely a credit instrument that you hold without lawful money for its redemption. But lawful money I should say in that case without gold for its redemption. This whole subject has so many ramifications, it is so important, that I believe that

this Convention should proceed very slowly to adopt a resolution of this kind.

Mr. Goddard: I am surprised at myself in breaking into this argument in any way. I attach no little importance to the remarks of my friend Mr. Perrin. But there is another side to this question that can be mentioned in a word at this time, because it would not be proper to take up the time in any lengthy discussion. I do not think it would be a very bad idea to refer it to the incoming Council if you are not ready to give an expression to-day, but so far as I am concerned I am ready to give an expression on it now. It is a question that we have all thought of, not only recently but for years. There is no doubt but what the issuing of national currency—and that is what it is called, not national bank notes but national currency—has more to do, or as much to do, with strengthening the credit of this country by keeping up the value of the Government bonds as any other feature of the banking system. Our Congress, as a rule, does things just about right. Let us give them credit for that. We do not expect them to take up that resolution and adopt it just in that form, but we can give an expression that it is our feeling that such should be counted as reserve and let them put such safeguards around it as is necessary and by legal enactment make it a legal tender for their exports and imports, and then I don't see the difference between that and what we call greenbacks. It would be backed up by Government bonds issued by the United States and ought to be just as good as any currency or any gold.

Mr. Goddard: My motion is that it is the sense of this meeting that national currency be legalized as part of the reserve of national banks.

The President: If that is the resolution, I would have to rule that it is out of order. The question now before the house is, Shall this be referred to the Executive Council?

The question was taken and the motion was agreed to.

Mr. Wayne: I do not think that we have voted on Mr. Goddard's resolution.

Mr. Goddard: In order to simplify the record I ask permission to withdraw my motion if the Secretary will make up the minutes that way.

Mr. Wayne: I do not think that we want that referred to the incoming Council—

The President: The gentleman is out of order. We will now have the report of the Chairman of the Committee on Education.

Report of Committee on Bureau of Education by the chairman, Mr. J. B. Finley.

#### Report of Committee on Education.

The growth of the American Institute of Bank Clerks has developed problems of administration. The members of your Committee on Education and the gentlemen associated with them as trustees of the Institute have been united in the general idea that internal management should ultimately be placed in the hands of young men of Institute development, but differences have existed as to the time and method of making such change. Some have believed that responsibility of management should only be given to such students as should pass the standard examinations and thereby assure the preponderance of educational rather than political influence. Others have considered this process too slow. Prevailing sentiment favored the quicker plan and chapters have accordingly been authorized to name three members of the Board of Trustees.

The first final examinations intended to establish a recognized standard of banking education were held in July. The final examination in Practical Banking consisted of preparation of a thesis on bank management, specifying responsibilities and qualifications of various officers and employees, describing records and reports required, and discussing loans and investments from the standpoint of combined security and profit. The examination in Political Economy covered in a general way the subjects of the foreign exchange market, the internal commerce of the United States and the ownership and management of railways. The examination in Commercial Law was confined to such legal points in connection with commercial paper as come up in daily banking experience. Ten students successfully underwent examinations in all three subjects as follows:

E. Leslie Allison, Fourth St. National Bank, Philadelphia, Pa.  
H. V. Alward, First National Bank, Missoula, Mont.  
I. F. Cotton, National Bank of Commerce, Minneapolis, Minn.  
Rudolf Hecht, Commercial National Bank, Chicago, Ill.  
Thomas Keppel, State Commercial and Savings Bank, Zeeland, Mich.



J. C. Martine, Banco de la Habana, Havana, Cuba.

J. A. Neilson, Brown Brothers & Company, New York City.

G. Lawrence Pegram, Metropolitan Bank, New York City.

E. A. Ripley, National Bank of Commerce, Minneapolis, Minn.

Wm. E. Walker, Corn Exchange National Bank, Chicago, Ill.

A total of thirty-four students passed in Practical Banking, fourteen in Commercial Law and thirteen in Political Economy.

Owing to the fact that the character of such examinations has not been known and naturally could not be definitely disclosed, many eligible students have been reluctant in undertaking them. There has been considerable indirect opposition to the policy of establishing a standard of education by means of examinations and the issuance of certificates, but in view of the fact that all other bankers' institutes and all schools work along the same line with success, it is believed that such opposition will disappear when conditions become understood.

There are now forty-two chapters of the Institute, with a membership of 6,700. These organizations are confronted with a difficult problem in the fact that the size of their membership seems to be in an inverse ratio to the intensity of their educational work. The difficulty has been overcome in many cases by the formation of subordinate study classes under the direction of professional instructors. Higher education is thus provided for the minority who want it, while lighter general exercises attract and stimulate the less studious. The number of individual students outside of chapters can only be estimated by the fact that nearly 1,000 textbooks have been sold to them during the past year.

Following is a statement of Institute finances for the fiscal year ending September 30:

#### RECEIPTS.

Balance on hand October 7, 1905.....	\$ 446.49
Subscriptions .....	9,098.12
Text-books .....	1,338.48
Examination fees.....	382.20
Miscellaneous .....	19.75
American Bankers' Association.....	7,468.32

\$18,753.36

#### EXPENDITURES.

Salaries .....	\$6,284.78
Text-books .....	1,059.07
Bulletin printing and mailing stationery.....	6,762.93
Rent .....	571.68
Examiners' fees (preliminary and final).....	289.00
Postage .....	538.43
Office furniture.....	314.05
Traveling expenses.....	705.08
Office supplies, exchange and incidentals.....	240.35
Contributions .....	797.35
Contribution for Chapter Convention.....	500.00

\$18,062.72

Balance September 30, 1906..... 690.64

\$18,753.36

It is estimated that during the coming year the expenses of the Institute will be about \$16,000, and the income about \$9,000. In this estimate text-books and examination fees are not considered, as such debits and credits practically balance.

The detailed financial statement of the Committee on Education from October 1, 1905, to October 15, 1906:

#### APPROPRIATIONS.

Balance October 1, 1905.....	\$ 55.38
Appropriation at Washington, October 13, 1905.....	10,000.00

\$10,055.38

#### DISBURSEMENTS.

Paid "Patterson Press," printing, etc.....	\$1,879.70
" "Hamilton Press," printing, etc.....	5,365.82
" Thos. B. Paton, editorial work.....	360.00
" F. A. Crandall, expenses organizing Des Moines, Iowa, Chapter.....	37.50
" Geo. E. Allen, expenses visiting Chapters, etc..	219.85
" C. B. Mills, expenses attending meeting of Committee at New York.....	130.00
" Prof. Johnson, Prof. Schwab and Prof. Wambaugh, examiners' fees.....	289.00

\$8,281.87

Unexpended balance, October 15, 1906..... 1,773.51

Respectfully submitted,

J. B. FINLEY,

Chairman.

Upon motion the report of the Committee on Education was referred to the Auditing Committee.

Mr. Sweeney: Mr. Chairman, as there are some amendments proposed to the Constitution which would affect the election of officers, I would ask that the amendment be brought up providing for the selection of three members from the Trust Company's Section and three members from the Savings Bank Section.

The Secretary read the proposed amendment to Section 1, Article 3, offered by Mr. Hamilton, as follows:

"Insert after the words five members of the Executive Council shall be annually chosen by the delegates from the several State associations of banks and bankers—

"In addition there shall be elected three members of the Executive Council divided into three classes representing the Trust Company Section, three members representing the Savings Bank Section, and the same additional representation to be given to a Clearing House Section or such other sections as may hereafter be created."

The President: This will require a two-thirds vote to be adopted.

The question was taken and the amendment was adopted.

Mr. Darramore, of Oregon: I move the adoption of the amendment offered by Mr. George.

A member: I rise for information. I have heard that this was limited to States, that it did not make it obligatory to have any delegate from any particular State; in other words, that all States would not necessarily be represented by the adoption of that amendment, whereas as I understand it the amendment, covering practically the same ground recommended by the Committee, would make it plain and certain that every State would have a member of the Executive Council.

Mr. Darramore: Mr. George's motion reads "Shall consist of one member for each three hundred members or fractional part thereof."

A member: Three hundred members of what? That is the point. The three hundred might be from several States. It does not mean that any one State will have to have any member of the Executive Committee.

Mr. George: According to this proposition every State or Territory will have a representative on the Executive Council. It is the only plan yet submitted to this Association that gives a broad, liberal, full and complete representation. Mr. George read from the proposed amendment, which in full is as follows:

Amendments to Sections 1 and 2, Article 3 of the Constitution, offered by Mr. William George:

"Section 1. The administration of the affairs of the Association shall be vested in the President and First Vice-President of this Association and one Vice-President for each State and Territory which may be represented in this Association, and in an Executive Council, who shall be elected at the annual meetings and who shall serve until their successors are chosen or appointed.

"The Executive Council shall consist of one member for each three hundred members, or fractional part thereof, represented in the Association. The membership of the Executive Council to be divided into three classes as nearly as possible, one-third of whom shall be elected annually: The removal of a member of the Council from the State from which elected shall create a vacancy."

After the words "with others so selected, constitute and be a committee on nominations," appearing in Section 11, add the words:

"At this meeting shall be nominated the member or members of the Executive Council to which each State is entitled subject to the ratification of the convention, providing that no nominations can be made by any State unless there are five delegates present certified by the Vice-President or Chairman and the clerk of such meeting, and the failure to nominate shall create a vacancy."

A member: May I ask Mr. George a question? Did you intend in writing that to mean three hundred members of each State, one member for each State having three hundred members in the Association?

Mr. George: Yes. Take, for instance, the State of Illinois. It has in this Association a few less than six hundred members. That would give to this Association two members on the Council, just the same as now. It would also have the same as now, one member of the Council, through the State's representation.

The member: Would it be compulsory to give a delegate to, say, the State of Idaho that might not have three hundred members?

Mr. George: Yes, because it says "or fractional part thereof."

The member: As the question has been freely discussed, nearly everybody thinks that your resolution is the best proposed, provided it means plainly that under that clause each State will be given representation on the Executive Council.

Mr. George: It will be, most undoubtedly.

Mr. Powers: I want to be permitted to say a word. I am sure my friend to the right does not understand this. The various amendments that have been suggested have all come before the Executive Council in their proper order and



have been referred to a special committee of five, of which Mr. George is a member. It is to be hoped that the Convention will not undertake to take the matter out of the hands of that Committee until they have had an opportunity to digest it and put it in proper shape.

Mr. Finley: I want to call attention to one fact and that is that this does not give State representation and that all the members of the Council could be taken from Illinois, for instance, under this resolution.

A member: If the author will state that it does absolutely compel State representation we are for this, but if not we are against it.

Mr. George: I think that the language is particularly clear in this matter. I do not agree with Mr. Finley; I think it is very clear that each State will have representation under this. I will read this with your permission.

(Mr. George again read part of the proposed amendment.)

Mr. Davis, of Cincinnati: I think it is perfectly clear and I move its adoption.

Mr. Griffith, of Mississippi: If there is any question as to what that amendment means it certainly ought to be referred to this Committee. To my mind there is evidently a question about it, although personally it seems perfectly plain to me that there is no State representation. The gentleman who offers it is equally certain that it does mean State representation. So, gentlemen, why not refer it to this Committee? I want to say for one, being from a State that has no representation at present, that any change in this section will receive the endorsement of Mississippi only when it looks to State representation.

Mr. C. B. Mills, Iowa: As I read this, this Council is to consist of one member from each three hundred members, but it does not say where the one member shall come from or where the three hundred shall come from. I think Mr. Finley is right, that the amendment is not properly worded.

The question was called for and the vote being taken the resolution was lost.

The President: The Convention has voted the adoption of this resolution down.

A member: I move the adoption of the resolution offered by Mr. Swinney and request that it be read.

Another member: I want to say that there is an ambiguity in the amendment, but it will be all right if properly worded, and therefore I move that Mr. George's amendment be referred to the Committee.

The President: The question is now on the adoption of the Swinney resolution.

#### EX-PRESIDENTS NOT TO CONTINUE MEMBERS OF EXECUTIVE COUNCIL.

The Secretary read the proposed amendment as follows:

"Amendment to Article 3, Section 1, of the Constitution offered by Mr. E. F. Swinney.

"To go in effect at the next annual meeting of the Association in 1907.

"After the words 'shall also be members ex officio' add the words 'for three years after the expiration of their term of office,' making the latter part of Section 1 read as follows:

"The President and First Vice-President shall be members ex officio and ex-presidents, if still members of the Association, shall also be members ex officio for three years after the expiration of their term of office, and no President or Vice-President nor retiring member of the Executive Council shall be eligible for reelection for the period of one year after the expiration of his term of office."

Upon motion the resolution as read was adopted.

A Member: I move to reconsider.

The motion was seconded and, the question being taken, the motion was rejected.

A Member: Will a motion be in order to refer Mr. George's amendment to the committee?

The President: The George amendment has been disposed of.

Mr. Yates: Yes, the George amendment as understood has been disposed of, but the George amendment as Mr. George intended it has not been disposed of. I move the same resolution, with these words added as an amendment, or, if that is not in order, I move a reconsideration.

The President: How did the gentleman vote on the question?

Mr. Yates: I did not vote at all.

A Member: I will move to reconsider the vote on the George amendment. I voted on the prevailing side.

Another Member: I second the motion.

Another Member: May I ask whether it is in the province of this Association to amend this now, or whether fifteen days' notice are required?

Mr. George: It is within the province of this body to define that language. That can be done; we cannot adopt anything that has not been submitted, but we can explain that language if it is at all ambiguous.

A Member: We want it plainly stated that it means by States.

The President: If you want to adopt the George amendment the Chair can tell you how it can be done, and the only way it can be done. If the motion came before the house to amend the William George amendment on the floor of the Convention, the Chair would rule such a motion out of order; but if the William George amendment should be adopted and the question was raised as to the construction of that amendment the Chair would rule that each State would be entitled to one member of the Executive Council and one additional member for each three hundred members from that State, members of this Association. (Applause.)

Mr. Dismukes: I move the question be taken, which is to reconsider the vote by which the George amendment was lost.

The question was taken and the motion to reconsider was agreed to.

A Member: I move the adoption of the amendment as offered by Mr. George.

Mr. Yates: I move to refer it to the committee.

A Member: I move we offer as a substitute for the George amendment the suggestion made by the committee, signed by Mr. Pugsley, Mr. Donald and another gentleman.

The President: The gentleman moves as a substitute for the George amendment, the amendment proposed by Mr. Donald and others.

A Member: I make the point of order that that is not in order.

The President: The point is well taken.

Mr. Sullivan, of Cleveland: I would like to say a word as a member of the Executive Council. I can state that this matter was discussed at considerable length yesterday afternoon—the George amendment and the report of Mr. Donald's committee. The Executive Council was unable to agree upon the proposed amendment. Hence the Donald report, which appears here in the printed program, and also the George amendment. They were both referred to a sub-committee of five. That committee will meet this evening at eight o'clock, and it is the purpose of the committee to consider the Donald report and the George amendment and to endeavor to produce a report that will meet with the approval of the Executive Council and with the approval of the Convention. We are all aiming at the same thing, to so amend our Constitution as to best subserve the interests of our great Association. I believe there is a little undue haste or interest manifested here this afternoon on the part of some who seem to want to do something. We will be in session two days after today, and this committee which has the amendments under consideration will meet this evening at eight o'clock and we will produce a report and submit it to the Council tomorrow, and it will then be before you. I think it would be well to let the matter remain in abeyance until then. As a member of the Executive Council and a member of the Association I must confess that I do not agree with the interpretation placed on the language of the George amendment. It is not explicit and I do not think that any court would construe it as broadly as it has been construed here. The Executive Council shall consist of what? Of one member for each three hundred members. If it had said "of one member from each State and Territory" that would have made it plain, but it simply says "for each three hundred members or fractional part thereof." A strict construction of that language would enable one or two States



to elect as many as they placed if they had the power to do so.

As the matter has already been referred to a sub-committee for report, I think it would be well to leave the matter just as it is for the present, and to-morrow we will bring it up in an amended form, and then you can have your say so. I am sure your Executive Council is desirous of doing that which will bring about the best results.

A Member from Kansas: The gentleman who has just spoken says that this matter will be brought up to-morrow in an amended form. That cannot be done. The Executive Council had these two resolutions before them all yesterday afternoon and did not pass on them. They have had ample time to pass on them. They ask for more time. They say they will bring it back amended. They have told us that it cannot be amended, and we know it cannot. The gentlemen here are ready to vote, and I believe we ought to vote on the George amendment right now and settle this matter.

Mr. Wade: Now, gentlemen, just stop to consider what you are doing in a great hurry. Do you know, if you pass the George amendment, with its resolutions carrying a representative for each State and Territory in the Union, and in addition to that, as I understand the resolution, a representative for every three hundred members in each State, that you are going to put a load on the finances of this institution that will test its resources? I do not understand why this unseemly haste. I do not see why we do not pass a resolution discharging every member of the Executive Council unless we are willing to give this committee another twelve hours to consider an important matter of this character. If it be that those of us who do not have the honor of being on the Council are anxious to get there, then let us pass this resolution that will create a whole lot of vacancies, so that we may have a chance of obtaining that distinguished honor; but if it be the purpose of the American Bankers' Association to conserve its integrity, to continue it in its present prosperity, to show by the result of the incoming administration that eighty-five hundred banks will still be in our ranks, then do not act hastily on this or any other question. I cannot see any cause for alarm in a delay of twenty-four hours. If the committee make no report to-morrow we are still in possession of this Convention and we can do to-morrow what some are trying to do now in haste and without due consideration. (Applause.)

Mr. Chamberlain, of Texas: I move that this matter be postponed until eleven o'clock to-morrow, when we can hear from that committee, and that it be made a special order of business for eleven o'clock to-morrow morning.

The motion was seconded.

A Member: As far as I can gather from the discussion so far, it appears to me from the ruling of the Chair that it is impossible to amend any of the proposed amendments that have been before the house up to the present time. Therefore, if we desire to change any amendments it will be necessary by a two-thirds vote to waive the thirty days required by the Constitution. Hence the first thing to be done, if we wish to pass an amendment that will be satisfactory to this Convention, will be to waive the thirty days required by the Constitution, so that the committee appointed can put before us a proper amendment which can be legally passed. I therefore move that the delay of thirty days be waived and that the matter be referred to the committee appointed by the Executive Council, with the sense of this meeting that it is desired that the Executive Council shall hereafter be composed of one member from each State for each three hundred banks represented, or fractional part thereof.

The President: I think the gentleman is out of order, because the question before the house is the motion of the gentleman from Texas, that this be postponed until eleven o'clock to-morrow.

Mr. Chamberlain: As I understand my motion it is simply to postpone this until eleven o'clock to-morrow, and

then the Convention will have the question before them and have control of the matter; so when that committee comes in with its report if there are any amendments or any questions proposed by them which are contrary to the Constitution, you still have the George amendment before you, as it is now, and you can vote on that.

The question was taken and the motion of Mr. Chamberlain was adopted.

Report of Committee on Uniform Warehouse Receipts by the chairman, Mr. A. H. Curtis.

**Report of Committee on Uniform Warehouse Receipts, by the Chairman, A. H. Curtis.**

*To the American Bankers' Association:*

Your Committee appointed to confer with the Committee on Commercial Law of the Conference of Commissioners on Uniform State Laws and the Executive Committee of the American Warehousemen's Association, do report as follows:

The conference took place in the building of the National Bank of North America, 43 Exchange Place, in the city of New York on May 3, 1906, and continued during several sessions throughout the entire day.

Your Association was represented by:

Alfred H. Curtis (Chairman), New York, N. Y.

Henry B. Wilcox, Baltimore, Md.

George M. Reynolds, Chicago, Ill.

Robert Ludlow Fowler (Counsel), New York, N. Y.

Each clause of the proposed bill entitled "An Act to Make Uniform the Law of Warehouse Receipts," was taken up and discussed in conference, your Committee making various suggestions from the banking point of view. It seemed to the Committee that the interest of the bankers of the United States demanded that warehouse receipts should be made as freely negotiable as possible. The bill as drafted and completed, makes warehouse receipts negotiable and fully protects the banker accepting or lending on such collateral.

The Act is too comprehensive and long to submit to you in detail. In brief, it regulates, among other things, the persons who may issue warehouse receipts; the form of such receipts; the definition of a negotiable warehouse receipt; the obligations and the rights of warehousemen upon their receipts, and the law applicable thereto. It ends with a series of valuable definitions explanatory of the proposed law.

Your Committee desires to call your attention particularly to sections 4 and 5 of said Act, as follows:

**Section 4—(Definition of Non-Negotiable Receipt.)**

A receipt in which it is stated that the goods received will be delivered to the depositor, or to any other specified person, is a non-negotiable receipt.

**Section 5—(Definition of Negotiable Receipt.)**

A receipt in which it is stated that the goods received will be delivered to the bearer, or to the order of any person named in such receipt is a negotiable receipt.

No provision shall be inserted in a negotiable receipt that it is non-negotiable. Such provision, if inserted, shall be void.

And also to the sections 37 and 38 of such proposed act:

**Section 37—(Negotiation of Negotiable Receipts by Delivery.)**

A negotiable receipt may be negotiated by delivery—

(a) Where, by the terms of the receipt, the warehouseman undertakes to deliver the goods to the bearer, or

(b) Where, by the terms of the receipt the warehouseman undertakes to deliver the goods to the order of a specified person, and such person or a subsequent endorsee of the receipt has endorsed it in blank to bearer.

Where, by the terms of a negotiable receipt, the goods are deliverable to bearer or where a negotiable receipt has been endorsed in blank or to bearer, any holder may endorse the same to himself or to any other specified person, and in such case the receipt shall thereafter be negotiated only by the indorsement of such indorsee.

**Section 38—(Negotiation of Negotiable Receipts by Indorsement.)**

A negotiable receipt may be negotiated by the indorsement of the person to whose order the goods are, by the terms of the receipt, deliverable. Such indorsement may be in blank, to bearer or to a specified person. If indorsed to a specified person, it may be again negotiated by the indorsement of such person in blank, to bearer or to another specified person. Subsequent negotiation may be made in like manner.

Your Committee believes that it is to the interest of the banking community that this Association do approve of the proposed law to make uniform the law of warehouse receipts, to the end that the same may be adopted uniformly by the various States of the Union.

Respectfully submitted,

A. H. CURTIS, Chairman.

**Report of Standing Law Committee to the American Bankers' Association.**

This Committee was appointed by President Hamilton pursuant to the following resolution recommended by the Executive Council and unanimously adopted at the last Convention of this Association:

*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 now or shall hereafter be at variance in different States.

This Committee shall be instructed to provide ways and means to bring about uniformity on 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 appropriations as may be



made by the Executive Council, to whom all reports of expense and progress shall be rendered.

Immediately upon the appointment of the full Committee, which was not completed until May of this year, work was begun towards the accomplishment of the important objects for which the Committee was created. Mr. Thomas B. Paton, of the New York bar, was appointed Counsel and Secretary to the Committee, and the initial steps were taken towards learning the needs in the matter of legislation and obtaining the co-operation of Bankers' Associations in the different States.

Correspondence was opened with all the State Bankers' Associations which met with an immediate and hearty response. Twenty-seven State Associations have welcomed co-operation. An outline of the work undertaken by our Committee was made the subject of an address before the Wisconsin Bankers' Association, copies of which have been issued in pamphlet form and distributed to the State Associations and other interested persons.

Our Committee have established relations with the legislative, taxation and other like committees of the various State Associations having supervision of legislation and charged with the duty of opposing mischievous and advocating necessary laws, and are engaged in continuous correspondence with all said Committees furnishing advice and information and working in co-operation toward desired ends.

A detailed statement of the legislative changes and new laws desired in all the different States is too lengthy to make in this report. In a general way, the subjects of legislation proposed in different States includes the following: The enactment of the Negotiable Instruments Law; the abolishment of grace where the enactment of that law cannot be immediately accomplished; the enactment of a banking law in many States where none, or poor State bank laws now exist, and in this connection, if possible, to make the laws governing banking institutions uniform; laws for the better supervision of State institutions; reform of the laws governing bank taxation; short statutes of limitation on forged and raised checks; revision of the laws governing collection of checks, drafts, etc.; statutes in certain States changing the judicial rule that a bank, pledgee of a bill of lading, becomes owner and guarantor of quantity, quality, value and condition of goods; laws improving the security of documentary evidences of title such as certificates of stock, warehouse receipts and bills of lading; imposing a heavy penalty upon "burglary with explosives;" laws governing signed statements of condition; numerous detailed amendments of the Negotiable Instruments Law creating uniformity in the matter of corporate signatures and clearly defining liability as between the corporation and the personal obligation of the signing official, and amendments improving the security of married women's signatures and indorsements to negotiable paper.

Upon all these subjects our Committee is now co-operating with appropriate committees in different States and in addition to advising the workers in one State what is being done in another in bringing to one the experience of another, it is exercising a needed influence in the matter of future uniformity. The Negotiable Instruments Law has been enacted with the object of making the law of bills and notes uniform in all the States. Yet the result of the bankers in each State working independently for amendments, felt necessary in their particular State, is a breaking away from this uniformity. As a single illustration, the Negotiable Instruments Law has been amended in the three States of New York, Wisconsin and Montana by a provision establishing a short statute of limitations for actions for money paid upon forged or raised checks, yet every one of these amendments is different in phraseology and legal effect; and in a fourth State, California, which has not as yet adopted the Negotiable Instruments Law, there has been enacted such a statute, still again different.

This Committee has under consideration and is drafting uniform laws upon most of these subjects for enactment in all the States, so that uniformity and improvement can go side by side.

This Committee was represented by its Counsel at the Conference of Commissioners on Uniform State Laws, held at St. Paul, Minnesota, on August 25, 27 and 28, and also at the meetings of the Committee of Commercial Law of the Conference held on August 23 and 24 preceding. The National Conference of Commissioners on Uniform State Laws is made up of Commissioners appointed by the Governors of the different States, meeting in conference and organizing themselves into a national body for the better accomplishment of the work for which its members were appointed by the States. The Commissioners, usually three from each State, are appointed under the laws of the respective States creating them, usually for five years, with authority to confer with Commissioners of the other States and recommend forms of bills or measures to bring about uniformity of law in the execution and proofs of deeds and wills, in the laws of bills and notes, marriage and divorce and other subjects where such uniformity seems practicable and desirable. The Conference meets annually and operates under a constitution and by-laws. The by-laws provide for twelve standing committees covering different branches of law. Some of these committees are apparently inactive. The effective work of the Conference up to date has been largely

along the lines of commercial law. Its one notable achievement was in causing the draft of the Negotiable Instruments law to be perfected and recommended for enactment in the different States. The practical work connected with the enactment of this law has, of course, been largely done by the American and State Bankers' Associations, but to the Conference is due the credit of creating and launching the law. The next large piece of work undertaken has been a codification of the Law of Sales, followed by the law of Warehouse Receipts, of Bills of Lading, and of Partnership in the order named. At the Conference just held the Law of Sales and the Law of Warehouse Receipts, drafts of which had been before the Conference in preceding years, were perfected and recommended for uniform enactment in the different States. A draft of a uniform law on bills of lading and on the subject of Partnership was in existence at the Conference, but was not taken up for consideration but postponed to the next annual meeting. It was also resolved that a draft of a law upon stock certificates should be prepared for submission at the next Conference. At the 1906 Conference, the time of the members was largely taken up with going over the draft of the Warehouse Act section by section, which after numerous amendments, was finally agreed upon and, as already said, recommended for uniform enactment by the different States, together with the Law of Sales, which was substantially completed last year.

Our Counsel was accorded the privilege of attending the meetings of the Committee on Commercial Law and the sessions of the Conference and of participating in the discussions. On behalf of our Committee he made a statement of its objects and of the work done and proposed, and requested the co-operation of the members of the Conference so far as right and proper to extend it. The promise of such co-operation was cheerfully accorded and the Conference went so far as to amend its by-laws and create a new Committee on Banks and Banking for the purpose of co-operating with the Standing Law Committee of the American Bankers' Association. The work of the Conference has been largely along the line of codification of general subjects of law, such as the Negotiable Instruments Law, the Sales Law, the Warehouse Receipts Law and the Bills of Lading Law. The work of the Standing Law Committee extends more into the details of those subjects and on particular points where decisions conflict and where some rules bear harshly here or there, together with many subjects peculiarly applicable to the banking business. But our Committee has deemed it wise to establish a co-operative relation with this body of State Commissioners, for many laws which are prepared and advocated by our Committee will be helped along towards ultimate enactment by the approval and indorsement of the Conference of Commissioners on Uniform State Laws.

We invite and earnestly request the members of the American Bankers' Association and of the State Bankers' Associations to join and co-operate with us in every possible way in the work which we have undertaken; such co-operation, by way of suggestion and of active assistance, will be of great value.

Respectfully submitted,

WILLIAM J. FIELD, Chairman;  
HARTMAN BAKER,  
HENRY DIMSE,  
P. C. KAUFFMAN,  
JOHN K. OTTLEY,

Committee.

#### REPORT OF THE COMMITTEE ON THE NATIONAL CONFERENCE ON IMMIGRATION, BY W. L. MOYER, CHAIRMAN.

In response to a call issued by the National Civic Federation for a special conference on immigration, the first ever held in this country, more than five hundred delegates, representing commercial, economic, ecclesiastical, labor and agricultural organizations throughout the United States, was held in Madison Square Garden Concert Hall, New York, on December 6, 1905. Among the delegates present were many of the leaders of the various civic bodies, and the various sessions were full of interest and importance to the whole country; and the various addresses delivered by such men as the Honorable Seth Low, Chairman of the National Conference on Immigration; Mr. August Belmont, the President of the National Civic Federation; the Honorable Anthony Higgins, Vice-Chairman of the National Conference on Immigration, and many others well known through all the country, were masterly in their scope and covered the many points involved in this great question that is of so much importance to the future growth and development of the United States. In order not to make this report too lengthy, I will only touch briefly on what seem to us to be the most important elements in this question.

#### IMPORTANT ELEMENTS.

First. The necessity for further restrictions in the admittance of aliens to citizenship. This matter is in the hands of capable men who are giving it their best thought and efforts, and it is to be hoped that the solution of the problem is being fairly worked out for both the would-be citizen and our people.

Second. More than one million immigrants were admitted into this country during the past year. This includes the actual ac-



credited immigration for which the head tax was payable to the Government, and does not include a large number coming to us from Canada or from Mexico. The admittance of a million people a year seems, to one who has not given the matter any thought, somewhat startling. The next question of importance, therefore, is that of distribution. In this regard it may interest you to note that out of the number above named 315,000 remained in New York State and 210,000 in Pennsylvania. Six States received 770,000, or about 77 per cent. of the whole. The great and marvelous West received 43,500, and the prosperous, growing beautiful South, which has experienced such a great season of activity and marvelous growth, both in population and wealth, received 46,000. These people come to us largely from the countries of Austria-Hungary, Italy, Russia, Germany, Norway, Sweden and Denmark, England and Ireland. Austria-Hungary led the world in immigration last year with 275,000. A close second was Italy, which sent 221,000; Russia, 185,000, and the other countries followed in the order named above.

#### RECOMMENDATIONS.

The Southern and Western States want and need the brawn and muscle of the better class of immigrants. Especially this is true of the cotton-growing sections of the South, the newly developed territories of the West and on the Pacific Coast. California to-day is begging for more laborers. The South finds it almost impossible to take care of its great cotton crops.

We urge that a bureau be established whose business it shall be to influence and direct immigration to those sections of the country where good homes and prosperity await the intelligent and industrious immigrant.

W. L. MOYER, Chairman.  
HOMER W. MCCOY,  
G. S. WHITSON,  
F. H. FRIES,  
W. P. G. HARDING,

On motion of Mr. Perrin, the business of the convention was postponed in order to hear the distinguished guests who were present.

#### "Pending Financial Legislation," by Charles N. Fowler.

[Congressman Fowler's address in full will be found on pages 81 to 84 of this publication.]

#### "Gold Reserve National Bank Notes," by Comptroller Ridgeley.

[Comptroller Ridgeley's address in full will be found on pages 96 to 99 of this publication.]

The session then adjourned.

#### SECOND DAY'S PROCEEDINGS.

Thursday, October 18, 1906.

The Convention was called to order at 9:45 a. m. by the President, Mr. John L. Hamilton.

Prayer by the Reverend Doctor Henry Stiles Bradley.

Report of Clearing House Conference Committee, read by Mr. Fred E. Farnsworth, for the Chairman, Mr. Walker Hill.

#### Report of Clearing House Conference Committee.

St. Louis, Mo., Oct. 16, 1906.

To the American Bankers' Association:

The Committee on Conference of Clearing Houses of the United States, appointed by your Executive Council at its last session held in Washington, in October, 1905, was the direct outcome of an organization which holds its first meeting in Cleveland, September 6, 1899, and which was called together at that time on the initiative of the Michigan Bankers' Association. These resolutions adopted in Cleveland are the basis for the work of the Conference.

*"Resolved,* That the practice of charging exchange for the handling out-of-town items is just and proper, and within the scope of legitimate banking; therefore, all bankers, both city and country, are entitled to receive the benefits of the same.

*"Resolved,* That we recommend to all the Clearing House Associations in the United States the adoption of a by-law or an amendment to their constitution, as follows:

"The Clearing House Association shall have the power to establish rules and regulations, regarding collections by members of the association, or banks, or trust companies, or others clearing through such members, and the rates to be charged for such collections, and also providing for the enforcement of the same. It may, from time to time, make any additions to, or changes in, such rules and regulations, as it deems judicious. Any rule or regulation upon the subject must receive a majority vote of all the members, and when once established it shall not be altered until it has been in force at least three months, and then only by a majority vote of the Clearing House Association."

With a banking system that is second to none in the world, with a dollar that is worth a dollar the world over, with a currency issued by the government and the national banks, that is always good and is taken for its face value at all times and everywhere, the banks of the United States do more business for its customers, without compensation than any other country on the face of the globe.

In the natural development of the Clearing House and its

functions it should be used to regulate all evils in connection with the business.

Unquestionably the evil of country checks and par points is and has been for some years, one of the most important subjects which the banks have had to consider. You are all familiar with the growth of the use of the country check. You are also all familiar with the fact that regulation of the country check was first undertaken by Western Clearing Houses. St. Joseph, Missouri, claims to have been the first Association to take action in this respect. The action of the St. Louis Clearing House first attracted general attention, but the action of the New York Clearing House in March, 1899, created the greatest stir in the banking world.

Since this Conference was organized, regular meetings have been held annually which have been well attended and much interest manifested. Progress has been slow, but an evil which has been so deeply rooted in the banking system of the country cannot be eradicated in a short time. To overcome the evil, will, no doubt, require constant application for many years, and much work on the part of those who are most interested.

Your Committee met in Chicago, at the First National Bank, May 28, 1906, every member of the Committee being present. Reports were received from various cities and these reports all indicated that the movement was progressing. Your Committee find that many of the Clearing Houses of the country have a poor system of rules, and some of them without even an effective organization.

An investigation of the Clearing Houses of the country develops the following conditions in the various cities from whom reports were received:

Chicago:—In effect on January 1, 1906, of a plan for the collection of exchange charges on country checks.

Detroit:—Charges on all checks received which do not come direct, or, in other words, checks that come by circuitous routes. Restriction of the field of western territory.

A special Committee of members of the Detroit Clearing House has now before it some radical changes, which, if adopted, will embody a charge for everything that comes to the Clearing House from outside points. There is a fair prospect of the early adoption of the proposed rules.

Cincinnati:—A plan similar to the St. Louis plan is now before the Clearing House, and which, it is expected, will soon be adopted.

Cleveland:—A plan submitted some five years ago, but not adopted. Early action expected.

St. Louis:—A plan which has been in operation since 1894, and which is working out very satisfactory.

Louisville:—Adopted certain measures in 1901, which have been in force since that time.

New York:—Plan adopted March 13, 1899, and the fact that no changes have been made since that time indicates that New York bankers are satisfied.

Boston:—Plan adopted September, 1899. No changes since original rules were adopted.

Rochester:—Rules adopted; reports that they give entire satisfaction to all concerned.

Milwaukee:—Waiting until Chicago rules have been thoroughly tested and settled.

Kansas City, Mo.:—Adopted rules one year ago. Pushing the matter along and make a better showing each month.

Spokane:—Well in line with the suggestion of the Conference; already adopted and in operation.

New Orleans:—Adopted a complete set of new rules July 16, 1906, which, up to the present time, are giving satisfaction to the banks, and its customers are beginning to see the justice of the change. These rules are quite general and a charge made for the so-called country checks covering the entire country, with a few discretionary points.

Your Committee is satisfied that great good can be accomplished for the banks of the country by the continuation of this work, but believe that the work should be carried out on broader lines and more scope. We heartily recommend to this Association the adoption of the proposed amendment to the by-laws of the American Bankers' Association by the addition of a section to be known as the Clearing House Section, and also that said Section be given representation on the Executive Council. A Section if so organized will then be in position to vigorously push the work in hand.

WALKER HILL, Chairman;  
AUGUST BLUM,  
W. T. FENTON,  
GEORGE GUCKENBERGER,  
E. R. FANCHER,  
FRED E. FARNSWORTH, Secretary;  
Committee.

The report of the Bills of Lading Committee was then submitted by Chairman Lewis E. Pierson.

#### Report of Committee on Bills of Lading

Immediately after the appointment of your Committee last November, its Chairman advised the Chairman of the Joint Committee of Carriers and Shippers of our desire to confer with his Committee, which, at the instigation of the Interstate



Commerce Commission, had for over a year been formulating a new uniform Bill of Lading, and in response we were advised of a previous agreement in his Committee not to admit outside interests to their Conferences.

With a view of making our position clear, our first meeting was held in December at Lakewood, N. J., during a meeting of the Joint Committee at the same place, and a formal communication was addressed to that Committee, advising our appointment, its purpose and our desire to participate in their conferences, in view of the vast responsibility Banks were assuming in advancing large sums on Bills of Lading as collateral, and their anxiety to bring about conditions under which it would be safe to continue such advances.

We were afforded an informal hearing and in the brief time allowed, presented our case, urging the importance of our position not only to the Banks, but to the shipping interests of the entire country, only to be again informed, for reasons which they deemed proper as being likely to enable them to make greater progress that an understanding had been established between the members of the Joint Committee that other interests would not be admitted to the Conferences until they had reached some conclusion between themselves.

Our own meeting at Lakewood continued for two days, and we had the opportunity of discussing with individual members of the Joint Committee the features of Bills of Lading in which Bankers are interested, calling their attention to the many weaknesses of the document which apparently had never before been impressed upon them, and insisting that practically all the losses of Bankers on this class of business were due to lack of definite and uniform legislation defining their negotiability, as well as to loose and careless methods of issue and redemption.

As a result of this informal discussion your Committee was convinced that the real conditions affecting Banks loaning on Bills of Lading, and their importance were not well understood by the Shippers and Carriers, and promptly decided that the importance of the matter demanded immediate publicity and educational methods, if corrective conditions were ever to be obtained.

Learning that the Joint Committee was practically deadlocked on the most important point of difference between the two interests, and fearing an indefinite delay in their further negotiations, it was determined to inquire from our members their actual experiences and suggestions, and through Counsel frame a bill for Congress to pass, believing national legislation would afford relief quicker and with more widespread effect than any other course of action.

Accordingly the services of Thomas B. Paton, Editor of the Banking Law Journal, generously and gratuitously extended were accepted, and for the purpose of drafting such a Bill he was associated with Mr. R. E. L. Marshall, of the Baltimore Bar, who had recently been through a long litigation on this subject.

Our second meeting was held at Chicago in February, at which time the conditions and suggestions received in response to our inquiries were considered, and with some changes the draft of the bill prepared by Messrs. Paton and Marshall, approved; our Committee at this meeting having the benefit of the the presence and advice of your President.

While in Chicago we informally met individual members of the Shippers Committee and discussed with them the features embodied in the draft of the bill drawn by our Counsel, and during the interval between the Lakewood and Chicago meetings, the Carriers, through one of our Committee, were informed of the lines upon which our work was progressing; and in the hope that support or effective criticisms might be had on the measure, copies of the draft of our Bill were forwarded to the Carriers Committee with the request that their body meet a sub-Committee of our Committee to consider the same. Such meeting was accordingly held in New York, and much to our disappointment we found the same obstacles previously encountered excluded the Carriers from even discussing the merits or demerits of our Bill, which had been carefully drawn so as to include only the banking features in Bills of Lading.

In view of this situation there appeared to us to be no relief possible except through pushing our Bill, which was accordingly introduced in the House by the Honorable C. E. Townsend, of Michigan, as No. 15,846, and in the Senate by the Honorable J. C. Burrows, also of Michigan, as No. 4,810, and copies with a letter urging support were sent to each member of our Association.

Our fourth meeting was held in Washington in March, at which time a hearing was had upon the Bill before the House Committee of Interstate Commerce, a full attendance of that Committee being present. We were pleased to note a marked impression upon the members of this Committee as to the importance of the measure, arguments in its favor being made by William Ingle, Cashier Merchants' National Bank, Baltimore, Md.; C. N. Evans, Cashier Southern National Bank, Wilmington, N. C.; Thomas B. Paton, Banking Law Journal, New York City; Charles Corby, President Corby Commission Company, New York City, and Fred C. Aplin, Vice President J. K. Armsby Company, New York City, the hearing also being attended by a number of Bankers and Shippers from various parts of the country.

At the conclusion of the hearing, the Chairman of the Carriers Committee appeared, and after opposing certain features of our Bill, stated it was possible that a final agreement would be reached in the Joint Committee on all points of difference, at a meeting soon to be held, and that it would be their purpose in that event to invite the Bankers into Conference on the banking points, with an idea of embodying all points of agreement into one Bill to be passed by Congress.

On this public representation it was deemed best for the time being not to further push our measure, but to again endeavor to reach a common ground for the three interests, believing as we had from the beginning that the ideal solution of the subject was the one to which the Chairman of the Carriers Committee had thus raised our hopes.

Our fifth meeting was held in New York City early in May, at which meeting we were favored with the presence and valuable counsel of Mr. Orville Peckham, Attorney for the First National Bank of Chicago, and consideration was given to several points of objection directed against our original measure, which while of minor importance to Bankers might be fairly construed as putting hardships upon the Carriers, and a draft of a new Bill was formulated and sent to Shipping Associations throughout the country for criticisms and suggestions, with an idea of keeping the matter alive and endeavoring to meet every fair objection that could be raised against the banking points we were endeavoring to cover.

At this meeting the Committee informally met the Chairman of the Carriers Committee and drafted a letter to the Joint Committee to the effect that should an agreement amongst themselves not be reached at their next meeting, they appoint a sub-Committee to take up with our Committee the banking phases, so that progress might be made.

Although this request was made early in May, and personal requests have since been made for this meeting, we received no reply until October 3, when the following letter was received from the Chairman pro tem. of the Carriers Committee, which, although couched in courteous terms, certainly shows no particular enthusiasm to meet our committee, and also still leaves the time they may be ready to meet us, very indefinite.

"This will serve to confirm the telephone message which I sent you last Saturday morning on behalf of Chairman McCain of the Bill of Lading Committee and to the following effect, namely, that the desire of the Bankers' Committee that efforts should be made at the next joint meeting of our bill of lading and shippers committee, to reach an understanding whereby there might be an early opportunity afforded the Bankers' Committee to confer with our joint committee, or sub-committee thereof was presented to our meeting, and it was the sense of the meeting that it would be entirely proper to present the matter at the next meeting with the shippers, with a view to reaching an understanding which would have the effect of compliance with your request."

"As further explained to you, it is expected the next meeting with the shippers will be held about the last week in October. The Chairman of that meeting will doubtless advise you of any action taken thereat with respect to matter referred to."

Congress, however, in June passed the Rate Bill, which included a Bill of Lading clause, holding the initial carrier liable for all damages caused by the Carriers, and which cause appears to have secured for the shippers practically all they were contending for in the Joint Conference.

The sixth meeting was held in St. Louis this week, when consideration was given to various matters which had developed since our previous meeting.

While various shipping Associations throughout the country have generously offered their co-operation in our work, your Committee has refrained from contracting any alliance with either Shippers or Carriers, however advantageous at the moment such a move might have appeared.

In the latter part of August, in behalf of the Bill of Lading Committee and your Committee on Legal Decisions, Mr. Thomas B. Paton attended the session of the Commissioners on Uniform Laws, held in St. Paul, which body has been drafting a uniform act on Bills of Lading, which upon completion, not possible for another year, they propose to recommend for adoption throughout each of the several States.

In order that their work upon this and other banking matters might be in co-operation with our own and other Banking Associations, at the suggestion of Mr. Paton they amended their by-laws so as to provide for a Standing Committee on Banks and Banking, whose appointment, no doubt, will be of material benefit not alone in the Bill of Lading matter, but in all present and future banking matters needing uniform legislation.

#### CONDITIONS FOUND.

In response to our inquiries, it was shown that Banks were annually advancing \$2,500,000,000 on Bills of Lading; that crops in certain sections of the country were almost entirely financed through this medium, and in spite of the fact that Banks are loath to acknowledge losses, a condition which makes the gathering of anything like complete statistics on this phase impossible, there reported to your Committee hundreds of individual losses ranging as high as \$320,000 and it was clearly intimated to us that a large number of institutions never have and never will loan on the present form of Bill of Lading, claiming the risk to be too great.



The causes for these losses have almost invariably been through fraud, made possible through the lack of uniform and definite legislation, the looseness of the document itself, and the many exemptions from liability inserted therein by the Carriers, as well as the present methods employed in their issue and redemption, hundreds of deliveries of goods without surrender of Bill of Lading being reported, where no actual loss occurred.

The specific causes for loss were found to be--

- 1st: Issue of Bill of Lading without receipt of goods.
- 2nd: Delivery of goods without surrender and cancellation of documents.
- 3rd: Altered Bills of Lading.
- 4th: Forged Bills of Lading, including change of genuine straight to forged order bill.
- 5th: Issue of duplicate Bills of Lading, original bill still outstanding and uncanceled, and shipments being diverted.
- 6th: Liability imposed by Courts for quantity and quality of shipments.

Existing State laws have been inadequate to protect holders of Bills of Lading against these losses. Such documents are not fully negotiable at common law, nor have they been so made by conflicting State statutes designed to confer negotiability upon them. The decision of the various State courts upon many points of liability are also found to conflict. In short, neither the statute nor common law, as interpreted by different State courts, affords to the holders of Bills of Lading taken as security for advances, the protection or safeguard to which they are justly entitled.

Three serious situations were also brought to our attention; the first, covering Lake Bills, which for years have carried a clause "Care Consignee, say John Smith, Buffalo," and upon arrival at Buffalo the receipt from John Smith has released the Lake Carrier from all liability. This Care Consignee is in 80 per cent of the cases the direct agent of the shipper, who has borrowed on the Bill of Lading from his home bank, and who through his agent, this care consignee, again comes into possession of the goods, although the Bills of Lading representing the same are still unsurrendered and held as collateral by the home Bank.

The second is where goods are shipped by large operators from side tracks located some distance from railroad stations and where "shipper's load and count" is stamped on the Bill of Lading by the railroad agent, in view of his inability to be present as the goods are loaded on the cars.

Loans on documents so issued cannot but be most hazardous, as recent decisions hold that Railroads are not responsible for acts of their authorized agents in issuing Bills of Lading, wherein goods are not actually received.

Not alone is this true where contents of packages do not correspond with description in the bill or where goods have been loaded, counted or weighed by the shipper, and the issuing agent has no opportunity to know whether the description in the bill is true or false (in which case there is some reason for exempting the carrier from liability), but also where the Bill has been issued fraudulently by the freight agent, or as the result of mistake, neglect or carelessness, the courts have held the carrier not liable for the acts of its agent in issuing a spurious or untrue bill.

The third is that the highest courts in three States have decided that in cashing and collecting drafts to which Bills of Lading have been attached, bankers were responsible for the quantity and quality of the shipment represented, thus, in effect, making the bank, which simply holds the bill as collateral, an insurer of the goods for the consignee; these decisions having caused a number of bankers, under the lead of the First National Bank of Birmingham, Alabama, to notify their customers that they will no longer take Bills of Lading under old conditions.

In February of this year, in view of the grave dangers exposed through our investigation and an adverse decision against one of its members for a large amount, the Baltimore Clearing House Banks seriously considered the advisability of taking a united stand against handling Bills of Lading, except under certain stringent conditions, and we learn of other bankers throughout the country who are favoring such action. To all of this your committee, however, has counseled patience in the hope that relief will soon be at hand.

This relief, we believe, can only properly come through Congressional action, as in the case of the Harter act, adopted in 1893, covering Ocean Bills, which is a direct precedent, and as no agreement between Shippers and Carriers can make a Bill of Lading a negotiable instrument.

The Harter Act was the outgrowth of a controversy between shipowners, shippers and underwriters over the liability of carriers on ocean bills, a condition existing because the courts of different States had announced conflicting rules upon the subject in controversy. It therefore became desirable, and the result proved highly beneficial to all interests, that Congress which, under the Constitution, has supreme authority over foreign and interstate commerce, should interfere, and by statute establish a rule binding upon the Courts. The conflict of laws in the different States being one of the reasons most influential for the enactment of this law.

For like reasons, legislation by Congress to confer negotiability

upon domestic Bills of Lading and clearly define the rights and obligations of parties thereto, is equally necessary to give such bills a uniform and definite legal character and value as commercial documents of the title and to overcome the unfair decisions to the effect that a Railroad is not responsible for the acts of its authorized agents, as well as those decisions holding Bankers responsible for the quantity and quality of goods represented by Bills of Lading attached to drafts cashed by them.

Your Committee has been informed that the order clause in domestic Bills of Lading was never designed for the purpose of protecting loans made on such documents, but was inserted at the instance of large shippers who desired control of their goods until drafts drawn against such shipments had been paid, and the custom of loaning on domestic Bills of Lading has resulted from a desire on the part of banking institutions to accommodate shippers in the height of their season, the Bills originally being accepted more as evidence of shipment and good faith than as security.

This custom has been followed by other institutions lacking knowledge of real conditions, but believing the documents to be good collateral through experience with Ocean Bills of Lading, without giving thought to the careful system in vogue in the offices of the ocean shipping companies, as well as to the fact that Ocean Bills are accompanied by insurance papers, and that the Ocean Carrier's liability has been fixed by the Harter act.

Since 1893, when Congress passed the Harter Act, the confident purchase of drafts against Ocean Bills has been the means of greatly stimulating our export trade, which is almost entirely financed through the sale of drafts to which Ocean Bills of Lading are attached.

National legislation on Domestic Bills of Lading would vastly benefit our interstate commerce as where advances on these documents are now avoided, they would be welcome, and the free movement of commerce throughout the United States would be facilitated beyond calculation.

Congress has paved the way by its enactment of the Harter Act and the further enactment, at the last session, of a clause in the Rate Bill imposing certain liabilities upon carriers issuing domestic Bills of Lading, and has thereby announced its position and duty, under the Commerce Clause of the Constitution, to make such legal regulation of both ocean and domestic Bills of Lading as commercial necessities require.

Congress has begun the work, but has not completed it. It has regulated the matter of liability under a domestic Bill of Lading between the shipper and the carrier, but has left untouched the equally important matter of the assignability of these documents.

The Bill of Lading is no longer a document requiring regulation between shipper and carrier alone; a third element has entered as a necessary factor in the problem, and the pledge of these documents to bankers as collateral for advances is a vitally important part of our interstate commerce; as such, the rights of the assignees of these bills is a subject as necessary for clear definition and legislative regulation as is the respective rights and obligations of the original parties, the shipper and the carrier.

The great importance of this question to Bankers all over the country has been well illustrated in the proceedings of the State Associations during the past year, many addresses clearly and effectively presenting the grave dangers existing in the present Order Bills of Lading as collateral, having been delivered and practically every Association has passed resolutions calling upon the American Bankers' Association to continue its efforts to bring about corrective conditions.

We therefore recommend that there be presented to Congress, in December, amendments to the Rate Bill, to follow the existing Bill of Lading clause, that will provide negotiability for bills of lading when issued in negotiable form, and also define the rights and liabilities of the parties thereto to the extent necessary to safeguard the reasonable rights of those advancing value upon such documents, with due regard to the nature of the business and the relation, rights and duties of the carrier.

LEWIS E. PIERSON,  
WILLIAM LIVINGSTONE,  
FRANK O. WETMORE,  
J. A. LEWIS,  
WM. INGLE,  
Committee.

Mr. Pierson: I might add that the highest single loss we had reported was \$140,000. I met a gentleman who is the president of a bank in a large city, and in talking the matter over with him he informed me that his institution a number of years ago had met this loss of \$320,000. He said it almost put them out of business, that they had to reduce their capital, reorganize and almost start anew. I might also say that in the last three days I have met bankers whose individual losses of their institutions has aggregated one million dollars. None of those losses have been reported in writing to our committee.



Upon motion of Mr. Schmeltz, seconded by Mr. Durham, the report was accepted. In seconding the motion, Mr. Durham said:

"I think the Association is certainly to be congratulated on its Bills of Lading Committee, and while I feel that the vexatious problem is yet a good way from settlement, that this report does a great deal towards pointing out the solution of the problem. I would like to add to the gentleman's motion that the report of the Bill of Lading Committee be accepted and adopted as the action of this convention and that the present committee be continued."

The motion was agreed to.

Mr. George: The Bill of Lading Committee advise us that they are receiving numerous inquiries in regard to this bill of lading situation, and it has been deemed advisable by many interested in that committee to adopt a motion like the following:

I move that the Secretary of this Association be directed to mail within thirty days from this date to all bankers and members of Congress, and each Clearing House Association, Chamber of Commerce, Board of Trade and Shipping Association in the United States, copies of the Bill of Lading report, accompanied by such other documents as said committee may supply, to the effect that every banker be urged to use his best efforts to secure the adoption by Congress of said committee's report.

The motion was seconded.

A Member: May I ask about the shipping companies; I suppose he refers to the railroad companies and the express companies.

The President: I will say in reply to that that I suppose it is the object of the Association to get a harmonious measure, a measure that all will be satisfied with, and I think the idea is that they are practically at a point of agreement in the matter.

We have with us to-day a gentleman of note, a gentleman representing a country small in size but large in resources and achievements. We all feel a personal interest in this gentleman, who had so much to do in framing the financial policy of his country and carrying it successfully through the war which it had. It gives me great pleasure to introduce Mr. Yeijiyo Ono, Ph.D., Superintendent of Agencies, The Bank of Japan.

"SOME ASPECTS OF THE JAPANESE WAR," BY YEIJIRO ONO.

[Mr. Ono's paper in full will be found on pages 94 to 95 of this publication.]

Mr. Schmeltz: I would like to move that the Convention extends a vote of thanks to Mr. Yeijiyo Ono for his interesting and able address.

Mr. Parker, of Illinois: I second the motion, and I wish to say the American Bankers' Association congratulates the Empire of Japan on successfully going through a war and maintaining its credit, and the fact that it went through a war and that its internal and domestic affairs were not disturbed—

Mr. Schmeltz: I most heartily accept the amendment and call for the question.

The question was taken and the motion was unanimously agreed to.

Mr. Ono: Gentlemen, I thank you all for your vote of endorsement, and I will be sure to transmit your resolution to my Government and the Bank of Japan. (Applause.)

#### AMENDMENTS TO CONSTITUTION POSTPONED UNTIL NEXT YEAR.

Mr. Festus J. Wade: Mr. Chairman, ladies and gentlemen of the Convention, in a spirit born entirely of good-will and in a desire to harmonize the different motions that we have in regard to the amendment of the Constitution in so far as it refers to the Administration Department, it has been concluded by the three different factions—if we choose to call them such—to say to the Convention that the wisest thing to do in their judgment is to lay the entire proposition over for another year.

The representatives of the three different amendments, Mr.

George, Mr. Sullivan and Mr. Donald, would like to be heard upon that subject.

Mr. George: As the proposer of the amendment called the George amendment, I wish to say that inasmuch as a considerable proportion, or quite a number at least, of the members of this Convention believe that we might be charged with some undue haste in urging the passage of this amendment, and believing that this organization is too big and too powerful to have such a charge made against it, I, as the mover of that amendment, am perfectly willing to let the matter go over for one year; and in the meantime I would suggest that a proper amendment to the Constitution be prepared and submitted under the Constitution to all members, that they may all have a clear understanding of what the change proposed is. It seems to be practically the unanimous opinion of the members here that there should be a change in the Constitution, that there should be a larger and better representation, that the Council is not large enough to meet the demands upon this Association. I therefore say to you that so far as I am concerned, as the proposer of that amendment, I am willing that the matter should go over until another year.

Mr. Sullivan: Mr. President and gentlemen, I am also in a conciliatory mood this morning. I find myself in hearty accord with the ideas just expressed by the gentlemen who have preceded me in the matter, as to a revision of our Constitution. I have entertained the thought that our Constitution ought to be revised. We are a progressive organization, and we should keep our Constitution so revised and so up-to-date that it would meet the requirements of a great and growing organization such as this is. As a member of a sub-committee of the Council to which this entire subject of amendments to the Constitution was referred, I will say that the sub-committee has met and substantially agreed upon a report. The report provides for representation from each State and Territory and the District of Columbia, when such State and Territory and District shall have a membership of fifty in the American Bankers' Association. It also provides that an additional member should be accredited to each State and Territory, when such State and Territory has two hundred additional members in the Association. This would broaden the influence of our organization and make it more effective. It would extend its influence to parts of the country that are not now reached. The idea also prevails in the committee that the State organization should nominate gentlemen for positions on the Council in accordance with the representation which their membership in the organization entitles them to. For instance, New York would have four and Pennsylvania would have four members, under the proposed plan of a two hundred basis. Under that plan New York would have four, Pennsylvania four, Illinois three, Ohio two, and so on. If this was adopted it would be an incentive for the State organizations to exert themselves. Many of the States have forty and forty-five and forty-eight in this Association, and they would naturally exert themselves and build up their home organization so that they would soon be entitled to membership in the Council. This is what we thought about it in a general way. But in view of the fact that there has been on the part of many members ideas entertained as to the constitutionality of a report of this kind being made at this time, while the committee is of opinion that it would be proper, it was deemed best to let it go over another year. Nothing will suffer by such action. By next year we will have a well thought out amendment to the constitution to bring forward, and we will all know before we come here what we are expected to vote on and we will all come prepared to vote intelligently. I sincerely hope that the views entertained by the gentlemen who have preceded me, as well as the views which I have so poorly expressed, will meet with your approval.

Mr. Donald: I heartily agree with what the other two members say.

Mr. Wade: In view of the statements made by the members who have spoken, I move that the subject matter of amending the Constitution be laid on the table. If that be



done it can be taken up at your next Convention, in its present form or otherwise.

Mr. Bachelder, of North Dakota: I believe that the recommendations offered this morning should be adopted, but I hope that the committee that has this in hand for another year will be able to present an amendment at that time that will give satisfaction to everybody. Whatever comes up next year in the way of reform, I hope a spade will be called a spade, so we will all understand it. I now second the motion to accept the recommendations as made and allow the matter to go over another year, trusting that the Executive Council will arrange the matter so that we will all be satisfied in every State and Territory of the Union.

A member from Texas suggested that Mr. Wade change his motion so that instead of reading "to lay on the table" it will read "to postpone."

Mr. Bolton, of Louisiana: Mr. President, will there be a special committee appointed to prepare amendments to the Constitution on that line as reported by the gentleman from Ohio, or will the same committee of the Council take that matter up and present it in proper form before the next meeting of the Convention?

The President: There has been no action taken on that.

Mr. Bolton: I move, then, that the same committee that has had this matter in charge and has reported tentatively their agreement on the matter, be instructed to prepare an amendment on the lines suggested by Mr. Sullivan.

The President: I think the motion is out of order, as the motion before the Convention is to refer it.

The question was taken and the motion was agreed to.

Mr. Bolton: I now renew my motion, then.

The motion was seconded.

The President: You mean the special committee that just reported?

Mr. Bolton: Yes.

A Member: I oppose the motion.

Mr. Dismukes: I think every member has a right to propose amendment and that it is wrong to try to confine the formulating or proposing of amendments to any committee. I am therefore opposed to that action.

The President: I do not think that this prevents any individual from offering any amendment.

The question was taken and the motion was agreed to.

Mr. Hersh: In view of the fact that it is necessary to vacate this hall at one o'clock, I move that the Federal Legislation Committee be made a special order for ten o'clock to-morrow morning.

The motion was seconded.

Mr. Lowry: I understood that matter was to be taken up at eleven o'clock to-day.

The President: We have just disposed of the eleven o'clock proposition.

Mr. Lowry: Let us take up the most important thing and dispose of that. I make that motion.

The motion was seconded.

Mr. Curtis: You are all aware that we have had a conference. That conference was responded to by thirty-four different States.

(Mr. Curtis began to read a paper, but the point of order was made that he was not in order, and the Chair sustained the point of order.)

Mr. Lowry: It is suggested that we make the question a special order at ten o'clock to-morrow morning. I know we cannot do what we ought to do in twenty minutes, and therefore I suggest to make a motion that this whole subject regarding the currency be taken up at ten o'clock to-morrow morning, that it be made a special order.

The motion was seconded, and the question being taken, it was agreed to.

The President: We will now hear from the gentleman from the South in regard to cotton.

A Plea for the Cotton Fields, by Charles J. Haden, Atlanta, Ga.

[Mr. Haden's paper will be found on pages 87 to 89 of this publication.]

Upon motion, a vote of thanks was tendered to Mr. Haden for his address.

#### EXPRESS COMPANIES TO BE PREVENTED FROM DOING BANKING BUSINESS.

Mr. Durham: Gentlemen of the Convention, I rise to offer a resolution. There are three reasons why I desire to offer this resolution at this time. One is that in point of attendance this meeting is probably as high as we shall reach at any one session of the Convention. Second, it is a matter that concerns each one of you. Third, there is a provision in our Constitution by which we may pass a resolution on the floor of the Convention by a two-thirds vote without reference to the Executive Council. I desire to offer this and I will read it:

"Whereas, The express companies of the United States have been, and now are, illegitimately engaged in the banking business, to the great loss and detriment of all regularly organized banking institutions; and,

"Whereas, In the carrying on of such business, because of their dual nature as express companies and bankers, they are enabled to make rates that prohibit regular bankers from competing for business that legitimately belongs to them; and,

"Whereas, The Fifty-ninth Congress, in an amendment to an Act entitled "An Act to Regulate Commerce," has placed the said express companies under the jurisdiction of the Interstate Commerce Commission; and

"Whereas, They are now subject to the Interstate Commerce law and are daily transgressing said law in the carrying on of two lines of business, which in effect rebate against each other; therefore, be it

"Resolved, That the Executive Council of the American Bankers' Association appoint a committee with power to act, whose duty it shall be to gather evidence of the breaking of the Interstate Commerce law by the express companies and place same before the Interstate Commerce Commission, with the avowed intention of compelling said express companies to discontinue the banking business; furthermore, that the Executive Council of the American Bankers' Association be authorized to place such funds as they may deem advisable in the hands of the aforesaid committee for the purpose of collecting and presenting such evidence."

I do not think it necessary, gentlemen, to offer any arguments in behalf of that resolution. I will merely state one case. My friend, Mr. Chandler Starr, of the Winnebago National Bank, Rockford, Illinois, informs me that the express company's office is immediately across the street from his bank, that it is their custom when money orders are presented for which they have not the funds, to send over to his bank and ask him to cash them, and remit to the Chicago correspondent in the regular way. Then they merily charge him forty cents a thousand for getting his money back from that city. You understand that these resolutions have not been hastily written, but they have been carefully prepared, and that it is the opinion that we are entirely in our rights in demanding this legislation. Mr. President, I move the adoption of the resolution.

The motion was seconded, and the question was taken and the motion was agreed to.

#### PROTEST AGAINST TAKING EX-PRESIDENTS OF THE ASSOCIATION OFF THE EXECUTIVE COUNCIL.

Mr. Wade: I rise to a question of personal privilege. I happen, ladies and gentlemen, to be a St. Louisian. All of my affiliations and associations are connected with St. Louis. Here it is I have had my disappointments and my good fortunes, and I am in a position to-day to ask you to undo that which I as a St. Louisian cannot stand for, something which you did yesterday. I was not present or I should have protested as vigorously as I now do against such action. I now ask you to remedy the mistake that you made in your Convention yesterday morning. The American Bankers' Association was organized in St. Louis in 1875. In 1896, when the vital interests of every man running a financial institution in this country were at stake, the Convention assembled in St. Louis and stood for the Gold Standard, righteousness and prosperity. At the time that was done we had a southern rebel for president of our organization, a reconstructed rebel, a man we all loved. And what did you do yesterday? You deprived him by your vote of a little fulsome honor; by your vote you robbed that man, who has stood for righteousness and justice; you said to him "You can no longer be a member of the American Bankers' Association as an ex-president." What would this Convention have amounted to, gentlemen, in years gone by without Bob Lowry, Russell, Walker Hill and Logan Murray? We



latter day saints, we youngsters that come here and dictate now what shall be done, forget that we did not create this organization, we forget for the moment when we take such action what those men have done for the organization; it was those old stagers who were at the head of this organization when its future was not so well assured as it is now. I say that they honor us by their presence in a convention, and if you want to rob them of that honor in God's name do it somewhere else rather than where the American Bankers' Association was born. Don't do it in the city of St. Louis! (Applause.)

Therefore, Mr. President, I ask that someone who voted in the affirmative yesterday arise now and ask reconsideration of that vote and refer the matter, as we referred the other controversy this morning to the Executive Council to strike it out and report next year; and then, after due deliberation, if it is decided that it is a wise step, at least the odium of doing an ungenerous and ungracious and an un-American thing will not attach to St. Louis.

Mr. Swinney: Gentlemen, I am not an orator, but I am an ex-President of this Association, and I am pretty familiar with the affairs of the Association. I do not think Mr. Wade goes very far back in his memory as to what has been done in the way of carrying on in this Association with the ex-Presidents. Until four years ago at New Orleans ex-Presidents were not ex-officio members of this Association. Colonel Lowry and others whom I dearly love could attend the Convention just as well then and did attend it just the same as they do now. I enjoyed attending the meetings of the Council, but why should it be said that the members of this body have got to continue the ex-Presidents for life? Three ex-Presidents, a President and a Vice-President, to my mind, are ample. I have nothing more to say. (Applause.)

Mr. Parker, of Illinois: I have changed my mind since yesterday, and therefore I move that the resolution passed then, adopting the amendment offered by Mr. Swinney, be reconsidered.

A Member: I rise to a point of order. The point of order is that we reconsidered that question yesterday, and having been reconsidered once it cannot be taken up again. (Applause.)

The President: My recollection, sir, is that that particular question was not reconsidered. It was the motion of Mr. George, of Mr. George's amendment, that was reconsidered.

A Member: I second the motion of Mr. Parker.

Mr. Taylor, of Boston: I want to say a word in favor of what Mr. Swinney has said. Mr. Swinney has had the courage to propose to take away the extraordinary power given to ex-Presidents. I can see no reason why the ex-Presidents should have that power, membership on the Executive Council, for more than three years. I am sure that they have all the privileges of other members of the Association, and are and will be given every privilege and extended every courtesy at the conventions. I think Mr. Wade is mistaken when he suggests that these gentlemen will not be able to attend the conventions if they are not allowed a place on the Executive Council. It seems to me that we will have the benefit of their advice and experience and wisdom just the same, whether they are on the Council or not. I believe every ex-President of the Association is interested in the Association and its welfare and will continue to be so interested whether he is on the Council or not. If we look at the Government of the United States we see that there is no provision made for the Presidents having any official position after they leave the White House. I have sometimes thought that our Constitution ought to provide some place for them, perhaps on the Supreme Court bench or somewhere else where the country might have the benefit of their wide experience and wisdom. But the framers of this Government did not make this provision. In the case of the American Bankers' Association we would still have our ex-Presidents as members and as delegates to the conventions, and so would have the benefit of their wisdom and experience, but I do not see why they should be made life members of the Executive Council. I am there-

fore in favor of Mr. Swinney's amendment as already adopted.

Mr. Jones: Sometimes in saying things it is a question of the way you say them. If ex-Presidents of the Association had never been made members of the Council then this question would not now be before us. The action you have taken does not become operative until next year. Next year you are going to have your Constitution revised, so far as the matter of the Constitution of the Council is concerned, and then you can say who will belong to the Council without saying who shall not belong to the Council, and in that way you can accomplish in a nice way, in a way courteous to all, the end that is now sought to be accomplished in a way that is not quite so nice. Therefore I suggest that this can be done next year, and that we should not do anything in the matter now.

(Cries of "Question," "Question.")

The question was taken and the President announced that the motion was lost, and so the Convention refused to reconsider.

A Member: How did the vote stand?

The President: One hundred and thirty-five for the motion and one hundred and thirty-two against it.

Thereupon at 12:30 the Convention, upon motion of Mr. Livingston, adjourned until Friday, October 19, at 9:30 o'clock a. m.

### THIRD DAY'S PROCEEDINGS.

FRIDAY, October 19, 1906.

The Convention was called to order at 10:10 A. M. by Mr. Logan C. Murray, Mr. Murray having been unanimously chosen chairman of the meeting in the absence of the president, Mr. Hamilton.

Prayer by the Rev. W. C. Bitting:

"Our Father God, whose is the earth and the fulness thereof, we thank thee for the wealth of the ground, for the health of man's body and the wisdom of his brain wherewith he makes himself the steward of thy riches, and for the conveniences of commerce whereby thy blessings are distributed and safely held.

"Accept our gratitude also, for the crowns of confidence which thou hast placed on the brows of these thy servants, in that thou hast given them the trust of their fellow men. Help thou them to discharge rightly the holy duties that the faith of millions of their brothers has imposed on them. Order their thinking and decisions that the welfare of home, and business and State may continue and increase.

"Command thy benediction, we beseech thee, upon thy ministers, the President of the United States, the Governor of this State, the Mayor of this city, and upon all who are in positions of authority and responsibility, in the name of Him who has taught us to say:

"Our Father which art in heaven, hallowed be Thy name. Thy kingdom come. Thy will be done in earth as it is in heaven. Give us this day our daily bread, and forgive us our debts as we forgive our debtors, and lead us not into temptation, but deliver us from evil, for Thine is the kingdom, and the power, and the glory, for ever. Amen."

The Chairman: The next will be an address by Mrs. V. F. Church, Cashier of the Bank of Joplin, Joplin, Mo.

**A Woman's Qualification as a Bank Official, by Mrs. V. F. Church, Cashier of the Bank of Joplin, Joplin, Mo.**

[Mrs. Church's address in full will be found on pages 92 to 93 of this publication.]

Mr. Walker Hill: I wish to thank Mrs. Church for her beautiful address and would like to offer a resolution thanking her and also presenting her with the President's bouquet.

Mr. Schmeltz: As a representative from Virginia I would like to have the pleasure of seconding the motion and would be more than delighted if the President of the Mechanics' Bank be appointed to carry the bouquet.

The President (Mr. Hamilton): I would be glad to give you all an opportunity of endorsing this motion, as I know you are all lady's men, but the lack of time forbids, and therefore I will put the motion.

The motion was unanimously agreed to.

### DISCUSSION OF THE CURRENCY QUESTION.

Mr. Johnson, Secretary of the Chamber of Commerce Currency Committee, New York City: Ladies and Gentlemen of the Association, I know very well what subject is in



your minds, and I am not going to weary you by a discussion of the topic which is always in my mind. The subject upon which I was scheduled to give you an address yesterday was Education for Business. I was too busily engaged, and have for many years been too busily engaged in the subject of education, to take much delight in talking about it. The young men whom you have encouraged, whom the association has aided to get education, the St. Louis Chapter of Bankers, got hold of me the night before I went to speak to you for an educational purpose, and I am sorry to say, Mr. President, that we did not get through until that gray dawn to which the lady who has just spoken referred. It was a disappointment to me that I could not get here before my name was called.

I have been asked several times why members of the Chamber of Commerce Committee were not here to defend their plan. Now, gentlemen, I do not ask any member of the Chamber why he was not here, but I know that if that committee was here and if one member was asked that question he would say, "We have no plan to defend." There are forty ways, right ways—some better and some not so good—of solving the problem which is uppermost in the minds of this body. The Chamber of Commerce, as those of you know who read the report of that committee, presented three possible alternatives. They remind me of the Irishman who was found smiling in the street, and was asked, "Pat, why are you so happy?" "Come into the house and I will show you," said Pat, and he took the man who asked into his house and pointed to the cradle, and there were three little faces, all of the same age. "What do you think of that?" His friend looked at them and then said, "I would keep this one." (Laughter.) And so with this committee, it will not care if you or Congress keep one of the three. The danger is that any man will go to Washington thinking that the committee or he, the man who goes, knows how to solve the problem of the currency. I do not have to explain to this body the advantages of education. You proved many years ago that you believe in the education of business men by sending an able educator to Europe in 1891, President Edmund J. James, of the University of Illinois, and he made the report which has during the last fifteen years been standard throughout on the subject, and for all that the American Bankers' Association deserves the chief credit. So I am not going to argue about that. I simply want to call attention to one thing, and ask you to think about it during the next year. You know that the business men of this country are not satisfied with our high schools and our colleges. I am a member of a college faculty and I am not going to defend their work. But I have heard business men say that high schools teach our boys things that they do not need to know and do not teach them things they ought to know. Bankers have told me that the high school graduate cannot add a column of figures without making mistakes; that he cannot copy the items from a depositor's passbook without making mistakes; that his handwriting is illegible and his spelling uncertain. And it is the same thing with the college man. In addition to learning nothing that is useful, he learns a lot of things that are useless. That, in brief, is the indictment of the business man of our high schools and our colleges. So think about this thing and build up a school that the business men will approve of. It will be something like this, and this is something I want you to think about: a school in which the faculty will be half theoretical and half practical. We must endow that school so richly that we can pay salaries of twelve and fifteen thousand dollars a year. Then we must teach in that school all the useful things. You know what they are—the things that the business man wishes he understood. Currency is one of those things. And then finally we must have a discipline in that school which the colleges lack. One of the defects of our colleges is that the young men do not have to work hard enough. Such a school should open its doors promptly at nine o'clock and not close them before five o'clock. I would not let one young man in that school get out of the clutches of that faculty during that time. And I would

not let them go home at five o'clock regularly, either. I would give them time for lunch and then keep them there until five and after five on many occasions. I would say let the instructor keep the students there, the young men that he is preparing for business life, until eight or nine or ten o'clock in the evening. That would harden them, it would harden them just as well as football hardens them. Now, gentlemen, if you think a little about education and establish a commercial school, a commercial West Point along such lines, you will find that the bankers and the business men, ten years, fifteen and twenty years hence, will not have to wrestle so long as I fear the country is now going to wrestle with this distracting bank notes.

The President: The time has more than arrived for the presentation of the report of the Committee on Federal Legislation. We will now have the report by the chairman, Mr. Reynolds.

#### Report of Federal Legislative Committee.

The members of this association are in doubt, all aware, that this Committee on Federal Legislation was appointed by a resolution presented to this Association at its last annual meeting in Washington.

It was with considerable reluctance that the members of the Committee assumed their duties, for the difficulties which lay in the way of effective work were fully appreciated. We are pleased, however, to be able to report that every member of the Committee gave the work his hearty co-operation and support; at times even to the disadvantage of his own business.

No general outline of the work which the Association desired accomplished had been presented to the Committee, and being the first Committee of this kind ever appointed by this Association the task of organizing and doing the creative work necessary to accomplish the desired result has been quite arduous.

We felt that our first work should be given to the analysis of the various bills before Congress, and that we should do what we could to assist in the defeat of adverse legislation, for it was recognized that the greatest possible harm to the banking interests of the country would come through this avenue.

It will be seen that it has been necessary to get in touch, in so far as possible, with the various topics of interest to bankers throughout the country, along legislative lines, and when the length and breadth of our country with its diversified interests and needs are considered, some idea may be gained of the suggestions made to the Committee on Legislation which seemed to the parties presenting them to be desirable and necessary at this time. They comprised such wide latitude of thought that it was felt that the scope of the work of the Committee should be confined to one or two changes in the National Banking Act, in which it was known that every National Bank in the country was especially interested. Further than this, it was felt that a very limited amount of legislation should be undertaken, believing that the best results could be accomplished by the concentration of our efforts.

The consensus of opinion of all bankers doing business under the National Bank Act was, that while this act has found wide favor extending over a period of forty years, and has been generally well regarded by the public, yet during so long a period of time the development of our country has been unprecedented in the annals of the history of nations, and along no line have we made more rapid advancement than in our financial welfare. While the laws of forty years ago served to meet the needs of our country under such advanced conditions some changes are desirable and necessary.

While the limit of loans which a National Bank could make under the National Bank Act was found sufficient for many years, yet in recent years no one clause of this act was so generally violated and under the lenient eye, if not with the approval of the Comptroller. For it was found that banks could in safety loan in larger amounts, particularly where their surplus accounts had grown in proper proportion to their business, and the demand of competition with banks operating under other laws made it necessary for National Banks to make such loans.

Agreeing with the majority of bankers that the loan limit should be increased, your Committee concentrated their efforts largely to the passage of a bill known as the Shartel bill, with which you are all, no doubt, quite familiar at this time, the bill being as follows:

Act to amend Section Fifty-two Hundred, Revised Statutes of the United States, relating to National Banks.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That Section Fifty-two Hundred of the Revised Statutes of the United States be, and the same is hereby, amended to read as follows:

"Sec. 5,200. The total liabilities to any association, of any person, or of any company, corporation or firm for money borrowed, including in the liabilities of a firm or company the liabilities of the several members thereof, shall at no time exceed one-tenth part of



the amount of the capital stock of such association, actually paid in and unimpaired and one-tenth part of its unimpaired surplus fund; provided, however, that the total of such liabilities shall in no event exceed thirty per centum of the capital stock of the association. But the discount of bills of exchange drawn in good faith against actually existing values, and the discount of commercial or business paper actually owned by the person negotiating the same, shall not be considered as money borrowed."

While we received the support of a good many of the prominent bankers of the country, which very materially assisted in the enactment of the law, yet we found it necessary to create a popular public sentiment in favor of the bill, and this we believe had much to do with it becoming a law.

We do not think it would have been possible for your Committee to have assisted in the enactment of any law which would have been so generally well received by the banking fraternity, and its influence is already felt by the business public, and this law will, we believe, add much to the popularity of the National Banking Act.

One of the most important measures which has been agitating the minds of the public to a considerable extent is a bill relating to the redemption of wornout bills or mutilated currency. This Committee has considered numerous bills before Congress on this subject and recommend the adoption of the Fowler Clean Money Bill, which provides that such bills may be sent in for redemption by registered mail, free of expense, and the returns made either direct to the bank or to any correspondent which they may designate without expense. The excellency of this measure will certainly recommend itself at once to all bankers, and we hope this Association will take some action on this matter. There could arise no objection from the people for the limited expense borne by the Government, for the public would be the direct beneficiaries of clean money.

The requests for the support of this Committee to some law enabling banks to make loans on real estate and from many sections of the country, this being a feature in which banks located in rural districts are particularly interested. We recently sent copies of a bill introduced by Mr. Lewis, of Georgia, relating to this subject, to practically every banker in the country, and it is but fair to say that the same has attracted widespread favorable attention. The bill is as follows, which we submit for your consideration:

To Amend Section Fifty-one Hundred and Thirty-six of the Revised Statutes of the United States, Permitting National Banking Associations to Make Loans on Real Estate as Security and Limiting the Amount of Such Loans.

Be It Enacted by the Senate and House of Representatives of the United States of America in Congress Assembled, That the seventh sub-division of Section Fifty-one Hundred and Thirty-six of the Revised Statutes of the United States be, and the same is hereby, amended to read as follows:

"Seventh, to exercise by its Board of Directors or duly authorized officers or agents subject to law all such incidental powers as shall be necessary to carry on the business of banking, by discounting and negotiation promissory notes, drafts, bills of exchange and other evidences of debt; by receiving deposits, by buying and selling exchange, coin and bullion, by loaning money on personal security, by loaning money upon notes, bonds or other evidences of debt, secured by mortgages or other instruments of security on unencumbered real estate situated in the State, Territory or District where such association is located, worth, exclusive of buildings, on a conservative market valuation double the amount of the loan thereon; provided, however, that not more than twenty-five (forty) per centum of the total capital and surplus of such association shall at any time be invested in such real estate securities ("and no individual loans shall be made to exceed 10 per cent. of the capital and surplus, and all borrowers must furnish abstracts or searches showing good titles, and the loans shall be a first lien on the property and shall not be at a higher rate of interest than the legal contract rate in the State in which the loan is made, the total amount of real estate loans not to exceed 40 per cent. of the capital and surplus"), and by obtaining, issuing and circulating notes according to the provisions of this title; but no association shall transact any business except as is indicated and necessarily preliminary to its organization until it has been authorized by the Comptroller of the Currency to commence the business of banking."

There have been calls from many quarters for a "Trust Department" to National Banks. It is believed by numerous bankers that with proper restrictions National Banks should be permitted to act as trustees of estates and administer general trusts. Your Committee were unable to give any particular time or thought to this subject, and only present it here so that the members of this Association may know of the topics which seem to be most prominent with the bankers of the country.

We believe the banking fraternity of the country are practically united on the matter of the desirability of the repeal of the Three-Million-Dollar Restriction on the redemption of National Bank notes during any calendar month. Banks are authorized to deposit lawful money and withdraw a proportionate amount of bonds held as security for circulating notes in the order in which such deposits are made. The tendency of this is to make our bond-secured currency less flexible, and banks are compelled to suffer loss through their inability to realize promptly on their bonds. We believe this is one of the live topics for the Association to consider.

It would seem that there could be no doubt in the minds of any of the bankers of this Association of the wisdom of some modification of our laws, which will provide that the receipts from revenues and customs shall be deposited by the

Government with the National Banks of the country. Vast sums of money are taken out of circulation under the present law, and the same is locked up in the Treasury of the United States. This is a method of contraction which should be avoided and would make it unnecessary for the Secretary of the Treasury to exercise his discretionary powers in placing Government deposits with National Banks.

We believe that banks should pay interest on the funds above suggested equal to the rate paid by reserve cities on bank balances. We think this question should receive the favorable consideration of this Association.

We now come to a subject which has been before the country for a number of years, and which has attracted widespread attention and comment; a question which we believe is the most important before the American people to-day; a subject which interests all of the people, and hence we think should come under Federal control. We believe that the need of the hour is for some form of Credit or Clearance currency. We do not think it is necessary for us at this time to elaborate upon the necessity of currency reform. Our present bond-secured currency has proven inadequate to cope with the conditions which have been prevalent in our country in seasons of unusual activity, particularly in crop-moving periods. The country, as a whole, we think, realizes that what is needed is some system which will provide a flexible currency. It is admitted that our present bond-secured currency lacks elasticity, and particularly so, as only \$3,000,000 can be retired during any one month. A large amount of currency is injected into our currency system and is forced to remain and circulate, regardless of the demands of trade and needs for it.

Under our present system the need for additional currency is temporary, or until the money which has been carried in the money drawers of the shops and pockets of the people finds its way to the banks. The book credit system of our cities cannot be used in rural districts. What they need and must have in these seasons of activity is actual cash. This demand for currency ultimately reaches the large reserve cities, and they must be supplied with some system which will contract and expand, enabling them to meet the increased demands of our expanding commerce and prevent the periodical upheavals which have come to us through this apprehension of our inflexible and irresponsible currency system.

The various theories presented by the brightest minds of the day for providing some form of an elastic currency differ about as widely as it would be possible for the human mind to conceive. It has been this inability of the bankers of the country to agree upon some plan to reach the desired end that has prevented the enactment of some law which would meet our urgent needs.

There have been numerous writers of prominence on this subject, and nothing as yet has been accomplished because the interest which has heretofore been aroused has been confined, we believe, to local sections.

Your Committee felt that this question of currency reform should be made a popular one, and we have devised a plan for "Credit or Clearance Currency" which covers the necessary changes in our banking law to give us a flexible currency without in the least interfering with any of the present banking conditions, and which would not in any way disturb the bond-secured circulation, which, so far as it goes, has proven safe and satisfactory, it being still optional with the banks after our plan is adopted whether or not they shall put out a credit or clearance currency. It is the intention of this Committee when the bill is put in proper legal form for Congress to embody the features of this plan in a bill, the plan submitted being the general features of what the bill should contain.

We do not present the plan as being perfect in every detail, but do believe that it contains the salient features for the successful issue and retirement of a Credit or Clearance Currency. We present the plan as a basis upon which we hope this Association may come to some general agreement as a body for a plan to be enacted into a law.

Your Committee felt that a measure of such importance should not be presented without first being submitted with arguments openly, hence a printed copy of such plan and arguments was sent to every bank in the United States. Our aim was to bring the matter squarely before the people for discussion in order that every one might have a thorough understanding of what the plan of the Committee contains. We court a full and free discussion of all suggestions contained in the plan, but we hope that those finding objections are prepared to present for consideration at this time a plan of greater merit.

Before presenting the plan we desire to say that from our experience thus far in coming in touch with Congress we feel safe in saying that if the bankers in this body can agree upon some plan for a flexible currency and will support some measure with their influence it will become a law. At the same time we believe that unless the banking fraternity do take an active interest in such a bill no such law will ever be passed. Therefore, the importance of immediate action so that a bill may be presented at the next term of Congress; otherwise there will probably be a delay until after the next Presidential election. We are at this very moment having an object lesson in currency matters. Crops are abundant, and the country is in an exceptionally prosperous condition. The



demands for currency were never greater, the reserves in cities are being decreased, and while the needs are for more currency the Comptroller is receiving applications for the retirement of bond-secured currency, much in excess of the prescribed limit of \$3,000,000 per month.

In response to the letters enclosing our printed plan to the bankers of the country, the Committee has received some valuable suggestions, and it being our earnest desire to formulate a plan which will prove acceptable and not desiring that our ideas shall be paramount to the wishes of the Association, we have incorporated in our plan what seemed to us to be the best thought contained in these criticisms, hence a change in sections 2, 3, 4, 5 and 7 will be noticed in the reading of this report.

The plan for a Credit or Clearance Currency proposed by this Committee is as follows:

First: That a Currency Commission of seven members be appointed by the President and confirmed by the Senate, this Commission to be non-partisan. The Comptroller of Currency to be a member of the Commission and the first six members to be appointed two for four years, two for eight years and two for twelve years, and for twelve years thereafter said members not eligible for reappointment.

Second: That Credit or Clearance Currency may be issued by any National Bank, or a majority of the National Banks, of any city upon application to the Commission, in any amount not to exceed 50 per cent. of the bond-secured circulation outstanding.

Third: That the necessity for a Credit or Clearance Currency and the maximum time that it may remain outstanding shall be determined by the Commission, and the laws now applicable to the redemption of bond-secured notes shall apply to these notes in a like manner, except as to the amount that may be redeemed in any calendar month.

Fourth: That the banks issuing Credit or Clearance Currency must pay a tax during the time fixed by the Commission for its redemption at not less than 3 per cent. per annum. The failure of the bank to deposit with the Treasury, or depositories designated by the Commission, the amount necessary to redeem within the required time, the tax on the Credit or Clearance circulation outstanding shall be increased at the rate of 1 per cent. per annum for each additional week that the bank fails to make the necessary deposit for its redemption, no fraction of a week to be considered in computation.

Fifth: The tax on the Clearance circulation, after deducting the expenses of the Commission and the management of this department, shall be deposited with the Treasury of the United States as a fund known as "Bank Credit Note Circulation Fund" until this fund equals 5 per cent. of the bond-secured National Bank circulation outstanding. All profits in excess of this amount, after maintaining this fund, shall be invested by the Secretary of the Treasury in Gold at the end of each fiscal year, to be held in the Treasury as the basis for an issue of gold certificates, which shall be used in the retirement of the uncovered Treasury notes.

The "Bank Credit Note Circulation Fund" to be used for the immediate redemption of Credit or Clearance notes outstanding of any failed bank, pending realization on the securities deposited and to cover any losses that might occur in realizing on such securities.

Sixth: Before any bank can issue Credit or Clearance Currency it must deposit with the Treasury Department or depositories to be designated by the Commission, approved securities of the bank, passed upon by the Comptroller of Currency's Department, to an amount of at least 10 per cent. in excess of circulation to be issued.

Seventh: The Credit or Clearance Currency shall be retired gradually at such time and in such amounts as shall be directed by the Commission by depositing funds with the Treasury Department or at such depositories as the Commission may direct.

Eighth: The Credit or Clearance Currency notes to be printed and an amount to be kept ready for emergency distribution by the Government, equal in amount to 25 per cent. of the bond-secured bank circulation outstanding. Said notes to be acceptable in the payment of all obligations the same as bond-secured bank circulation and redeemable at any Sub-Treasury or designated depository.

Ninth: These notes shall be issued in denominations of \$5, \$10, \$20, \$50 and \$100, as desired, and the expense of printing and engraving to be paid by the banks taking them out.

Tenth: There shall be nothing on the notes designating the name or the number of the bank issuing them, but they shall be numbered and registered with the Treasury Department and the Commission so that they may be able to know at all times the amount of such notes any bank has outstanding.

#### EXPLANATION.

It is recognized by all leaders, regardless of party lines, that financial enterprises of any great magnitude, and especially those affecting the interests of the masses, should be under federal control. This is the demand of the public, and we all recognize that there is wisdom in such a demand and that our Nation's financial supremacy depends upon wise legislation, making it possible by the resources of our home banking institutions to bridge over any crises that may arise by giving the banks the privilege of expanding their credits in the form of a Credit or Clearance Currency, properly secured, making us independent of any foreign power, even under the most adverse circumstances, to meet the difficulties that may arise.

To pass upon a question of so great magnitude as the necessity for an emergency issue is too great a responsibility for any one mortal man, and we have recommended that a Commission of seven members be appointed of which the Comptroller of Currency, by virtue of his office, shall be a member, realizing that he and his department must at all times be in close touch with the Commission, and the information obtainable from his department will be of great assistance to the Commission in their deliberations.

This Commission should bear the same relation to the banking business that the Supreme Court does to the legal world.

It is deemed advisable that the first Commission shall be selected, two of the members for four years, two for eight

years and two for twelve years, that we may get the Commission divided into classes so that there will be two members retiring every four years. An incoming President would only have the selection of two members, so that if by chance or upon some popular craze an unsafe man might be elected President, the financial circles would not be disturbed by his election, as there would be four hold-over members, and the appointment of such a Commission would tend to prevent the unancial unrest we have every four years pending a Presidential election.

The object in limiting the length of service of the Commission to twelve years is that the average man selected would be upward of fifty years and should be retired after twelve years of service.

We believe new blood should be added to the Commission so as to keep this department abreast with the constant changes demanded by the growth and development of the Nation.

We believe that this Commission should not become inactive or incapacitated by the age of its members.

We believe that if the members know that they are not eligible to reappointment, they will have no interest in politics to try and perpetuate themselves, but will have only the financial interests of the Nation at heart and a commendable zeal in giving to this country their best services so that their administration may be a credit to themselves and a pride to their posterity.

These Commissioners should be removed only for treason to their country or a betrayal of their trust.

We believe that while in some states there are first-class State banking institutions as safe, as conservative and as well managed as any National banking institution, yet, owing to the diversity of the banking laws of the different states, it would be impossible to establish and unsafe to permit State institutions to issue Credit or Clearance Currency. We believe that all bank note issues should be under federal control. If proper legislation is had, giving our National Banks the power to bridge over the difficulties, all banking institutions of every class will be benefited by such privileges.

It is not so much a question of more currency or more money, but it is a question of more confidence.

We recommend that the amount of Credit or Clearance Currency be based upon the amount of the bond secured circulation that a bank has outstanding for the following reasons:

The National Banking Act was originally framed to find a market for our Government bonds. These bonds have proven to be a safe security for our bank issue, and the people recognize it. We believe that this policy should be encouraged by basing the credit issue upon the bond secured circulation outstanding, encouraging National Banks to increase their bond secured circulation, and thereby eliminating to a certain extent the necessity for a Credit or Clearance issue.

If the amount of Credit or Clearance Currency were based upon the capital, the surplus, or the assets of the bank, then there would be a tendency upon the part of the bankers to decrease the amount of their bond secured circulation outstanding and depend upon the emergency or clearance currency to help them out, a condition that we do not want and one that would be detrimental to the public interests.

It may be argued that if such a bill should become a law, the price of Government bonds would be advanced so as to prohibit their use by National Banks. The fact that prices would be advanced would act as a governor and prevent a sudden and abnormal inflation of our currency, a condition that might be more dangerous than the act would be beneficial.

Should, however, a panic or a crisis occur, even though the price of United States bonds might be inflated beyond all reason, under this plan, with the bond secured circulation of National Banks outstanding, we could have an increase of over \$250,000,000, a sum of money sufficient to meet the most extreme condition.

Any bank may apply to this Commission to issue Credit or Clearance Currency, and here is where the important work of this Commission comes in.

Any measure to become a law must give to the small bank of \$25,000 capital the same benefits in proportion to its capital that it does to the larger, or city institution, and it is not right, and we should not expect to get any legislation that is not as favorable to one institution as another. The notes of the one institution would be as safe for the public to hold as that of the other under this plan.

It is the intention of this section that, should there be a condition in any business center that warranted the issue of a Credit or Clearance Currency, and such a condition did not exist in other localities, the place or city needing it may issue upon proper application, such issue to be retired by direction of the Commission. This would enable the commercial centers of the North, the South, the East or the West to act independently of each other.

It is the intention that all banks, before they can issue Credit or Clearance Currency, shall apply to the Commission to do so. In making this application the banker must show good reason for the issue, and suggest the length of time it should remain outstanding.

The Commission, after having all the information they can secure before them, shall then pass upon the necessity and determine the maximum time this issue may remain out and in what amount it shall be retired, so that the redemption at



a fixed date would not cause a stringency by the people anticipating the redemption date, and thereby creating another demand for an emergency issue.

It is very important that the Commission should pass upon and fix the length of time that these bills should remain outstanding. If this were left to the banker issuing or depended upon the supply and demand to govern the amount issued, we would have a large expansion with a small contraction, as the varying rates of interest in the different communities or sections would make it possible for some banks to keep out at all times an amount equal to the bank's limit of emergency or credit issue. Human nature is the same the world over, and the greed of man would make it possible in some way for him or his friends to create a demand that would use at all times this issue. The result would be that in a few years there would be a demand for another increase of the limit of the amount of this circulation, and by this method speculative or abnormal prices would be created, a condition to be by all means avoided.

If we need anything, we need elasticity in our currency. A law that will give us a bank note issue that will expand and contract as the necessity of the times demand, and to be sure that it will do so the time such circulation shall remain outstanding must be arbitrarily fixed by federal authority in a Commission.

We believe that if our recommendations should become a law, the National Banks would gradually and naturally increase their bond secured circulation, and if they did so, there would not be the necessity for the Credit or Clearance Circulation, and the public, knowing that such an issue could be had at any time, would relieve the necessity for such an issue.

It is not a question of more money that we need to supply the demand of our rapidly increasing population or in keeping up our proper per capita in circulation. Our gold mines and their development are supplying this demand. What we need is more confidence in the minds of the public that there is not going to be a scarcity of actual bills or bank notes at certain seasons of the year or at crop-moving periods. It is the anticipation of such times that causes our merchants, our business men and even our bankers to quietly hoard up or put away small bills to anticipate such a time, and it only requires one dollar per capita taken out of our natural business channels to make a difference of \$85,000,000, and this amount makes quite a stringency in our monetary conditions.

We need the confidence of the people that emergency or crop-moving periods can be met, and, if we have that confidence, the emergency circulation will not be needed.

There are bound to come times or periods in our history when emergency circulation will be needed. These conditions are always brought about by some disaster creating a lack of confidence in the minds of the people in financial institutions. This is not only true of our own country, but is true of the financial history of all other nations, and we need an emergency circulation for such a period that will make us absolutely independent of any foreign power, and if the condition is world wide, that will make us the dominant financial power.

When the lack of confidence does sweep over our land, it is brought about by the timid capitalist, large or small, withdrawing from the banks his deposits and hiding them away or taking them from the natural channels of business. The sudden withdrawal of such funds and the inability of our banks to realize promptly on their securities bring about embarrassing conditions and only tends to widen the panic. The result is that the individual borrower in the end is the one who suffers from all such movements, and he is compelled to sacrifice his property on a panicky or depressed market to meet his obligation.

We believe that when such conditions do occur, the banks should not pay an excessive tax on their emergency circulation, for if they do, it is bound in the end to be borne by the borrowing public, who are already burdened by a tax in the shrinkage in the value of their assets.

Believing that the demands for such circulation will be but temporary and for short periods, we think that a tax of 3 per cent. per annum proper for the time fixed by the Commission that it should remain outstanding. There may be conditions that would make it impossible for the bank or banker to deposit with the depositories at the exact time fixed by the Commission the bills of other banks or money to redeem their circulation, and yet, in order to compel the deposits within a reasonable time, we recommend that the rate of the tax be increased at the rate of 1 per cent. per annum for each additional week after the date fixed for redemption that such circulation remains unredeemed by the bank, thus in the end compelling its retirement by taxing it. In this manner we will insure within a reasonable time the redemption on the part of the banks of the Credit Currency, which will also make it positively an elastic currency.

We also provide in this section that the banks must make their deposits with the Treasury or depository to be designated by the Commission.

We do not believe it good policy to place a high tax on emergency circulation, as has been suggested by some, as such a tax would naturally discredit the bank or banks issuing it, and this must by all means be avoided.

The fifth section comes more nearly explaining itself than any of the preceding.

We believe that a certain portion of the tax on this Credit Circulation should be set aside as a special or guaranty fund to secure this kind of circulation, and that if a fund is created equivalent to 5 per cent. of the bond secured circulation of the National Banks outstanding, the income from such a fund invested in United States bonds or other securities would be at all times sufficient to pay the losses that might occur to it through the failure of National Banks having Credit or Clearance notes in circulation, and when this fund is once created, this plan having proven itself practical, the necessity for the extra 10 per cent. of securities to be deposited as provided in Section VI for such circulation may not be required.

All emergency circulation must have good security back of it, and yet we are opposed to any plan that makes any such circulation a first lien upon the assets of the bank. The moment such a circulation would be issued, that moment you discredit the institution in the minds of its depositors, and the mere fact that such a circulation might be issued and be the first lien upon the assets would be used and would discredit National Banks by their rivals in business, a possibility that must be avoided.

Under our plan it may be claimed that we use the assets of the bank to secure this Credit Currency, but on the contrary certain securities are segregated and set apart for this purpose, and it would be the same as using these securities for the purpose of obtaining a loan from a correspondent and using them as collateral or a rediscount.

There can be no injustice done any one when "A," the depositor, withdraws his deposit and the bank uses the loan representing his deposit as collateral for Credit Currency pending the maturity of "B's" obligation. This is not an injustice to the remaining or faithful depositors; it is but the tiding over or the using of the bank's credit pending the realization upon its assets. At the same time it may be the means of preventing a widespread panic and a general depression of business by forced liquidation, ruining markets for all kinds of securities and products, and in the end by general stagnation stopping the whole of our industries and causing the laborer as well as every one else to suffer from the timidity of the depositor.

In 1893 the advisability of an emergency issue or Credit Currency was demonstrated in New York and one or two other of the commercial centers, and the banks at that time saved the day by issuing Clearing House Certificates, and the certificates were issued by a deposit of segregated assets of the bank just as we now propose. Those securities proved good at that time, and all that was needed then was time to realize upon the bank securities.

The Clearing House Certificates were issued without any authority of law and were useless beyond the members of the Clearing House issuing them. What we propose will legalize practically the issuing of such certificates in the form of a Credit or Clearance Currency that will pass current the world over the same as do our National Bank notes of to-day.

Plans have been suggested, and it has been recommended that emergency currency be issued upon the same basis of legal reserve that is now required by National Banks as against deposits.

This plan we do not consider practical, for the reason that the only time we need an emergency circulation is at a time when banks are below their legal reserve, and it is not to be expected that banks will carry a reserve of this kind, paying them absolutely nothing in order to anticipate an emergency issue.

We have practically this law in operation to-day, yet how many banks are there in the United States that are carrying U. S. bonds that do pay some interest for the purpose of increasing their circulation at the time more money is needed? If they will not carry bonds that pay interest for this purpose, it is needless to expect them to carry a legal reserve that pays nothing.

We recommend a deposit of securities 10 per cent. in excess of the amount of issue so as to insure the confidence of the public and at the same time not have this class of securities placed upon a par with U. S. bonds until such time as our guarantee fund will be accumulated.

The retirement of the circulation is an important feature of the plan, and we recommend that the Commission shall control the time and the amounts that shall be redeemed, realizing that if there were a general Credit or Clearance issue of \$50,000,000 or \$100,000,000, and the time fixed for its redemption were fixed for four months from the date of issue, or at any fixed date, the anticipation of such time of redemption might defeat the benefits of the issue, and it is our intention that the Commission may require the deposits for redemption in gradual amounts as they may deem advisable.

We have recommended that the U. S. Government print and keep on hand an amount of Credit Currency equal to 25 per cent. of the bond secured bank notes outstanding. We have no means of knowing, but think this amount would be sufficient to meet all temporary demands of any emergency.

The keeping on hand of such a large amount of bills would not be any burden, as the accumulation of the guarantee fund would in the end more than offset this expense.

The denominations of the bills wanted will depend largely



upon the season of the year and for what purpose they are intended. It is the prevailing scarcity of small bills during crop-moving seasons that has caused the hoarding of small bills, and brought about the annual scarcity of money in anticipating crop-moving periods.

We believe it is very important that there shall be nothing indicating the name or the number of the bank issuing the bills of Credit or Clearance Currency. These notes are not expected to be a permanent issue, as are the bond-secured notes, but are expected to supply the demand for an elastic currency, and must of necessity be put out and retired within reasonable time to give us the elasticity that we wish to secure.

These bills not being a permanent circulation, we feel that no bank should be discredited by having bills of this kind bearing their name in circulation after the time fixed for their redemption had expired.

If the banks issuing these notes have not made the deposits for their redemption, it is bound to show in the bank's published statement showing the amount of notes outstanding.

We realize that when once these notes are issued and go into general circulation that in order to be popular and the public feel secure in their use, they must remain out so long as it is the pleasure of the individual holder to carry them. If you should fix a date and print it upon the bill that it must be returned for redemption, you would thus destroy its popularity and its free circulation.

The people should have the same confidence in this Credit or Clearance Currency that they have in our present bank notes, and this they will have, knowing that the government is either holding securities of some bank for its issue or the actual deposit for its redemption. This feeling of security existing, then bills are not likely to come in much faster for redemption than do the bond secured notes of to-day.

It would not be fair to any National Bank to have its Credit notes in circulation out beyond the date fixed for their redemption bearing the name of the bank or any number whereby the bank might be known. At the same time the bank would be helpless and could not control their bills in the hands of the public.

#### CONCLUSION.

In preparing this plan, we have endeavored to formulate one that will give us an elastic currency—a currency that will be safe for public use, and at the same time not be a burden upon the banks issuing these notes.

It is our aim that this measure shall be as fair to the small bank as to the largest institution, at the same time keeping this bank note a safe and secure one for public use.

We have prepared this plan and submit it to you for your approval or disapproval, realizing that this is one of the most, if not the most, important question before the American people to-day. We believe that this question should be given careful consideration by all practical men. Before a measure is submitted to Congress it should have the endorsement of a majority of the bankers of America.

We have prepared this plan, expecting and inviting honest criticism, realizing that there is a possibility of our being in error in some detail, yet hoping that out of the discussion of its consideration a plan may be formulated that will meet with general approval.

We are confident that if a majority of our bankers agree upon a plan that we will have little difficulty in securing the passage of it by Congress.

The reason for not securing legislation in the past is that our bankers have never, to any extent, agreed upon a measure, and the fault is with us and not with Congress.

ARTHUR REYNOLDS,  
E. F. SWINNEY,  
JOS. A. MCCORD,  
W. V. COX,  
JOHN L. HAMILTON,

*Federal Legislative Committee of the American Bankers' Association.*

Mr. Reynolds: In conclusion I want to suggest that the two important features of this plan over the plan proposed by Congressman Fowler are as follows: First, Mr. Fowler proposes a plan of uncovered, unsecured circulating notes. We propose a plan of secured circulating notes. Congressman Fowler proposes that these notes shall be retired by a small tax, creating quick redemption. We suggest that such a plan will not create the quick redemption; that it is necessary to have a commission to force the retirements of these notes.

Mr. George: Believing that this matter should be open for discussion, I move the adoption of the report of Mr. Reynolds on the plan for credit currency, reserving the right to move the previous question, leaving the matter open for discussion only.

The motion was seconded.

The President: I want to explain the position of that resolution. Under that resolution there can be no amend-

ment offered, or anything but a discussion of the plans. The discussion, in order to afford everyone an opportunity to express his opinion, will not be confined absolutely to this plan, but can cover any other plan if the speaker wishes to go into it.

Mr. Campbell: I wish that before that part of the discussion comes before the Convention it might be possible to take up some other points in the Legislative Committee's report. There are some points there of great importance to many bankers, and that will only take a short time to discuss and come to a conclusion upon, and it seems to me that they ought not to be passed over without even a reading. For instance, there is the subject of mortgages, loaning on mortgages; a great many are interested in that subject. So I suggest that it would be well if we could discuss these questions for a short time before we go into the main financial question.

The President: I think we had better take up the resolution before us as it is offered.

Mr. Sullivan, of Cleveland, Ohio: In view of the latitude of this subject now under consideration and its many ramifications and its great importance and the fact that many gentlemen are here with other plans and other ideas not embraced in the plan submitted, I think it would be very well that a limit be placed on the addresses of the gentlemen who speak, and I would therefore move that discussions be limited to ten minutes. (Cries of "Five minutes.")

The President: The motion is out of order, but under the circumstances, and it apparently being the wish of the Convention that the discussions be limited to five minutes, that will be the rule.

Mr. Davis, First National Bank, Cincinnati: The report embraces at least six different propositions. I know that one of them will meet the approval of nearly everybody in the house, and that is the first one, relating to new, clean money. Then there is the matter of realty loans, there is the matter of Trust departments in National banks, there is the matter of the limitation on retirement of currency, the matter of government deposits and the matter of reform currency. We ought not to pass over a subject that appeals to everybody, the subject of clean money, and I think we ought to take that up first and dispose of it, as we can no doubt do it in a very few minutes.

Mr. Frame: Mr. President, I do not want to take the time of this Convention this morning, because I think it is impossible to give any thorough or very intelligent discussion upon this subject. I prepared a short review of the plan of the American Bankers' Association, by the Chamber of Commerce of New York, and a slight reference incidental to the remarks made by Mr. Fowler day before yesterday, and I will simply—

Mr. Campbell: I arise to a point of order. I don't think the question has been voted upon, and I do not think there is any question before the house.

The President: I have stated the motion.

(Cries of "Question!" "Question!")

Mr. Frame: I simply desire to present this review and have it as a part of the minutes. I will make no address on it whatever. I do not want to take the time of the Convention. I simply consider that if the world center is to be transferred to New York that our plans of value must be maintained under all circumstances, and that is the only point I care to make—that the proposition, to my mind, is unparalleled in any progressive country.

Mr. Curtis: Is that bill which was read by Mr. Reynolds identical with the bill sent to the bankers all over the country?

The President: Not exactly.

Mr. Curtis: I think it would be a great mistake to force that bill through to-day. Your house here is evidence enough that many of the bankers have left town, many who were here the first day have gone home, and here we are on the third day and nothing has been done, and I do not think we ought to take any action. I think this ought to be referred to the Executive Council and treated with a dozen other plans.



I do not want anybody to think that I am opposed to this particular plan of the Legislative Committee or the Chamber of Commerce plan, but what I would like is to see the best possible plan presented to Congress and then we will have some chance of getting currency legislation. Mr. Fowler is opposed to this plan, and if you put this plan before Congress it will never go through as long as the chairman of the Banking and Currency Committee of the House of Representatives is opposed to it.

The President: I wish to explain the position of the Committee on Federal Legislation. They do not believe that their plan or any other plan which has been presented here should be adopted, but they do ask for an expression from the gentlemen here as to their views on this question.

A member: I would like the resolution read.

Another member: What, pray, is the resolution?

A member: The resolution of Mr. George.

The President: The resolution of Mr. George will be read.

The resolution of Mr. George was read.

Mr. Finley: If you vote on this to leave the question open, while it leaves the question open, you adopt the report, and so you must divide it to get the report before us at all. You cannot put this all in one. You should divide this resolution, and I move as it has three subjects in it that it be divided.

A member: I second the motion.

Another member: I ask for the division of the question.

The President: The motion is out of order at the present time and the gentlemen do not understand this movement, I believe. We are simply asking that those present express their views on this subject. If there are objectionable features in this plan, say so; if there are objectionable features in the Curtis plan or any other plan, say so; but after we have had a thorough discussion of this question, then I can assure you that Mr. George will leave the question open.

Mr. Hart, of West Virginia: That is not the way to get at it. I cannot imagine that it is out of order to proceed in an orderly manner to discuss any question or bunch of questions that may be brought before this Convention, as several questions have been brought before us by the very able and thoughtful reports that we have heard. How can a man's mind operate on all those propositions at the same time? Such a thing would not be done in a town council. (Applause.) I therefore move that we proceed at once to take up seriatim the report of that committee, and I submit that there is no other business way to do it. I understand, further, that this motion is in order.

Mr. Campbell: If that motion is in order I will second it.

The President: The Chair rules that the motion is out of order.

A member: I appeal from the ruling of the Chair.

Mr. Hart: Will the Chair kindly state why that motion is out of order?

The President: Why the motion is out of order?

The member: Yes.

The President: The rule is, sir, that any gentleman moving the adoption of a resolution can reserve the right to move the previous question.

The member: And I would call the Chair's attention to this fact—that he stated distinctly that, although Mr. George's motion has received a second, that he, the Chair, had not put it, and I have made a motion that is perfectly in order, and the Chair knows it.

The President: The motion has been stated; it has been put to the Convention.

The member: The Chair said he had not stated it.

Another member: I insist upon my motion.

The President: The gentleman is right. The motion before the house, and a proper one is, shall the decision of the Chair be sustained?

The question was taken and the President announced that the motion was lost.

A member: I call for a rising vote.

Mr. Griffith: I do not think the gentleman wants a rising vote, as he has already been vindicated.

The Chair stated that the motion was lost.

Mr. Hart: I insist on my motion, that this be taken up seriatim.

The President: Gentlemen, I don't know whether you understand me correctly or not in my decision, but the decision is that the Chair was not sustained.

Mr. Hart: That being true, I now desire to move that the report of this Legislative Committee be taken up seriatim, paragraph by paragraph.

The President: You have heard the question, gentlemen. Are you ready for the question?

(Cries of "Question!" "Question!")

The question was taken and the motion was agreed to.

Mr. Wexler, of New Orleans: Mr. President, it appears to me when a motion is put that it is open for discussion, and while the motion was carried and it is probably out of order to have anything to say at the present time, yet all the points covered in the report practically form a part of the currency question which we have under discussion and there are auxiliary branches of it that will have to be treated at the same time. We have barely two hours for the consideration of a question which would practically take us twenty days to arrive at any definite conclusion on. If we consider the various paragraphs of this plan we shall not reach the currency plan before adjournment. And so we will not have accomplished anything.

There are before this Convention, submitted through a committee appointed for the purpose, six or seven plans. Every man who has presented a plan believes his plan to be the proper one and the plan that ought to be adopted. And every plan that is submitted should have the consideration of a properly organized committee, competent to pass upon it, that will no doubt find something of merit in it, that can be finally embodied in one plan in concrete form. I am therefore of the opinion that we shall waste two hours of valuable time if we enter into this matter by paragraphs and that the matter should be submitted at this meeting to a committee appointed by this organization and to be composed of one member from each State and each Territory in the United States. My reason for the composition of this committee is that in order to pass any measure before Congress each Congressman and Senator must have the backing and the influence of his individual State and Territory, of the people who have put him in office, and if we frame a bill prepared, ratified and recommended by a committee composed of representatives from each State and Territory we shall have behind us practically the whole political influence of the United States, and such a bill will undoubtedly be passed.

I therefore move a reconsideration of the question just acted upon, namely, that the plan proposed be taken up seriatim and by paragraphs, and I move in substitute that the matter be referred to such a committee as I have outlined.

The President: Which way does the gentleman vote?

Mr. Wexler: I did not vote at all.

Mr. Chamberlain, of Texas: I move a reconsideration of the subject. I voted in favor of it.

The President: The question before the house is a reconsideration of the resolution offered by the gentleman from West Virginia, which we have adopted.

A member: What was the resolution?

The President: The resolution of the gentleman from West Virginia that we consider this by sections. That is practically the substance of it. Now, the motion is to reconsider that and take a general discussion on this subject.

A member: Is the gentleman, the mover of this motion, in order; did he vote in the affirmative?

The President: He says he did.

Another member: He says he did not vote at all.



The President: The gentleman from Texas, Mr. Chamberlain, makes the motion to reconsider.

The question was taken, and the motion was agreed to, and so the Convention decided to reconsider the motion.

The President: I think you are all willing to admit that none of us knows very much about parliamentary law.

Mr. Hart: Does it not take a two-thirds vote to reconsider the question?

The President: Not now. (Laughter.)

Gentlemen, what we are aiming at is to get a discussion on this question. I don't think anybody here cares a cent about parliamentary law—

A member: That is very evident. (Laughter.)

The President (continuing): But we do want an expression of this Convention, and the people of this country are expecting this body to act and express their views intelligently, and it is our duty as members of this association to give our views upon this important question. That is what I think you will do.

Mr. Williford, of Illinois: Mr. President, I submit to you that we have a question before us that will require three months for proper discussion and proper understanding, and you ask us in an hour and a half to tell you what we think about it. I move that this whole matter be referred back to a committee, and that the matter be printed and placed before the Convention at least three months before our next Convention.

The President: I believe that those having the matter in hand agree with the sentiment expressed, but we now want an expression of opinion from those present here to-day.

Mr. Boyse: The motion to reconsider has been carried. Mr. Hart's motion is now before the house, and it has not been passed upon. I move you as a substitute that the report of the committee be now open for discussion.

(Cries of "Question!" "Question!")

The President: The subject before us is whether this shall be open for discussion.

The question was taken and the motion was agreed to.

Mr. Davis, of Cincinnati, Ohio: I move the speeches be limited to twelve minutes.

(“Cries of “Five!” “Five!”)

And after the debate the subject be referred to the Executive Council with power to propose a plan to present to Congress the coming December for enactment as a law.

A member: I make the point that the gentleman is out of order.

The President: The point is well taken.

Mr. Wilson, of Mississippi: In order to put the ball in motion I will ask for five minutes.

Mr. President, I heard a voice in the lower part of the audience say that he was opposed to all plans. I have given this matter some consideration and have come to this conclusion: That a great many good plans for currency reform have been suggested, and it might be well to pass them; but the trouble of the country now is not currency reform. We have now too much money. I will illustrate my proposition in this way. When we have a situation like the one now existing it is brought about by good times. You go around these streets here and you can see where the money has gone—these great steel structures that tower above the street fifteen or twenty stories. It takes money to build them. You go out into the West and you will find that the price of land has risen, great herds of cattle have been bought and great enterprises have been started there. Go down into the cotton belt and you will find a large volume of money has been borrowed and put to use in the purchase of plantations and the purchase of tools and the building of houses and improvement of land. All of that has required money. I will illustrate it in this way. Say a man in New York City had one hundred thousand dollars. Say he had that much the 1st of last January. Say a man in New Orleans had the same amount and a man in St. Louis had the same amount. There is three hundred thousand dollars to be lent out. One lends

his money in New York to build a steel structure. The man in Louisiana lends his money to improve sugar-cane plantations. The man in St. Louis lends it to these people who are developing the great West. There is three hundred thousand dollars that is gone to the people, the people have borrowed it, and they did not borrow it to re-lend it. And this thing goes on that way all the time. The only safeguard we have is the rate of interest, to keep down this sort of thing. You can only stop commercial activity by a high rate of interest. I believe, with Secretary Shaw, that the only thing that can be done to bring about a continuation of normal times is to stop lending money, and the way to do that is to make the rate of interest so high that people cannot afford to borrow the money for these purposes. Now, it is proposed to have an emergency currency. What is that for? It is because tight money has come on us. We had this in 1893, and it was thought then by a great many people that we could put out some other money, but the only way to prevent this speculation, and so hard times, in my opinion, is to make the rate of interest high enough so that people cannot afford to speculate.

The President: The time of the gentleman has expired.

Mr. Yates: I am a member of an association composed of six hundred and fifty members, and that association has voted unanimously against any kind of credit currency. (Applause.) I am here to defend my position. This is one of the most important questions that bankers can present to the public. If the plan you propose is in the interest of the people I am for it, but if it carries with it anything like profit for ourselves the effect you will produce upon the public will be bad. As to emergency currency, most of our bankers favor some kind of emergency currency, but not a credit currency. There is all the difference in the world between a credit currency and an emergency currency. A credit currency is expected to go into circulation generally, and an emergency currency is not expected to be issued except in times of panic or extraordinary emergencies. We hope that emergency currency will never be issued, and it never ought to be issued except in such a crisis as occurred in 1857, 1873 or 1893—and I have known about all those periods from personal experience.

Perhaps you may say that we are a little old foggy in our notions, but we know something about fiat money and wildcat notes. We have gone through fifty years of financial experience, and out West I can tell you we have gone up against the real thing. We know what we have had to meet out there.

If the proposition was undoubtedly good I would support it, but I tell you that the proposition is wrong. There is no such thing as an elastic currency such as these gentlemen talk about. Look to the other governments of the world and you will say that what I say is so. The great country of Great Britain has no such circulation. Only in France do you have anything that approaches it, and there you have one great national bank which absolutely rules the currency.

I must come quickly to the point I want to make. Even if everything about this credit currency was good, even if everything about this credit currency was correct, the situation of our currency at the present time absolutely prohibits a measure of this kind. Do you know the extent, the volume of our credit money at this time? Do you know that we have the largest volume of credit currency to-day of any people on earth! It approaches \$1,600,000,000. I call everything which depends on the gold standard credit currency. We have a per capita circulation of over twenty dollars, Canada has about twelve dollars and Great Britain only five dollars. France has about thirteen dollars. Do you wish to increase in any way that excessive volume? Remember, it is in the power of any administration at any time to put us off the gold standard. That is a question that you may say is settled—it is dead, and I have done my part to make it dead—but we can never be sure about that.

The President: The time of the gentleman has expired.



Mr. Wexler: Gentlemen, we are here primarily for the purpose of devising some plan for improving our currency. We are not here for the purpose of listening to expressions of personal opinion as to how this should be accomplished. We are an enormous body, each of us probably having some ideas on the subject, but many of us not having had an opportunity of giving every plan that has been presented the consideration that it deserves. I for one gave the matter considerable study before coming here, but after listening to Congressman Fowler and some other gentlemen, new light was shed on the subject so far as I was concerned. Therefore I appeal to you, before proceeding to any further discussion of the subject, to put it in such form that we can accomplish something practical between now and the next session of Congress, and after that every gentleman ought to be given an opportunity to express his personal views, at least to the extent of a few minutes' time. Therefore I wish to offer this resolution, and I will ask you to act upon it favorably, as it is the only possible means of bringing this subject before a competent committee that can act on it in time for the next session of Congress. The resolution is as follows:

*"Resolved, That the several plans proposed and submitted to this currency conference be referred to the Executive Council of the American Bankers' Association without recommendation.*

*"Resolved, further, That the said council be requested to refer said plans and their subject matter back to a committee, to be known as the special legislative committee; said committee to be composed of the members of this currency committee, together with one member representing each of the State Bankers' Associations not now represented in said conference, and the members of the special committee of the Chamber of Commerce of New York City, and a representative of trust companies, with the incoming president of the American Bankers' Association as its chairman.*

*"Resolved, further, That said committee should meet at the Auditorium in the City of Chicago, on Tuesday, November 20, 1906, to consider the subjects so referred, and to formulate and draft a bill or bills to submit to Congress for enactment at its next session."*

These gentlemen are the resolutions in brief, but in little further explanation of it I would say, that there may be no doubt as to the advisability of pursuing this course, that this committee will have a worker from every State, the eminent financiers representing the New York Chamber of Commerce, a representative from your Trust Company Section and all the members of your Legislative Committee. Your incoming president will preside over the deliberations and they will have only one thought in mind, that of currency reform. They will have nothing to do but to consider this question and prepare a bill in concrete form that we can present to Congress, and it will have the endorsement of every State. Every one with any political influence will go to his Congressman and insist on the passage of the bill. This will give ample time before the opening of Congress, and then when Congress opens we will be prepared and will have the entire session before us.

I would ask the Chair to put the motion as I have read it.

Several gentlemen addressed the Chair.

The President: I think the resolution is out of order at present.

Mr. Breckinridge Jones: Mr. President, I think the only way to proceed is under recognized parliamentary rules, and if you get outside of parliamentary law then we cannot proceed at all. I do not believe the Chair has any discretion as to whether he will put the motion or not. I believe it is his duty to put the question. I believe that this Convention has a right to vote on the question that has been submitted to it.

Mr. Lowry: If I am in order I would second the motion.

Mr. Davis, of Ohio: If that motion is in order, then my original motion was in order. I practically made the same motion some time ago.

(Cries of "Question!" "Question!")

The President: This body has a right to do as it chooses with such resolutions as may be presented; I recognize that; but I did hope that this Convention would carefully discuss these questions and not refer this matter to a committee and give that committee the right to repre-

sent them in Congress without having had a full expression of the opinions of the members of the Convention. The points of order are well taken. However, if we are going to follow strictly the parliamentary rule, then in order to commit it will require a two-thirds vote. Are you ready for the question?

(Cries of "Question!" "Question!")

A member: What is the question?

The President: It is upon the resolution.

A member: What is the resolution? Have it stated, please, Mr. President.

The President: Was the motion seconded?

Mr. Curtis: I seconded it, as chairman of the currency conference.

A member: As a member of that committee I think it should be fully discussed before any reference is made.

The President: If the gentlemen insist upon it they have a right to have a vote upon this question.

(Cries of "Question!" "Question!")

The President (continuing): And the two-thirds rule will apply.

Mr. Breckinridge Jones: In order to meet views of both of the gentlemen I move as a substitute for the motion to commit that that motion be put at the end of one hour's discussion.

A Member: That is right. (Applause.)

Mr. Jones: Then you have a right to commit in regular order. I move that as a substitute for the pending motion.

A Member: What is the substitute.

The President: The substitute is that a vote be taken on this resolution after one hour's discussion.

The question was taken and the motion was agreed to.

Mr. Griffin, of Mississippi: It is simply criticism, as I understand it, that is invited to be in the nature of destructive and not constructive discussion. I feel wholly incompetent in the little time left to make any constructive criticism on this currency reform, but there is much to be said against all the plans, or something to be said against all the plans submitted to the Currency Reform Committee. The one submitted by the Legislative Committee is non-automatic in its elastic proposition. That is the great failure in that plan according to the opinion of many of the committee. It does not operate of itself in increasing and contracting the volume of currency in the country. This is very desirable if it is possible to be attained—that a law be passed that shall be automatic in its operation. In the appointment of this commission there are those who think the commission should be non-partisan in fact as well as in theory. As long as we have either a Republican or a Democratic President of these United States we are going to have partisan officials in our departments. They are good officials whether they be Republican or Democratic, but a Republican President is going to appoint good Republican officeholders and a good Democratic President is going to appoint good Democratic officeholders, and so the constitution of the commission should be—at least part of it—appointed in another manner.

Some of us think that the asset currency should have something specifically stated as to its base. Some say 10 per cent. It is left to the judgment of this commission, and if it is left to their judgment why not state specifically what kind of assets may be used—United States Government or State government, or county, or municipal bonds of a certain character. Then it is not in the hands of a partisan commission or any other kind of a commission—it is pro tanto automatic in its action. If that could be done, gentlemen, it seems to me it would be a good thing. We do not know that all these things can be accomplished, but they can be worked out possibly by a commission that is willing to devote time, study and patience to the task.

Mr. Nelson, Baltimore, Md.: Mr. President, I do not believe it is within the power of any commission to say when a bank shall issue its currency or redeem its currency. I believe that is for the bank to say.



I understand that this proposition is that the Comptroller of the Currency shall decide on what securities the bank shall put up. It will be impossible for him to do that in my opinion. I think the Secretary of the Treasury strained a point when he undertook to take other securities than Government bonds for banks issue. That the Comptroller of the Currency should have authority to say what security the National Banks of this country should issue their notes on it seems to me is utterly impossible.

Just one word about the bank notes not having the name of the banks upon them. It seems to me that that is a discrimination against our bank currency, and just as soon as you discriminate against that currency they will begin to inquire what is the reason of the discrimination. I think it is a very bad feature of this plan.

Mr. McCord, of Georgia: Mr. President, I request that I be allowed ten minutes. I am on this committee, and I cannot well cover the subject in less than that.

Upon motion Mr. McCord was granted ten minutes.

Mr. McCord: Mr. President and members of the American Bankers' Association, the question of currency has agitated the business world since the foundation of our republic, and as the years go back the more complex it becomes. I have not the time nor you the patience to listen to history or consider statistics, and, besides, this part of the subject has been thrashed out, and it is the present and immediate future that should command our attention.

Since I have served on the committee whose report is now before you I have read much and listened to a great deal of argument as to what should be done in the way of Currency Legislation, and I must say that I am not surprised that our National Congress has not enacted into law any relief while bankers differ so materially as to what should be done.

In arriving at my conclusions as to what is best, I have classified the articles read and speeches made, and I find that those who say that we need nothing, and we have enough currency, are from the interior and rely upon their correspondents for their currency. Then in another class are those in the central reserve cities, where currency is used only in a small way, but nearly all transactions are made by means of certified checks, and these believe in asset currency, claiming that it is the only currency that is scientific—the only kind that is automatic—and that if we had this it would regulate itself to the needs of trade and commerce. There is another class who recognize that with all the abuse that is heaped upon it that the currency of the United States is as good as there is in the world, and that the growth of the Union in the last forty years is largely due to our sound finances, and that all that is needed is some relief in times of panics or crop-moving periods—and this in the form of a currency that will carry with it the confidence of the American people. I have called myself with the last named class.

Now as to the best way to obtain the relief, the necessity of which is very evident to us all:

First. There should be created by Congress a Currency Commission, as suggested in our report.

In support of this I wish to call your attention to the fact that in the trade Clearing House of nations the United States usually comes out at the end of the year with a credit balance, but this balance is often offset by payment to other countries of money for debts previously contracted, or purchase of foreign investors, holdings of our American securities and the endless tide of travel of Americans abroad spending American money. Now should tariff laws be changed so as to affect our revenues; then inroads would be made on our gold reserves, and this affects our finances, conditions over which we have no control. By the creation of this commission, non-partisan in its personnel, we would take out of this ever-changing tide the management of our finances for local needs. This would be wise owing to the fact that ours is a republic with the possibility of a change of financial policy every four years. Such conditions do not exist in the great

European countries to which our scientific currency advocates refer, viz: France, Germany, Great Britain or in Canada, which is controlled by a monarchy.

If we need anything, we need elasticity in our currency. This cannot be obtained by bond-secured issues; neither can it be obtained or regulated in an asset currency secured only by a lien on assets of banks and forced retirement by taxation, but under control of a commission as suggested in our report elasticity will be attained and maintained.

In none of the articles read or speeches delivered has been given what I conceive to be the real cause of money stringency that periodically affects us. If you will bear with me a moment I will endeavor to give my theory of it.

The enormous development of this country has called for large investments, and the manufacturers, miners, producers and merchants are using their credit to handle this development and have used all their funds, and the banks have gone into partnership with them by granting fixed loans, which no doubt are safe, but are not available or collectible at crop-moving periods, but are dependent upon money arising from sale of crops. Therefore at this period there is need for increase of actual money, not credits on bank ledgers. It should be the province of this commission to determine when these conditions actually exist and to grant the relief.

Then, again, there arise local conditions that necessitate the conversion of loan assets into ready currency. If the issue of this currency was left to the banks to determine without segregating assets it would destroy the confidence of the public in such a currency; although the Government should guarantee it, we would have a repetition of 1896 conditions, when greenbacks and silver certificates found their way to the Treasury in an endless chain, and yet during that period the bank note, which the public knew was secured by Government bonds payable in gold, was not questioned.

This credit currency should be controlled by a commission who could and would be conversant with conditions from an unselfish standpoint, and who could determine the value of the segregated assets offered. This information could easily be obtained from the local Clearing House Associations and from reports to the Comptroller of the Currency. In a word, such a currency would be a Clearing House certificate, nationalized and guaranteed, which would merit the confidence of the public. First, because of the guarantee of the Government; second, because the Government is protected in its guarantee by the deposit of segregated assets; third, by the fact that the commission was in direct control of the situation. The failure of a bank from any cause under such conditions would not destroy the confidence of the public in our currency.

I will not attempt to discuss all of the features and sections of the plan proposed by our committee, but will confine myself to a discussion of the first, fourth, fifth, sixth and tenth sections of the plan.

In reference to the fourth section, will say that it is my opinion that the tax on circulation issued under this plan should not be excessive, as is proposed by the plan of Secretary Shaw and others recently appearing in print. If an interest charge of five or six per cent. was put upon this asset currency, no bank would take it out until forced to by adverse conditions, and then the taking out of the currency would not be of much benefit; but rather than pay such an excessive rate they would rediscount their paper with their correspondent, pay from four to five or even six per cent. rather than to undertake the issuance of currency. I believe the question of taxation or interest should largely be left to the Commission, as they will be in position to understand the needs of the country and to what extent the banks aiding in this direction should be assessed for taxation.

In reference to the fifth section as amended, will say that the amendment provides for the investment of profits in gold bullion.

The gold certificates issued against this bullion pro-



vides a safe substitution for the present greenbacks now outstanding.

The volume of the currency is not decreased by the retirement of the greenbacks in this manner. We provide an asset to take the place of a liability, and this relieves the financial world from that sense of unrest and dread caused by the greenback period. An aggregation of persons working in concert could by withdrawing gold from the Treasury cause serious results.

As to the sixth section. Before any bank can issue Credit Clearance Currency, we hold that the bank should deposit with the Treasury Department or with some officer designated by the Commission good, solvent securities of the bank upon which this currency should be issued. In my State the Legislature has passed an act requiring that all bonds of cities and counties shall be validated by the Circuit Court; or, in other words, a suit is brought against the town, city or county issuing bonds, and when a judgment is rendered under these conditions securities of this character are unquestionable and cannot be repudiated in the courts. If the banks know that they could when needed secure a currency upon this class of securities they would carry part of their assets in the good securities of their own towns and counties. This would be much better for the general condition of the bank, regardless of the question of issuing currency. Upon the examination of most any bank statement you will find that nearly all of the available assets of the banks of this country are in loans and discounts. This should not be—banks should fortify themselves with bond securities to meet the emergencies that may arise. These bonds should be received by the Government whenever the Commission determines that there is a necessity for an increase of currency.

I am opposed to any bank issuing currency creating a first lien upon its assets without the deposit of securities. If such was the law the depositors of idle money who are not actively engaged in business, and who are not dependent upon the banks for accommodations, would place their deposits in the strong State Banks, because there would be no lien ahead of them on the assets of the institution with which they did business. You can very readily understand why it would be a disadvantage to National Banks to have this feature enacted into law. Then, again, the whole trend and idea of those suggesting asset currency seems to be to make it an easy path for the bank and banker and forget the fact that the best friend we have—the one whose friendship we count on, the one whose friendship and influence we depend upon—is the depositor, and the depositor is wise enough to place his deposits where there are no first mortgage liens.

If such a law was in force the deposits in State Banks would increase and the National Banks would decrease.

We hear in some quarters a suggestion that a currency based upon the assets of a bank is simply a certified check. Let me call attention to the fact that there is a great difference between the final results of these two classes of indebtedness. The holder of a certified check has a string of endorsements back of his; furthermore, he must take due diligence to obtain payment of this check or relieve his endorsers. A currency is final payment. The party who received currency in the liquidation of a debt has absolutely no recourse upon the party from whom he received it. Therefore, there is no question in my mind but what any currency that may be issued should be unquestionably secured by the setting apart of assets that will be acceptable in the liquidation of this currency.

In addition to the municipal and county bonds, good first-class railroad bonds with satisfactory margins on which the coupons have been paid in good faith for at least five years would be acceptable security. In the absence of these well-secured bills receivable would be acceptable.

I think the margin required in each of these cases should be left with the Commission to determine, but in no case should the margin be less than 10 per centum above the amount of currency issued thereon.

In conclusion, let me say that I believe that any cur-

rency commission that may be appointed by the President of the United States, or his successors, in the gradual way in which we propose in this report that may receive the confirmation of the Senate will be composed of men of such high character and standing as will faithfully carry out the intent and purposes of this currency plan.

We do not lay this down like unto the law of the Medes and Persians, never to be changed, or as an absolutely perfect system, but we do believe that the men put in charge of the administration of a law enacted upon this plan would have sense and ability enough to so suggest changes and remedies as to make it a perfect system for banking.

Mr. Johnson: There has been such a wise disposition made of this subject in transferring it to the committee that I have no particular plan to support, but I desire to say a word regarding what is called asset currency. I find upon talking with even a number of bankers that there is somewhat of a confused idea with regard to what the assets of a bank are that can be used as a basis for currency. In making a report of a bank we call one side assets. The other side we call liabilities. I wish to call your attention to this idea of the money getting back on uncovered notes, getting back again into their proper channel for redemption, getting back to the Government. I only have to call attention to the fact that you have just discussed a short time ago a plan of recalling uncovered currency that has been in existence for forty years and exists yet to the extent of several million dollars. I believe that as long as the American people hold and reverence the name of Andrew Jackson that never such a currency as has been suggested will be established in the United States, and I do not wonder that his spectre arose when this kind of currency was proposed. I believe that we shall have a currency from this committee that the people can rely upon and will be what we need, and that is that elastic currency.

Mr. Cook, of Kansas City: We want to frame or have the Commission frame a bill that will meet the demands of the entire country. From what was said by the gentleman from Georgia I think it will be seen that there is a difference in the demands of the different sections of the country—between the cotton fields of Georgia and the wheat fields of Kansas and the manufacturing and commercial centers of the East. Many banks in Kansas could not borrow from their correspondents at 3 per cent. The times when they could borrow at 5 and 6 per cent. have gone by, they cannot afford it, and at the time when their crops come on if you ask them to pay 3 per cent. for bank notes they will say they cannot do it. They will send to their correspondents in New York and get the currency, as they do now. That is what is making the trouble. At certain seasons of the year the currency piles up in the East, and they almost have to use it for speculation, because there is nothing else to do, and then when they have their deals fixed up prosperity is evident and we come in and demand our own; it goes back to Kansas and Missouri and the West and the South, and if it does not produce a panic in New York we are lucky, that is all. A 3 per cent. tax is a feature in the report of this committee to which I object. Further than that I would say that I agree entirely with Dr. Johnson and his objection to the plan—that it is not automatic.

I object to segregating assets for the security of these notes. Leave the assets where they belong.

Exercise supervision as fully and as rigidly as is exercised now.

It has been suggested to me that this would be too great a temptation for the officers of banks, that banks would be organized merely for the purpose of getting these notes out and keeping them out. First establish adequate redemption facilities, and second consider that the issue of these notes would be not one-tenth, not one-hundredth, of the temptation to which the people are subject now—that of organizing banks merely to get deposits. What proportion of the deposits of this country do you suppose



the notes issued under this system would make? I am not able to venture a reply, but ask each gentleman what notes he would issue, and you will find that the answer will be probably not one-fourth of a bank's deposits. In isolated cases these figures might be reached, but in most cases it would be insignificant, and it would not tempt the bankers. The notes are needed in the Georgia cotton fields and the Kansas wheat fields.

The President: The gentleman's time has expired.

Mr. Goebel, Commercial National Bank, Kansas City, Kan.: Speaking of the Kansas Bankers' Association, composed of seven hundred and fifty and more first-class banks, I want to say we are against asset currency to a man. We are getting along first rate in Kansas in moving our crops under our present currency system, and I don't believe you can ever prevent a panic by issuing more money to be redeemed in gold. The only way we can prevent a panic is to go home and discourage wild speculation and let the people know we have plenty of money for all legitimate business. (Applause.) So I say, why agitate this question and give it out that we are hard up and haven't enough money, when, as a matter of fact, we have an abundance. What we want to do is to be conservative and do our duty to our communities, and the rest will take care of itself.

Mr. Jobes, of Wichita, Kan.: I assume that this hour is simply to give us an opportunity to orate, as this question is to be referred later by the resolution.

I am afraid Mr. Goebel is speaking without his host when he says that we in Kansas are opposed to asset currency to a man. I do not believe he speaks for the bankers of Kansas; I know he did not consult me about it, and I rise to say that I am in favor of some sort of asset currency. (Applause.) I think many of us feel that we have undergone some change of ideas since we have been here and have heard the addresses of Congressman Fowler, the Comptroller of Currency, and some others. Mr. Fowler's plan seemed to be feasible with two exceptions to my mind, and those were that it contemplates using currency without the deposit of any sort of security. I am opposed to that, and I believe the bankers in my section are opposed to it. I am sure that the committee's report indicates that they are opposed to it. What is an emergency currency? It is simply an emergency for money. It is money to supply the demand when one's correspondents cannot furnish the necessary funds, as was evidenced in 1873 and 1893. When the emergency comes we want some way of converting our good assets into a reasonable amount of money. I think there should be some incentive to have the currency withdrawn at the earliest possible moment, and the only thing that will do that, as was said by Mr. Wilson, is a high tax. I think if it were on a 2 per cent. basis about nine-tenths of the banks will infer that the emergency is with us immediately and will proceed to put this money into circulation, and if we have no use for this money in the South and West we will find that New York can use it in their stocks and bonds, and, therefore, I hope when this matter is referred to the committee that they will bear in mind that they must put sufficient tax on this currency to induce the bankers to withdraw it at the earliest possible moment and not put it out until the emergency actually arises.

Mr. Davis, Cincinnati, Ohio: I move that the President of this Association, Mr. Hamilton, be allowed to address the convention without limit as to time.

The motion was seconded and, the question being put by the Secretary, was unanimously agreed to.

Remarks of John L. Hamilton, President American Bankers' Association.

Gentlemen of the Convention, in granting special privilege to the President you do not know what a dangerous precedent you have established. I have thought of this subject for many years, and if I should attempt to give the proper time to it you would probably not leave here until to-morrow morning. However, the position of this Association should be to consider what measure is most likely

to meet with the general approval of the people. Any measure that is proposed must have in it an element of fairness to all classes and to all kinds of business interests, as well as to all classes and all kinds of banking interests.

We have in this country something over six thousand National Banks, and in addition we have over ten thousand State institutions, just as well and just as capably managed as the National institutions. We have also the Trust companies and the Savings Banks and the private banks. These are all a part of our system, and in considering a measure we must consider one that will be equitable to all.

Our committee in considering this question have taken the position that all bills issued should be under direct federal control, recognizing the fact that there are numerous well governed and substantial institutions, but believing in the policy that no currency should have recognition in this country again excepting that under direct federal control. Our reason for that is this—that the variations of the laws in the different States governing the State institutions and the laxity in some of the States in proper supervision of their institutions makes it a dangerous right to be extended to those organizations. If, however, some means could be devised whereby State institutions would place themselves under federal supervision for this purpose then I believe such a measure should be adopted. And I believe if they are willing to do this that Congress would be willing to do it also. I believe in extending the membership of this committee, giving to the State organizations a representative upon the committee when this important question comes up after further discussion.

Our committee in preparing this plan have endeavored to prepare a plan that would meet with public approval as well as be equitable to banks. There is a feeling uppermost in the minds of the public to-day that all institutions of great importance should be under some sort of federal control, and in order to meet this sentiment we have advocated the appointment of a commission. We have advocated that the commission be composed of seven members, one of which should be the Comptroller of the Currency, and by having the Comptroller of the Currency and his department at hand the commission would be able to get the necessary information concerning an institution proposing to issue any emergency circulation. The other six members of this commission to be divided into three classes, two to serve for four years, two for six years, two for eight years and two for twelve years, and subsequent commissioners to serve for twelve years. It is the aim to have a live commission keep hold of this subject and not have it become waterlogged or incapacitated by reason of the age of the commissioners, and at the same time removing the political feature from it that the commissioners will not be trying to perpetuate themselves in office and devoting their time to working for their reelection. The commission to my mind is a very important feature in connection with this measure, and it is the safeguard that the bankers of the commercial centers should look to.

We do not need in this country an inflation of our money at the present time. We need an adjustment of affairs so that at proper seasons of the year the proper mediums of exchange can be had to carry to market the products of our country. Above all things, we should avoid an inflation of the currency. An inflation is more dangerous to the public than to have no law at the present time. This commission will have the authority under this measure when requested to do so by a majority of the banks of the Clearing House cities to authorize them to issue an emergency circulation. The question has been raised why a majority of the banks of the commercial center? This is the idea. It would be an impossibility in almost every city in this land to secure the unanimous consent of the banks to apply for such an issue. Consequently we have made it possible that the banks apply for the issue when a majority of them decide that conditions warrant it, that they can have the privilege and not be discredited by the issue. It is the



position of our commission that any banks in any commercial center, no matter what the tax may be, whether it is 1 per cent., a half of 1 per cent., or 5 per cent., or what, would not dare to issue an emergency circulation unless the other institutions of that city did so also. There is nothing to prohibit them from applying for it if they are willing to assume the responsibility of such an issue; but we take it that it would be a dangerous thing for them to do, for the reason that their competitors in business would immediately point to the fact that that institution must be getting into a critical condition or they would not apply for such circulation.

Another protection on the part of this commission is this. There is no necessity when any banker outside of commercial centers should think the necessity for circulation existed to permit that bank to issue money if money is at normal rate in commercial centers. This is an important feature, and this is why we should have the commission. That is one of the reasons why we should have a commission to govern this and control the issue. The varying rates of interest in the different States have made it impossible to our minds to establish a fixed rate on which to base the tax upon circulation. In some localities of the country they could afford to have a tax of 5, 6 or even 7 per cent. and keep such a circulation out at all times. That is the very condition that you must and should avoid, and our committee in preparing our plan struck upon the idea of a graduated tax, fixing a nominal rate at 3 per cent., as now amended, in deference to a wish of a majority of those who have written us, and after the time of redemption has been fixed by the commission an additional tax of 1 per cent. for each week shall be added, so that if the time is fixed for four months and the bank should continue its circulation beyond that time, say six weeks, they would then be paying 9 per cent. per annum for such circulation. This plan will absolutely tax such circulation out of existence.

The plan proposed by the Chamber of Commerce Committee of New York City is in many respects very similar to that proposed by our committee. The differences are not very great. There is a difference in reference to the graduation of tax and some few other differences. Their plan provides that there shall be an issue equivalent to 35 per cent. of the capital of the institution, and provides that before a bank can issue such a circulation they must take out bond-secured circulation equivalent to 50 per cent. of their capital. Upon this they place a tax of 2 per cent. for the first 5 per cent. of the circulation issued, 3 per cent. for the second, 4 per cent. for the third, 5 per cent. for the next 10 per cent. issued and 6 per cent. for the fifth 10 per cent. issued.

The objection we have to that is this—that if you will figure up the average rate paid it would be an average of 4.10 per cent., or a fraction over that per annum, a rate so low that in many cases this circulation could be kept out indefinitely.

Going back to the Chamber of Commerce Committee, I wish to state further that their plan provides for an increase of bond securities, which our plan would not do at the present time. As to that feature, theirs and ours will be the same, if they permitted a 70 per cent. issue of the of the emergency circulation as against our 50 per cent.

Referring to the Curtis plan, I wish to state that this plan in the first place provides for the appointment of a commission. When this commission is to meet or how he does not state. But going further, he provides that the bills shall be issued when the banks deposit their securities with the Clearing House, and when the Clearing House issues its certificate then the government takes that certificate as a basis of its security and issues its circulation. This plan confines it to the Clearing House cities only. Our plan extends it to every National Bank institution in the land. His plan goes on further, and provides that National Bank notes be counted as reserve, and still further provides that this emergency circulation be carried as a part of the reserve.

Mr. Curtis: I beg to interrupt—not as the plan that I propose. The plan says nothing about National Bank notes in the collateral currency plan.

Mr. Hamilton: Very well, I am willing to stand corrected, and his plan is that much better than I thought it was. He also provides for a tax on his circulation. What is that tax? There is an important question for you to consider. He says that his tax shall be based upon the maximum rate of interest paid in different States in which the institution is located. Why has he made such a provision? Why should Illinois pay 7 per cent. when New York would be paying 6 per cent? Why should Georgia pay 8 per cent. or 10 per cent. when New York City would be paying 6 per cent? Why did not the gentleman make it a minimum rate instead of a maximum rate? These are important points simply for your consideration. His plan would reorganize our present method. The plan of the Chamber of Commerce also requires additional security to be taken out, but the plan proposed by the Federal Legislative Committee interferes with no existing condition to-day. It is optional with the banks of this country even if such a measure should be adopted, whether or not they ever apply for such a circulation.

In conclusion I do not force this plan upon the American people, but I am simply holding up the strong features as I see them, hoping that with these features before you you will criticize the plan and point out any weaknesses that may occur to you. What we want is something that will give to the banks of the United States in times of emergency a right to use their credits as do the banks of foreign powers. How this shall be worked out, what plan adopted, is a question that should be carefully considered and referred to a commission to confer with the Chamber of Commerce in New York, if you please, and possibly with the committees interested in Congress. Out of all this a feasible plan ought to be perfected. The bankers of this country and the people of this country care nothing about who the author of a measure may be, all they want is simply a simple, practical solution of this question.

Mr. Boyse: I call for a vote on the resolution as the time has expired.

The President: The time has not yet expired, and inasmuch as I took it upon myself to criticize Mr. Curtis' plan I think it is only fair that he be given a chance to reply.

Mr. Curtis: I only want two minutes. In the first place I want to say that I am not wedded to my plan. We have a dozen plans that are good, and, as I say, we do not insist on any particular plan. What we want is a commission to revise the old National Bank Act, which is an old and antiquated affair. Changes ought to be made in that act. The suggestion that National Bank notes ought to be made a part of the legal reserve was passed by the New York State Association and by the Ohio State Bankers' Association. I defy anybody here to say that he ever saw a man turn over a National Bank note and examine it to see if it was the note of a bank that has failed.

It is apparent that returning the people's money to the people's banks will solve the currency question without anything else. Then, if you want an emergency currency this auxiliary currency is suggested. In New York that will be 6 per cent. in times of stress, and in the Western States we have made it twelve, because otherwise they would take it out at 6 per cent. and loan it at 12 per cent.

Mr. George: I move as a substitute for the pending resolution the following, which seems to be quite satisfactory to all concerned that have discussed it:

"Whereas, The currency system of the United States is defective in that it is issued and retired without regard to the needs of commerce; and

Whereas, A problem so important and so vital to financial and commercial interests of the country should have a profound consideration, impossible in the limited time at the disposal of this convention; therefore, be it

Resolved, That a commission of fifteen shall be appointed by the executive council, five members of which commission shall be the present legislative committee, the other ten members to be selected with due reference to National, State banks and trust com-



panies, and said committee shall confer with the committee of the Chamber of Commerce of New York City, and after careful investigation and study of plans submitted shall co-operate with the proper Congressional Committees' with the end in view of the enactment of a bill covering this subject."

I move that as a substitute.

The motion was seconded.

Mr. Campbell: Selected by whom? I think it is defective in that.

Mr. George: The Executive Council.

Mr. Wade: I rise to second the last resolution, because I believe it to be, in the language of the day, safe and sane. We are all here as bankers or representatives of financial institutions, and I have a grave fear that some of us at least forget the agricultural industries of this country and the commercial establishments and the manufacturing trades and commerce. Many of us forget that we are not a legislative body, insofar as accomplishing the results that are so necessary for the protection of all interests—financial, commercial, manufacturing and industrial. You all hear a great deal about the elastic currency and the credit currency on account of the crop-movement proposition. That shows to us at least in the West a great weakness in many of these plans. We have all heard read the report of the Chamber of Commerce Committee. You have heard Congressman Fowler dilate here for an hour on the subject. We have heard Mr. Curtis' plan and the committee's plan. They all have good points. And yet every one of them have weaknesses. The resolution appointing a committee from each State would in my judgment be a most grievous error. Congressman Fowler told you and your legislative committee told you that unless you get action in the approaching session in December you would not be likely to get it for two years.

Mr. Dismukes, of Florida: I rise to a point of order. This convention agreed to discuss this proposition for one hour. I am running on Florida time, and it may be a little slow, but according to my time we have already occupied an hour and ten minutes.

The President: I will say for the benefit of the gentleman from Florida that his time is evidently a little fast, as the hour has not quite expired.

Mr. Chamberlain, of Texas: I rise to a point of order. If you will remember I made a motion to commit this matter, and you did commit it to a committee. Mr. Jones, if I am right, explained that question and the motion was carried, providing for one hour debate. Now, understand me. I got up and asked so as to get this matter clear before this convention what the motion was, and I was told it was providing for debate for one hour, and I believe that the gentleman from Texas is on record as having asked that question, and then the chair ruled that Mr. Wexler's motion was a motion providing for one hour's debate. And I believe that a substitute should not come up, if it is a substitute for Mr. Wexler's motion; I believe that Mr. Wexler should first appear on the platform and read his motion, and then after that let Mr. George, of Illinois, present his substitute, and then let Mr. Wade have the floor, and then we have got it right.

The President: If there is any question about it we can have the gentleman read his resolution.

Mr. Wexler: I will read my resolution.

(Mr. Wexler read his resolution, beginning: "Resolved, That the several plans proposed and submitted to this currency conference be referred to the Executive Council, etc.")

Mr. Wexler (continuing): Gentlemen, in view of the fact that a substitute motion is about to be offered, I feel I should have a right to say something in defense of these resolutions and in refutation of the substitute motion offered by Mr. George. I think the proposition to have the personnel composed of fifteen gentlemen, to be made up in the manner proposed, is a proposition representing a tendency in this organization which will go further toward dismembering it in time than any other policy that possibly can be pursued. I wish to say, gentlemen, that with due deference to the financial intelligence of the representatives of the Eastern and Middle Western States, that

there is a certain amount, though perhaps not quite so much, financial intelligence and experience scattered broadcast over the rest of the United States that can devise plans that are equally as good from a practical standpoint, and we propose to go before Congress and ask the passage of a bill, and we must go before it with absolute unanimity. If a commission is appointed composed of fifteen gentlemen, the names of whom none of us know at this time, and the measure they propose does not meet with my approval or the approval of the gentleman from Texas, I shall use my influence with my legislative representative to defeat that bill, and so will everybody else who find themselves in the same position. But if the committee is made up of representatives from every section of the country, each man will go back, and if there is any opinion contrary to the provisions of the bill that man will go out of his way to explain the matter, and that bill will be certainly passed. I believe the resolutions proposed here should be passed exactly as they are, without crossing a t or dotting an i. They are the result of careful consideration on the part of the gentlemen composing the conference held at the hotel a few nights ago, and they will present the views which they entertain as to what they think should be done. The various States have reposed sufficient confidence in that committee to entrust this matter to them, and I think it is due them so far as this resolution is concerned that it should be received.

A Member: What committee?

Mr. Wexler: The conference, made up from representatives from thirty-four States.

Mr. Curtis: Appointed by their State Bankers' Associations, ten of whom are members of the Executive Council of this Association.

Mr. George: I renew the motion that the substitute which I have offered be adopted.

Mr. Wade: I rise to second the substitute.

Mr. Goddard: I rise to a point of order. I think Mr. George's resolution is assumptive. It is certainly extravagant in saying that the present currency system was formulated without any regard to the needs of commerce. I believe that if he will put the currency question in his second preamble, leaving the first entirely out, it will put this convention in a better shape. It ought to be somewhat more conservative, and I believe that Mr. Wade will agree with that idea. We do not want to go on record and say that it is without any regard whatever to the needs of commerce, because it has done pretty good service for us up to this time.

Mr. Boyse: I rise to a point of order. This convention made an order that we take a vote upon the resolution before us at the end of one hour. Until that order is reconsidered nothing else can come before this house.

Mr. Jones: I do not believe that is the effect of the motion. There was a question up here for consideration. At that time there was no substitute offered. There was nothing else before the house but that main question, and I then suggested that we have one hour for discussion. We have now used up one hour in discussing the matter. That leaves the main question before the house.

Mr. Wade: I hope I will not be interrupted any more, because I have lost what I was going to say and have forgotten what I did say.

Coming back to the gentleman from Indiana's resolution, let us see what the effect of that would be. You would have an unorganized body of financiers from every part of the Union in convention assembled in the City of Chicago for the purpose of taking up the greatest question that has been discussed in this convention since 1896. The man from Missouri, or Texas, or Iowa, or Illinois that was most attractive in his personality, the handsomest in his physique or the most Democratic in his notions, would be sent as the State representative to discuss and define and conclude this great question. Let us see what you do in the ordinary vocations of life, in the ordinary conduct of your business, in the conduct of the business of this government. In the conduct of the business of a corporation, say



one of the greatest corporations in America or the world, do they call a town meeting to decide these enormous questions? No; they refer it to their board of direction, which the council is, and that council then refers it to a committee. And so if you adopt this, leaving the present legislative committee consist of five and add ten more men to that, that council will feel an individual and personal responsibility, each member will feel that, and nobody will be selected on account of his personal physique or handsome appearance, but each man will be selected on account of his experience and intelligence on this subject. Bear in mind, gentlemen, that all the brains of the United States, financial and commercial, are not in the Executive Council of the American Bankers' Association. This resolution does not name ten members of the Executive Council of the American Bankers' Association. There are such weaklings as Eckels, of Chicago; Baker, of New York, and hundreds of men from Maine to California, from the line of Canada to the lower Mississippi, who ought to be looked over and selected and put upon this commission of ten. What we want is not sentiment; what we want is not politics; what we want is not popularity; what we want, gentlemen, is a plan that will save this country in time of distress.

Let me call attention to-day to the condition in Continental Europe. The Bank of England to-day raised its rate to 6 per cent. I do not believe it is wise to discuss why it did it. But you are now in a crisis. You now have an opportunity. You cannot work that opportunity or get the best intelligence out of the American Bankers' by a committee of fifty or sixty. I, therefore, appeal to you, gentlemen, before you have elected your Executive Council, to adopt the substitute to this amendment and then select gentlemen from that council in whom you have confidence. Let them then select the commission of ten, and do not confine them to themselves, to members of this association or to any organization in this country.

Mr. Durham: I rise for the purpose of asking a question for information and to second the motion. I would like to know from whom these State representatives will get their credentials between now and the 20th of November.

Mr. Griffith, of Mississippi: From the American Bankers' Association.

Mr. Durham: We in Illinois prefer to name him, if you please.

Mr. Griffith, of Mississippi: Your State Association named John L. Hamilton.

Mr. Durham: To act on the committee that is now in charge of this matter.

Mr. Griffith: And on the committee proposed to be put in charge of it.

Mr. Durham: No; it did not.

Mr. Griffith: He came and said it did.

Mr. Durham: It named him our delegate to the committee here. And, gentlemen, at a time of unpleasantness between gentlemen, when the brothers in gray were hurling back the decimated ranks of the brothers in blue a quiet man was asked what he proposed to do about it, and his calm reply electrified the whole country when he said: "I will fight it out on this line if it takes all summer." Now we are at last on the right line. We have a competent committee, we have a competent Executive Council. All that the substitute for this resolution asks, as I understand it, is that the present committee be added to by a number of gentlemen to be selected by the Executive Council, without regard to the fact whether they are members of the Executive Council or not. I wish to heartily second the substitute.

Mr. Griffith, of Mississippi: Without replying to the innuendo of my friend from Illinois, that the members of the Currency Conference were not financiers, I beg to state that the composition of that body included Mr. Swinney, of Kansas City; the present honored president, Mr. Hamilton, and a number of other notable and honest men in our profession, whether they are financiers or not. Now, Mr. President, there is just this. I want to say that if you

adopt the substitute you will not secure the hearty co-operation—I should not say that, but you will not secure the commendation of the great body of bankers all over the United States, who insist on representation, not particularly of one State, but certainly of conditions that exist all over the United States, and this representation is nothing more than a right. Your measure will become odious instead of popular if you undertake to circumscribe it to a committee of fifteen to be thus selected.

Mr. Chamberlain, of Texas: I want to refer to the argument of Mr. Wade in regard to the large number that will be on that committee. I believe that the larger the number on that committee the more apt we would be to have an expression from the different sections of this State, and the committee itself would be controlled by a resolution that no part of that report should be adopted unless it be carried by a two-thirds vote, and I feel, gentlemen, that that committee, with the names that you have already heard, is a committee that could go before Congress with a report and accomplish something. Let us add the gentlemen named, Mr. Eckels, of Chicago; Mr. Baker, of New York, and any others. We are not afraid of them. We want to do something; we want to go before Congress in December and accomplish something.

Mr. Swinney (of Kansas City): Gentlemen, I believe that you will all agree that I am a disinterested party so far as this commission is concerned, for the reason that under either proposition I would be of it. But I do want to see some legislation pertaining to this currency question. Day before yesterday, I believe it was, I attended a meeting of this so-called State Commission, and I want to say to you right now that we will have several new presidents of the United States before we get any legislation of any kind if we are going to wait for that commission or committee to decide it. (Applause.) I believe if we will get a committee of ten or fifteen and get them to go to Washington and sit down at the table with the legislators and have an interview with the President and get his views and get him committed to the proposition, which I understand he is willing to take up, and let him make it an administration matter that before the first day of January we will have a decision on this matter.

Mr. Habliston, of Richmond: I want to say that Congressman Fowler had a talk with me, and he suggested that a committee of fifteen be appointed to assist him on this legislation on the currency question. He said if the committee was appointed he would give them any length of time they desired, and that he would stay with them until he got a unanimous opinion between the fifteen and the Congressional Committee. He said that was the only possible way he knew of getting legislation. Therefore, Mr. President, I am in favor of the committee of fifteen.

Mr. Sullivan: I want to say one word in behalf of the great State of Ohio. Ohio has not yet spoken on this very important question.

(Disorder in the house and cries of "Sit down!" "Sit down!")

Mr. Sullivan: I do claim that I am entitled to this recognition, and I hope you will bear with me for one minute. The State of Ohio is in favor of this movement; the State of Ohio has adopted resolutions in favor of it. The City of Cleveland, and the Chamber of Commerce of the city of Cleveland, representing the business men of that city, have spoken on this question affirmatively. I am here to-day to say to you that the great mass of the banking interests of Ohio are in favor of this. I hope that you will adopt the substitute offered by Mr. George, because it lodges the power in a few men; it refers the whole matter to the Executive Council. Haven't you confidence in your Executive Council? They have the matter as much at heart as you have. Leave it to them, and they will handle it wisely and intelligently and bring order out of chaos. I hope that the substitute offered by Mr. George will be adopted.

(Cries of "Question!" "Question!")



## MR. GEORGE'S RESOLUTION ADOPTED.

The President: We will now vote upon the George substitute for the other resolution offered.

The resolution offered by Mr. George was read aloud to the convention.

The President: The question is upon agreeing upon the substitution offered by Mr. George.

The question was taken and the substitute was adopted.

Mr. Campbell: Do I understand that it is not in order now to discuss any of the other features of the recommendations of the Legislative Committee?

The President: Whatever is the pleasure of the convention is what shall be done.

## REAL ESTATE MORTGAGES.

Mr. Campbell: There is a point that the Legislative Committee have taken up that is of importance, and it has come up at every Bankers' Association, and I would like to refer to it briefly. I refer to the matter of loans on real estate mortgages. I certainly think that there ought to be something done in this important matter of loans on real estate mortgages. My own idea is that the loan on the mortgage ought not to be restricted.

Mr. Nelson: I rise to a point of order. I think this subject was decided the first afternoon we met here, and it has been referred to the next Executive Council.

Mr. Campbell: I beg your pardon, it has not been. The question that came up was on the question of the adoption of the report of the Ohio committee.

The President: Mr. Campbell, the correct position, I think, is that we properly have no question before the house unless you wish to offer a resolution recommending a measure permitting National Banks to make real estate loans, or not permit them to do so. The report of that committee made no recommendation whatever on that.

Mr. Campbell: I move, Mr. Chairman, that the bill that is before Congress and was reported by the Legislative Committee be recommended; that we recommend the passage of that bill with the elimination of all amendatory matter except the clause "by loaning money upon notes, bonds, or other evidences of debt secured by mortgages." I would like to ask if there is a gentleman here that represents a National Bank who has any doubt but what his bank would be entirely secure if the restrictive clause were taken out? Do you believe you have sufficient acumen, sufficient knowledge of the conditions in your locality, so you would jeopardize the interests of your bank if you were allowed to loan on mortgages? If you have, why not have sufficient confidence in banks wherever they may be to do the same thing?

The recommendation from the Ohio Bankers' Association was that they be allowed to loan to the extent of 25 per cent. of the assets of the bank, and this would be 25 per cent. of the capital and surplus of the bank. There is a wide difference there. I simply give them permission. That is my motion. The 10 per cent. clause is governed by the provision that they may lend on any kind of good security. The clause would read:

To exercise by its board of directors or duly authorized officers or agents, subject to law, all such incidental powers as shall be necessary to carry on the business of banking, by discounting and negotiating promissory notes, drafts, bills of exchange, and other evidences of debt; by received deposits; by buying and selling exchange, coin and bullion; by loaning money on personal security; by loaning money upon notes, bonds or other evidences of debt secured by mortgages.

A Member: It seems to me the gentleman is out of order.

Another Member: I move that it is essential to the convention that the resolution as offered be adopted.

## THANKS TO ST. LOUIS.

A Member: I offer the following resolution:

Resolved, That the thanks of this convention are due and are hereby tendered, first, to the banks and bankers of St. Louis for the hospitality which they have so graciously and so bountifully shown in the delightful manner in which they have entertained the members of this convention; second, to the local press for the full and complete

reports which they have made of the proceedings of the convention; third, to the telegraph and telephone companies for their complimentary and efficient service; fourth, to the ladies of St. Louis and the cities generally, who have done so much for the comfort and pleasure of this convention, which has been one of the most successful and enjoyable in the history of the Association.

The resolution was numerous seconded and was unanimously agreed to.

## PROPOSAL THAT OFFICERS' AND COMMITTEE REPORTS BE PRINTED IN ADVANCE. REFERRED TO EXECUTIVE COUNCIL.

The Secretary submitted the following resolution:

*Resolved*, That the reports of the Secretary, the Treasurer, all Special Committees, and all Standing Committees of the American Bankers' Association be printed in the official program, prior to the assembling of the Convention.

That a copy of this program be mailed to each member of the Association, at least ten days before the assembling of the Convention; that the Assistant Secretary furnish each delegate with a copy immediately after he has registered, and that a liberal supply be distributed in the Convention Hall at the first Session.

In support of this resolution the necessity therefor may be briefly stated: The first and most important consideration is the saving of valuable time of the Association that may be more profitably employed. The reading of many of these reports before the convention might be readily dispensed with, and were they in the hands of the members as suggested a motion to dispense with the reading of any particular report could be intelligently voted on by those present. The question of expense in printing these reports should hardly be considered as against valuable time saved to the convention. Second, by eliminating the dry details of such reports a better attendance and closer attention would be secured and more time allowed for the discussion of graver matters.

On motion the resolution was referred to the Executive Council.

The President: Gentlemen, we have with us a banker from the Island of Cuba who does not wish to take up any of your time, but I am desirous that you should have the pleasure of seeing the gentleman. I present Mr. Vaughan, president of the National Bank of Cuba.

Mr. Vaughan: Owing to the lateness of the hour I will not endeavor to deliver any report in regard to our little island in the tropics, but I will file a report with the Secretary and will be glad to furnish copies to any members who may desire them.

I thank you very much for the honor of allowing me to appear before you to-day.

## Address of Edmund G. Vaughan, President of the National Bank of Cuba.

In response to the call of the American Bankers' Association, I am proud to meet the members from every part of the American continent, and to report for our little Island in the Tropics. It is appropriate that Cuba should for the first time be represented in this Annual Convention as she is for the time being under the direct political control of the United States.

There is assembled here the greatest financial army in the world, and the success of great armies, whether military or commercial, as well as the success of our individual banks and business, is absolutely dependent upon the organization of the intelligence and information department covering the territory in which they operate or in which there may be opportunity to extend. It is my understanding that this is recognized in the organization of the Bankers' Association and that the purpose of these annual meetings is to get acquainted with the men, methods and conditions, in order to perfect our system and carry on our operations with greater confidence, with greater advantage to our institutions and our customers and in a more extended scope.

Conditions in Cuba should be of great interest to the United States to-day—both to the commercial man and student, and I trust that in some small degree at least I may be able to indicate these conditions sufficiently for the American bankers and their friends to retain a suggestion for subsequent thought and consideration.

Four centuries ago Christopher Columbus reported to the Spanish Court, with marvelous accounts, the wonderful riches of the West Indies. To-day it is my privilege to report to the American Bankers' Association a realization of all that was predicted, and to assure it that Cuba's great and growing markets are to be had for the effort—markets which are not in competition with those of any State in the Union, for Cuba buys everything the United States has for sale and sells those products of which the United States and the world has absolute need.

For evidence of her natural resources it is only necessary to look to the record of the tremendous fortunes which have been taken from Cuba by the Europeans during her dependency, and at her record in the last few years since she became a republic. At the close of the



long succession of wars for independence she was practically devastated, not only of her crops, horses and cattle, but also of her mills and machinery. She not only had nothing to sell, but it was necessary to buy from the world everything, even to her provisions.

To-day her foreign commerce has reached more than \$200,000,000 per annum, with the balance of trade in her favor. In other words, she is producing for export in these few years more than \$100,000,000 per annum. In these figures the large amount of foreign capital coming in for investment or in expenditures of tourists is not included. Neither do her imports indicate what she consumes in living, but the figures include machinery and equipment for public utilities and private industries, and cattle and horses for breeding purposes, which become a part of her permanent capital and give an increased power to produce and to extend her imports, all of which will show in growing proportion as the years go by.

Mr. Charles M. Pepper, Special Agent of the Department of Commerce and Labor of the United States, in his report of 1906, recognizes this when he says:

"The rapid advance since the destructive period of insurrection and war is evidence of the vast recuperative power of the Island, and this should be kept in mind in periods of temporary depression from whatever causes such depression may arise."

Cuba is essentially an agricultural country and her products tropical. Sugar, molasses, tobacco, fruits, vegetables, hard woods, and some iron and copper ores are her principal articles of export. She imports her machinery, manufactured goods of all kinds, canned goods, packing house products, flour, corn and temperate zone products and, in fact, practically everything else.

Her dealings are, therefore, international and with every country, and Havana is one of the most cosmopolitan cities in the world. Spanish is the language of the country, but, in the conduct of business, Spanish, English, German and French are employed. The business men are of every nationality, and it is very common to hear two men of different nationalities in conversation each speaking his own language.

Banking in Cuba before the American occupation was conducted principally by private and, what are known as, merchant bankers, in connection with their other business, and there are still some very strong houses of this character.

The only two banks which publish statements of their business in Cuba are the Bank of Spain for the Island of Cuba and the National Bank of Cuba. The Bank of Spain was organized in Spanish times and the Spanish Government transacted its business through it. Its nominal capital is \$8,000,000 Spanish gold—equivalent, approximately, to \$7,200,000 United States currency, but it carries in its assets \$3,000,000 of its own stock. The last statement showed its deposits to be, in round numbers, \$5,500,000 Spanish gold, equivalent to \$5,000,000 United States currency. The stock is held principally by Spaniards and its Board of Directors is largely composed of the same nationality. The Spanish system of accounts and operation is employed. It formerly had branches throughout the Island, but now has only its bank in Havana.

The National Bank of Cuba was organized in 1901, and was the Fiscal Agent and Depository for the United States Government, through which all revenues were disbursed and audited by means of checks on the bank. The Republic of Cuba adopted the same system of handling its moneys through this bank. I doubt if there is a Government in the world with better facilities for conducting its fiscal operations. The paid up capital of the bank is \$5,000,000 United States currency, with deposits of over \$13,000,000, all moneys reduced to United States currency. Its head offices are in Havana with twelve branches throughout the Island. The stock of this bank is held principally in Cuba, the United States, France and Great Britain, but it is distributed in eleven countries. Its Board of Directors is composed of Americans, Cubans and Spaniards. This bank has combined the system of the United States with the branch banking systems of Europe, and its heads of departments have been drawn from the principal banks of the world. Business and correspondence is conducted in Spanish, English, French and German, to meet the requirements of the cosmopolitan and international character of its business.

The Bank of Havana has recently been organized with a subscribed capital of \$2,500,000, but has not done business long enough to publish a statement. There are also branches of the Royal Bank of Canada and the Bank of Nova Scotia doing business in Cuba.

There is no provision in the law for Government bank examination and the banks do not submit to outside examination. However, the National Bank of Cuba has undertaken to supply this deficiency by the employment of certified public accountants of international reputation, who make their examination without notice and as nearly as possible in the same manner as National Bank examiners in the United States.

The currency of Cuba is not as cosmopolitan as her people, and yet she has in active use Spanish and French gold, United States currency and Spanish silver, each circulating in its well-defined sphere.

Spanish gold, supplemented by French gold, is the commercial money of the country in which all trade transactions are considered, excepting in Santiago Province where United States currency was introduced for every purpose by military order during the American occupation, and there all other moneys have practically ceased to circulate.

United States currency, whether gold, silver or paper, is the official money established by the American Government, in which the Cuban Government collects all incomes and makes all disbursements for its expenses by check on the National Bank of Cuba. Spanish silver is the fractional currency and the money in use in the markets, small shops and for wages of labor generally. The value of each money is subject to constant fluctuation, and is measured by the American dollar; the latter is equivalent to from \$1.08 to \$1.11 Spanish gold, and from \$1.13 to \$1.40 Spanish silver during the year, although Spanish silver is gradually approaching a parity with Spanish gold.

Some of the larger customers carry in the bank three accounts, against which they draw in the different money, and the banker must have in mind at the close of each day the proper reserve—not in the total sum, but in each money varying according to the demands of the seasons.

To maintain the proper proportions there is a constant flow of the various moneys in and out of Cuba, so that the banks are actually shipping Spanish and French gold, Spanish silver and United States currency between the respective countries to meet the needs of the seasons, and to neutralize the rates of exchange.

During the Spanish times comparatively few merchants or other persons carried bank accounts, but the money was kept in safes and the current bills and drafts were paid over the counters. Inasmuch as the money was entirely in gold and silver coin, the matter of bank collections was not so simple as in the United States, for the coin had to be carried through the streets, being counted by the collector when received and counted again into the bank by the tellers.

It has only been within the last five years, since the establishment of the National Bank of Cuba, that checks have been used to any extent, but the convenience and safety is so apparent that they are rapidly growing in favor as indicated by the increase in deposits shown by the statement of this bank from \$4,000,000 in 1902 to over \$13,000,000 in 1906.

The number of checks paid over the counter of the head office of the National Bank of Cuba now reaches over 3,000 per day, and the movement of actual cash, as distinct from checks, through the tellers reaches more than \$1,000,000 per day, principally in coin, as United States banknotes are very scarce. Collections in Havana run over \$1,000,000 per week.

That the people generally are beginning to realize the security afforded by banks is evidenced by the fact that during the recent troubles the bank had a marked increase in the number of its individual depositors throughout the Island.

As Cuba's business is international in its character, so is its banking. The bank must deal in the money of every country of the world in daily transactions over the counter, in the purchase and sale through drafts and cable transfers of pounds sterling, francs, pesetas, marks, liras, yen, Chinese and Mexican dollars and all other currencies.

These operations are usually made against Spanish gold, as the local payments are made in that money. Drafts are drawn on Cuba in Spanish gold or silver and United States currency, and remitted in the money of the country from which the drafts come, although some bankers require drafts on them payable "in Spanish gold at the current rate." In order to make the rates, the bank must, therefore, keep advised daily by telegrams of the situation and markets of every part of Cuba, and by cable, of the principal money centres of the world.

To indicate the volume of foreign exchange, the turn-over of the National Bank of Cuba in the last year amounted to 122 million dollars, which includes the operations between bankers.

Now in regard to our American trade. The United States to-day is selling something less than 50 per cent. of Cuba's imports and is buying over 90 per cent. of her exports. The present reciprocity treaty gives the States a preferential duty of 20 per cent. less than other countries. This should enable the United States to increase her sales in that market.

Europeans have heretofore controlled the markets of Cuba, as well as all the South American countries, and have obtained such satisfactory results that they are jealous of American competition and will contest the field. It is the custom of the European houses to give open credits of six months or more, which is a strong inducement to Cuban trade. They have, moreover, studied the people and the demands of the market and supply the particular kind of goods and in the particular form required.

On the other hand, the American merchants have shown a disposition to be independent and even arbitrary, on the claim that American goods were the best and most modern, treating the Cuban demands as prejudices rather than preferences. The inability to introduce goods and the reason Americans have not met with much better success in Cuba is largely due to not studying the disposition of the people and their wants. Success in the different States of the Union is dependent upon knowing the people, the customs and the prejudices of the particular communities. In dealing with the people of a different and older civilization it is much more important and necessary.

To open the door, the key must fit the lock. As an illustration, I have told so many times to American merchants and business men who are attracted to Cuba the story of the key-hole. It has been the custom in Cuba to have the key-holes in the doors exactly the reverse of those in the United States, so that it is necessary, from the American point of view, to put the key in the door up-side-down. This always strikes the tourist as amusing and he writes about it to his family in a most indulgent way; as indicating what a strange people we are. He doesn't stop to think that there may be a question as to whether it is the key-hole in Cuba or the key-hole in America which is up-side-down, but takes his own as a standard.

This much is certain, however, that there is only one way to open the door, and that is by using the key in the customary way.

The American way is not necessarily the only way or the best way, and especially in different circumstances. Deference should be shown to the customs of such an old country as Cuba until at least they may be understood and properly compared. Customs are of slow growth and may only be changed by the careful and gradual introduction of those which may prove better.

In regard to credits and collections in Cuba, the facilities are as complete and satisfactory as in any city of the Union. Dun's Commercial Agency covers the entire West Indies and Bradstreet has an agency in Havana.

The National Bank of Cuba has its own credit and information department with the record and credit standing of every active business man and company throughout the Island, and through its branches and agents it can readily obtain any additional information desired. Information from these sources is quite as definite and satisfactory as that to be obtained in any American city.

The principal mercantile houses of Cuba have gone through the series of Cuban revolutions, and their stability under these trying circumstances has given them credit throughout the world for unusually high commercial strength and integrity.

Collections may be made by means of sight or time drafts. Shipping documents may be attached and delivered on acceptance or payment, but, as goods must remain in the Custom House until docu-



ments are delivered, the latter would hardly be practical in case of drafts of more than a few days' sight. Collections throughout the Island may be sent to Havana and distributed, but where there is a branch bank it is better still to send direct to the branch covering the territory in which the collection is to be made—thus saving one link in the chain and enabling prompter returns. Remittances for collections are made in exchange on New York or other centres, or held on deposit to be drawn against, according to instructions.

American shippers should exercise the greatest care in preparing their shipping documents in accordance with Cuban laws, which are very strict.

All of the principal sea-ports as well as some of the interior cities of the United States have Cuban Consuls, who are able to give advice in the matter, or inquiries can be made from the banks in Havana.

American investments in Cuba to-day are estimated at \$115,000,000, and other foreign investments \$175,000,000.

The American Club of Havana, which is cosmopolitan in its membership, represents the greater part of the American and English capital.

Concerning Cuban investments—nobody knows better than the banker that "all is not gold that glitters," and every attractive looking proposition coming out of Cuba should be scrutinized and investigated with the greatest care, for Cuba's resources have attracted promoters who have exploited unworthy or badly managed enterprises.

Politically, in the last few years Cuba has made as radical a change in her form of Government as it is possible for a country to make—from the absolute personal dictatorship of a Captain General in Spanish times and a Military Governor under American occupation, to the Constitutional Republic.

Think for a moment of the significance of the fact that for generations lawyers and statesmen and thinking men of the country, to say nothing of all the people to whom the laws of the country become a part of their nature, have thought along certain definite lines leading to the end that all authority rests with the individual ruler, whose word is law, and who, directly or indirectly, has legislative, judicial and executive power. It is attempted to change this system over night to a Constitution where the three departments of Government are separate and distinct, which distinctness should be guarded with the most jealous care, and where the rights of life, liberty and property of the humblest citizen should be as sacred as those of the President himself, and where they may not be disturbed without first a hearing before an independent court.

When Cuba came into a Constitution with such precedents for guidance as her own history afforded, the danger lay in two extremes—failure to recognize as sacred the rights of the individual citizen on the one hand, and the assumption of license, in the name of liberty, by the people on the other. Excess in one direction must always result in excess in the other.

The people of the United States nearly one hundred years after the adoption of the Constitution resorted to civil war to determine its interpretation, and it is but natural that the people of Cuba, with such political antecedents and so short an experience, should have become involved in the personal conflict which has just attracted the attention of the world.

But Cuba is favored, as has never been a young nation before, in the personal friendship of President Roosevelt, who represents the sympathy and goodwill of the American people. Secretaries Taft and Bacon are recognized as men of the highest standing and ability for political and business sagacity and organization. Governor Magoon is known to be a man of great force and executive power. These men constitute a court to which has been entrusted Cuba's destiny and we may look to the solution with the most absolute confidence, and with the assurance of a most excellent and stable government which must attract the admiration of the nations.

On motion the Vice-Presidents were requested to file their reports with the Secretary, said reports to be published as part of the proceedings.

#### NOMINATIONS AND ELECTIONS.

The President: The next in order is the report of the Committee on Nominations.

The Committee on Nominations, through its secretary, Mr. Gatling, submitted the following report:

Members of the American Bankers' Association.

Gentlemen: We beg leave to submit the following report of the nominations made for officers of this Association:

For President, G. S. Whitson, Vice-President National City Bank, New York, N. Y.

For First Vice-President, J. D. Powers, Vice-President Citizens' State Bank, Middleboro, Ky.

For five members of the Executive Council to represent the State Associations:

F. O. Watts, President First National Bank of Nashville, Tennessee.

Clay H. Hollister, President Old National Bank of Grand Rapids, Michigan.

C. Q. Chandler, President Kansas National Bank, of Wichita, Kansas.

E. Chamberlain, President Alamo National Bank, San Antonio, Texas.

Fred Kaster, Vice-President Wisconsin National Bank, Milwaukee, Wisconsin.

For five members of the Executive Council at large:

J. A. Lewis, Cashier National Bank of Commerce, St. Louis.

Frederic H. Curtiss, Cashier First National Bank, Boston, Mass.

D. S. Culver, Cashier National German-American Bank, St. Paul, Minn.

John K. Ottley, Vice-President Fourth National Bank, Atlanta, Georgia.

John T. Trenery, President Farmers' National Bank, Pawnee City, Nebraska.

For members of the Executive Council to represent the different

sections, as per amendment to the Constitution recently passed, for the Trust Companies Section:

Festus J. Wade, President of Section.

Philip S. Babcock, First Vice-President of Section.

A. A. Jackson, Chairman Executive Committee of Section.

For Vice-Presidents of the different States and Territories, your Committee offers the following names:

Alabama—J. H. Frye, President Traders National Bank, Birmingham, Alabama.

Arizona—J. N. Robinson, Cashier Bank of Safford, Safford.

Arkansas—George T. Sparks, President First National Bank of Fort Smith.

California—George W. Peltier, Manager California State Bank, Sacramento.

Colorado—W. H. Allison, Cashier First National Bank, Boulder.

Connecticut—Alfred Spencer, Jr., President Aetna National Bank, Hartford, Conn.

Dist. Columbia—John Joy Edson, President Washington Loan & Trust Co.

Delaware—Wilmer Palmer, President Wilmington Savings Fund Society, Wilmington.

Florida—T. Picton Warlow, Vice-President State Bank, Orlando.

Georgia—John M. Hogan, Cashier Germania Bank, Savannah.

Illinois—Oscar G. Foreman, Vice-President Foreman Bros. Banking Co., Chicago.

Indiana—W. F. C. Golt, Cashier Columbia National Bank, Indianapolis.

Indian Territory—E. F. Johns, Cashier Citizens' National Bank, Chickasha.

Iowa—E. M. Scott, Cashier Security Savings Bank, Cedar Rapids.

Kansas—Howard Dunlap, President Emporia National Bank, Emporia.

Kentucky—Phillip T. Watkins, Cashier First National Bank, Owensboro.

Louisiana—H. C. Drew, President Calcasieu National Bank, Lake Charles.

Maine—Haskell S. Hall, Cashier Ticonic National Bank, Waterville.

Maryland—Albert D. Graham, Cashier Citizens' National Bank, Baltimore.

Massachusetts—Henry M. Bateholder, President Merchants National Bank, Salem.

Michigan—John T. Shaw, Vice-President and Cashier First National Bank, Detroit.

Minnesota—C. W. Gress, Cashier Citizens State Bank, Cannon Falls.

Mississippi—Edwin McMorries, Vice-President First National Bank, Meridan.

Missouri—W. H. Powell, Vice-President Citizens' National Bank, Sedalia.

Montana—John B. Arnold, President First National Bank, Billings.

Nebraska—E. F. Folda, Vice President Union Stock Yards National Bank, South Omaha.

Nevada—T. B. Riekey, President State Bank & Trust Co., Carson City.

New Hampshire—William F. Thayer, President First National Bank, Concord.

New Jersey—H. M. Rumsey, Cashier Salem National Banking Co., Salem.

New York—William O. Jones, Assistant Cashier National Park Bank, New York City.

North Carolina—Charles N. Evans, Cashier Southern National Bank of Wilmington.

North Dakota—C. J. Lofgren, President First National Bank, Cando, North Dakota.

Ohio—T. C. Stevens, Cashier Merchants' National Bank, Toledo.

Oklahoma—E. P. Blake, President State National Bank, Blackwell.

Oregon—John C. Ainsworth, President United States National Bank, Portland.

Pennsylvania—W. A. Law, Cashier Merchants' National Bank, Philadelphia.

Rhode Island—Edward A. Brown, President National Exchange Bank, Newport.

South Carolina—E. P. Grice, Cashier People's National Bank, Charleston.

South Dakota—H. L. Sheldon, Cashier Citizens' National Bank, Watertown.

Tennessee—Wesley Drane, Cashier First National Bank, Clarksville.

Texas—W. H. Folts, Cashier Austin National Bank, Austin.

Utah—David Eccles, President First National Bank, Ogden.

Virginia—W. F. Lambert, Cashier Citizens' National Bank, Alexandria.

Washington—E. W. Andrews, President Seattle National Bank, Seattle.

West Virginia—W. B. Irvine, Cashier Bank of Wheeling.

Wisconsin—F. J. Carr, Cashier Bank of Hudson, Hudson.

Cuba—S. M. Jarvis, Vice-President National Bank of Cuba, Havana.

(Signed) ROBT. J. LOWRY,  
Chairman of Nominating Committee.

N. P. GATLING,

Secretary Nominating Committee.

Mr. Swinney: In order that there may not arise any complications pertaining to the three members elected from the Trust Companies Section, the three from the Savings Bank Section and the three from the Clearing House Section, when the time comes for that, I move that one be elected for one year, one for two years and one for three years, and that they decide the time they are elected for by a lot among themselves.

Mr. Teter: Provided that the officers retire as their position in the sections retire; in other words, the President elected this year will retire in one year, the Vice-President in two years and the Chairman of the Executive Committee in three years.



The Chairman: Has the Savings Bank Section determined that before this?

Mr. Teter: Yes.

Mr. Swinney: All I want is that there may be no complication.

The President: The resolution before the house is that presented by Mr. Swinney, that the term of office be fixed for one, two and three years, and, of course, if sections have determined it I suppose there would be no objection to adopting their determination, but otherwise they should decide it by lot or in some other way.

Mr. Wade: I think the intention of that motion was this: That the president of the Trust Company Section, which I happen to be, be a member of the Council for this year, and if I should succeed myself next year—which I will not—that I would then be a member of the Council; but I think the intention of that amendment was this—to make the president and vice-president and chairman of the Executive Committee of those three sections as it then existed members of the Executive Council. So if the Trust Companies' Section chooses to elect the chairman of the Executive Committee for two years, then by virtue of his office he stays two years, but if they elect Bill Jones, then Bill Jones goes in instead.

Upon motion nominations for president, vice-president and chairman of the Executive Council of the Association were closed, and upon motion the secretary of the Association was directed to cast the ballot of the Association for the gentlemen nominated by the committee.

The secretary, accordingly, cast the vote of the convention for the gentlemen nominated by the committee as members of the Executive Council, and also for the gentlemen nominated by the committee to be vice-presidents of the Association.

The secretary, accordingly, cast the ballot of the Association for the balance of the names.

Mr. Swinney: I propose to take charge of this meeting for a few minutes. I will ask Colonel Lowry to take the chair.

Colonel Lowry came forward and took the chair.

Mr. Lowry: Mr. President, ladies and gentlemen, I am very happy indeed to have been selected to present to our retiring president a souvenir of this Association. It gives me pleasure for a great many reasons. A decade ago I noticed this young gentleman, Hamilton, that he was always at the conventions, and he always had good views, and he stated them clearly and entertainingly. I do not believe that he has missed a meeting of the convention in the last fifteen years. Such a man I believe ought to be rewarded by your Association. He has not quit work yet; he is really a better worker now I believe than he was five or ten years ago. He is certainly worth more to the Association now that he has had the experience of these years of active work in the Association. If I mistake not it was John L. Hamilton who said at our meeting in St. Louis ten years ago, when the country was racked almost to destruction—it was Hamilton, among others, who said: "We are going to stand for America: we are going to stand for the best money the world has—gold money." And we did it, and you know the result.

At that time Mr. Hamilton did his part, and he did it well.

I do not know what we have got, but it ought to be something grand.

(Colonel Lowry opened a large box on the table and displayed to the audience and to Mr. Hamilton a large silver loving cup.)

Mr. Lowry (addressing Mr. Hamilton): Mr. Hamilton, in the name of the American Bankers' Association it gives me great pleasure to present this token, showing their love and esteem for you and the way you have presided over the deliberations of the Association. (Applause.)

Mr. Hamilton: Colonel Lowry and members of the American Bankers' Association, the presentation of this memento means a great deal to any man, and it means a great deal to me that it should have been presented to me by my friend, Colonel Lowry. My early connection with this Association was about the time he mentioned. From then up to this time the Association has had a warm place in my heart, and from then to now I have had a warm place in my heart for Colonel Lowry. If I have done aught in the interest of the Association I have done it simply in the course of my duty, and I assure you that in the future this Association shall have my support as heartily as it has had it in the past.

From the bottom of my heart and for those that I love I thank you for this memento. (Applause.)

Will the President-elect please come forward?

Mr. Lowry (addressing Mr. Whitson): You have been elected to the distinguished position of President of the American Bankers' Association. This is the greatest honor that can be conferred upon any man by any financial organization in the land, and I congratulate you, sir, and I congratulate the association upon having selected for its president so distinguished and able a man. And now, gentlemen, I present to you your newly elected President, wishing him success in his new position. (Applause.)

Mr. Whitson (assuming the chair): Mr. Ex-President, ladies and members of the American Bankers' Association, I am certain that the ex-President of the Association will pardon me when I quote his words, that to be President of this Association is an honor of which any man might well feel proud. Never before had the words of the old song: "The heart speaks most when the lips move not," appealed to me as they do to-day. I wonder if we realize the greatness or the importance of our association, representing as it does resources approximating twelve billion dollars; but we must not stop here, we must not be content at all, until we have enrolled upon our list of members the name of every bank in this country, and I ask you to help me in making this the banner year. No administration can expect or hope for success unless surrounded by a cabinet to which it can look for counsel and advice, and it affords me great pleasure to know that I can depend as fellow-workers upon the able men with whom you have surrounded me, as well as I know and feel that I can depend upon the co-operation and assistance of every member of this association.

The meeting was then adjourned.

## 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-Pres.      WILLIAM H. TAYLOR, Vice-Pres.  
JAMES V. LOTT, Cashier  
EMIL KLEIN, Asst. Cashier      ALFRED W. DAY, Asst. Cashier



# TRUST COMPANY SECTION

## AMERICAN BANKERS' ASSOCIATION

Eleventh Annual Meeting, Held at St. Louis, Mo., October the Sixteenth, 1906

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### *Defalcations—What Can Be Done to Decrease Them?*

By PIERRE JAY, Commissioner of Banking in Massachusetts.

The president of a large surety company recently told me that his company had had to deal with one bank embezzlement case a month on the average, for the past twenty-two years. When you consider that there are eight or ten other surety companies issuing fidelity bonds to bank employees, which are probably having proportionately similar experiences; and when you consider that perhaps two out of three of the minor embezzlements never reach the surety companies, but are made good by relatives and friends, or are charged to profit and loss, I think I am safe in estimating that a new case of bank embezzlement is being discovered in the United States on every day in the year.

Of course, the great majority of these peculations are small and do not affect in any way the stability of the institutions in which they occur; and distributed among the twenty thousand National and State Banks and Trust Companies of the country, they cut a small figure indeed. Nevertheless, on the basis of the foregoing estimate, and in proportion to the number of their banks, there would be eighteen defalcations a year in Missouri, fourteen in Illinois, seventeen in New York, and so on, a sufficient number to create a situation which deserves and is receiving the careful attention of bank directors and officers all over the country. Indeed, so much has been written and said on the subject of late, that I hesitate very much to attempt to say anything further, and trust that you will excuse me if in discussing it I repeat many things with which you are already familiar.

In the first place, let us remember that no man can embezzle without the opportunity, and while it is practically impossible to devise a system which shall be embezzlement-proof, it is nevertheless the duty of those in charge of banking institutions, in justice not only to their depositors and stockholders, but also to their employees, to attempt to reduce the number of opportunities for embezzlement to the minimum. How can this best be accomplished?

#### ACCOUNTING SYSTEM.

FIRST: By establishing a thorough system of accounting. By this I do not mean the installing of one form of ruling in preference to to another, or the use of loose leaves instead of bound books, but the establishment of a system, complete in all its ramifications, culminating in the daily balance statement, and hedged about with as many automatic checks and as much division of responsibility as the situation will permit.

It is evident that in order to devise such a system one

must be familiar with the business done by the bank or trust company and with the local or special conditions surrounding it. It would be impossible to devise a system which would fit all or even a majority of the banking institutions of the country, and the diversity of the business done by trust companies would render it especially difficult to lay out anything approaching a standard system for them. Nor is a system once adopted by a bank necessarily good for all time; natural growth and the more rapid development of certain departments may in a few years render inadequate a system which formerly served it well.

Consequently, it is to those experienced in constructive bank accounting that a bank should turn for the establishing or readjusting of its system, and, unfortunately, really expert advice of this kind is often hard to obtain. Unless the bank is situated in one of the great cities, where such advice is to be had, it should not turn for it to a neighboring accountant, who in ninety-nine cases out of a hundred will have had no practical experience in devising a system of bank accounting, but to its correspondent in one of the great banking centers, who will undoubtedly be able to suggest some experienced accountant or bank officer for the task. A week's visit from such an expert would suffice to investigate and perfect the system of any bank of moderate size, and the cost, say \$25.00 a day and expenses, is so small that no bank could be deterred by it.

In planning a system of bank accounting, two ideas should be borne constantly in mind: First, to have the cash and security handling done by a separate set of clerks from those who do the bookkeeping, laying down the strictest rules against a cash handler having access to the books and against a bookkeeper having access to the cash or securities. Second, to subdivide the work so thoroughly that no one man can carry through and complete a transaction himself. The cashier or other designated officer who has authority to sign drafts, orders, debit and credit tickets, and certificates, should have access to neither cash nor books. The rules of the system should be clearly understood and rigidly adhered to.

A proper system of accounting will prevent more embezzlements than a proper system of auditing will disclose, and it will save many a naturally honest man from yielding, under great stress, to the temptation of stealing, which a loose system of accounting at least fails to discourage.

#### AUDITING SYSTEM.

SECOND: The best accounting system obtainable having been installed, the entries made under it should be



audited as frequently as possible. By auditing, I mean checking of the book work of the bank rather than checking the cash, securities and loans.

In many of the largest banks the work is done by an auditing department which is constantly checking the work of the various departments, after the manner described in the report of your Committee on Auditing made at the San Francisco Convention in 1903. Most satisfactory results are obtained in this way. The auditing department reports directly to the Board of Directors, for its work is as much a check on the officers as on the clerks.

In smaller banks it is not necessary to have more than one man in the department at a cost of, say, \$1,500 to \$2,000 a year, who, when necessary, may draw on other clerks in the bank to assist him. In trust companies having several departments it can easily be arranged to have the clerks of one department audit the work of another department.

The system of auditing, however, as well as the system of accounting, should be devised by some one really expert in such work, whether the audits are to be made internally or by outside accountants.

For the small institution, which cannot afford an auditor, and has not sufficient clerks to undertake internal audits, but to which embezzlements are likely to prove more serious than to a larger institution, the auditing question is a perplexing one, the alternative being costly audits by expert accountants or no audits at all, and, unfortunately, the latter horn of the dilemma is the one too often chosen. In thinking the matter over, it has occurred to me that it would be perfectly feasible for a number of banks in a city or a district or a State, National banks, State banks and trust companies combining together, if desirable, to form a mutual auditing association, which should employ accountants by the year and conduct audits of the members of the association, assessing them only the actual cost of the work. If an experienced bank auditor were placed at the head of such an association, and if he were given a free hand in choosing his assistants, who would probably be selected largely from among the most promising bank clerks in the district, the work could be done as thoroughly as if done by really experienced public accountants and at about one-third the cost.

#### AUDITS BY EXPERTS.

I do not mean by this to minimize in any way the value of examinations and audits made by expert accountants. It will be a long time before internal auditing has become sufficiently general to materially lessen the growing demand for audits by outside accountants, and, even when a satisfactory plan of internal auditing has been established, many institutions will supplement it by an audit by public accountants, and will publish their certificates in recognition of an increasing demand on the part of the public for examinations of banking institutions by impartial outside agencies, just as it is now well-nigh universal to publish certificates of accountants in connection with reports of important industrial companies.

While proper systems of accounting and auditing will never altogether prevent defalcations, they will at least act as a powerful deterrent on those who might otherwise take advantage of loose systems, and they will, I believe, serve to detect most irregularities in their early stages.

#### DIRECTORS' EXAMINATIONS.

But, however serious such defalcations of tellers, bookkeepers and clerks may be, and they sometimes wreck the bank, they are not to be compared, in disastrous results, with excessive or unsound loans and investments made by trusted officers of banks, of which Chicago, Philadelphia and Boston have each had such flagrant cases during the past few months, and which have caused the failure of nearly every bank which has gone down in normal times. Systems of accounting and auditing cannot be relied on to disclose such situations. It is upon the directors that the stockholders, who ultimately bear the losses, and the depositors must rely for protection against mismanagement of this

kind, and the Comptroller of the Currency has recently laid new emphasis on both the moral and the legal responsibility of bank directors for the proper management of their institution. The question is, how to make every Board of Directors realize its responsibility. In most well-managed banks and trust companies, proper supervision is now given by the Directors, but there are still many banks in which the Directors leave everything to the dominant officer, be he president, cashier or treasurer, and it is such banks that are in especial danger of large defalcations.

I believe that legislation should be enacted in every State similar to the law passed two years ago in New York, which would compel the Directors of every bank and trust company to make at least two examinations each year of its condition, through the medium of an examining committee, which should not contain any officers or members of its executive committee, such committee to make a sworn report in duplicate, one copy to be presented at the next directors' and next stockholders' meetings and the other to be filed with the State Banking Department; the report, in addition to a verified statement of the bank's condition, to contain a list of its assets with the committee's valuation of them, showing which of them are considered worthless or doubtful and which of the securities held as investments or as collateral are not readily marketable; also in which loans and investments the directors or officers are interested, giving the names of the directors or officers in each case. The committee should be allowed to employ assistance in counting the cash and in verifying the bookkeeping portions of the statement, but it seems to me desirable that they should count and handle the securities and loans themselves, in order that they may become familiar with the notes, endorsements, collateral, partial payments, etc. Such compulsory examinations would add little to the burdens of directors who are already doing their duty, and in no other way can negligent directors be compelled to fulfill their obligations.

Some banks have examinations once or twice a year by a committee of stockholders, either in addition to or in lieu of directors' examinations, which serve as a check on the work of the directors and presumably protect the interest of stockholders not represented on the directorate.

In most banks and trust companies the directors, as a body, meet but monthly, and in some cases but quarterly, the real supervisory work of the bank being done by a small executive committee of from three to seven directors, who meet from one to five times a week. They are the only members of the board who have an opportunity to see the daily workings of the bank and to pass on loans before they are made. The executive committee is usually a permanent body and is re-elected from year to year, vacancies occurring only by death or resignation. I think that perhaps as feasible a way as any other of awakening the responsibility of the directors, of increasing their interest and of familiarizing them with the methods and conditions of their institution, would be to allow each director in turn to serve as a regular member of the executive committee for one or more months each year. In the case of a committee of five, three or four of the members would then be considered permanent, and would be re-elected each year, while the other one or two places would be filled from month to month by other members of the board, who would serve only temporarily. This plan has been in practical and most satisfactory operation for a long time in one of the largest and oldest trust companies in the country, and, in a measure, it approximates the English system, under which one or more directors are on duty at the bank for an hour or two every morning, each director having his tour of duty during certain months of the year.

Feeling as we all do that the object of these meetings will best be attained by the discussion of pertinent topics among its members rather than by the reading of long papers, I have endeavored to be brief, although the subject of defalcations is one on which a great deal might be said in a general way, and although a great many practical suggestions might be made to prevent the operation of methods which defaulters are known to have used. In fact, when I was asked to read this paper, it was my intention to go into these practical details, and I gathered for the purpose a large number of descriptions of methods employed by defaulters, but the more I studied the subject, the more I felt that it would be best to omit the details and to urge upon you the fundamentals, a self-checking system, frequent audits and directors' examinations, leaving each one in studying his own system and in planning his own audits and examinations to work out the special tests which his own particular business might require. I am satisfied that if bank officers and directors throughout the country will really give this matter serious attention along the lines suggested, the number of defalcations and bank failures can be very greatly decreased.



## *Report of Committee on Better Protection for Municipal Securities.*

By H. P. MacIntosh, Chairman.

Your Committee, to which was referred the subject of "The Better Protection of Municipal Bonds," regrets that on account of the illness of some of its members, and other causes beyond its control, it has not had time to give this subject the exhaustive examination its importance entitles it to, hence, must content itself with making a very incomplete report.

Although your Committee before making any investigation of the subject realized that it is very comprehensive and intricate, it was hardly prepared to encounter the facts with reference to it and the evils that should be eradicated which its brief investigation brought to its attention.

The making, issue and sale of Municipal Bonds have been and are very large—to illustrate:

During the last six years the issue or sales have been about as follows: 1900, \$173,679,045; 1901, \$149,498,689; 1902, \$152,846,335; 1903, \$152,281,050; 1904, \$250,754,946; 1905, \$183,080,023, and for nine months of this year, \$329,367,225 (authority, "Commercial and Financial Chronicle") and "Bond Buyer"), a grand total of \$1,391,313, for five years and nine months.

There are now outstanding about \$2,862,367,000 of such bonds. Certainly a sum of money entitled to the protection of the most rigid statutes governing the issue, sale and payment of such bonds, especially as they are used very extensively as collateral for bank loans and are invested in largely by savings banks, "those custodians of the most sacred trust funds," and by other individuals and institutions that are willing to accept their usually low interest return compensated by their usual certainty of payment.

Notwithstanding their usual certainty of payment, and usual genuineness, we find that there are numerous exceptions, on account of their being fraudulently, unconstitutionally, or so hastily issued by the municipality that some of the plain statutory requirements are omitted—or they may possibly be forged; it is to decrease and if possible to prevent similar exceptions occurring in the future that this Section should direct its efforts.

A hasty examination of the statutes of a number of our States, informs us that Texas is the first to recognize the importance of ample legal protection to buyers of municipal bonds—it having passed a statute, a synopsis of which is as follows:

"Article 918-d—Any county, city or town, desiring to issue bonds authorized by the Constitution and laws of the State, shall before such bonds are issued, forward to the Attorney General said bonds, a certified copy of the order, or ordinance, levying the tax to pay interest, and provide a sinking fund—a statement showing total debt including said bonds—the assessed value of property for taxation, with such other information as Attorney General may require. Upon receipt of such, the Attorney General shall carefully examine said bonds in connection with the facts and Constitution and law—and if, as a result of such examination, he finds that they were legally issued and are valid and binding obligations upon such county, city or town by which they are executed, he shall so certify.

"Article 918-e—When examined by the Attorney General and his certificate attached thereto, they shall be registered by the Comptroller. This Article was amended later, providing that where funding and refunding bonds are issued, they shall not be registered by Comptroller until Bonds, which they are to replace, are presented to him for cancellation, when, after registration of the new, he shall cancel the old and deliver the new to the proper parties. Old bonds may be presented in installments and a like amount of new bonds then registered and cancelled.

"Article 918-f—Such bonds after receiving the Attorney Gen-

eral's certificate and having been registered in the Comptroller's office, shall thereafter be held in every proceeding attacking their validity, be considered prima facie and binding obligations, and in every such proceeding, the Attorney General's certificate or a certified copy thereof shall be received in evidence of their validity, and the only defense against validity shall be forgery or fraud, or an issue in excess of constitutional limits or contrary to its provisions and all the excess shall be void.

"Article 918-g—This article does not apply to bonds issued before its passage."

In an address on Municipal Bonds by Mr. Weil, a bond dealer of Cincinnati, before the Ohio Bankers' Association in 1905, he makes the following criticism of this statute:

"It will be seen that this statute makes three important exceptions to the protective force of this law—namely—fraud, forgery and constitutional violation. Against forgery, as an exception, there can of course be no objection, but as regards fraud and constitutional violation, these are among the more numerous causes for Municipal repudiation, especially the latter." In this respect the Statute falls considerably short of being a complete bar against future litigation—and he continues as follows:

"The Legislature of Georgia seems to have arrived at a solution which removes the objections of the Texan Statute, in that it has enacted a law which requires a judicial decision upon all legal points prior to the delivery of the bonds, and a judgment rendered in favor of their legal issuance is binding for all time against all persons in the courts of that State. This Georgia Statute, enacted in December, 1897, requires, in substance, that after an election has been held for the purpose of issuing bonds, which results in favor of such issue, the Solicitor General of the judicial circuit wherein the election is held must be notified thereof within 20 days of such election. The Solicitor General is required within 20 days to file a petition in the office of the Superior Court giving all the facts. The Municipality is then served—within 20 days—with a notice requiring it to appear and show cause why such bonds should not be confirmed; the Supreme Court then determines all legal questions relating thereto, and opportunity is given to any citizen to appeal from the judgment of the Court. If no protest is registered, and the Court approves the issue, such bonds can never thereafter be questioned in the courts of the State.

While the Texas law is a great advance in the right direction, yet it has this weakness, that a Statute can not take liberties with constitutional provisions. The strength of the Georgia law is that the bonds have judicial confirmation, both as to being within the Statute and the Constitution; and, while the protection afforded by Georgia is to all intent a theoretical solution of the problem, it is a question whether the necessary delays incidental to a judicial hearing would not of itself be a serious objection. This plan is in its nature cumbersome, and wanting in that degree of quickness which should characterize legal proceedings involving the issuance of bonds, whose value is more or less subject to fluctuations. The money market may rise or fall, thereby seriously affecting the price of the Municipal securities; important events may transpire; all of which may happen in the interval elapsing between the time of the authorization of the bonds and the final hearing by Court of the question of legal sufficiency."

Last year two bills were drafted at the request of numerous Ohio bankers, one "covering the legality of bonds," by Mr. Weil, of Weil, Roth & Co., of Cincinnati, the other,



"referring strictly to fraudulent issues of bonds," by Mr. Hayden, of Hayden, Miller & Co., of Cleveland.

The following being a synopsis of the former bill:

"Section 1—Providing that any municipality desiring to issue bonds as authorized by Ohio constitution and laws, shall, before said bonds are offered for sale, forward to the Attorney General a certified copy of all ordinances, resolutions and proceedings passed or taken in relation to such bonds and if bonds are issued under certain acts of Ohio, then furnish an additional statement certified to by the County Auditor showing the value of all property as listed and assessed for taxation, and a statement of the total bonded indebtedness of such municipality, including the bonds proposed to be issued, and such other information as the Attorney General shall require.

Section 2—Provides that the Attorney General shall carefully examine such ordinances, resolutions and statements in regard to the facts and Ohio Constitution and laws.

Section 3—If the Attorney General finds as a result of his examination of said ordinances, etc., that said bonds will be valid and binding obligations, he shall so certify three certificates of this fact, one to be preserved in his office, one delivered to issuing municipality and one to any State officer who shall be required by law to certify as to the genuineness of such bonds.

Section 4—Provides that each bond so approved by the Attorney General, shall have on it the following certificate:

"It is hereby certified that this bond has been issued in accordance with the Constitution and laws of the State of Ohio, dated and signed by the Attorney General," and after the said bond shall have been printed or engraved and signed by the duly authorized officer and previous to their delivery to any purchasers, the Attorney General shall date and sign said certificate and fix the seal of his office thereto.

Section 5—Provides that any officer of the State required by law to certify to the genuineness of bonds, shall not do so unless he is furnished with the Attorney General's certificate.

Section 6—Stipulates the fees to be charged by the Attorney General.

Section 7—Provides that every bond which shall have been found by the Attorney General to have been issued in conformity to the Constitution and laws of Ohio, shall, in every proceeding attacking its validity or in any proceeding brought to enforce or prevent its collection, with its coupons, be held a valid obligation of the county, municipality, etc., issuing the same, provided that the only defense against its validity shall be forgery, or that its issuance is in violation of any Constitutional provision."

A synopsis of Mr. Hayden's bill is as follows:

"Section 1—Provides that the Secretary of State shall keep on hand a supply of such paper as is usually used by municipalities for bonds, which paper shall only be used for this purpose, and delivered by the Secretary of State as provided in this Act. Also describes this paper, such as having water marks, special words and numbers, and having thereon the following certificate of the Secretary of State:

"It is hereby certified that this bond is one of the bonds of the issue to which, upon the face hereof, it purports to belong—dated, signed and sealed."

Section 2—State to bear cost of paper, printing and engraving thereof.

Section 3—Whenever any municipality has determined to issue bonds for legal purposes and has taken the necessary steps, the proper officer thereof shall furnish the Secretary of State with a certificate giving full information about said bonds, and a request for the necessary number of sheets of said paper. Upon receipt of such certificate and request, the Secretary of State shall furnish to such proper officer the necessary sheets of paper, keeping a specific record of the same.

Section 4—Covers the loss, mutilation or destruction of any of said sheets, and the supplying of other sheets therefor.

Section 5—After said bonds are executed by the municipality, they shall be presented to the Secretary of State with evidence as to the genuineness of the signatures of the officers signing them, and when the Secretary is satisfied that said signatures are genuine, he will execute said certificate and after registering the bonds, he will deliver them to the proper agent of the municipality.

Section 6—Provides that the Secretary of State shall keep a full and complete record of the bonds and all information he has received about them.

Section 7—Provides for Secretary's fees.

Section 8—Provides that any municipal bond or coupon shall be invalid unless printed or engraved upon the paper specified by this act, and even if so printed shall be invalid unless having thereon said executed certificate of the Secretary of State."

These two bills received the endorsement of the Executive Committee of the Ohio Bankers' Association, and were introduced into the Legislature, but no particular action was had on them.

It has been suggested that laws be enacted in the various States, providing that Municipalities have a trust company, trustee for its bond issues, said trust company to co-operate with the Municipality in issuing such bonds and to have the custody of all documents in reference thereto.

As it may take some time to enact any of the foregoing, the Municipal bond buyer is in the meantime left without better protection than he now has.

Doubtless if municipalities would previously to statutory requirement make trust companies trustees of their bond issues, this would improve the situation.

This hasty examination of the statutes of a number of other States besides Georgia and Texas, shows that these are in a very unsatisfactory condition, hence, in need of radical amendment, but what amendment should be made your Committee is not prepared to state specifically. It may be that the varying conditions of the several States preclude an absolute uniformity of municipal bond law, but why cannot a State Legislature eliminate much of the uncertainty now existing by passing suitable bond laws, which accomplish the same purpose with reference to municipal bonds that the negotiable instrument acts passed by some of the States have accomplished, with reference to those instruments, which, while largely declaratory of the law as already established by the courts, have done much to settle mooted questions concerning this important subject. Surely any sensible legislation concerning municipal bonds, which will result in additional security to the investor and not transgress the Constitution of the State enacting, is desirable. It may be possible that the Committee, in its hasty examination of the statutes of other States, may have overlooked the requirements of some of them.

Your Committee hopes that this brief report, merely "scratching the surface" of this important subject, will cause this Section to appreciate the advisability—in fact, necessity—of its most careful and exhaustive examination, and to this end it earnestly recommends that a Committee on this subject be appointed for next year, with power to employ competent counsel, and with this brief report respectfully asks its discharge.

INCORPORATED 1851

## National Bank of North America

### New York

CAPITAL, - - - -	\$2,000,000
SURPLUS, - - - -	2,000,000
DEPOSITS, - - - -	20,000,000

ALFRED H. CURTIS, President.

CHARLES W. MORSE, Vice-President.

HENRY CHAPIN, JR., Vice-President.

WALTER W. LEE, Vice-President.

EDWARD B. WIRE, Cashier.

J. FREDERICK SWEASY, Assistant Cashier.

ADOLPH RADO, Assistant Cashier.

Foreign Exchange Department, EDWARD D. SHOTWELL, Manager.



# Detailed Report of Proceedings.

Tenth Annual Meeting TRUST COMPANY SECTION, Held at St. Louis, October 16, 1906

## MORNING SESSION.

Tuesday, October 16, 1906.

The meeting was called to order at 10 o'clock a. m. at the Olympic Theatre by the President of the Section, Mr. Clark Williams.

Prayer was said by the Reverend William J. McKittrick.

**Address of Welcome, by Festus J. Wade, President of the Mercantile Trust Co., St. Louis.**

*Mr. President and Gentlemen:*

It is a happy privilege to extend you a most cordial welcome to our city. I hope you will learn the true meaning of Saint Louis hospitality while here. I want you to feel its warmth and radiance every moment of your stay. We turn our beautiful city over to you, and your pleasure and comfort will be our first consideration.

It is particularly fitting that we convene in Saint Louis this year, as just ten years ago the Trust Company Section was organized in this city. The first meeting was presided over by Mr. Breckinridge Jones, President of the Mississippi Valley Trust Company, who issued the circular calling the conference. Mr. Jones can not be given too much credit for his efforts at that time, and the ten years' history of the Section, showing the wonderful growth and development of Trust Companies, must be very gratifying to him, as it is to all of us.

Your organization, Mr. President, represents a branch of finance in this country second only to the National banking system itself. And with continued conservative business methods, tireless energy and efficient management of the Trust Companies now in existence, and those to be organized hereafter, I confidently predict that the resources of Trust Companies in the coming ten years will equal, if not exceed, the resources of the National Banking System.

This seems an extravagant statement, and yet the National Banking System, with over forty years' existence, and the power and influence of the entire Government,

Has accumulated total resources of.....\$7,472,350,878  
From which might be deducted (for comparison)  
circulation and Government deposits..... 531,101,000

Leaving a net of..... 6,941,249,318  
As compared with trust company aggregate resources of ..... 3,802,000,000  
It may be of interest here to note that ten years ago the total resources of the entire national banking system amounted to only..... 3,367,115,772  
While trust company resources ten years ago (from the best available statistics) were only..... 962,000,000

The above figures show that the National Banks have increased 106% in ten years, while Trust Companies show an increase for the same period of 295%.

As you are prudent and wise in your Convention deliberations, so will you continue to grow. Remember always you are an important and integral part of the financial system of this country.

While Trust Companies in name, you are banks in fact, competing in the realm of banking. Do not, therefore, ignore (as I am sure you will not) the sound principles of banking. Keep up your cash reserve.

The Trust Company is universally known as being synonymous with the three cardinal principles of sound banking—conservatism, safety and security.

I am confident your deliberations during your Convention will uphold, encourage and develop your present enviable position.

**Reply to Address of Welcome by Clark Williams, Vice-President of the Columbia Trust Company, New York, and President of the Trust Company Section.**

On behalf of the members of the Trust Company Section of the American Bankers' Association. I sincerely

thank you for these kind words of welcome to St. Louis, and for the generous hospitality which you have offered us here. It is a particular pleasure to us to receive this greeting at your hands, since through our association with you and our trust in you which made you an officer of the Section, we know the sincerity with which this welcome is given, and that we are among our friends.

With the same purpose that brings us here to-day we have met before in the North, the East, the South and the West. Now we come together in the very heart of our country, and you surely have given us a welcome from the heart. The records show that my predecessors in office, in replying to addresses of welcome, have taken occasion to speak eloquently of the manufacturing activities and commercial prestige of the cities we have visited, of their historic interest and natural beauty, as well as of the charm and beauty of their women. Your present presiding officer reluctantly admits that his powers of expression are inadequate to do justice to so great a theme.

## TENTH ANNIVERSARY OF THE FOUNDING OF THE TRUST COMPANY SECTION IN ST. LOUIS.

It is particularly fortunate, however, that we meet in St. Louis to-day, for here we may most properly celebrate an important anniversary of the founding of the Trust Company Section. Ten years ago on the 22d of September, 1896, Breckinridge Jones called together the seventeen representatives of the Trust Companies who had met as members of the American Bankers' Association in annual convention at St. Louis, with the purpose of organizing a section of that association to be devoted to the interests of Trust Companies as distinguished from those of the banks.

## RELATION OF BANKS AND TRUST COMPANIES.

These men builded better than they knew, and it is creditable to their foresight and to the wise judgment of those who have come after them that we have always steadfastly adhered to the principle they then laid down in creating this section subordinate and supplemental to the American Bankers' Association. Representing co-ordinate branches of moneyed institutions, we are a part of the warp and woof of the financial fabric of this country, and it is to our interest to stand as an integral part of the American Bankers' Association, which aims to bring within its folds the financial powers of the United States.

The functions of National or State Banks and Trust Companies are co-operative rather than competitive, and it is a satisfaction to recognize in this common association the evidence of a friendly interdependence between these classes of institutions.

## WORK OF THE TRUST COMPANY SECTION.

From this small beginning ten years ago the Trust Company Section has become a great power with its seven hundred members, whose assets run into the billions of dollars. The enormous growth of the Trust Company system as the result of the demands of existing business conditions and the progressive spirit of our time, has required a response from this organization, and we are under an ever-increasing responsibility to see that the power which in us lies is directed to the protection and safeguarding of our institutions. Realizing this responsibility, the Trust Company Section has accomplished much. It has been our purpose, so far as possible, to secure the enactment of laws in the different States prohibiting the use of the word "Trust" in the title of any corporation not a moneyed corporation, or chartered to do a Trust Company business. We have also endeavored to secure the enactment of laws providing for adequate State supervision of the Trust Companies, requiring thorough examination and frequent pub-



lic report. While much has been accomplished by the committees having this work in hand, much is yet to be done. We cannot overestimate the importance of these safeguards as essential to the good of all, nor can we urge too strongly that every member of the Section give his hearty co-operation to those immediately in charge of this work, and to the Vice Presidents of our respective States, who are aiding in accomplishing the desired ends.

#### REMARKABLY CLEAN RECORD OF TRUST COMPANIES.

We may contemplate with some degree of pride the record of the past. Many of you will remember that two years ago at our New York meeting, as the result of exhaustive research, Mr. Jackson, of Philadelphia, informed us that "the average ratio of the liabilities of failed Trust Companies throughout the country to the total average assets of all the companies, has been approximately 9-100ths of 1%," an average far less than that of any other kind of financial institution. Mr. Jackson further observed that "failures among us seemed to be reduced to a minimum. They would seem to have been brought about by imprudent management, depreciation of securities and excessive loans to clients, while in only one instance has there been assigned as a cause of insolvency the defalcation of an officer." This is certainly a tribute to the character of the men who guide the destinies of our companies. The four billion dollars of assets of the Trust Companies of the United States is potent proof of the confidence of our people in the worthiness of the administrators of this great trust.

#### LESSONS DRAWN FROM THE REAL ESTATE TRUST COMPANY FAILURE.

But of late the whole country has been shocked with the revelations of the condition of affairs in the Real Estate Trust Company of Philadelphia. Following so closely on the failure of the Stensland Bank in Chicago, the effect on the public mind of this disaster cannot be estimated. Yet some great good may come from such a catastrophe, if only in the practical lessons we may learn of lasting benefit. Nothing could more clearly demonstrate the wisdom of the policy of this Section in advocating adequate State supervision. It seems to have been so lacking in this particular case that the Trust Companies of the State of Pennsylvania are considering the advisability of calling a general convention to demand relief from present unsatisfactory conditions.

#### DUTIES OF DIRECTORS.

With the insurance investigations as a background and with the knowledge of the circumstances surrounding the failures at Chicago and Philadelphia, there has come an awakening of public sentiment, which demands in no uncertain terms a keener appreciation of responsibility by those having in their care the affairs of our financial institutions. Much has been said of late of the duties of directors. In his recent address before the Pennsylvania Bankers' Association, Comptroller Ridgely took occasion to quote a decision of the United States Supreme Court, Mr. Chief Justice Fuller delivering the opinion as follows:

"We hold that directors must exercise ordinary care and prudence in the administration of the affairs of the bank, and that this includes something more than officiating as figureheads. They are entitled under the law to commit the banking business, as defined, to their duly authorized officers, but this does not absolve them from the duty of reasonable supervision, nor ought they to be permitted to be shielded from liability because of want of knowledge of wrongdoing, if that ignorance is the result of gross inattention."

Although this opinion was rendered on a point of law relating to a National bank, the force of its conclusions is equally pertinent to other classes of financial institutions. We take it for granted that the duties of our directors are clearly defined in our own minds, but do we as officers of these companies make it possible for them to do their full duty? Are we not in some measure responsible for the lax or perfunctory performance of their trusts?

Are we not in some cases satisfied with star chamber proceedings or kitchen cabinet management? I believe it to be the duty of every Trust Company official, not only to his institution, but to himself, to adopt such means as are best calculated to keep the directors of his company closely in touch with its affairs, not only by formal report, but by requiring their frequent personal examination of the cash, securities and loans. Let them relieve themselves, if they will, of the manual labor by employing independent expert accountants. By such a policy not only will the direct advantage of proper supervision be gained, but the interest of your director will be maintained, and he will have that satisfaction which comes from a sense of duty well performed. Mr. Ridgely has well said: "No man who is in charge of a bank, and intends to conduct its business honestly and legally, can resent any amount of supervision or examination by his Board of Directors."

#### DUTY OF THE CLERK TO REPORT IRREGULARITIES.

Still another lesson should be drawn from our text, involving the relations of the clerical force to the officers and directors of our companies. The testimony of the employees of the failed institutions referred to is striking evidence of the necessity for a clearer understanding of their duty. Our clerks should feel a sense of responsibility that would take them farther than personal loyalty to their officers. Employment in a Trust Company imposes as well a trust to the patrons of the institution, and to the public at large. These men are human, and we must remember that they are usually dependent. Their first impulse to reveal wrongdoing and depredation is frequently overcome by that sense of dependence, and they answer their conscience in the easiest way—"it is none of my business." It is our duty to assure them that it is their business and to make it possible for them to do their full duty. I do not advocate a system of tattling, gentlemen, but rather an honor system, that may save the clerk, at least, his self-respect and our institutions pecuniary loss.

#### SAFEGUARDS SUGGESTED.

I believe that it would be of incalculable benefit to the Trust Company system as a whole, if by resolution adopted before our adjournment to-day, we direct that a copy of some such notice as the following be generally distributed with the recommendation of the Trust Company Section of the American Bankers' Association that it be promulgated in every Trust Company in the land:

"Every employee of this company is hereby notified that if at any time he has knowledge of any irregularities on the part of any of the officers or clerks in connection with the business of the company, it shall be the duty of such employee to at once notify the Executive Committee of the Board of Directors of such irregularities, who will in their discretion withhold the name of their informant.

"Should it be found that any employee has had knowledge of such irregularities and has not reported the same to the Executive Committee, such employee will be deemed to have had guilty knowledge, and will be dealt with accordingly."

I also deem it proper that we recommend to Trust Companies generally the adoption of by-laws or resolutions providing for the frequent examination of the company by a committee of directors, chosen by lot if you please, but rotating in office, whose duty it shall be to make a physical examination of the cash, securities and loans, and the collateral securing the same, reporting the result of their examination to the Board. Also I regard it to be desirable that the Trust Company Section of the American Bankers' Association declare that it deems it of the utmost importance that laws should be enacted in every State in which such laws do not exist, providing for adequate State supervision, frequent examination and proper public report.

There are those who, in their cool judgment, and comforting logic may believe that because of such disasters as have recently occurred, and are fresh in our minds, we are prone to give these matters too much importance. Yet such disasters bring to light our points of weakness, and is



it not our obvious duty to apply the remedy? It is true that from our record in the past this Section has little reason to be supersensitive or to strike a note of false alarm. The Trust Companies are always ready, however, to go to the utmost lengths in maintaining their trustworthiness. Let us meet these questions squarely, gentlemen, and determine to avail of every safeguard that may be devised for the protection of our institutions and the security of our patrons.

Mr. Festus J. Wade: Gentlemen of the Convention, I think that our President has struck the key-note for the preservation and for the best interest of the trust companies, and I would be glad if he would, as Chairman of the meeting, resign his place as chairman to me for the moment, so that I may entertain a motion to thank him for his address.

Mr. C. B. Hart, of West Virginia: I move that the thanks of the Section be extended to our President for his remarkably thoughtful and useful address.

The motion was numerously seconded, and the question being taken, was unanimously agreed to.

The Secretary, Mr. J. R. Branch, submitted his report as follows:

#### Report of Secretary.

NEW YORK, Aug. 31, 1906.

To the Members of the Trust Company Section:

The financial statement for the year is as follows:

#### RECEIPTS.

By appropriation of Executive Council at Washington, D. C., Oct. 13, 1905.....	\$2,000.00
Less debit balance, Sept. 1, 1905.....	216.54
Credit balance, Sept. 1, 1905.....	\$1,783.46

#### DISBURSEMENTS.

Proceedings, 1905 .....	\$594.80
Expenses Executive Committee Meeting, New York, May 1, 1906.....	318.00
Salary .....	780.00
Express charges Trust Company Section Proceedings, 1896-1903 .....	109.33
Lambert-Hull-Deacon Printing Co., St. Louis, Mo., 1,000 pamphlets of reports Special Committee on Safe Deposit Companies, and expressage.....	167.55
Printing, stationery, etc.....	86.47
Rounds, Hatch, Dillingham & Deberville, account Special Committee on Safe Deposit Companies .....	253.75
Expenses, account Convention of 1905.....	212.15
	2,522.05
Debit .....	738.59
By sale of Trust Company Section Proceedings, 1896-1903.....	1,040.50
By sale of Trust Company Forms.....	296.75
	1,337.25
Credit balance, Aug. 31, 1906.....	598.66
Credit balance, Sept. 1, 1905.....	1,783.46
Credit balance, Sept. 1, 1906.....	598.66

Net cost of the Section to the American Bankers' Association for year 1905-1906 .....

1,184.80

At the close of the fiscal year, August 31, 1905, 638 members had paid their dues, but owing to withdrawals and liquidations, 33 were dropped from membership, leaving 605. One hundred and thirteen Trust Companies were added to the rolls since September 1, 1905, enlarging the present membership to 718, the largest in the history of the Section.

Respectfully submitted,  
JAS. R. BRANCH,  
Secretary.

Upon motion of Mr. Stellwagen, of Washington, D. C., the report was received and placed on file.

The report of the Executive Committee was submitted by the Chairman, Mr. Philip S. Babcock, as follows:

**Report of the Executive Committee by the Chairman, Philip S. Babcock, Vice-President Colonial Trust Company, New York.**

To the Members of the Trust Company Section of the American Bankers' Association:

In accordance with custom, the Executive Committee of this Section of the American Bankers' Association, immediately after the close of the last Convention in Washing-

ton, organized for the ensuing year by the election of a Chairman and the appointment of its various committees. It elected as Chairman Mr. Pierre Jay, then Vice-President of the Old Colony Trust Company of Boston, who had taken a keen interest and active part in the work of the Section. In the early winter, however, the great State of Massachusetts paid Mr. Jay, and through him the Trust Companies of the country, the honor of appointing him its Bank Commissioner under its new charter, providing for a single Commissioner in place of the former Commission. We are to have the pleasure of hearing an address from Mr. Jay at this meeting, and your Committee desires to put on record the Section's appreciation of his services in its behalf, and to acknowledge the honor paid to the Trust Companies of the country by the selection of a Trust Company official for the responsible position now held by him.

The Secretary's Report shows a gratifying increase in the members of the Section, but your Committee cannot urge too strongly the necessity of each member of the Section, through its officers, giving their individual efforts to increase our membership. The Trust Companies of the United States have a very high and lofty position in the financial system of our people; they are more than banks taking care of the working cash of the people; they are conserving the surplus earnings of our citizens, guarding the interests of the widows and orphans, administering sacred trusts; and a Convention such as this, where its members can assemble to discuss the best means for carrying out these duties, should have the unanimous support and membership of all companies.

One of the important matters brought to the attention of the Executive Committee at its meeting held in New York City in May last, was the necessity of devising some plan for safeguarding the issues of municipal securities. Your Committee authorized the appointment of a Committee to consider this very important matter and requested its representative in the Council of the Association to bring the matter before them. This was done, and the Council appointed a Committee of three to act jointly with the Committee appointed by this Section. We are to have the report of this Committee to-day, and we trust that the efforts of this joint Committee will bring about some feasible and proper method of safeguarding securities which to-day are very often cheaply prepared, with no certificate of authenticity and with very little protection against forgeries and over-issues.

The Special Committee appointed by the Council of the Association to revise its by-laws has recommended that the Trust Company Section should have three representatives on the Council. Your Committee endorse this recommendation and suggest that at the proper time a resolution to that effect be presented for action.

Your Committee again calls the attention of its members to the real, practical value of these Conventions, through the discussion of topics of interest in our business relations, and urges that all members take part in these discussions. It is also desired that the Committee be notified of any topic which any member present would care to have discussed either at this meeting or at the one next year.

Respectfully submitted,  
PHILIP S. BABCOCK,  
Chairman Executive Committee.

On motion of Mr. H. P. McIntosh, of Cleveland, Ohio, the report was received and placed on file.

Mr. Lynn H. Dinkens, Chairman of the Committee on Protective Laws, submitted the following report:

**Report of the Committee on Protective Laws by the Chairman, Mr. Lynn H. Dinkens.**

To the Members of the Trust Company Section:

During the past twelve months the Committee on "Protective Laws" has assisted in securing satisfactory legislation protecting the use of the word "Trust" in Mississippi and Iowa.

The attention of Trust Company officials in Georgia, Ohio, Kentucky, Pennsylvania, Louisiana, South Carolina,



Vermont, Missouri, Maryland and Virginia has been directed to the importance of taking similar action whenever, in their opinion, an opportune time arrives for securing favorable consideration from their Legislators.

The Committee found in some States a considerable number of Bank and Trust Company officials opposed the enactment of laws providing for State supervision. It is believed as the benefits derived from such laws are better understood by interior Bankers, this opposition will gradually disappear, and that, within a few years, it will be possible to obtain the united support of all institutions in securing desired legislation.

Respectfully submitted,

LYNN H. DINKINS,  
H. P. McINTOSH,  
PHILIP S. BABCOCK.

Upon motion, the report was received and placed on file.

Mr. H. P. McIntosh, Chairman of the Committee on Better Protection for Municipal Securities, submitted the following report:

**Report of the Committee on Better Protection for Municipal Securities, by H. P. McIntosh.**

[Mr. McIntosh's report will be found on pages 144 to 145 of this publication.]

The President: You have heard the report of the Committee on Better Protection for Municipal Securities. The suggestion has been made that this committee be discharged and that a committee be appointed to continue the work. In the opinion of your chairman that would be ill advised, and I believe we should ask these gentlemen to continue the consideration of this question. The report is before you: what is your pleasure?

Mr. Kauffman, of Washington: I move the report be received and that the committee be continued for another year of work.

The motion was seconded, and the question being taken, it was agreed to.

The Chairman then introduced Pierre Jay, Bank Commissioner for the State of Massachusetts.

**"Defalcations — What Can Be Done to Decrease Them," by Pierre Jay.**

[Mr. Jay's address will be found in full on pages 142 to 143 of this publication.]

The President: The Trust Company is highly honored to-day by the presence of the Comptroller of the Currency, the Hon. William Barrett Ridgeley. I will ask him to give us a few remarks.

**Remarks of the Hon. William B. Ridgeley, Comptroller of the Currency.**

Mr. Chairman, ladies and gentlemen, it is always a great pleasure to me to come before the Trust Company Section, as I have done several times before, and say a few words on the outside, as it were; not only on account of the warm personal friendship and relations I have with your Chairman and so many of the members of the section, but because there should be the closest bond of sympathy and friendly rivalry—if there is any rivalry at all—between the National Banking System, the State Banks, and the Trust Companies. There is a place for each different kind of bank and each has a field peculiarly its own and particularly its own. There is room enough for all, there is business enough to be done; there is profit enough to be made; there is growth enough ahead of every kind of bank. I was much interested in the figures Mr. Wade gave us as to the comparative growth in totals. They are very interesting but not very important, and I think so far as the comparison is concerned, that is of trifling importance. It should not be a matter of quantity. The National Banking System, the Trust Company Banks, and the State Banks should not make it a matter of quantity; it is more a question of the quality of the business they do and the way the business is managed.

I have recently talked on the subject of the duties and responsibilities of bank directors. I see a great many of you here who were at the Philadelphia meeting the other day, where I expressed myself, as some of my friends think,

more forcibly than I should; but not more forcibly than I meant to; on the duties of directors. As Mr. Jay said, it is not profitable at these meetings, when we are discussing these subjects generally, to go into the details as to the methods of preventing bank failures, bank frauds and defalcations, frauds on the part of the officers; it is more to consider the importance of the general subject and rouse the feeling in each bank officer and each bank director that this applies to him. A man is very apt to feel as he does when his friend or neighbor dies: he does not realize that he himself may be the next victim. It is just so with these bank officers, the men who commit the minor crime of defalcation, and more especially the men who commit the larger crimes of looting a bank from the inside, are the men you have had every reason to trust most implicitly, for no other men get these opportunities, and instead of comparing the totals and the quantity to see which can add the most number of members, the most number of banks or pile up the biggest quantity of deposits or make up the most money, the rivalry should be one—Mr. Wade and all of you I am sure will agree with me—as to the men that conduct the business most faithfully and honestly and arrive at the best results, not only for the stockholders, but to prevent these crimes and violations of trust which, rare though they are, are entirely too frequent.

I was much interested in Mr. McIntosh's report in regard to the disposition on the part of members of the Trust Company Section not to favor more rigid State laws in regard to State banks and trust companies. Whatever success—and it has been very great and very satisfactory—has been achieved by the Trust Companies of the United States has been because of the fact that they have not only been well and ably managed but they have been honestly managed. A meeting given by Mr. Jackson at the Waldorf Hotel two years ago showed a wonderful record of the honesty of trusts, as well as their capability and efficiency. No man who is determined to manage his bank as he should need have the slightest fear of stringent State laws or the most careful and efficient examination on the part of State authorities.

On the contrary, that man of all others is the most interested in having that done; he knows he is going to manage his bank right and the only danger there can be to him is to have his neighbor across the street in the same town, or perhaps in an adjoining town, manage his business recklessly and without the restraint that his knowledge of his own duty imposes on him, and which can only be imposed on the reckless banker by the provisions of a statute and examinations resulting from an efficient State bank examination system.

But not only the question of the State supervision examination, but the question which has been spoken of by all these gentlemen here to-day, is the matter of examination from the inside. I think that a most important question. I do not advocate this as often as I do and as strenuously as I do from any desire on my part to dodge the responsibility of government examination and supervision. Whether the examination be that of the State or that of Federal Government, there are certain responsibilities that belong to the examiner and the supervising authority. I have no disposition to avoid that; but no governmental supervision and examination can cover the whole case. We do the best we can in the National Banking examination. We would do better, as has been recommended by every Comptroller, I believe, that has ever been in the office, if we had men paid by the per diem or a salary and had more of them. The time that a man can give to an examination is frequently, or perhaps always, too short. He ought always perhaps to have more time. But while this does great good and keeps the banks in line generally, in general result any other business, being conducted properly and in accordance with the law, no examination of that kind from the outside can absolutely protect every case and prevent fraud—not only is there not time enough to do it but the National Bank examiner and any supervising authority is at the inevitable disadvantage that no action can be taken until the harm is



done and the crime, if there is a crime, has been committed. Then it is too late. The examiner is often criticised because he did not discover a case before he did discover it. That is an important matter, but it is not a vitally important matter whether an examiner closes a bank one year or six months sooner. It might make some difference as to exactly the people who have the money in the bank, but the condition does not materially change in that time, and there is no system, as I said, that can supply the duty of the directors themselves. The directors, as Mr. Williams and as Mr. Jay have said, have their responsibilities. The law in plain terms places a responsibility on the directors, and I would repeat it again, although it may be thoroughly understood, that it is the directors' duties to have such examinations made and such a system in the bank that they will know what is going on and can prevent fraud. The idea ought to be to make every director know that this means *him*. The man you are trusting, Mr. Director, may be the same kind of a man that has robbed a bank in Chicago or in Boston or in Baltimore, and you have no right to assume because you have known that man all his life that he can be trusted without the proper checks and supervision over him, and in the rivalry that there is between the National banks and State banks and Trust Companies, it will be that variety of banks that adheres most closely to that plan and principle and has such a supervision of the affairs of the bank that the directors know what is going on and will have checks on their officers, so that these cases of large defalcations and looting of the banks from the inside can be practically done away with, that will be most successful; it will be that variety of bank that will protect itself and will succeed. It is entirely a question of quality of our work rather than quantity, and if there is any rivalry between the Trust Company in the United States and the National Bank in the United States, let us see which can run the best bank, conduct them the most honestly and have the fewer cases of failures owing to dishonesty! (Applause.)

The President: The next order of business is the roll call of Vice-President.

Responses were made in behalf of the different States by the Vice-Presidents, or someone else, as follows:

Alabama.—Response by Mr. F. C. Horton, Secretary Central Trust Company of Mobile:

In the State of Alabama of its incorporated banking institutions twenty use the word "Trust" in their names. In addition to this number, there are in this State some firms and individuals not incorporated and with but little capital or responsibility calling themselves "Trust Companies" doing a loan business in a small way and in some cases receiving deposits.

Of the twenty regular Trust Companies of Alabama, twelve are members of this Association. As far as I have been able to learn all of the Trust Companies of Alabama do a commercial banking business. Indeed the Trust business with us is as yet a side line. We depend on the banking business for our profit.

I think all of the Trust Companies of Alabama have endeavored by advertising and soliciting to work up trust business, but, as a rule, with but poor and discouraging results.

Our people have not yet come to appreciate the advantages of an incorporated company over an individual in the capacity of executor, administrator, agent, etc. Lack of confidence in incorporated companies with changing officers and directors may be partially the cause of this; small capital possessed by Trust Companies is also a factor in deterring people from appointing Trust Companies as their agents and representatives.

More than one-half of the Trust Companies of Alabama are capitalized at \$75,000 or less, several having a capital of less than \$25,000; one incorporated with only \$10,000 capital and no surplus.

At any rate, for the above reasons and for the further reason that the Trust Company business is new and is looked upon as an innovation in Alabama, but little headway has been made in securing any large amount of Trust business.

The Trust Companies of Alabama are carefully managed, and, as a rule, they carry a good reserve. They are examined by the Bank Examiner, the same as are the State Banks, and there has been no failure amongst them. It is hoped that continuous and persistent efforts, increase of capital and with improvements in our State laws relative to Trust Companies will enable such Companies to eventually build up the Trust feature of their business.

Arkansas.—Response of Mr. Charles McKee, of the Mercantile Trust Company of Arkansas, Little Rock, Arkansas:

Before the war we practically had no banks in Arkansas. Their growth was very slow up to 1880. Between 1880 and 1890 probably sixty or seventy banks were organized, and from 1890 to 1900 probably a hundred, and since then one hundred and forty banks and about one hundred and forty Trust companies have been organized. Two or three of them do a savings bank business. In regard to the strict trust company business, we have one law in Arkansas that is called a Trust Company law, which is wide open at both ends, authorizing Trust Companies to do any and all kinds of business. The Trust Company is authorized to act as administrator and guardian and to buy and sell real estate and to conduct a Savings Bank business. These Trust Companies have been very successful, and we are glad to report that we are getting a great many administrations and guardianships, which we have been able to manage successfully. There is only one law in the country regarding other kinds of banks, and that is if a man receives deposits after he knows his bank to be insolvent he commits a crime, and we had a case of that kind in Arkansas quite recently. The Arkansas Banking Association passed unanimously a resolution favoring a strict law regarding reports from the banks. I don't think there were any dissenting votes on that question in the meeting. We have had a committee appointed looking to the framing of such a law and demanding that a bank be examined. I am glad to hear the expression here in regard to that. Such a law will help us out in our State. (Applause.)

#### REMARKS OF BRECKINRIDGE JONES.

Mr. Gibson, of Colorado, suggested the Section would like to hear from Mr. Breckinridge Jones at this time.

The President: Mr. Jones has such a charming setting that I will ask him to address this meeting either from the box where he is or to come to the stage.

Mr. Breckinridge Jones: Realizing that I could not be in better company if I were on the stage I will speak from here.

Candidly speaking, it is indeed to me a great pleasure as a matter of pride to see this successful meeting of the Trust Company Section. As you know, from the history of the organization, it started here, and I would not be candid if I would not say that I have always had very great pleasure in the recollection that I had some influence in the formation of this Section. The forming of the Trust Company Section was the first departure in that line in the American Bankers' Association. Since then we have had the Savings Bank Section, which has also been very successful. But in the trust company work I have found great pleasure in every line. Indeed, it is the nicest game that I play; and though I am fond of golf it is really with some reluctance that I leave my work to go out to play that game. I do not believe I should enjoy the regular banking business, but there is something in the Trust Company that appeals to one's domestic instinct. It brings one in contact with those elements of trust that are closely related to the human life and that appeal to me very much more than anything could appeal to me in a regular banking company, where it is largely a question of discounting paper.

There is something very interesting to me in the relationship that exists between us and our customers and the intimacy with which we often become associated with them in their home affairs. We see the widow when she is first sadly thrown into business affairs; she comes to us and looks to us for assistance and advice. We see our wards grow up and go out into life and we are interested in their success; we are glad to lend them a helping hand. There is something about the whole business to me that gives a pleasure in addition to any pleasure that can be derived from the mere making of money. There is something in our business that broadens a man in his sympathies; it makes his affections clearer, and he develops those high qualities which we all recognize belong to so many Trust Company people.

Feeling that sort of an interest in Trust Company work, I do feel a pardonable pride in having been at least somewhat influential in forming an association that annually brings together the Trust Companies of America, and for the Trust Company Section itself I believe it is true that the formation of this Section and the publication of its literature, has been the great force in developing the number of Trust Companies there are in America. I remember when I first went into the Trust Company business that I looked for literature on the subject, and I learned that



there were not fifty pages of literature on the subject of Trust Companies to be found. I am not aware that that statement has ever been disputed. But now when a man wants to find something about a Trust Company he finds literature in abundance, already collected for him. You know there is a magnificent monthly published which is devoted to this subject, and there is any quantity of literature to be found covering the subject most thoroughly.

I believe that to a very large extent the sentiment which formerly prevailed of a vigorous antagonism between the banks and the trust companies has been dissipated. They all agree now that the Trust Company has come and brought its knitting. There is no idea now that they are going to fight it out of business. And in the great development of the United States, when we have a balance of trade of over five hundred million dollars in our favor, and an almost fabulous increase in wealth generally, I believe it is generally acknowledged that the Trust Company is a co-ordinate branch of finance, and a very necessary branch, of the financial system of all countries. The bankers themselves recognize this, and instead of there being the old feeling of antagonism you find now cordial relations. Bank directors are to be found in trust company directorates; trust company directors are to be found in bank directorates; and the public recognize the trust company as a valuable institution.

So I say the real question now is which is going to do business in the best way and which is going to make it safest.

In the matter of examinations of Trust Companies, I do not believe that they can be made too severe. When they come to us we say to them, "You cannot make your examinations too severe for us; all we do ask is that you use the same yard-stick all over the State," and if you have severe examinations not only by the State Boards but by our own stockholders and directors, and keep the business safe, if we merit public confidence we will receive it. And there is no better way to know that we do merit it than to have State examination and to have that severe and a report published.

Mr. Chairman, I appreciate very much indeed the compliment of being in this assembly and of seeing this tenth meeting of the Trust Company Section back in the city where it was started. And I want to say that two years ago when I had anticipated attending a meeting in New York, a meeting where the Section did me the honor to present me with a loving cup and passed formal resolutions, I was prevented from being there by the loss of one very dear to me, and at a time when my heart was wide open, torn to pieces, the sweet words of sympathy and the token of remembrance which this Section sent to me were very greatly appreciated, and in my home that cup stands, those resolutions are preserved, and I shall hand them down to my children as most sacred souvenirs. (Applause.)

The President: Will Mr. Hamilton, the President of the American Bankers' Association, and Colonel Powers, the President of the Executive Council of the American Bankers' Association, come forward and take places upon the stage?

The President: I am sure we will be very glad to hear from our President, Mr. Hamilton.

#### REMARKS OF PRESIDENT HAMILTON.

Mr. President and gentlemen of the Trust Company Section, it affords me great pleasure to be present at this meeting this morning and to listen to the excellent papers that have been presented. Yours is one of the important branches of banking in the United States. You have come to stay and you should stay. I am firmly convinced of that, and I am firmly convinced that the principles of banking as outlined by the gentleman from Missouri (Mr. Jones) are correct, and at the present time I myself am organizing a trust company, and hope ere another year has rolled around to break into your sacred ranks.

I am a firm believer in the diversified lines of banking that we have in this country. I believe that it is for the best policy of this nation, and for the best interest of the nation, that we should establish different sections; I be-

lieve that to be the wise policy of the American Bankers' Association, for the reason that it brings together the different interests in our annual conventions, and brings a fellowship of feeling that we cannot get in any other manner. There is too much of a tendency on the part of those who do not attend the conventions to criticize the work in other lines and branches of banking. There is a disposition on the part of some to try to create a disturbance between the National Bankers and the State Bankers, between the Trust Companies and the Savings Banks. This should not be. We should work on a broader principle. We should work for the interest of the company and work to build up and develop the great resources of the vast territory embraced within our country. And if we do this there is room enough for all and we all can profit by the work of going along harmoniously together.

Gentlemen, I thank you for this opportunity. (Applause.)

#### REMARKS OF COLONEL POWERS, CHAIRMAN OF THE EXECUTIVE COUNCIL.

Mr. President and gentlemen, I always feel quite at home when I am among Trust Company people. I have the honor to have been one of the organizers, promoters, incorporators, of the first Trust Company West of the Alleghany Mountains, and yet I am quite a young man, as you see. (Laughter.) You, gentlemen, represent not only a great interest, but one that has grown in accordance with the needs of the country. There is an absolute necessity for the Trust Company. The bank went along and took care of itself without regard to the needs of the people, they were thinking about the needs of the stockholders, and that brought about the bank. But the Trust Company is an absolute necessity of this country. The history of Trust Companies I need not undertake to state because you are familiar with their history since they were established. You perform a great work, as has been suggested by the gentleman who was largely responsible for and practically the author of that work, which you established yourselves as an independent branch in your meetings of the American Bankers' Association ten years ago. At that time, ten years ago, in this house, you helped to do a thing that was more important than any other body of men has ever done in this country for its good, for its credit, for the benefit of the nation. The two great political parties were on a great and stormy sea without compass and without rudder, with the flag of distress flying, and they knew not what harbor to make for—a veritable redeliet upon this sea; and then the American Bankers' Association, with the Trust Company Section as a part of it, then stepped forward and said: "We will stand for honest conditions, we will stand for sound money, and we will irrevocably pledge ourselves to the gold standard." (Applause.)

That made its impress upon the country and that fixed the foundation upon which has been builded the great prosperity that we have heretofore enjoyed and now enjoy. You, gentlemen, are entitled to a large part of the credit for that.

You are all very kind to have listened to me so long. I did not have any speech to make, Mr. President. I only wanted to pay my respects to my old friends—because I am interested in the Trust Company business: I am a director in some Trust Companies. I am interested in three that are all ready to be examined, and I sometimes help to examine them. We have not a sufficient surplus to tempt anybody yet, but we are working.

#### RESOLUTION THAT TRUST COMPANIES BE REPRESENTED ON CURRENCY COMMITTEE

Mr. Wade: May I ask the indulgence of the convention to submit at this time something which I think will come in particularly apropos—after hearing the address of the two officers of the American Banking Association which we have just heard?

I desire to submit this resolution and ask that it be referred to the executive committee of the Trust Company Section for consideration:

"Resolved, That should a commission or a committee be appointed by the American Bankers' Association to formulate a plan



to be recommended to Congress for the purpose of creating a credit or emergency currency, that it be the sense of this Convention that such commission or committee if appointed should have as some of its members a sufficient number of Trust Company officials to represent the importance of the Trust companies as financial institutions."

The purpose of introducing that resolution, gentlemen, is this. As pointed out in the early part of the meeting, the trust company has become a very important factor in the financial affairs of this government, second only to the national banking system itself. Its resources are, as previously stated, fully fifty per cent. of the resources of the national banks themselves. Therefore, every trust company, every bank, every financial institution, be it State or national, trust company or private bank, is directly and specifically interested in getting from the mind of those conducting financial institutions the best brain, the greatest amount of intelligence, and the most complete solution of the credit currency system that it is possible to be had; and I do not believe that any committee or any commission appointed to make a recommendation to the Congress of the United States would be complete unless the trust companies of the United States were properly represented on such commission or committee. (Applause.)

Mr. Sullivan, of Cleveland, Ohio: I am heartily in accord with the provision of the resolution offered by my friend, Mr. Wade, and it affords me great pleasure to move its adoption.

The President: You have heard the resolution offered by Mr. Wade and seconded by Mr. Sullivan. This resolution requires a two-thirds vote for its adoption.

The question was taken on the adoption of the resolution, and it was unanimously agreed to.

The President: We will now proceed with the call of the States:

Connecticut: Mr. Ralph W. Cutler made the following response in behalf of Connecticut:

Mr. President and Gentlemen: On behalf of our State of Connecticut, I beg to say that the Trust Company and Banking branches of business in our section are in a very flourishing condition, and all that the most optimistic could desire. Deposits are increasing, money in firm, earnings are large.

General business is "booming" in every department—our people have abundance of money to spend for everything that makes life comfortable—and that means prosperity for the bankers, for the merchants and for everybody.

Our manufacturers are crowded to repletion with orders from all over the world, and in many cases it is necessary to work night as well as day "shifts" in the effort to keep up.

The tobacco crop—the success or failure of which means so much in our State—is a "bumper one" this year, and of the best quality we have ever grown. It will result in placing many million dollars in our Trust Companies and banks to the credit of the farmers who have raised it.

Our life and accident insurance companies are writing more business than ever before in their history.

Our fire insurance companies, besides taking care of current losses, have paid out over fifteen million dollars, amounting to more than 90 per cent. of all their extraordinary losses in San Francisco, and are merely waiting for proper adjustment of the remaining claims to pay the balance.

The end is in sight, gentlemen, and without exception the fire insurance companies of Connecticut have once more proved to be perfectly solvent—their policies good in every case—and as in similar past conflagrations, they have been able to promptly pay 100 cents on the dollar, and continue to do business at the same old stand.

These are the business conditions to-day in Connecticut.

As to the specific request of your Committee for information along certain lines, I desire to state that with but two exceptions all the Trust Companies and State Banks of Connecticut, in addition to the Trust business "per se," conduct also a general banking business—receive deposits of all kinds—and make loans, both on approved names and on collateral.

These two exceptions were organized and are controlled by interests allied to the National Banks in their immediate vicinity, and it is evident that competition in the regular banking business was not desired. I find upon examining their statements that these two trust companies—although of some age—have not as yet been greatly prospered in the limited field to which they have been restricted.

In almost every case throughout the State the Trust Companies have safe deposit departments as an annex to all their business, and find some degree of profit in every branch of their undertakings. The old Scotch proverb that "many a mickle makes a muckle" again proves to be abundantly true—and is shown most conclusively in the resultant swelling of the "surplus" and "undivided profit and loss" accounts of those Trust Companies that do an "all around" business.

Our Trust Companies endeavor to educate the public by daily advertisements in the newspapers, by publishing frequent statements as called for by the Bank Commissioners, by mailing and distributing more elaborate statements at the dividend periods, by issuing occasional booklets and pamphlets setting forth the advantages offered by the trust company in comparison with the individual, by earnest personal solicitation of accounts, and in general, far from trying to "hide our light under a bushel," we set up our illumination on the "golden candlesticks" of "conservative banking," "the faithful executing of wills," "the careful administration of trusts," "the perfect security of the safe deposit department," and, above all, the safeguards thrown around the Trust Company business by the frequent and unannounced visits of the Bank Commissioners, supplemented by the semi-annual examinations of auditors appointed by the Board of Directors, and especially by the occasional and most scrupulous audits made at odd times by the officials themselves, acting together.

These men must, in the very nature of things, be much better informed regarding the details of business in their own institutions than any outsider could possibly be.

They surely are more vitally concerned than any one else in the welfare and good name of the institution which in most cases represents their life work. For, gentlemen, when everything possible is said and done, it is a fundamental and indisputable fact that the very best protection for Trust Companies and for all banks lies inside the corporation itself—in the ability, integrity, fearlessness and sound judgment of the active executive officers.

Illinois: No response.

Indiana: Mr. Holliday replied as follows:

I have the pleasure of reporting the trust company business in Indiana is satisfactory. The last official reports bring business down to last October. At that time there were sixty-six trust companies with \$6,500,000 capital, and with a surplus and undivided profit of \$1,600,000; and total resources of \$37,500,000. The business shows a growth in late years of from fifteen to twenty per cent increase. Since the last statement was made, in October, there have been nine additional companies organized, making the total number now of seventy-five. In the history of the business, now covering a period of seventeen years, there has been one failure, which was not only shameful but criminal. But in that case the creditors were fully paid and no one lost a dollar except some scheming stockholder. I have the pleasure of saying that we organized a Trust Company Section there in connection with our State Bankers' Association, which I hope will have the effect of adding to our own members, in this Association, at least in the course of time, a very considerable number.

Kentucky, Maine, Maryland, Massachusetts, Missouri, New Jersey: No responses.

New York: J. F. Thompson read the response of Mr. G. D. Fahenstock, Vice-President of the Franklin Trust Company of Brooklyn, as follows:

To the Trust Company Section of the American Bankers' Association:

Gentlemen: I appreciate and thank you for the privilege of addressing you. I am requested by the Executive Committee to speak of the character of the business done by the trust companies in New York State, and whether such business is mainly banking (commercial or savings), or purely trust company business, and whether any systematic effort is being made to educate the public to the advantages offered by trust companies in a fiduciary as well as a banking capacity.

The character of the business of the trust companies in New York State is both banking and trust business:

With some of the older companies the trust business prevails.

With the newer companies the banking business prevails.

With many of the companies it will be found to be well divided.

Savings accounts in competition with savings banks are not sought by the trust companies in the cities, although by some of the companies of the State they are encouraged.

Foreign exchange business has become a feature with some of the companies.

Safe deposit business with a limited number of boxes or by ownership in regular safe deposit companies has become quite a feature.

Outside of the purely trust business, the essential effort has been for deposits; not of active commercial accounts, but more of the reserve nature, of merchant, of corporation, of individual, also active personal and household accounts, also accumulating accounts too large for savings banks.

The effort for deposits has been very active, direct and indirect, and the growth of the trust companies in this respect is very marked.

The comparative strength of the trust companies is shown in the following figures, which are taken from the reports:

The trust companies of August 6, 1906; the State banks of August 6, 1906, to the Banking Department, New York State, and of the National Banks of September 4, 1906, to the Comptroller of the Currency. The money figures given are millions.



	Trust Cos., Aug. 6.	State Bks., Aug. 6.	Nat. Bks., Sept. 4.
Number of companies....	85	191	392
Total capital .....	\$65	32	148
Total surplus.....	168	40	127
Total capital, surplus and undivided profits.....	233	72	315
Total resources.....	1,406	551	1,887
Total deposits.....	1,137	477	1,484
Deposits to capital.....	17½	15	10
Deposits to capital and surplus .....	4.8	6.58	4.7

The investments of the 85 trust companies show:

Bonds and mortgages.....	\$90,500,000
Stocks and bonds.....	315,700,000
Loans and collateral.....	694,700,000
Other loans, including bills purchased.....	87,800,000
Real estate, banking houses, etc.....	17,200,000

Total .....\$1,205,900,000

The investments of the 191 State banks and bankers show:

Loans and investments.....	\$317,100,000
Real estate.....	13,100,000
Mortgages .....	6,700,000
Stocks and bonds.....	37,600,000

Total .....\$374,500,000

The trust business in addition to that of executor, administrator, trustee, committee, guardian, registrar, transfer agent, has extended to financial agent for corporations, management of estates or special funds by voluntary trusts; custody of securities; collection of dividends and income; care of real estate; intermediary in negotiations, organizations, reorganizations and financing syndicates; agencies of various character, and other forms of service.

The multiplication of large interests is constantly calling for care and safeguard beyond the ability or capacity of any one individual, and a care which cannot depend upon a single life.

North Carolina: George Stephens, president of the Southern States Trust Company of Charlotte, replied as follows:

I am embarrassed by the fact that the unprecedented event of a local train being on time caused me to leave my report behind. Therefore, I will have to make a very general report.

The relation, as everyone here from the South knows, between the Southern banker and his client has been a very peculiar one. Since the war the man who patronized the bank has had so little money, until recent years, that he has had to look upon his banker as an adviser. This naturally would make conditions good for the development of trust companies, since they perform so many functions in an advisory capacity; but it has also been made necessary for such companies to break up some of our traditional ideas, to show that a corporation can do a great many things for a man better than an individual. It has been difficult to develop the trust business in most sections of the South, certainly in North Carolina, for the reason that there is always a family lawyer, just as there is a family physician, and most business of that nature, has, by an old custom, gone into the hands of the family lawyer. But out of this condition has grown one vital fact that has had its influence not only upon the Government of the national banks, but upon the development of trust companies themselves, and that has been the unusual energy that has been called for by such conditions to stimulate an interest in the trust company. An illustration of this was shown a short time ago when one of the leading banks of the State published a statement showing its growth for the past twenty-five years. In a few days a trust company with the same capital put a report in the paper showing that it had accomplished in five years, with the same capital, what this older and more conservative bank had accomplished in twenty-five years. The result was that the national bank immediately made a large appropriation for advertising. That came directly as a result of active effort for business on the part of the trust company.

The wonderful industrial awakening in the South is responsible for the growth and the development of the banks there within the past few years, in a way that has never been seen before. In North Carolina alone the development of water powers within the next three years will bring a saving to manufacturers of over five million dollars in the use of power alone. There is now one company, with Charlotte as its distributing point for power, developing more power than the largest power company at Niagara, as I understand it.

In the eastern part of the State is the truck farming industry, which employs many of the banks in the early season of the year. Later on come cotton and tobacco crops; and then also there is the never failing tourist crop of North Carolina. I am sure if some of you could see how some of those mountaineers have learned to charge from fifty cents up for sunsets, you would realize how progressive we are in North Carolina. (Laughter.)

It has been said of western North Carolina that when the Creator, after laboring six days and then resting, looked upon western North Carolina he saw that his labor was good and pleasing.

I am aware that this report is really only an apology for a

report, but there will be published facts and figures that will give you an idea of the enormous banking development of North Carolina. I am pleased to report that there are only thirteen members of the Trust Company Section which have a larger number of trust companies members of the section than North Carolina has, and only two of the Southern States have a larger membership. I thank you. (Applause.)

Ohio: Mr. E. G. Tillotson, Vice-President and Manager of Cleveland Trust Company, Cleveland, Ohio, said:

Mr. President, and Gentlemen: The trust companies of Ohio do all sorts of business that the trust companies are entitled to do. Like all trust companies of the middle west they do a savings bank business. The deposits of the trust companies of Cincinnati, Cleveland and Toledo, I think, aggregate as much as the deposits of all national banks of Ohio put together. They also do a safe deposit business, and commercial banking in so far as it relates to taking check accounts. A few of them do discount business, but the majority do not. They do all sorts of trust business along legitimate lines. So far as I know, no trust company in Ohio has ever been the promoter of any enterprise whatever. All the leading trust companies have safely and conservatively financed many meritorious business enterprises. The laws of Ohio are very unfortunate for us. We have to organize under three old laws—the savings and loan association law, which was passed before most of us were born; the safe deposit and trust company laws, which applied first only to Cincinnati, and then by special legislation were made to apply to Cleveland, Youngstown and Toledo, and finally to the whole State; and the old State bank law. A liberal interpretation of these laws permitted us to do a great many things. We have no bank examination. It is not the fault of the Ohio bankers that we have not. For the last three legislatures bills have been presented which have had the endorsement of the Ohio Bankers' Association and the trust company members, but they have not succeeded in passing them. Notwithstanding all this, I think the trust companies of Ohio are getting along very well. When I say trust companies I mean those that are recognized as trust companies; because all over the State there are corporations that use the word "trust" that are not trust companies, and so each community has learned to recognize what is a real trust company and what is a real estate company that may do no trust company business whatever. We have hoped to eliminate that feature so that a trust company may be recognized as such, but so far as a personnel—the officers, board of directors, etc.—is concerned, I believe I can say they have given complete confidence to the people, and so I say we probably have no fault to find up to this time.

Perhaps you know the Trust Companies of Ohio were among the first to advertise to any extent. They are reaching out for deposits all over the world, and they are getting them. I think that nowhere is any better advertising done than in our own State, because we have given years and years of attention to it there. Through the foresight of Mr. McIntosh, who addressed you earlier in the day, a Trust Company section of the Cleveland Bankers' Association has been formed, and I think that promises to yield a good result.

It has always been suggested by some that a concerted effort should be made to educate the public along the lines of the desirability of employing trust companies in probate matters. Such an effort will meet with the almost unanimous approval of the trust companies of the State. I am not able to report what has been done along that line now, owing to the absence of many prominent members who would know about that, but I feel confident that my successor next year can report favorably along those lines.

Pennsylvania: Mr. Willcock spoke as follows:

Mr. President and Gentlemen: I do not think I have anything to say except to make an excuse. Mr. Lloyd was to furnish me with his speech written out, and I was to hire somebody to read it for me. For some unknown reason Mr. Lloyd has not furnished his report, and I have nothing to say except that the trust companies in the State of Pennsylvania are very prosperous. They are gaining in deposits immensely, with the one exception which has been referred to to-day—the Real Estate Trust Company of Philadelphia. I may also add that our industries, principally the steel industry in the City of Pittsburgh, are booked for nine months ahead in the coming year. So I think we can figure on having one more good year of prosperity at least.

Rhode Island: Mr. W. G. Brown, of the Rhode Island Hospital Trust Company of Providence, said:

I am reluctant to admit that the trust companies, so to speak, control the banking situation in our State. I think I am safe in saying that the aggregate deposits of the National Banks do not equal the deposits of one of our trust companies. The laws in our State regulating trust companies are somewhat open; or, I might say, perhaps, that they do not exist at all to any extent, and there are not much of any laws. Fortunately thus far the conduct of the banking business by trust companies has been satisfactorily carried on. I think I am safe in saying that with only a few exceptions the control of the National Banks in Providence is lodged with the trust companies.



There has been more or less talk relative to laws being enacted that will perhaps better govern the trust companies, but as yet nothing tangible has been completed. Our trust companies conduct all kinds of banking business, and the one which I have the honor to represent perhaps caters very largely to the trust part of the business, mainly in the administration of estates. But as I have already said, the trust companies there do business in all of the respective lines connected with banking or trust business. As you know, our State is one of industry, and it gives me pleasure to state that every line of industry in our city is now very prosperous. You also know, perhaps, that our State is nearly the richest, if not the richest, in per capita wealth in the United States.

In closing I wish to say that thus far the respective financial interests have been satisfactorily served by the trust companies. (Applause.)

Tennessee, Vermont, Virginia: No responses.

West Virginia: Mr. F. M. Staunton:

Mr. President and Gentlemen: I have very little to add to what has been said by older and more important states in the Trust Company business with reference to the trust companies throughout the country. I beg to add a word in connection with the business in West Virginia. We have in West Virginia our oldest banker, a man whom we love and honor, Mr. Henry P. Davis. At a recent meeting of the West Virginia Bankers' Association, in an address made to that Association, he stated that the building of the West Virginia Central Railroad—now the Western Maryland Railroad—and the coal and coke road, its legitimate offspring, was due to the influence exercised by a small bank started in West Virginia some fifty years ago. As you know, Mr. Davis has been the most important factor in the development of West Virginia. He is connected with many banks and trust companies, and he is always willing to lend a hand to any worthy concern.

The Trust companies of West Virginia at this time are, practically speaking, in their infancy. They number only about eleven. They do very little of what is known as legitimate trust business in a fiduciary capacity, but their work is confined more largely to a general banking business. In the development of West Virginia, however, we hope that the trust companies will occupy a more important position each year. The enormous resources of West Virginia—and I believe the State has developed more rapidly in the past two years than any other State in the Union—must look for necessary money to other states, North, East, South and West, for their development. We must first have railroads built; we must then develop our mines; we must then cut our forests; we must bore for oil and gas, and in that way not only enrich West Virginia, but enrich the entire Nation. In doing this and looking to the many interests outside of West Virginia they must first be satisfied of the protection of capital in the State and of the stability of the financial institutions throughout the State. That is essential to the investment of money.

We hope to be able to convince moneyed interests, through our financial institutions and especially our trust companies, that the laws of West Virginia will justify the investment of money there, will justify it on the basis that it will give very large returns to the investor, because West Virginia is still in its infancy. Our laws—and I am glad to say that we are not behind all states in the Union—are laws requiring at least \$1,000,000 paid up before a company can use the word "trust" as part of its corporate name. The trust companies are subject, as the State banks are, to examination by a State Bank Commission at least once a year and must publish their statements at least four times a year. Since this law was enacted I think the State banks, some of which opposed its passage, have seen the wisdom and the efficacy of the passage of laws requiring publicity in every department of the banking business. The State Bank laws, which are also the laws governing trust companies, as I said, have been improved in the past two years. They now require the same reserve that the National Bank requires, and practically the same cash carried in the vaults of the banks. Those laws will be further improved next winter. We hope to bring them not only up to the standard of the National Banks, but a little above the standard of the National Banks.

We do not think in some respects the National Bank laws are quite up to the standard. As one instance of that, we do not think they are quite liberal enough in reference to loans. However, we hope to bring the standard of the State Bank laws in West Virginia up to a point where they can receive the endorsements of the banks and Trust companies throughout the country. The banks in West Virginia, and especially the Trust companies, hope to occupy a field in the future that they have been unable to occupy in the past—that of interesting capital, of furthering the development of property, not as a speculative scheme, but as legitimate business transactions.

I have been somewhat surprised—this is the first meeting of this kind that I have attended—to note a lack of laws throughout the various States of the Union governing State banks and Trust companies. It seems to me that the stability, the strength, the efficiency of State banks and Trust companies are due very largely to the men in control of those institutions, and not so much to the laws of the States under which those institutions are chartered and operated. This speaks well for

the institutions themselves, but it does not speak well for the State that charters institutions of that kind and turns them loose to receive deposits and operate with the people's money without laws to control them. The Trust companies should be divorced from the guarantee companies. I am glad to say that our State has recently passed a law covering that point.

Before I sit down I cannot refrain from making one suggestion, which possibly has occurred to every one here, and that is that the Legislative Committee of this Association, insofar as the State laws that need revising are concerned, should devise some means of adopting uniform State banking laws. We owe the confidence that is reposed in the National Banks to the fact that they are under the control of the United States Government. That control cannot be extended to cover Trust companies and State banks. But we have a uniform negotiable instrument law in, I believe, twenty-six States of the Union, so that any one in any of those States in picking up a piece of negotiable paper made payable in any other of those twenty-five States of the Union knows what law governs that paper. If a law could be enacted in every State of the Union making the laws governing State banks and Trust companies uniform, so far as it is practical, it occurs to me that it would be a proper field for the Legislative Committee to work on.

We have a Legislative Committee in our State which is accomplishing much in the direction of passing laws, but when a law would come to that Legislative Committee, as the law now on the statute books of ten or fifteen or twenty-five other States, it would be easier to have that law passed than if it were a new law, something proposed for the first time to be enacted in the law. I make this suggestion, impressed as I am with the inadequacy of the laws governing State banks and Trust companies throughout the Union.

Mr. Hart: Before we go on with anything else I would like to offer this resolution:

"Whereas, there are to be presented at the annual convention of the American Bankers' Association amendments to the constitution providing for increased memberships in the executive council by the election of three representatives from each of the special sections and otherwise, and whereas the Trust Company Section considers such representation as needful and desirable,

"Be it therefore resolved that if such amendments are adopted by the general convention the representatives of the Trust Company Section be the President, First Vice-President and Chairman of the executive committee of the section, as elected at every annual meeting."

Mr. Jackson: May I ask if that would continue representation upon the executive committee of the present member? I do not exactly understand whether he goes off or continues. I understand that the present representative of the Trust Company Section on the council has been elected for three years, and this will not operate to relieve him from that duty, will it?

Mr. Hart: It will simply be the ex-officio membership of these three officials.

Mr. Fisher: I am inclined to think that the wisdom of the President who has just finished his term would be of more value than the wisdom of a new man, and I think this should be amended to include the ex-President, the President and the Vice-President.

The President: I still feel that as the present representative of the Trust Company Section was elected for three years that he would still retain his office, and that there would be three others—the President, and First Vice-President and the Chairman of the executive committee—chosen and put on the council, in case this motion is agreed to.

Mr. Fisher: That could be done three years hence.

The Chairman: It will operate to drop the present representative next year, but for this year we will have four members instead of three.

The question was taken and the motion of Mr. Hart was unanimously agreed to.

Upon motion of Mr. Boyce of Indiana, seconded by Mr. Robinson of Ohio, the session took a recess for one hour.

#### AFTERNOON SESSION.

The Trust Company Section reassembled at 2:20 o'clock, P. M., Mr. Clark Williams, President, in the chair.

Mr. Clark Williams: Now that Mr. Kidgeley has retired it may be of interest to the members of the Trust Company Section to know exactly how the general system of trust companies stands in the United States so far as size is concerned. We are not boasting of this, but these figures are interesting figures, and deal only with gross



amounts, so it will not take more than a moment of your time. From the latest obtainable reports we find that there are thirteen hundred trust companies in the United States. This number was the number as ascertained some time ago, and the number may be greater at the present time. I wish to give credit to Mr. E. T. Perine, the manager of the Audit Company of New York, who has addressed us on two previous occasions.

The capital of the companies is \$378,000,000. Surplus and undivided profits, \$459,000,000, deposits, \$2,915,000,000; miscellaneous liabilities, \$249,000,000; total liabilities, \$4,200,000,000.

We are now ready, gentlemen, to proceed with our program, and I earnestly urge all those who are here present to take part in the discussion of these topics.

#### **Should Trust Companies Do a Guarantee or Surety Business?**

The first topic for discussion is, Should trust companies do a guarantee or surety business.

Mr. Jackson: I did not intend to say anything on the subject, and I am not prepared to discuss it, but it seems to me from what I have heard from gentlemen here to-day that we ought to be rather opposed to trust companies doing such a business. It seems rather apart from the business of a company that is chartered with the idea of taking deposits, of attending to the administrations of the estates of widows and orphans. You may say that there is no risk in taking a surety, and I dare say there is not sometimes, but there are companies chartered for that purpose, and it seems to me to be outside the functions of a trust company to go into that business.

There are certain companies in Pennsylvania that do such a business, and very good companies they are, and, of course, I am not decrying their schemes; but I know that I and people with whom I am associated have legislated against it, and if you care to ask, sir, the opinion of this room at the present time I feel fairly sure that you will find that the general consensus of opinion is, in a measure, with me in what I have stated. As I said before, I really have nothing to say, and I have gotten up and made these few remarks simply to start the discussion, so that the other side may be at liberty to speak if there are those who wish to take that side.

Mr. Breekinridge Jones: I have fought this subject over before the legislature and before committees of the legislature. While we do not do what you call a private fidelity business, like the bonding of cashiers, officers of banks and telegraph operators and that sort of thing, our business under the law of Missouri in the matter of bonds is limited to bonds required by law to be given. That business, instead of being adverse to the general line we are doing, is in perfect keeping with what we are doing. We have been in the business for fifteen years, and the aggregate of all our losses since we have been in business in that department does not amount to \$2,000. We had a loss of \$2,000 in that case because we allowed an attorney to collect his fee a little too soon, and subsequently the assets were replevined and nothing was left, and we suffered that loss. But, as I say, in the business we have done in that line in fifteen years the entire loss has not amounted to more than \$2,000, and we have had something over \$30,000,000 in deposits. Occasionally there is a member of a family who wants to administer on an estate. In such a case it may be that they do not want to turn it over to you to administer, but they want to administer it themselves. They are customers of the institution, and in such a case we will make a contract with them, which is fixed so that it properly protects us, and we will become the surety on the bond of this customer, acting as administrator, say, of his father's estate. That contract provides that all the assets of that estate of a convertible nature shall be brought into joint possession, and shall not be released except with our consent. All securities are put in safe deposit boxes, with two keys, the administrator having one and we having the other. We have found no risk in this business. On the contrary, it has been a very satisfactory business to us. Several years ago we did

more of that business than we do now, because there are so many surety companies now that are doing that business alone, and the compensation we get from it does not justify us in doing that class of business. I mean, the work outbalances the premiums. Those companies that do that business do not take the precautions that we do.

Not only is it valuable to us, but it is often valuable to the customer. I had an instance where a customer had been a lawyer of considerable experience. He had served a term on our circuit bench. When he went to make his report in the Probate Court we showed him where he was several thousand dollars out of the way, of which he made his public acknowledgment. The way the business is done in our office it is a protection to the administrator, and it is an aid to the lawyer. I would like to know whether Mr. Jackson's company does that kind of a business or not.

Mr. Jackson: What I had in mind was acting as surety for the completion of real estate contracts or as guarantor of the bonds of contractors, city contractors, municipal contractors. I can understand that Mr. Jones' company would be most efficient in helping the interests of the trust estate, and aiding the administrator who did not care to do all the work himself, and in the matter of settling an estate, for instance. But answering Mr. Jones' question directly, we do not do that business, except in cases where we may perhaps be an executor of an estate. Under our law the executor cannot be appointed guardian, you see. Consequently, at the request of the family one of our people may become guardian, the family may have one of our own men made guardian. But we do not go outside in that. I have no doubt that that would be a profitable thing to do, but as a matter of fact we do not do it, we do not do a surety business.

Mr. Jones: But you do have one of your officers appointed and then you do go on his bond?

Mr. Jackson: The officer acts in his official capacity.

Mr. Jones: That is true, but so far as the court is concerned he is individually responsible for the principal in that estate and you are his surety. When you come to speak to a general resolution that would be an expression of this body, then, of course, such a resolution would apply to all these cases.

Mr. Jackson: Let me revert. I had not in mind the acting as surety for persons such as administrators or executors; but rather I had in mind the question of bonds for contracts. Do you follow me?

Mr. Jones: Yes. Now, we are limited here under the laws of this State to bonds required by law to be given. As I say, we do some of that business. We may have a very strong customer, and he may have to give a bond. The theory on which the business is done is that we take no risk whatever. We simply furnish our customers the machinery by which they may go on their own bond. As an evidence that that is true, there is practically no law. It is an accommodation to our customers. There is not in this State a surety company doing business. Why should we in this State have a law that would not permit any corporation doing business in this State to become surety on a bond where the courts continually require bonds to be given? Why should not this State, if it so desires—with trust companies that are amply responsible and have plenty of capital—why should not the State permit one of its own corporations to do that if it wants to? I can see where an expression of this kind would be of great value to the surety companies doing business outside of the State. They would like to have such an expression. I am opposed to any such expression as that from this Section. I do not think it is proper for this Section to express itself on a question of that kind. I do not know how it arises, but I do know that the surety companies here doing business, outside non-resident corporations doing business here only because they have qualified under the insurance department of this State, would be very glad if we would make such an expression, and I do not believe we ought to do it. Mr. Jackson says his company



has very little to do with that business, and I venture to say that three-fourths of the gentlemen in this room do not do that business at all, or, at least, many of them do not. If that is the case, why should they seek an expression from a body of this kind that might interfere with the business of some of the gentlemen who do that business?

Why should we put a club in the hands of our competitors who can go before the legislature and seek to cripple us in that respect? Whenever the legislature meets we have a lot of fellows there trying to clip the wings of the trust company. It seems like a big thing for them to do. Some fellow who hasn't got a trust company within a hundred miles of him thinks he can make himself popular with his constituents by going back and showing how he has helped to manacle the hands of the trust companies. A few years ago we had a bill up to prevent trust companies from acting as guardians of children! One man got up in the legislature and said: "Just think of it; just think of putting little children in the care of soulless corporations; just think of putting a little child, entrusting the immortal soul of a human being, and its religious training, to a soulless corporation; just imagine kneeling at his bed at night and being taught to say: 'God bless the trusts; God damn everybody else!'"

That's the way some of those legislators talk. And then I like to see such a man when he comes to making his will and providing for the guardianship of his children. Then you often find him talking differently. He will say: "Boys you are my friends; we were school fellows together; we were young men together, and have been in the church together; but now, as I am about to die I want to say that I cannot trust any of you, that I want a corporation as a guardian of my children."

That is the kind of stuff they talk. And so I do not want to give them any sort of a club like this would be. They could say here is the Bankers' Association, and here is the Trust Company Section of that Association with this sort of an expression. I don't want them cutting into our preserves, for we don't know where they are going to stop. I would be very sorry to see any such resolution passed by this Section.

Mr. Mason: Commercial Trust Company, Philadelphia: We do not enter up surety bonds, so far as the conditions of contract are concerned, either municipal or government; we would enter up a surety, though, for an administrator or an executor, and I feel very much as Mr. Jones feels about it. I think it would be a great mistake for this body to pass any resolution saying that it did not believe in a trust company entering up bonds of surety. There are bonds of surety and bonds of surety. I think where you have trust assets, it is really absolutely necessary in one way or another to do it, even if it is done by naming somebody, as Mr. Jackson said, as surety for the person who wishes to be bonded. And it seems to me we are located at such different quarters that what is good for us in Philadelphia probably would not be at all good for a company that Mr. Jones represents. It seems to me that it is purely a question for the company to decide whether it wishes to go into that business or not. If it does not, very well. Why should I say whether it should go into it or not. I agree with Mr. Jones that it would be a great mistake to pass any such resolution—a resolution which would give ammunition to the surety companies in competition with those who want to go into this business.

The President: It may be fitting at this point for the Chair to announce that this is not a resolution which is pending; it is merely a discussion of the subject. Of course, if any one wishes to introduce a resolution he can do so, but at present there is no resolution pending.

Mr. Robinson, of Toledo, Ohio: Before we get to the next Section, being the President of a Toledo Trust Company, I would like to say a few words to Mr. Jones. The laws in Ohio are lax, and they have not been amended to any appreciable extent, and the trust companies can work as they think best. The Supreme Court of Ohio has taken

away from the trust companies of the State the functions of administering estates and matters of that kind, but we have a number of estates submitted to us individually, and someone else generally has a common executor or administrator, standing as surety for them, and in cases where trust funds are deposited we also act as surety, and where a man has trust funds that he does not want to give a bond for, he comes to us and makes us a depository and we act with him and sign checks, jointly with him, and give a bond.

I wish to say that I am in favor of everything that Mr. Jones has said. I don't know whether he gives personal surety bonds or not. I am not in favor of those. But everything else he speaks of I am in favor of, and I think this Section should not under any consideration pass any resolution derogatory to trust companies acting as surety for trust and trust funds where it is an advantage to them and where they can make money on it and do it wisely and well.

#### Methods of Securing Business.

The Chairman: We will pass to the next topic for discussion—Methods of Securing Business.

Mr. McKee, of the Mercantile Trust Company, of Little Rock, Ark.: A good deal is said about the dignity of banks, but in these days of competition it is necessary for bankers to go out and get the business if they want to succeed. The trust company is certainly leading the way in the matter of advertisement, and it is to the trust company business that the people are being educated. The kind of advertising that we should do, in our opinion, is to place before the people the advantages of having trust companies act as administrators and guardians. The savings bank business is well advertised. We are all familiar with the extensive advertising of the Pittsburg Trust Company and the Cleveland Trust Companies. They advertise all over our States and they get business that we ought to get. But we are doing the best we can now and we often copy their advertisements—because they sound pretty good—and we are getting some of their business now. This advertising is an expensive thing, but we believe that it pays. But even better than newspaper or magazine advertising I think that personal solicitation is the thing. By personal appeal much business can be secured that can be secured in no other way.

Mr. Festus J. Wade: The best way I have found to maintain and secure new business is to do the least possible work yourself and get associated with you good tenants and give them Hades if your business does not improve. But leaving jesting aside, following in the footsteps of some of the old and ancient and honorable trust companies, one of which Brother Jones represents, we have found advertising in all forms beneficial, and I cannot pretend to say on the moment how much it costs us to maintain our advertising department, but it certainly aggregates two per cent of our capital per annum. We advertise in every form. We advertise in local newspapers and in banking magazines, and we even write to other trust companies asking them for their accounts. They don't give them to us, but it shows bad management on their part. I have no doubt that Brother Jones has gotten a letter from me several times, asking him to bring his account to our office, and he has shown his bad judgment in not doing it; but there is one consolation and that is that while he did not there were others who did.

Mr. Cohen, of the Portland Trust Company, Portland, Oregon: I fully agree with the preceding speakers that in advertising the best possible way of reaching results is by personal solicitations. But there are two forms of personal solicitation, and there is in my opinion a link that connects the two, and I believe the link is as important as the link that connects the locomotive with the train behind it. I can illustrate that in this way. Suppose I hear that Jones has just sold a lot of bonds and does not know what to do with the money—

Mr. Wade: You are not referring to Breckinridge Jones having money and not knowing what to do with it, are you?

Mr. Cohen: No; this is John Jones. Now, in the case I



cite, if I go to his office and sit down and talk to him, Mr. Jones is probably thinking about his own affairs. In the midst of our conversation a clerk comes in and hands him something that needs attention, and so he is interrupted and Jones loses the thread of my argument. But if I can get Mr. Jones to come to my office and show him through my bank and let him see my clerks busily at work and so on and then take him into my private office he would get the benefit of environment and environment counts tremendously in business just as it does in social life. Then when I get him seated quietly in my office I tell him that we have such and such bonds that we would like to sell him and I touch my buzzer and the boy comes in and I say, "Bring those bonds in," and he goes and gets them and brings them in and I show them to Mr. Jones. Ten to one he will buy them under such circumstances if he is looking for a good investment. My point is that if you can get a man to come into your own office that way he will be a great deal more impressed with what you have to say to him than he will be if you have to go to his office and seek an interview with him. Now, the question is, What is the link between those two forms of solicitation? I maintain it is printer's ink. My contention is that the form of advertising in the daily press is simply to bring the customer to the bank. I do not believe you convince a man by the advertisement alone. Of course once in a while a man will come in and say, "I want such and such a thing that you are advertising," but as a general thing a man simply comes in to make inquiry, and the advertisement in the newspaper serves the purpose of bringing him to your office. I believe the true secret of printed advertisements consists of what you might call three elements. The first is to tell the truth. Never say anything in an advertisement that is not true, even to the letter, and true in spirit. If you have lost money on last year's business don't tell the public that you have gained money. If you do not tell the truth in your advertisements sooner or later you will suffer by that course of advertising. There was a certain bank in one of the cities of the Atlantic coast—and I being from Oregon I watch what is going on at the other side of the Continent—that has been publishing a series of most aggressive and clear-cut advertisements, but every now and then something does not seem to read true about them. I have found out since I have been in St. Louis that those advertisements are not true. The effect was to bring that bank so much trash and I was privately informed that within the last six weeks they were on the verge of insolvency. The truth is mighty and will prevail; the truth is constant and it is the only thing that is constant. A lie is not consistent with itself and you will never profit by a lie in your advertising any more than you will by a lie in your private life. The next thing is to form your advertisements so that people will read them. I do not believe that the thousands and thousands of dollars that the trust companies of the United States have spent in simply putting cards in the papers containing statements of their capital and surplus and so on amount to very much; I do not believe that that brings them any business. I believe that advertisements ought to be made attractive so that people will read them. I see a gentleman in this audience who has recently been elected president of a very conservative bank in my native city, and the first chance I get I am going to congratulate him on the form of his advertisements—the way the printer sets his advertisements up. After you have gotten the form in your mind, then the next thing is to have what you might call a key word in your advertisement. If you will pardon me for a personal illustration, we published an advertisement once that did us a great deal of good and it was headed with the word "Harvest"—beginning by saying that the harvest is coming, that the farmers had gathered their crops, and so on; and then we went on to tell our story. I will venture that every farmer that saw that word at the top read that advertisement through. If you can get people to read your advertisements by using these two methods and then getting them into your bank you are going to get business from them.

While your advertisement should be sharp and to the point, should always be telegraphic, at the same time you

must never lower your dignity; you must never do anything that will let the public think you do not take yourselves seriously. I have my advertising writer come to me with the proof of an advertisement and ask me what I thought of it and I would have to say to him, "Well, that is pretty good, but it is a little bit on the sensational. Suppose you tone that down a little, don't make it too exuberant." I believe that the true advertising writer is born and not made, and when you get hold of a good man for your advertising department you ought to treasure him beyond pearls and rubies.

Mr. Woodruff, President of the Springfield Trust Company, New Jersey: I do not quite agree with what has been said in the statement that there is no good in having a stereotyped card in the papers with the names of your directors and officers and so on. I don't think that is as profitable as other classes of advertising, but it certainly helps to a considerable extent. The reputation of a financial institution is a very valuable asset. It is a very valuable thing for an institution to have all the people of the community know that such an institution exists and has a given capital stock, has a certain line of deposits and that certain influential men of the community are connected with the institution. Those things can be advertised in the stereotyped card and I think that that is valuable. But attractive advertising, such as educating the public to the utility of the trust company, emphasizing its trust features, emphasizing the fact that a trust company is an organization to take care of idle funds, that interest is paid on deposits, and that kind of thing is educational in its character and is more helpful than the other—but they are both helpful.

I fear we sometimes forget in our efforts to get business the fact that it is important to obtain business and to keep it: the important part is to retain it. There is not much progress made if a bank gets an account this week and loses it next week. In its advertisements or any other efforts it makes to get business it should not lose sight of the fact that the business it gets can be held, be retained if the institution conducts itself properly towards the persons from whom it gets the business. In our institution I see that the person who makes a deposit in our bank for the first time is written a letter thanking him for his account. I also see to it that when a depositor quits the institution that fact be made known to the head of the institution or the treasurer and immediately an inquiry is begun to find out why that man left the institution. In making that investigation we first find out through whose influence the depositor or the patron came to the company, and we then set that individual to work to find out the cause of his leaving. If unsuccessful in that way we employ other means. We endeavor to see to it that a patron of the institution is always a patron of the institution.

The most gratifying thing to an institution, it seems to me, is to have your patrons stay with you, and the next most gratifying thing is if a patron leaves you to have him express regret that he has to do so.

Mr. Adams, of the City Trust Company of Boston: I think there is one feature of this topic that might be correlated with topic number five—"How to Maintain the Interest of Members of the Board of Directors." I think their interest can be maintained by inducing them to visit the institution frequently and by requesting their help in getting new business. That will keep them thinking about the company and realizing that it is their company and that you are partly dependent upon them for the business you get. But of course every community is different. What might do very well here or in the South or the West might not do so well in the East or vice versa. While frequent advertising in newspapers might appeal to people in some sections of the country, I do not think it does appeal so much to the people of New England. I think there the personal element, the personal influence of the officials and directors of a bank is the greatest factor in securing and keeping business. We depend upon the personality of the officers and directors for a large part of our business. If for any cause an official of one company leaves that company and goes to another company there is always a lot of business goes with him on account of his



personal friendships. I believe that keeping yourself as an officer and your company in the minds of your directors is one of the best methods of getting business and at the same time keep your directors interested in your company.

Mr. Thompson, of the Bankers' Trust Company of New York: Mr. President, I think one very important feature has been overlooked. A certain baby food states to the world that it is advertised by its loving friends. I think that that will apply very strongly to any business undertaking and particularly to a bank or a trust company. If the company so conducts its business as to commend its method to its depositors, those depositors will be its friends. If the personality of the officers is such as to make every depositor a friend of the institution and interest himself in the success of the company and its officers, obviously the results will be good. To me the most gratifying thing in our business experience is to have a customer gradually develop into a personal friend and then tell his friends that our institution is a good institution to do business with. It is extremely gratifying to a trust company officer to have his business grow for that reason. So I think we might all well cultivate that feature to the greatest extent, make our customers work for us, not because we ask them to do it but because our treatment of them is such that they are glad to do it.

#### How to Maintain the Interest of Members of the Board of Directors.

The President: Since we have drifted into a discussion of the maintenance of interest on the part of the directors, we might now continue the discussion under that heading. "How to Maintain the Interest of Members of the Board of Directors." Mr. Adams has alluded to it and I think we might continue on that line.

Mr. Gibson, of Denver: When I saw this topic on the program for discussion I at once thought of one of the largest financial institutions in the country, if not in the world, whose success is largely due, in my opinion, to the active support and interest and conscientious service of its directors and trustees. I wrote to one of the general officers of that company for some suggestions from him along this line, and with your permission I will read one or two extracts from that letter, because I think they are very pertinent, and they certainly come from a very successful experience. He says:

Whenever a vacancy has occurred it has been the aim of the board to fill that vacancy with a thoroughly practical business man. We have not looked to any politician or any man of particular national prominence. What we wanted was a Board of Directors composed of honorable business men of long experience, and we think we have been able to realize the highest measure of success in this direction for many years. The law provides that a majority of our board must be residents of New York. Therefore of our twenty-four directors at least thirteen reside in New York City. Therefore you can see that we are pretty sure always of a quorum at our monthly board meetings, and in fact we have the almost daily co-operation of those New York City directors for committee work.

As to our committee, we have an Executive Committee of five trustees, which meets at least once a week; a Finance Committee, which meets three times a week, and a Sub-Finance Committee, which meets every day. The Auditing Committee meets weekly or oftener. These gentlemen have always taken a great interest in the progress of the company and we believe that we have held their interest on account of keeping them closely posted at all times regarding developments in the business. I know it is very easy for a board of directors to get out of touch with the every day operations of a corporation, and with this thought in mind we have endeavored at all times to familiarize them with our doings.

I think if the same plan is pursued on the part of banks or trust companies or any other corporations, that is, a plan by which the director is almost daily in touch with things that are going on, that the same effective service can be expected of a director, and I think you understand me when I say that the management in keeping in touch with their directors conveys to them all the figures relating to the progress of the business, investments, etc., which of course in banking would be practically the same. If you will let me make a suggestion, it is that the lack of interest on the part of certain directors of corporations is due to the fact that they are non-residents of the city in which the parent office is located. If they only attend a meeting perhaps once or twice a year they get out of touch with the corporation and they manifest very little interest in its daily operation.

Mr. Hildebrand, of Philadelphia: Mr. President, I have been very much interested in this discussion. I think it is highly important that the directors should be kept in touch with the organization, and it seems to me that the best way in which it can be done is by keeping them informed of what is going on. I am sure that there is no better way by which a director of a financial institution can be kept in touch with the institution of which he is a director than to impress upon him, have impressed upon him by the management of the company, the fact that he is important, that the success of the institution depends to some extent upon him; and that information, as to the affairs of the company and what is going on, should be given him in order that he may know what to do. I have been connected with a banking institution but a very short time, and I hesitate to say a word on any of these topics, yet I am encouraged to do so because of the fact that in one respect I stand possibly on a level with you all, and that is that none of us know it all. I am convinced that there is no way by which a director can become interested in a banking institution with which he is connected except to become intelligent on the subject of banking. Soon after I became president of the institution with which I am connected I consulted no less than three prominent bankers in Philadelphia, one with an experience as long as twenty-five years, and the others with large experience also, and I asked them whether they knew about anything that has been printed or written giving information concerning the duties of a director of a financial institution, and every one of them replied that he had never heard of anything of the kind. It may be that some of you know of some such publication or literature bearing on that subject, but I have not been able to discover it. It seems to me that one of the reasons why directors of our banking institutions are not more personally interested in the affairs of the institution with which they are connected is because they do not know just what the privileges and what the duties of a director of a financial institution consist of. Think of that. I think you will bear me out in that statement. Take the average man who is called upon to become a director of a financial institution. He is selected chiefly because of his prominent position in the community, and yet he has had very little education along banking lines. He may know very little of what constitutes the responsibility of a director. It seems to me one of the ways by which a director can become interested in a financial institution is to keep him informed. I don't know of any other way than to have the management inform him as far as is in their power. I thank you very much for your attention.

Mr. C. E. Willock, Treasurer Fidelity Title and Trust Company, Pittsburg: Mr. President, right along the line of a number of speeches this afternoon I have been waiting to say something that I thought perhaps some one else would say. As no one else has brought the point out, with your permission I will do so.

The institution with which I am connected in Pittsburg has a board of fifteen directors. The way we maintain their interest is by making them work. We have an executive committee composed of three members of the board and the President is ex-officio a member of that committee. One of those members drops out from the committee each month and a new member of the Board of Directors is selected to take his place. In that way we go through the whole board. In other words, we have three members of the board at each committee meeting, and at each monthly meeting of the board (the second Thursday in the month) one member of the committee is dropped off the committee and another man selected in his place. In that way, as I say, we keep our whole board interested and make them work. We find that that is a good method to keep up interest in the Board of Directors.

Mr. Stephens, of North Carolina: The point in regard to giving the directors something to do, it seems to me, is one of the most practical ways of drawing the interest of the Board of Directors to the institution. A plan that



has been tried very successfully by a trust company with which I am familiar is to acknowledge every little account that comes to the company. A letter is written to some member of the Board of Directors asking that member to personally express his appreciation as a director for the business that has come to the company. It will be found that every time this is done it adds to the interest of this director in the company's work, and very soon that interest leads him to investigate other phases of the company's business and he soon becomes thoroughly familiar with the affairs of the company. A good many officers of banking institutions seem to have an ambition to have a customer say that they are banking with John Jones, or whatever his name is, but it seems to me it is better if we can get them to say "I am banking with the Jones Banking Company," or whatever the name is, and that can only be done by active interest on the part of the directors.

There is nothing in the world more interesting to the normal mind than the subject of growth. For instance, the growth and development of a child, the growth and development of some plant; and so when you get a director interested in the growth and development of some company he represents as a director there is no calculating the force of his influence, combined especially with interest on the part of the other directors. And it seems to me that the point just made, to give the director something to do, something definite—for instance, to solicit a new account that may be obtained by his solicitation—is something that will create in the director an interest in the company. Sometimes a director can solicit a new account a great deal better than an officer can, and if officers would sometimes sacrifice a little pride and let a director do it, the bank would accomplish its end probably more readily and easily, and at the same time such a thing would make a working director out of a man who has possibly before that been little interested in the affairs of the bank.

Mr. Metzley, of Indianapolis: In reflecting over an experience of five years in connection with a financial institution at Indianapolis I would go back to the organization of the corporation itself and call attention, as is the case with this institution, to the fact that it was careful at the organization of the company to give a wide distribution of its stock, so as to have assistance not alone from the directors but the stockholders composing the organization. The institution I refer to was started five years ago, and now has deposits of over \$7,000,000. It found great assistance among the stockholders, who are widely distributed. After the first year of the company we adopted the method of paying the directors five dollars for each meeting, and we have found that that has been a good thing. I don't know whether you have had the same experience, but I believe it tends to keep up the interest of the directors to pay them a small compensation for attending the meetings of the board. I think you can more freely call upon them and that you can get better service from them. But, as I have suggested, it is important to work with the stockholders as well as the directors. We have found great service coming from the widely distributed stockholders.

Mr. Sterling Ford, of Tennessee: I think that one of the best ways to keep up the interest of the directors is to get them to attend the meetings, and a good way to get them to attend the meetings is to keep them guessing. Carrying out this idea, I had some cards printed, reading: "This reminds me that our next directory meeting will be" so and so, and just before the directors' meeting comes around I mail one of these cards to each member of the board, and then, on the other side of the card, I usually typewrite, or write with my own hand, some kind of foolishness that gets up their curiosity, and they want to know what is going to happen.

It is my idea that we ought to try to make our directors' interest in their company grow as fast as interest on a loan grows according to the idea of a Southern negro. I once knew an old time darky who bought a mule, and he gave a small cash payment and a note for the balance. I believe the amount of the note was \$50. He paid a little

now and then, as he could. He had an idea that the "in-trust," as he called it, was probably a hundred dollars a month. It seems he had not paid anything on account of what was due for two or three months, and he came over to the gentleman in whom the title to the mule rested, and old Uncle Ephram came up and tipped his hat and says: "Well, sah, I has brung you some more money on account of old Pete. I done brought you \$10 two months ago, but I reckon the 'intrust' has done eat up that before now." So that is the kind of "intrust" that I am trying to stir up among the directors.

Mr. Wood: I know of no better way to explain my views on this subject than to relate my experience in the matter. When my friends and myself bought into the Interstate Trust & Banking Company of New Orleans, we found that although they had a very large directorate, and although they had committees, and regular board days, they had not had a committee meeting for some time, and the Minute Book of the Board of Directors showed many occasions where there was no quorum present. At the first favorable opportunity we failed to re-elect those directors who had not taken enough interest in the affairs of the bank to attend the weekly meetings of the board. We then cut down the number of directors, and the directors that we re-elected were men whom we felt certain would take a real interest. By using discretion in the selection of directors, and by taking them into our confidence, and by showing them just what a really good institution we had, the members of the board individually, gradually accumulated enough stock to place them in absolute control of the bank. When our board now meets around the table, it represents the controlling interest in the bank. Thus, the bank's business is each member's business, and it is a poor business man that does not attend to his own business. With all this, the interest of the board might have lagged had we not been careful when selecting directors to select those who we thought would maintain an interest. In appointing committees, such as executive, discount, examination, etc., it has been our object to have rotation in office, not to keep one director on any one committee too long, but to see that such member of the board took his turn at serving on the various committees. Some of our directors after serving on some of our committees, and seeing the real inside workings of the bank, have largely increased their stock holdings. Our board meets every Thursday at 3:30 in the afternoon, and each member present receives a five dollar gold piece. Our Executive Committee meets every business day, except Thursdays and Saturdays at 12:30, and each member present receives one dollar. The Executive Committee consists of four members of the board besides the President. The directory is composed of fifteen members. At these committee and executive meetings, every member of the board is urged to speak fully his views on any matter that arises. We have no secrets from our directors, and value their good counsel. To be of great service to the bank as directors, the business interests of the members of the board should be diversified, and furthermore, a board composed entirely of young men or entirely of elderly men, is not advisable. There should be some of each. I would not care to be connected with a banking institution where the interest of the members of the Board of Directors was not maintained. I know of no greater guarantee for the financial solidity of a bank than an active board of good directors. The institution of which I have the honor to be President has been very successful the past few years, and it is largely due to the active help, co-operation and interest of the men that compose our Board of Directors.

Mr. F. W. Hyde, Jamestown, N. Y.: I can say along the line of what has been said by others that we endeavor to make our directors interested in our company by receiving them cordially and detaining them at our institutions if possible and interesting them in what is going on. If we get hold of anything good in the line of advertising matter we see that each director gets it. For instance, we received a notice that one of the local magazines here would



publish a full account of this convention. And we brought that to the attention of the directors. If we find anything in the newspapers that affects banks and trust companies, especially trust companies, we see that each director gets one of these papers. We give the director a glad hand and endeavor to obtain his loyalty by showing our loyalty and interest in him.

The President: In this connection I would suggest that it seems to me that a good idea is to give each director who does not attend the meetings a full account of what was done at a meeting, together with all reports that are made. I simply make that as a suggestion to supplement what has been said.

#### Cash Reserve for Trust Companies.

The President: The sixth question is, Cash Reserve for Trust Companies.

Mr. Wade: This is a subject that has been a hobby with me. I know of no way by which the trust company can be firmly established in the minds of the people of the United States as the safest kind of an institution than by requiring it to carry a strong cash reserve, and there is a great deal of difference between the theoretical reserve of your bonds of any character or your accounts in other banks and that article which never goes out of fashion, mere cash. It is incomprehensible to my mind, gentlemen, why an officer of any financial institution should take the risk of ruining his reputation by being caught in times of distress without a strong cash reserve in his vaults. It does not require much practical experience to have that fully imbedded in one's mind. As I said at one of the former conventions, it took me just fifteen minutes to be disabused of the notion that a million dollars in the other fellow's bank was worth as much as one hundred thousand dollars in the vaults of the institution we represented. We all know that times have existed when you could not go to New York City and get your deposit in cash. Those times will come again. The action of the New York bankers at that time was a providential action, and I am not criticising it; but nevertheless it was a fact; and if any of you gentlemen to-morrow for the lack of a proper cash reserve at the vaults of your institution should happen to close your doors, you would be condemned by your stockholders and depositors, and the men who are sitting in this convention to-day would say: "Well, he was a good fellow, but he ought to have had more sense."

Mr. Phillips, of the Lincoln Trust Company of New York: I call upon Mr. Wade to explain that slur upon New York. Where did he get the cash from at that time?

Mr. Wade (smiling): Not from New York.

Mr. Phillips (laughing): That's what you said before.

Mr. Wade: I say the action that the New York bankers took in 1893 was providential and a good thing for the country, but I do say that the New York Trust Company, who until a few years ago failed to carry a cash reserve at all, not only jeopardized the interests of the banks of New York but the interests of the financial institutions of this country. We of the West take our hat off to the New York banker because of the preponderance of New York as a financial center, but when it comes down to a question of cold, hard, common sense we believe that there is as much intelligence growing in the wilds of Wyoming as there is in the Bowery of New York. (Applause.)

Mr. Robinson, of the Guardian Trust Company of New York: Having been in commercial banking lines about sixteen years, naturally I have one or two convictions on this subject. A demand deposit is a demand deposit the world over, whether it is in a State Bank or a National Bank or trust company, and the only question involved is what is a necessary reserve. Perhaps no two of us could agree on that, but the matter of reserve it seems to me is a matter of evolution based on the average human experience, and if any one of us sets up an idol that we are not subject to the usual laws, I am afraid the day may come

when some of us may find that idol shattered. In New York from the trust company standpoint we have gone a step forward. We are now on the basis of 5 per cent. cash, 5 per cent. in securities and 5 per cent. cash in banks. That is, they are not all mandatory, the 5 per cent. cash is mandatory and the other 10 per cent. may remain in the bank. That is a step in the right direction, and before the law was passed the institution with which I am associated carried that, although not all in cash. You know it took Spain twice to discover us; first by Christopher Columbus, and then, later, by means of the Spanish-American war. It seems to me that since the war the spirit of co-operation has developed in the most marvelous way. There is a basis of confidence to start with. The more that is developed the less we will hear of panics in this country, and while we may have others I hardly believe they will be as severe as they have been heretofore.

Mr. Breckinridge Jones: Mr. President, it is with some diffidence that I venture to assert a difference of opinion from my friend Wade, but my studies on the trust company question were primary. I had to go into it some years ago when there was not any literature on the subject, as I said this morning, and reasoning it out on general principles I tried to arrive at the philosophy of the institution. This question of reserve can be treated in one way along the line that Mr. Wade treats it, and his arguments are unanswerable, that you must have a proper reserve. We all admit that. But the argument I think must apply very generally to trust companies. Now, to my mind the trust company is not a bank. They are two distinct institutions, built on different philosophy and just in so far as the trust company, to my mind, becomes purely a bank and applies the rules of a bank, just so far it becomes not so profitable as a trust company and less profitable than a bank. There is a difference between them that is primary and fundamental. A trust company that gets off of the philosophy of its existence and becomes a bank should be controlled by the rule applicable to a bank, but if, on the other hand, it shinnies on its own side and remains a trust company, according to the philosophy of the trust company, then the rules applicable to a bank do not apply, and the rules applicable to the trust company do apply. Take it in our own city, where we keep savings accounts; to the extent we do keep savings accounts, to that extent the rules applicable to a National Bank, or to a commercial bank do not apply to these deposits. If we say now we have the same reserve going into the Clearing House, that then we must keep the same reserves as a bank, we are put up to the question of the difference in the kind of reserves, and that depends upon the character of your deposits. If they are of the same character of the deposits of a National Bank then you ought to have the same reserve. If your deposits are of the character of the savings bank then there is a different rule that applies. The savings bank, I think, through New England does not carry 5 per cent. cash reserve. That is my general recollection that it is not 5 per cent.

A Member: You are right.

Mr. Jones: I think it is only 3 per cent.

A Member: That is correct.

Mr. Jones: The theory of the institution being that they should keep their money out at interest and consequently that they should not keep too much cash on hand; and by reason of the nature of their deposits they keep only a small per cent.—3 per cent. That difference between a commercial bank and a savings bank is fundamental. It is predicated on the difference in the character of the business. Now, coming to the nature of the trust company's deposits, I think the question of the reserve depends upon the nature of those deposits. If, as one gentleman from the South has said, the trust companies were practically banks, then the rules applicable to a bank would be suited to this case. On the Trust Company of New York, for instance, that does not pay out any money over the counter, but pays checks by drafts on the Clearing House Bank, and does not have any active accounts, the nature of their



deposits is different. To my mind the danger incident to the trust company movement to-day and the number of trust companies, is that the trust companies will cease to be trust companies, but will be simply banks. It is the old argument that has been made and over again, but it is true. If I go to Mr. Holliday as president of a bank and say to him: "I want a line of credit with you; I want \$20,000 credit;" he will tell me that he will give it to me provided my account justifies it, and if I have an account with him averaging \$5,000 he will consider that justifies a line of credit to the extent of \$20,000. The theory upon which that credit is given is that ordinarily I have enough money to run my business, but in seasons of special activity of business I have not enough money, and therefore I am not unreasonable when I ask credit to that extent to help me through that season of activity. The theory upon which the bank loans is that its customers are in different lines of business, and that one man needs money this season of the year and another man needs money at another season of the year. And carrying this principle out a National Bank does not usually lend money for more than ninety days. If I keep \$5,000 on deposit with him without interest the favor he does me in return is to give me a line of credit in proportion. He is under the same obligation to all his customers. Therefore, his loans in the very nature of the case must be distributed between his customers. They must be short time loans, small loans in a general sense, so that he can take the money of three men, the money three of his customers have on deposit, and lend that money to the fourth man, giving the fourth man an accommodation to the extent of four times his usual or average deposit. The next season comes around and he gets that money back from that fellow and he has to accommodate some other fellow, and so on. As you see, a bank lending money in that way goes on the principle that its customers will not all want money at the same time. its customers are engaged in different lines of business; and so it is dangerous to deal with a bank whose customers are all in one line of business, because they may all need money at the same time, and then that bank is not in a position to accommodate an outside man. That is not the kind of a bank to go to for a man who has an average account of, say, \$5,000, and who does not need to borrow money. A man with such an account will go to a National Bank and he will say: "I have \$5,000 for deposit," and they will say in reply: "I will give you a line of credit of \$20,000 for your account," but he will say: "I don't want any line of credit." Now, the nature of that deposit is different from the other deposits. Mr. Holliday says: "You don't want a line of credit; then you go to the trust company, and they will allow you 3 per cent. on your daily balance." The thing the trust company gives instead of credit is interest on the money deposited with them. And when they do that they are under no obligation to lend you money. Because of the nature of the customers of the trust company the trust company can lend their money to outside men who are not customers. They can make larger loans than a bank can and have a longer time, because their deposits are different and they are not expected to pay them, they are not called upon to pay in the same sort of way. Therefore the question of the reserve the trust company should carry depends on the character of its deposits, and the amount of reserve that the banks should have depends on the character of its deposits.

The same principle applies in England. Take the great joint stock banks of England. They do business just like the trust companies in New York. Their reserves are in the Bank of England, and they do not keep large reserves in their own vaults. All the trust companies in America—what is it, \$2,900,000,000 of deposit, I believe it was figured this morning—let them say that on the 1st of November we will all need the same reserve in our vaults that is required of National Banks, there would not be money enough in the United States to go around. The difference between my brother Wade and myself is in the

character of the trust company business. We keep such reserve as from our knowledge of our business we know is satisfactory and profitable. He keeps such reserve as he thinks is profitable. But do not let us get in such a position here that we will try to run the whole trust company business through one mold. Let us leave the elasticity of the trust company so it can respond to the needs in its community and do that business without having this great body come together and put a mold there and have everything run through the same mold.

Some gentlemen have said that the basis of the success of all these things is character, the character of the men. This will be of a paternal nature, the Government will have to look after it, and the character and the judgment of the men does not amount to much. I take it that each of you gentlemen that is intelligent knows the kind of business that is due to the community in which you do business and that two trust companies in the same community may keep different reserves and do different businesses. And therefore when we talk about keeping reserve, to say that you should not have a sufficient reserve—everybody will admit that we ought to have a sufficient reserve, but when you talk about keeping reserves, in a general way, I believe that the people understand from the general talk in the press that it means keeping the reserves that the National Bank has to carry, and that possibly means going before the legislature and forcing all of us to keep reserves out of proportion to the actual needs of the business, and that will result in putting us in a position where we cannot pay the people the same amount of interest we are now paying them. Why should these people in the community that do not require credit not be just as much entitled to put their money where they can get interest on it and be allowed to do it, as the commercial man, the broker or the wholesale merchant, should be allowed to go to a bank and get his money and get no interest but get a line of credit? I could talk to you an hour going into the various phases of the different questions, because we have had to fight them on fundamental principles, and the fear that I have, and I want to sound it in this meeting of the Trust Company Section, the fear that I have for the success of trust companies is that they are spending too much towards doing a general banking business and are forgetting the fundamental difference between a trust company and a bank. I have stated one difference. I could follow it out into its ramifications and show you the tendencies of the trust company at the present time, but I have detained you long enough. Do not forget the philosophy of the trust company, and do not forget that it is not a bank. (Applause.)

Mr. Wade: The Chair stated that he wanted to get an active discussion on any old subject, no matter what it was. He selected Brother Jones to discuss the theory and the philosophy of the trust company, but he requested me to give you the facts. I submit to a jury of a lot of trust company officials this one fact: Do you receive demand deposits; do you pay interest on demand deposits? If you do you are borrowers of money. You are a bank, then, pure and unalloyed. Whenever you hang out a shingle and say: "We take deposits on demand or on time" you are a bank pure and simple. Whether you loan your money on time or on ninety days you are a borrower of money for every dollar of time and demand deposits you have on your books, and you have got to be prepared to meet that; and all the theory and the philosophy from A to Z is not going to satisfy your depositor when he calls on you and wants his money. I represent a corporation through my official position, and I say: "I am able to keep a deposit account with you of \$100,000." This man over here keeps no account at all. He wants to borrow \$200,000. He is willing to pay 6 per cent. I come in and I say: "Mr. Trust Company, I would like \$200,000 at 5 per cent." He is going to get the \$200,000. Is the gentleman who has nothing on deposit going to get it or am I going to get it? We all know when you come to talk about reserves you mention no percentage, and when you talk about your



National Bank you say they carry 25 per cent. That is not a fact, that is theory. We have National bankers here and not one of them will get up and hold either hand up, right or left, and say: "We carry 25 per cent. in a central reserve city, or the reserve city." What they do is this: they don't carry any reserve on their time deposits. They don't carry any reserve on their own National Bank notes, on their own circulation; they don't do that. You analyze the National banking laws and what do you find? You find that there is no National Bank in this country that is required to carry on its record more than 17½ or 18 per cent. Get the Clearing House rules of this country, and there isn't any of them that require you to carry 25 per cent. That is the philosophy, that is the theory, that is not the fact. Brother Jones fears for the life of the trust company in its growth and prosperity because we are going into the banking business; but I fear that unless we carry a reserve equal to that required by the National Bank law we may run up against something that will not be good for us. I believe the first time we strike a zephyr such as we did in 1893, with that \$4,000,000 deposit, that those deposits will be depleted, and if I did not believe that a trust company should carry a reserve as strong as any other financial institution I would give up my present occupation and go into some other business where there was not so much risk of my losing. Again, if you say we want to eliminate and go back to the old theory of trust company business, eliminate the banking business, then you gentlemen who are holding your delightful positions to-day would not stay there very long because you could not make your expenses. Those are facts, not theories.

Mr. Royse: Mr. Chairman, as one who has had about twelve years' experience with the trust companies, and never had any interest at all in a commercial bank, I want to say that I am very much obliged to Mr. Jones for his very clear elucidation of the differences between a trust company and a bank. It seems to me that he has made very clear that it depends upon the character of the deposits as to the matter of reserve. If a trust company is doing a commercial banking business and is getting deposits the same as a commercial bank, and lending them on commercial paper the same as a commercial bank, then, in God's name, let them be a commercial bank, and let them have the reserve of a commercial bank; but if they are a trust company in theory and in principle, as Mr. Jones said, if it is a real trust company and not a commercial bank, then why ask them to put up the large reserve required of a bank, when there is really no necessity for it all? I am simply trying to emphasize what Mr. Jones has said. I want to emphasize the truth that he has uttered, and I hope you will not be led astray by the gentlemen on the other side. A trust company that does a trust company business has a sacred office in the care of trust funds. It ought to be conservative. It ought to stand as a conservative institution. Now, then, what is the case with the commercial bank? Every once in a while they will run up against something like this—let me give you an illustration. In my town there was a grocery man who borrowed money, generally had thirty or forty thousand dollars borrowed from the bank, mostly on his personal note. He managed it so that he did not encumber his real estate, and he had a good rating. He had three brothers who were also borrowers. They endorsed for him and he endorsed for them. When he failed all of them failed. They were all engaged in the same thing. Now, a commercial bank must meet that sort of contingency. It can afford to do it because it has money on deposit that does not draw any interest. They make a profit on their money and they can afford to stand the loss. A trust company that pays for its deposits cannot afford to do that; it cannot afford these transactions at all. The principle is the question at stake. Shall we be a trust company or shall we be a bank? Decide for yourself. If you want to be a commercial bank then put up your reserve!

Mr. Breckinridge Jones: The point I want to make is

that if we become banks the banks in a little while, by reason of their competition, will become trust companies, and then we will have that kind of competition that is worse than the present situation. I think there is more money in the business if we keep banking companies and trust companies to themselves. Let banks be banks and trust companies be trust companies.

#### NOMINATIONS AND ELECTIONS.

The President: If there is no further discussion we will proceed with the election of officers for the ensuing year. It is customary to nominate our President from the floor.

Mr. Enright nominated Mr. Festus J. Wade for President of the Trust Company Section. Seconded by Mr. Kauffman.

Upon motion the nominations were closed, and the Secretary was directed to cast the vote for Mr. Wade for President. The vote was accordingly cast for Mr. Wade.

The President (Mr. Clark Williams): Mr. Wade is unanimously elected.

Mr. Dinkins nominated Mr. Philip S. Babcock for Vice-President.

The nomination was seconded.

Nominations were closed. Upon motion the Secretary cast the ballot of the Section for Mr. Babcock for Vice-President.

The President (Mr. Williams in the chair): Nominations for Vice-Presidents from the different States will be in order.

The Nominating Committee submitted the following nominations for Vice-Presidents from the different States:

Alabama—W. W. Crawford, President American Trust and Savings Bank, Birmingham.

Arkansas—Chas McKee, Secretary Mercantile Trust Co., Little Rock.

California—W. L. Brent, President Merchants Trust Co., Los Angeles.

Connecticut—Charles E. Hoyt, Secretary and Treasurer South Norwalk Trust Co., South Norwalk.

Illinois—H. L. Chapman, Vice-President People's Savings Bank & Trust Co., Moline.

Indiana—I. H. C. Royse, President Terre Haute Trust Co., Terre Haute.

Louisiana—L. E. Thomas, President Continental Bank and Trust Co., Baltimore.

Massachusetts—Charles F. Adams, Vice-President City Trust Co., Boston.

Missouri—A. J. Enright, Secretary Missouri Valley Trust Co., St. Joseph.

New Jersey—J. Herbert Case, Secretary and Treasurer Plainfield Trust Co., Plainfield.

New York—Oscar L. Gubelman, Vice-President Guaranty Trust Co., New York City.

North Carolina—John S. Hill, Vice-President Home Savings Bank, Durham.

Ohio—Frank A. Scott, Secretary and Treasurer Superior Savings and Trust Co., Cleveland.

Pennsylvania—Charles E. Willock, Treasurer Fidelity Title and Trust Co., Pittsburgh.

Rhode Island—Hunter J. Wells, President Rhode Island Hospital Trust Co., Providence.

Tennessee—Robert L. Brown, President City Bank, Memphis.

Texas—J. S. Rice, President Union Bank and Trust Co., Houston.

West Virginia—C. B. Hart, Vice-President Security Trust Co., Wheeling.

Upon motion nominations were closed.

Upon motion the Secretary was directed to cast the vote of the Section for the Vice-Presidents as above nominated.

The Secretary accordingly cast the vote of the Section for the gentlemen named, and they were declared elected Vice-Presidents of this Association.

Mr. McDonald: Since the last meeting of the Bankers' Convention we have had added, or will have added soon, a new State—Oklahoma. I think they are eligible, and I nominate J. W. McLoud Vice-President.

The President: Are you sure the State to which you refer has ten members in this Association?

Mr. McDonald: I think so.

The President: The next order of business is the election of five members of the Executive Committee to serve for three years.

A Member: I move that a Nominating Committee of five be appointed. The motion was agreed to.

The President: I appoint Mr. Breckinridge Jones, E. J. Tillotson of the Cleveland Trust Company, Mr. McKee of the Mercantile Trust Company of Little Rock, Mr.



Woodruff, Trust Company of Georgia, Atlanta, Ga., and Mr. Hoyt of the South Norwalk Trust Company of Connecticut. These gentlemen will kindly deliberate and return with their nominations.

On motion of Mr. Jackson the thanks of the Section were extended to the bankers of St. Louis for their hospitable and cordial reception.

Mr. Kauffman: You have two special resolutions before this Section that it might be proper to take up. I do not remember the exact wording of the resolutions, but I think it would be extremely wise if we were to take them up to-day before this Section adjourns. If we can do so now I would like to make a motion to that effect. We can get the resolutions directly from your address, Mr. President.

Mr. Wade: I think it would be wiser to move that that be referred to the Executive Committee.

Mr. Kauffman: I would say, then, that they be referred to the Executive Committee with power to act.

The vote was taken and the motion was agreed to.

Mr. Breckinridge Jones: Gentlemen, on behalf of the committee I report the following selection of members of the Executive Committee:

Ralph W. Cutler, of Connecticut; Benjamin S. Cohen, President Portland Trust Company, Portland, Ore.; O. C. Fuller, President of the Wisconsin Trust Company, Milwaukee, Wis.; Sam W. Reyburn, President Union Trust Co., Indianapolis, Ind.

Mr. Koyse: I move the report be adopted and the gentlemen declared elected.

It was agreed to, and the gentlemen named were declared elected.

The President (Mr. Williams): I desire to thank you for the hearty support you have given the executive officers during the past year. I would relinquish this office far more reluctantly were it not for the fact that I do so leaving the duties of the office in far worthier hands than mine. It gives me great pleasure, Mr. Wade, to evidence your election as President of the Trust Company Section of the American Bankers' Association by attaching this to your breast. It is a great honor, and I feel sure that you deeply appreciate it.

Mr. Wade: Mr. President and gentlemen, I will make no promise other than to endeavor to do as well as I can up to the standard. I thank you for the election.

Mr. Williams: It becomes my pleasant duty to place this badge of honor upon a worthy son of New York, who will represent your Trust Company Section all over the United States with or without reserve.

Mr. Babcock: Mr. President, ladies and gentlemen, I thank you, gentlemen, for this honor. It is a very great honor. I am tempted, Mr. President, to remind you of your words last year, *that* this Section was to be congratulated, and I myself, with having a President who will do all the work and I sit down and share the honor.

Seriously, there is a great deal of work, and anything I can do will be done cheerfully and gladly. I thank you all.

The President: I do not believe there is anything left undone, but if there is any new business or any suggestions I would be very glad to hear from the Section. If not immediately, after adjournment we would like to have a meeting of the Executive Committee, the old members as well as the new.

Thereupon at 5:30 p. m. the Section adjourned.

#### Report of Frederick Phillips, Secretary Banking Publicity Association (an Organization Outside the Trust Company Section).

Mr. President and Members of the Banking Publicity Association:

Perhaps the most interesting feature of the Banking Publicity Association is the warmth with which its expressed purpose has been received. The object of the Association is the interchange of ideas and information regarding advertising publicity for the purpose of systematically educating the public in the discriminating use of the various classes of financial and fiduciary institutions.

It is doubtful if any department of financial or fiduciary business has, since the organization of this Association, received so much attention in the newspaper press of this country as the Banking Publicity Association, while the membership of the Association itself, now numbering approximately seventy-five, including some of the leading institutions of the country, speaks for itself.

It is to be assumed that the first inquiry will be as to what the organization has accomplished. Frankly, the material achievements of the Association as a body by and for itself and for its members call for no special comment. It cannot point to any marble palace, its treasury contains no bursting coffers, nevertheless it will be realized that the completion of the organization in so short a time is of itself a subject for congratulation, while the thought and study devoted by banks to-day to their advertising publicity may not be set down as one of the more substantial results of the labors of this Association. If, indeed, it had done no more than this the Association has been well worth the effort; but as a matter of fact it has led to the formation in various States and cities of local and independent clubs and associations for the promotion of banking publicity, and these associations have accomplished excellent work. One association in particular calls for note, The Bankers' Ad Association of Pittsburgh, which is a practical working body.

There have been few calls upon the Association for the valuable services which it has so freely urged upon its members, and most of the calls have come from non-members, nor were these calls unheeded. This lack of demand upon the Association on the part of members is only to be explained by the suggestion that there are enrolled in the membership the leading bank advertisers of the country. Those whom the Association will first benefit have probably not yet awakened to its great potentialities.

The publication of the bulletin, little as it may show it, was the work of many days and weeks spent in trying to secure from members this material, and this time it may be said in extenuation of what the bulletin might be and is not, was stolen from hours which if they did not belong to other work were yet taken from those which might have appropriately been devoted to recreation. This is not a complaint, but rather an apology. It was a labor of enthusiasm and has been well repaid by the compliments which have been generously bestowed upon it both by the press and by the banks.

This Association, now a going concern, is to-day tendered to a new group of officers who, it is hoped and believed, will find in administering its few but important affairs, not only pleasure but profit, if for no other reward than the congenial acquaintanceships and the friendly letters which it has brought to the officers. It is doubtful if there is an officer who, the pressure of business permitting, would not gladly undertake the trying work of the first year.

I personally tender to my fellow officers and to every one of you my appreciation of your support; and my time and services will always be at the disposal of the Association.

## THE NATIONAL BANK OF COMMERCE

MINNEAPOLIS, MINN.,

With its Capital and Surplus of \$1,400,000.00  
and fully equipped in every department to  
give our customers the most acceptable service,

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in the Northwestern States.



# SAVINGS BANK SECTION

## AMERICAN BANKERS' ASSOCIATION

Fifth Annual Meeting, Held in St. Louis, Mo., October 16, 1906

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### *Legal Aspect of Payment to Survivor of Joint Account.*

By THOMAS B. PATON, Editor of Banking Law Journal.

I propose to confine my remarks to the single inquiry whether, by the terms of a deposit account made payable to both, or either, or to the survivor, a savings bank may safely pay the balance of account to the survivor, after learning of the death of the other party, in the absence of notice of adverse claim by representatives of the deceased.

Savings bank accounts opened in the names of two persons, payable to either, or payable to either or the survivor, whether originally thus opened or afterwards so constituted by the addition of a second name to a single account, may either be owned by one of such persons singly or by both jointly. An account in precisely the same form of entry may, under one state of facts, represent joint ownership of both parties and under another state of facts, represent sole ownership by one of them only. The courts have been called upon in numerous cases to decide the question of ownership as between the survivor and the legal representative of the decedent. In the case of husband and wife accounts, the form of the account is held in some States to be evidence of joint ownership, or of ownership by the entireties and that the survivor is entitled to the whole; but not so in all States. It has also been suggested in one or two cases that an account in two names, other than husband and wife, payable to either or the survivor, is prima facie evidence of joint ownership, or creates a presumption of joint ownership, subject, however, to be negatived by contrary facts. In the great majority of cases the intention and acts of the parties, outside the form of the account, is the controlling consideration. The bank cannot know whether the survivor is or is not joint owner, entitled to the fund by right of survivorship, or whether the deceased was the sole owner of the deposit. The terms of the deposit entry are not conclusive and the controlling outside facts are entirely beyond its knowledge; they may be developed only after a trial and the cross-examination of witnesses, and the verdict and judgment as to ownership may be reversed by a higher court. Clearly the bank cannot know or determine this offhand.

Then is the bank safe in paying the survivor, according to the terms of the deposit, in every case, although subsequently developed facts in numerous cases where payment

has been so made, will establish that the survivor was not entitled to the money and that ownership of the deposit was in the estate of the deceased depositor? Banks generally regard it as perfectly safe to pay the survivor according to the terms of the deposit, irrespective of the question of ultimate ownership. I quote the opinion of a prominent savings bank attorney to this effect: "The entry of account on the books of the bank, and the issue of the pass book, constitute a contract between the bank and the parties making the deposit. If the books of the bank show that the deposit is made payable to both, or either, or to the survivor, that is the contract and the bank is protected by its payment in accordance with the terms of the contract, and after the death of one it can safely pay the survivor. The question of the ownership of the money as between the parties is a question the bank has nothing to do with. The bank never pays any attention to the ownership; it is simply a question with the bank to whom they can properly pay the money under the terms of the deposit. The fact that the bank has paid one of the depositors does not, in any way, affect the rights as between the depositors themselves. If, as between themselves, one depositor has drawn out more money than he should have drawn out, the remedy of the other is by a suit against the depositor who has drawn out the money, and not against the bank, as the bank, under the terms of the deposit, has properly paid out the money. This is a matter of contract and the bank is protected as long as it follows its contract."

This view seems to be supported by the language of the New York Court of Appeals in the Muleahey case, 89 N. Y. 435, where it says: "The principle seems to be settled that the right of action on a bond held by two joint obligees, or on a promise for the payment of money to two joint promisees, vests on the death of one in the survivor, but the right of the deceased obligee or promisee is not extinguished by his death. The survivor will hold the security, and the proceeds, as trustee to the extent of the interest of the deceased joint obligee or promisee in the debt or fund."

But is it clear, beyond question, that the bank is safe in paying the survivor in every case according to the terms



of the deposit? I have been unable to find a single case wherein this precise question has been the point at issue, or made the subject of decision, in an action against a bank by the representatives of a decedent, sole owner of a deposit payable to either or the survivor, after the bank had paid away the deposit to the survivor, according to the terms of the deposit, such survivor having in reality no right of ownership in the money and having made away with it so that recourse upon him would be futile. We all know that in the case of an ordinary bank account, death of the depositor stops its payment. The bank is under contract with its depositor A to pay his checks according to his authority and direction. The depositor issues his checks payable to B and to C. By virtue of its contract the bank agrees to pay the deposit to B and to C when the checks are presented. But before presentment of the checks A dies and of his death the bank is aware. The effect of A's death is to cancel the authority of the bank to pay B and C. The bank's contract to pay B and C cannot now be performed. How is a savings bank account payable to A or B or the survivor, where A is single owner and dies, to be differentiated? The bank's contract is to pay either or the survivor, but the survivor is not owner, and whatever authority he had to receive payment, not being coupled with an interest, has been terminated by A's death.

In a Maryland case, *Gorman v. Gorman*, 87 Md. 338, the deposit was "A and B, joint owners, payable to the order of either or the survivor." Upon A's death, under the facts of the case, the deposit was held to belong to A's estate and not to the survivor. Discussing the question whether in such a case the bank would have been protected in paying the survivor according to the terms of the deposit—which question was not, however, a point at issue in the case, as the bank had not paid the survivor—the court used this language: "As between depositor and bank, perhaps the

entry in the bank book might be conclusive, and if the bank had paid the money according to the terms of the entry it might be protected; but as between the depositor or her executor and the niece (survivor) the entry is not conclusive. It is a fact to be considered in connection with the other circumstances of the case to determine the donor's intention." This language indicates that while the Maryland court was of opinion that the bank "might" be protected in paying the survivor, it was not certain upon the point and regarded the question as more or less doubtful.

There would seem, then, to be a possible danger or risk in making payment to a survivor according to the terms of a deposit account where such survivor had no ownership in the deposit but a mere authority to draw which would be terminated by the death of the real owner and, in view of the absence of controlling authority upon this important question, it would seem to be desirable in the interest of the bank's safety, that a short form of statute be enacted in the different States, conferring authority on a bank to pay the survivor of a joint account, which would protect the bank beyond all question in making the payment, and relegate the question of ultimate ownership as between the survivor and the estate, or creditors, of the decedent to a direct proceeding between the interested parties as to which the bank should have no concern. At the last convention of this section I suggested such a statute and the subject was debated pro and con. Since then the legislature of New Jersey has enacted a statute of this character during the present year, being the first of the States so to do. At the convention of the Washington Bankers' Association, held this year, a resolution was adopted calling for the enactment of such a statute in that State, and the same thing is being actively agitated by the bankers of Montana.

## *The Savings Department of a Trust Company.*

By THORNTON COOKE, Treasurer of the Fidelity Trust Company, Kansas City, Mo.

One of the interesting features of American finance in this generation has been the development of trust companies. The trust company has assumed the varied duties of many separate institutions, and of different persons. It performs the functions of the commercial bank, the real estate agent, and the fiscal agent. It acts as trustee, guardian, curator, executor, administrator, receiver, and attorney; so doing many things formerly undertaken only by individual business men and by lawyers. Trust companies frequently have savings departments, and these are generally considered identical with independent savings banks. Forms, methods, and results are indeed nearly equivalent, but there are differences, and we can well spend a few minutes in comparing the organization, investments, reserves, and rules of trust company savings departments with those of savings banks.

A word upon some of the advantages of trust company savings departments may precede the comparison. Like other economic aggregations of the time, trust companies are remarkable for economy. They facilitate the transaction of business between what would formerly have been separate business houses, lawyers, and banks. They concentrate under a single administration the resources of many classes of clients, depositors, legatees, wards, and those who trust, utilizing these resources to the fullest extent, and so deriving the maximum of profit for the entire clientele. The contribution of one department to the general assets of the company may be a modest one, but each department enjoys the advantage inherent in large resources, and the advantage of the company's administrative skill.

The savings deposits of a trust company can be invested

with economy and to great advantage, and the savings department is a constant feeder to the other departments.

The organization of a savings department in an old or a new trust company is a matter of no difficulty, and at first additional help is not usually needed. The forms adopted will be those in use in savings banks, and should be selected from the compilation of this section. In small companies one teller will be able to attend to the counter business of all departments, and there will be no confusion if the savings deposit and withdrawal forms are on paper of different colors from the forms used by the banking and trust departments. After the business has grown somewhat, the task of consulting the ledger and the signature files as customers withdraw funds, will interfere with the teller's attention to patrons with checking accounts, and the bookkeeper can verify signatures and balances for him. In one company that had not as yet felt the need of a separate paying teller, the bookkeeper entered withdrawals in the pass books, and returned them to customers, whom he referred to the paying teller for their money. At the same time he initialed the withdrawal tickets, and dispatched them to the paying teller on a trolley such as is used for carrying change between salesman and cashier in mercantile establishments. The teller had only to pay to the holders of pass books the cash indicated by the tickets with corresponding numbers. The arrangement was satisfactory, but with the further growth of the business, separate tellers and bookkeepers were, of course, required, and the commercial and the savings departments now come into contact only as cash is interchanged between them, and on the general books of the company.

Trust companies do not ordinarily make separate invest-



ments for their savings departments, but of course, the investing officers have an eye always on the amount of savings deposits. Ordinarily such deposits are the most stable of all, and in case of excitement among savings depositors there is the right of requiring a reasonable notice before making payments. It may perhaps be the policy of a company to invest its commercial deposits largely in business paper, and to hold a liberal supply of high grade bonds, easily converted into cash should the commercial depositors require their funds in advance of the maturities of the business paper held by the bank. Of the savings deposits, however, a large proportion should be invested in real estate mortgages, which will bear a higher rate of interest than bonds, and the volume of which can be maintained more even than the volume of commercial paper.

Trust companies are not under the same restrictions as to investments as are savings banks. There is a savings bank law in Missouri, but no bank operates under it. Restrictions on investments are so severe as to be impracticable. The Missouri trust companies, however, carry savings deposits of more than \$20,000,000. Severe restrictions are not necessary for trust companies. The latter are institutions with capital, and errors of judgment by the investing officers can almost always be made up out of the capital, leaving the depositors protected. I recall only one or two serious failures of trust companies. Most of the savings banks, however, holding \$2,736,000,000 of the \$3,093,000,000 deposits reported by the Comptroller of the Currency, however reliable these figures may be, are mutual institutions, and any unfortunate investment directly affects the depositors. The more liberal provisions for investments have induced trust companies to provide the facilities of savings banks in localities where savings banks proper could not have lived.

The reserves of trust companies are much larger than those of savings banks. According to the last report of the Comptroller of the Currency, the proportion of cash and sight exchange to the deposits in the savings banks of the country was 6 per cent., and in the trust companies 16 per cent. The difference, of course, is due to the difference in character of the business. While no trust companies, so far as I know, apportion their reserves among their departments, the reserves are generally fixed by their officers on the supposition that the savings deposits are steady in character, and do not require the same provision that must be made for the checking or commercial accounts. The laws of many States are framed on this theory. In some companies, however, a different policy obtains. It is feared that if a panic should ever develop among its savings depositors, it would be persistent, and would result in the withdrawal of a large proportion of the savings deposits. Accordingly some companies carry heavy reserves against their savings deposits in the form of quiet accounts with other banks, which they expect not to use except to meet panic demands.

These companies would not expect to apply the rule giving them the right to require a certain notice of the intention of the depositor to withdraw his funds. This rule is universal in the savings business, and some banks always apply it as a matter of principle. It enables them to say definitely just what their requirements will be thirty or sixty days hence, and enables them to invest more closely than is otherwise possible, because all their requirements are known, and they have no reserve to keep against uncertainties. Trust companies, however, fear the effect of the enforcement of the notice rule. It could easily create alarm among savings depositors that would be communicated to checking depositors, and it might cause a run that would destroy a bank business built up by half a lifetime of skillful and conscientious labor. If the rule were applied always, as it is in many savings banks, its enforcement would require constant explanation to all classes of depositors, and might be misconstrued by them. The checking customer might not be able to rid himself of the impression that the enforcement of the rule was occasioned

by a continuous shortage in the company's supply of cash, any many such a one would be inclined to transfer his account to a bank. Many, knowing the existence of such a rule, would never open their accounts with a trust company in the first place. The question of applying the rule even in case of a run is by no means simple. At first thought it seems like advertising to depositors with checking accounts that the company is short of cash to meet the demands upon it. It is the experience of some companies, however, in case of a run beginning in the savings department, that checking customers have early withdrawn their balances, fearing that the entire available resources of the company would be used in paying off savings depositors. Such customers have sometimes redeposited there immediately upon the application of the notice rule to savings accounts, and many trust company officers believe it well at the first sign of a run in the savings department to apply the rule, so assuring checking depositors that their cash requirements for legitimate business will have precedence over the unreasoning demands of frightened savings depositors.

It is open to question whether savings depositors are really more liable to fright than checking depositors. In the nature of things there can be no statistics upon the question. The former are on the average less educated than the latter. Many of them are children and irresponsible youths. Perhaps they take fright more easily than men and women with checking accounts. You recall the run on the Pullman Loan & Savings Bank last month because the cashier requested an Italian workman to provide identification, and the run on the Hibernian Savings & Loan Society of San Francisco, for which no reason whatever could be found. Once frightened, however, there is little to choose between the man with the savings book and the man with the check book.

The whole question of investments and reserves for the savings department of a trust company depends upon the company's peculiar circumstances. The officers of the company will have regard to the considerations just outlined, to the character of the patrons of all departments of the company, to the economic and sociological conditions of its territory, and to the strength and disposition of its correspondents.

Trust companies advertise far more widely than do savings banks, and the transaction of savings business by mail is practically confined to the former. It would be interesting to know how the trust company and the savings bank fare in direct competition for savings deposits. Unfortunately statistics are at this point only fragmentary. There is no report of the total savings deposits in trust companies. Deposits of all kinds in trust companies were reported last year by the Comptroller of the Currency to be \$2,164,000,000. Savings deposits in savings banks were nearly \$1,000,000,000 more. We of the trust companies shall not force you out of business yet a while.

The trust company has been successful as a savings bank, and successful in general largely because it has undertaken this function. The customers of the savings department have found their way into all departments. Some have become patrons of the bond or investment department, but not many, because most of them have been saving for homes or to go to school, or to go into business. Some have found their way into the safe deposit department to put away the title papers and the insurance policies on the homes their savings have bought. Very many have left the savings department for the checking department, as their savings have enabled them to begin some little business. With the prestige of large capital, and of large business in other departments, trust companies have developed the savings business and fostered the savings habit where neither has been known to any extent before, and the officers of trust companies, gentlemen, are proud to claim their share with you in the development of thrift and financial independence in the American citizen.



## *Evolution of the Depositors' Ledger.*

By CHARLES E. SPRAGUE, President Union Dime Savings Institution, New York.

A glance at the first savings bank ledger to which I put pen thirty-six years ago suggests the thought that the art of bookkeeping has been almost completely transformed during that time. While the science of accounts remains the same in its immutable principles, the mechanics of the art has vastly improved, partly through actual invention and partly through the rejection of traditional formalities.

The old ledger which lies before me was a ponderous volume containing 5,000 spaces, four to the page. The idea of a big book was one strongly impressed on the mind of the old school bookkeeper; like Captain Cuttle, who "made it a point of duty to read none but very large books on Sunday."

The arrangement of columns was as follows: Date; by or to; drafts; deposits. The second column may need explanation. It was considered essential that the propositions "By" or "To" should precede all transactions, as abbreviations of the phrases "By Cash" and "To Cash," without which ceremonial words no orthodox double-entry bookkeeping was supposed possible. This superstition lingers still to some extent, especially in England, where a few accountants even make up balance sheets headed "Liabilities" on the left and "Assets" on the right, with a "To" prefixed to each liability and a "By" before each asset, thus apparently making the liabilities into debtors and the assets into creditors.

The oldest savings bank in the State of New York was from the beginning bold enough to abbreviate these mystic words and reduced them to the letters B and T. An old porter infused some common sense into these initials by explaining that B stood for what they Bought and T what they Took away. In course of time, however, these venerable relics fell into disuse and it was found that the place in the column was sufficient distinction.

While there was room for "by's" and "to's" there was none for a balance column and this contrivance, now deemed indispensable, was unknown. If the paying teller wished to know the balance of an account, each side had to be added in pencil and the difference obtained by subtraction. There was no check on the accuracy of this operation. But for the annual trial balance a more elaborate method was used. The depositor was debited "To Bal.," the sums of the two sides were written down with a red line about and two red lines below, then the balances were brought down "By Bal." Four sets of figures were thus written where now one suffices.

By the process of evolution this formula became reduced to a single red line with the credit balance below it, eliminating the debit entry and the two footings. Some banks went a little further and required that a balance should be struck every few lines without waiting for the trial balance time.

This trial balance was certainly a trial, but it seldom or never proved a balance. After going over the same figures several times in the same order (which is the surest way not to find an error) there was always a residue of difference, more or less, which was finally "given up" as a hopeless mystery.

This plan of frequently bringing down a balance in the account was a first step in the evolution of the perpetual balance column now almost universal.

But the way in which the entries in the ledger were made was even more archaic (as compared with modern ideas) than the actual form of the book. The "big book" was an obsession which held dominion here also. There were tickets, as now, for each deposit and each draft, but these were only transcribed into two big books and then never used again. The posting was done from book to book; how else could it be "book"-keeping? In an extreme case the original figures might be about four feet from the place where they were entered. After finding the place of the account, perhaps tracing its course through several

unfilled spaces to which it had been carried, the eye and finger had to recur to the deposit book or draft book to make sure of the number and name, then back to the account, carrying the amount as a precious burden, sometimes spilling it on the way, and usually making the voyage across the expanse of those two big books two or three times, till it finally reached the haven where it would be.

Some irreverent and radical spirit among the clerks proposed to take the ticket in his hand and thence write the amount in the ledger, but this was frowned upon by the conservatives. First, no one had ever done so; second, it was not according to the definition of the word "posting"; third, it "might not be safe." Every improvement is always characterized as "unsafe." But the innovator did his posting from the ticket to the ledger, and then verified the tickets from the deposit or draft book. On the second day he found an error in the deposit book which had been counter-balanced by an error in the cash and it was concluded that short-distance posting was quite as safe as the long-range work from the book. And now nearly everyone posts from the ticket.

Many accounts overflowed the boundaries of the original space allotted to them and had to be carried into the unused portion of the territory of some short-lived depositor nearby, and so on, until the complication became inextricable and fruitful in postings to the wrong account. Finally this became intolerable and the space so exhausted that all the surviving accounts had to be carried to a nice big new book. This was one of the most irksome of jobs and nobody wanted it.

This difficulty of "carried" accounts was to a limited extent overcome by a device introduced in some banks, consisting of spare columns on each page or pair of pages, to which accounts were first carried when their original space had been filled. This postponed the evil day, but did not abolish it.

Many attempts were made to adopt the horizontal, or Boston, ledger to savings bank use, but the experiment showed that the disparity between accounts, some very active and others entirely dormant, made this plan more space-wasteful than the old one.

Such was the ledger in the days of my youth. Time and the need of saving labor have laid violent hands upon it and torn it into component leaves. The old definition of a book was a collection of leaves held together by a binding so that none could be removed. In the modern sense it is still a collection of leaves, but their removability is a virtue rather than a defect. If they are bound at all, it is in a binder which allows the removal of defunct leaves; or instead of a binding they are loose in a drawer confined, if at all, by a rod alone. This looseness may have some disadvantages as claimed by those who have never tried it; I have never heard of any of those who had actually installed it making those complaints of its dangers. On the other hand, it has such great advantages that they outweigh the drawbacks of the possibility of loss or misplacement of a leaf or card or the fabrication of a page for the concealment of fraud. The latter may be guarded against by having the depositors' own signature at the top of the card, taken at the same time as the signature card. Then absolute forgery would be the only means for such fraudulent substitution with the constant risk of detection through comparison with genuine signatures. I don't think a defaulter would be apt to take this risk, but would use the eraser, to which the bound book is equally subject.

In the daily work of posting, the comparatively recent accounts can probably be found and posted a little more rapidly with the bound book than with cards or loose leaves, but in a section of older accounts where the cards or loose leaves represent only open accounts, the closed ones having been eliminated and filed elsewhere, the book will take much longer to post. But the greatest advantage



is seen in the two periodical operations of balancing and of crediting interest, which tax the energies of the staff most severely. Instead of searching for the next account in a wilderness of dead wood, it is right at hand the instant its predecessor has been turned down and the work proceeds without hesitation. Hesitation constitutes in any process the greater part of the difference between slow and swift operation.

Again the tedious task of opening transfer ledgers is completely abolished, and with it the referring back to previous ledgers for interest or for information. As long as the account remains open, its cards or leaves ab initio remain altogether in the open ledger; when closed they all repose together in the file of dead accounts; in either case the record is unbroken.

It seems therefore to be a settled fact that the modern ledger consists of separate pieces of paper one for each separate account, and united in either two ways, (1) the Card Ledger, the accounts standing on edge in drawers like the library catalogue; (2) the Loose-Leaf Ledger, the accounts temporarily but firmly held together by some mechanical device. Ideally, there would seem to be much merit in the loose-leaf plan; but practically I have never yet seen a device of the kind which would approach the card ledger in utility and convenience, assuming the conditions to be those of one of our mutual savings banks as to number of transactions and minimum initial space required by each account. Ingenuity will have to wrestle with the problem still further.

The form of the account itself has also been somewhat modified and it now always embraces the following columns: Deposits, drafts, date and balance. The great majority of the forms shown in various orders. Comparatively few contain also a column for interest credits as distinguished from cash credits, and where interest is immediately credited and added to principal, the utility of the interest column is not very apparent.

Still more change has taken place in the methods of posting. Almost universally the original tickets are used for the source of the entries. The old deposit and draft books, so far as they served as a standard for balancing the cash, are replaced by lists of amounts without number or name, rapidly written up by machine from the tickets. In some large institutions these lists are still made in handwriting, but are sectional lists which serve the further purpose of a test of the posting. They contain the number and name, also two money columns, the furthest of which is alone filled and at the close of the day is torn off and retained by the teller. After the section has been posted from the tickets, the two skeleton lists for that section, one containing the deposits and one the drafts for that particular section, are taken in hand for the purpose of verifying the postings. Turning to the respective accounts, the amount there found is copied off into the proper line of the list; when this has been done in every case and all the lines added up, the total of each agree with the total of the portion retained by the teller. If it does not agree, the error is quickly located by placing the torn off strip opposite to where it was torn from.

This method insures the accuracy of the posting, but not necessarily that of the balance. It is vitally important

that the balance should be correct, more important than that the transactions should be correctly posted.

An extension of the slip method has therefore been made by some banks in adding two more columns, entitled "Old Balance" and "New Balance." When these columns have been filled, then the difference of their footings will, if the balances are correctly made, equal the total deposits in case of those accounts where deposits have occurred and the total of the drafts as to the accounts drawn upon.

This plan is effective, but somewhat tedious as it involves entering and footing a great many figures. Another method exists which does not seem to be very generally known and which has been named "Balance Posting." Apparently it provides exactly the same security against error as the one last described, but with much less labor.

In balance posting the first step is taken by the use of the tickets, but in a peculiar way. Nothing whatever is entered in the debit and credit columns, but the new balance is written down under the old one. Thus if the previous balance is \$29.25 and the transaction is a deposit of \$5.60, the new balance \$34.85 is written down below the \$29.25.

When all the transactions have thus been applied to increasing or reducing the balances, the testing takes place. For this purpose sheets are provided ruled for the number, name, debits, credits. From the tickets, assorted numerically and grouped sectionally, the numbers and three letters of the surname are written in order, but no amounts whatever. The tickets are then turned into the chief bookkeeper. The testing clerk turns to the numbers in succession, completes the name (which compels him to attend to that feature) and infers whether the transaction was a deposit (which increases the balance) or a draft (which decreases it) and by mentally subtracting ascertains its amount, which he posts to its proper column in the ledger. He (or another, for sometimes it is thought best to make this a separate operation), also inserts the same amounts in the column of the test sheets.

The chief bookkeeper then compares these test sheets with the original tickets, discovering any error whether of balance or of transaction. Finally, he adds up all the test sheets, keeping a separate total of each section, and aggregating the whole proves the results with the tellers' reports of the day.

It is almost miraculous if any error remains undiscovered in the day's work after this reverse process, beginning with the balance and working back to the transactions.

The semi-annual trial balance is facilitated by knowing in advance what amount of balance should be contained in each section of the entire work, and proving each one separately.

To summarize the peculiarities of the modern depositors' ledger:

1. Moveable cards or leaves instead of a rigid book.
2. A perpetual balance column.
3. Posting from the original slip.
4. Verification by an independent method, not by simply checking over.
5. Dividing the entire set of accounts into a number of sections so that each can be balanced separately.

## *Sociology of Savings.*

By GEORGE E. ALLEN, Professor New York University and Secretary American Institute of Bank Clerks.

God's first commandments to mankind were to be fruitful and multiply and to subdue the earth by means of work. The multitude has always kept these laws. Race suicide has been confined to over-indulged aristocrats, and idleness has contaminated only tramps at the top and bottom of the scale of wealth. The children of obedience have been endowed with righteous instinct and irresistible power. When aroused in the right they have always triumphed. The decisive battles of the world, whether battles of blood or battles of moral suasion, have been won by the awakened conscience of the masses.

History will repeat itself in the present contest between individualism and socialism. Neither of these two theories is wholly right nor wholly wrong. The question is one of quantity. The government should do such necessary things as individuals are unable or unwilling to do, and no more. There is a logical dividing point somewhere between the extremes of public and private ownership, which point will in due time be found and fixed, not by demagogues, but by the multitude who are inspired to work and live in domestic happiness and to acquire competence by legitimate savings.



The kind of people who patronize or ought to patronize savings banks hold the financial and commercial destiny of this country in their hands, and the stimulation of thrift is the key to the sociological situation. Sufficient development of savings deposits and depositors, and the association of such resources with substantial public and corporate enterprises, would not only keep socialism within proper bounds, but bridge the chasm between capital and labor.

Savings institutions have already worked wonders in the encouragement of thrift. Commercial banks and trust companies are doing good service in the same direction and might do better if their savings deposits were made preferred liabilities. Building and loan associations are useful allies in their field. All such institutions together, however, have only dug prospect holes in the prolific mine. The gospel of thrift should be preached in the highways and byways until the last improvident soul is saved.

It is not so much high interest as undoubted security that will attract savings accounts from the unenlightened. Savings must be better safeguarded and the people must know that they are safeguarded. The best system of bank supervision is in China, where the examiner is the headman. We are introducing the same system in America. In obedience to what is becoming an unwritten law, the majority of recent wreckers and defrauders have committed suicide. Such expiation is salutary, but the punishment of bank wreckers is not so important as the prevention of bank wrecks.

Absence of opportunity is the best preventive of crime. The savings bank laws of New York and Massachusetts approach perfection in the matter of security, but the advantages of mutual institutions over joint-stock corporations are not overwhelming. Benevolent self-interest is as conducive to safety as benevolent self-sacrifice, and is a stronger motive in building up business. New York and Massachusetts safeguards, however, should be generally adopted as assurances of solvency and inspirations of confidence.

There are neglected opportunities of reaching the employees of great corporations. For example a majority of railroad employees in the United States are not depositors

in savings institutions owing to inconvenience of location and working hours as well as lack of thrift. The fertility of the field is demonstrated by the success of the Pennsylvania railroad employees' savings fund, which has over \$4,000,000 of deposits from about 10,000 employees on lines east of Pittsburgh. Similar funds have been established on the Pennsylvania lines west of Pittsburgh and on the Baltimore & Ohio. Equal opportunities exist in connection with great industrials. The objection to such operations is the entanglement of savings with general corporation finances. Banking should be done by banks and not by paternal complications.

In considering the sociology of savings the possibilities of post office banking cannot be ignored. As a result of the recent wreck in Chicago some thousands of people are circulating petitions to Congress to permit postal deposits. We can only theorize about the effect of such an innovation. Should the government plunge indiscriminately into the savings bank business it might be confronted with the problem of a national debt payable on demand or short notice at the first war scare, and a corresponding surplus with infinite possibilities of manipulation. The never-failing sense and conscience of the multitude will prevent any wild plunge, but postal banking may be considered, not as a question of abstract right or wrong, but as a question of quantity. Suppose the government should receive postal savings accounts not exceeding \$100 at two per cent. interest. Would existing institutions suffer from such competition or would they gain in the extension of the saving habit?

While theoretically it would be poor political economy to duplicate depositories, every selfish consideration should be subordinated to the promotion of such general thrift as would rationalize the lax economic tendencies of the times. The war between individualism and socialism is on. The condition of peace will be determined not by politicians nor preachers nor soldiers, but by the God-given instinct of the multitude. The decision will be right when finally rendered. It cannot be changed, but it can be expedited by permitting everybody to learn the blessings of thrift by experience. In this sociological school savings bank people have opportunity to show their ability as teachers.

## *System in Savings Banks.*

By WILLIAM M. HAYDEN, President Eutaw Savings Bank of Baltimore.

Responding to an invitation to contribute a paper on "System in Savings Banks," I can do so only from the standpoint of home experience, so that practically it resolves itself into a general illustration of the system of one bank, the Eutaw Savings Bank of Baltimore. If not instructive it may be interesting to those who, as we ourselves do, endeavor to keep in touch with savings bank affairs in other States. We have aimed to make our system the best that observation and study can devise. Naturally we feel that much has been accomplished, but we are still in a receptive mood for practical suggestions.

Installed about seventeen years ago, it was adopted after inspection of the systems of sundry New York savings banks, especially, I think, that of the excellent Emigrant Industrial Savings Bank, embracing transactions by ticket, sectional register, post and proof and book ledger having deposit, payment and balance columns. It requires two clerks to complete a transaction, all clerks sharing in posting and proving, none being permitted to prove his own posting; those posting deposits proving payments, etc.

We were incorporated in 1847; have \$22,000,000 in funds; about 46,000 depositors. Banking hours 10 A. M. to 1 P. M. Clerical force two tellers, each with an assistant: one account clerk; one general assistant (6). The force affords prompt service, unusual demands having the aid of one or all officers. A stenographer gives certain additional service after hours. Temporary clerks are employed during the rush of the interest period. Interest is computed annually to the first of every April; the interest rate for some years has been 3 per cent. Deposits are

limited ordinarily to \$100 a month, \$1 being the minimum. Tellers may receive up to \$300 or \$400, larger sums being referred to an officer. The president has authority to receive any amount, but the object of the bank is adhered to and unusual amounts accepted only from those whom we deem worthy of our protection. The largest amount ever received at one time was \$6,000, which a railroad company donated to a widow whose husband, a locomotive engineer, had been killed in its service, but whilst deposits are limited and scrutinized, normal accumulations of worthy depositors are permitted. We feel that most of our depositors need continued protection.

With apology for a momentary digression, I desire to say here that this matter of deposits recalls a condition in certain States where, owing to limitations prescribed by law and to the "in trust for" form of account, their savings banks appear unable to protect themselves from unworthy accounts and from their duplication.

This condition does not confront us, our scrutiny of deposits in excess of an ordinary or reasonable amount appearing to protect us from both. I cannot instance a duplication of an account with us with the same object in view, and it has occurred to me that with the same scrutiny, and in the case of trust accounts the required presence also of the so-called beneficiary for the purpose of recording his or her signature as a test of the true intention of the depositor, much of the abuse continually complained of might be overcome.

On the other hand duplication doubtless results, to some extent, from the specified law limit of accumulation which



debars worthy people from continued increase of their small savings and in the institutions of their choice. It is a subject worthy of separate discussion.

Payments are made on demand; sixty days' notice being a reservation. Transactions in both payments and deposits are generally limited to one a week.

Accounts are opened in one or two names; for societies, etc.; for trustees without naming the trust, except by order of court; for minors, subject to the order of parent or parents, etc. Guardians may deposit for the benefit of their wards, but only by order of court. The signature of every depositor is required. Our regular form of accounts in two names reads: "Subject to the order of either and the survivor." Whilst this form bears no reference to any ownership, we endeavor to carry out its terms and we have been invariably protected by the court. Another form for two names, which we feel compelled to keep in reserve owing to its general use by most of our banks here, reads: "—— in trust for himself and ——, joint owners, subject to the order of either, the balance at the death of either to belong to the survivor." The strength claimed for this is based upon a favorable decision of our Court of Appeals which in a certain case held that the declaration to the depositor *according to the testimony* constituted her a trustee and operated to divest the title "out of her" individually and to "veil it in her" as trustee for the purpose expressed. The regular use of this form we hesitate encouraging at this time, but when asked for, its effects will be clearly explained to the depositor.

The signature card is used in connection with the signature book, two signatures therefore being required, which adds but a fraction to the time consumed in opening an account. We are not reconciled to a discontinuance of the signature book. It preserves compactly and more desirably the record of every signature and identification, and is more convenient for referring to closed accounts, as the dead cards are filed according to date of closing.

The card record embraces "Residence," "Birthplace," "Mother's maiden name," "Occupation," "Age." Except in special instances we do not exact "occupation" or "age" as this would not have popular approval here. Indeed beyond the desirability of "residence" as a means of communication, if needed, the record "Mother's maiden name" is in itself a strong test of identity. Attempted withdrawals other than by members of the same family or by some one familiar with the signature through association, are rare (I do not recall any attempt to withdraw from a lost book), and whilst the ordinary recording of father's and mother's given name can be answered by almost any one knowing a family, the mother's maiden name is rarely known. On opening an account the depositor is often unprepared for this question.

We use a card cabinet having a capacity of 62,000 medium-weight cards, and under it are slides holding the old signature books. We also use a card index with a cabinet capacity of 216,000 light-weight cards. The greatest care is necessary in order to overcome what would otherwise be a weak feature of this valuable system of indexing—the possibility of inaccurate filing. This is satisfactorily overcome by the "filer" being followed by an "examiner," who looks for the names, using the signature book as the basis.

Interest, as stated, is computed annually to April 1st of every year, is ready for entry in the depositors' books on and after the third Monday and is allowed for every calendar month the deposit may be continued. It is accurate,

being calculated either mentally or by table and proved by a peculiar reverse proof which space will not permit illustration of, or by the aggregate of the monthly balances. The first calculation is placed below the account in pencil and its proof is indicated by a check above it.

From April 1st to the third Monday the balance and interest of every account are separately transferred to interest books (2) from which the pass book is balanced, interest entered therein and check made on the interest book. By this system depositors present their pass books at the desk in single file and are promptly and quickly served in the order of their coming, which would not be done as well in any other way, and the check indicates what pass books have been presented for balancing.

The interest books form also one-half of our system of proving the ledgers, also annually, the other half being a transfer to trial balance books (one for each ledger) of the balances, including interest credited, having on each page the accounts corresponding to those on a particular page of the interest book so that the footing of each page of the trial balance books must prove page by page with the footings of the interest book.

In addition to the transfer of balances and interest to the "interest" books, which absorbs the period from April 1st to the third Monday, this work is verified by calling back from the interest books to the ledgers. The amount of annual interest is then arrived at from the interest books and handed to the treasurer before the end of the month, all of which exacts the close application of our regular force before and after banking hours.

With our staff held closely to the regular desks, the employment of two temporary clerks at the inception of our system became essential for the purpose of balancing the deposit accounts and taking charge of the interest desk. This extra assistance, needed for a period of from four to six weeks only, was deemed preferable to permanent additions to the force and the experiment was undertaken and was made a permanent feature.

We obtain well recommended and capable material, good men, often temporarily out of employment. We only require and rigidly exact good figures, rapidity and correctness. This work begins with the changing of the old balance of each account to a new balance, which is done in red ink by a simple proof process of addition and subtraction, the old balance being changed by the mental addition of the interest as computed in pencil, and proved by the subtraction into the deposit or credit column of the difference between the old and the new balance.

During the banking hours their attention is devoted to re-balancing disturbed accounts of each day in order to facilitate and safeguard the posting. They have entire charge for the time of balancing pass books and crediting interest therein; discrepancies, if any, being referred to an officer. We are thus enabled to practically prove the correctness of our accounts, the number of passbooks balanced by them being from 11,000 to 13,000, or 25 per cent. of the total. This feature of our system affords us great satisfaction and its continuance we consider imperative.

In closing I beg to express my thanks for the cordial invitation extended by your section to make this, an imperfect, contribution. As clearly as prescribed space will permit I have endeavored to tell something of the work of an institution in Baltimore where mutual savings banks have deposits approximating \$80,000,000.

## *Judicious Advertising for Savings Banks.*

By FRANCIS R. MORISON, Auditor and Advertising Manager of the Citizens' Savings & Trust Co., Cleveland, O.

The oft heard soliloquy of the banker, "To advertise or not to advertise," is no longer a question. It is settled, as we believe, unchangeably.

While Shakespeare's famous prototype of this philosophy contemplates death, the progressive banker, as a result of much thought, experiment and varied successes, has resolved to live and nourish life by means of judicious pub-

licity. For there is a strange resemblance between the phrases "not to be" and "not to advertise."

We must be broad enough to admit at the very outset that the term "advertise" covers a great variety of methods. The personal effort of officers and employees, the prominent location, the impressive banking rooms, the sign at the door, the painted announcement on the windows and



even the formal card in the financial columns of the local papers, are all of them methods of advertising.

But the deeper question, and one which we wish to consider is, how can advertising for savings banks be made more efficient than these methods have proven to be?

The pioneers of bank advertising—among whom I have the honor of being numbered—many years ago answered this query in a theoretical way and have since demonstrated the practical soundness of the theory by extensive and satisfactory experience. This work has suffered under the disadvantage of being what we might call “missionary” work—slow and oftentimes discouraging.

A single company of soldiers makes but little progress on the field of battle, but when re-enforcements appear, the regiment goes forward to an easy victory. Those of us who have been advertising savings banks in various localities, now see many other institutions entering the same field. Far from feeling that the results of our efforts will be divided and lessened by competitors following in our footsteps, we confidently anticipate as the natural outcome of this new movement of judicious advertising, a mighty advancement in the results achieved, compared with which the developments of the past decade—astonishing as they are—shall appear meager indeed. Where ten banks or trust companies to-day are advertising the savings features of their institutions, hundreds will advertise in the future; while the ratio of savings depositors to the total population of the United States will be proportionately increased.

The force which will accomplish this result is the use of intelligent, dignified, persuasive literature, with a touch of humanity in it.

Whatever may be the opinions of bank advertising men to the contrary, securing savings deposits is a process of education, combined with artful appeal. For the study of psychology shows us that men act not upon knowledge alone, but when moved by persuasive argument.

The stereotyped announcement fails because it embraces the element of information only, being wholly lacking in the element of persuasion. The results produced by this style of publicity are incommensurate with the cost involved, because of the fact that advertising for the savings department must be capable of impressing a large and cosmopolitan public.

The principle of logic known as *reductio ad absurdum*, when applied to this particular class of publicity, exposes its weak points. Suppose, for example, that an enthusiastic bank officer desiring to induce an individual to open an account, should approach that person with some disjointed utterances such as these: “One and a half million dollars, assets; fifteen thousand depositors; James Delivan Smith, president; Henry Hand, cashier; The People’s Savings Bank, 527 Grand avenue.” Not really an interesting nor impressive conversation, indeed, is this. Yet it is just the way that some bankers believe in talking when they go into print, seeking new clients.

A light wind may shake the full ripe apple from the tree, but the fruit which gladdens the winter’s night is picked by hand from the highest bough. In like manner, the cold card may gather some of the surplus funds which are just waiting for a repository, but the great mass of small savings accounts, which must be secured in order to round out the vast aggregate of the savings banks of the future, must be gathered by dint of persistent, persuasive, judicious advertising of the modern type.

It is frequently argued by bankers, when discussing advertising for the savings department, that the poverty of ideas precludes the element of persuasion from bank advertising. I acknowledge that the manner of subjects is limited, but I assert most positively that they admit of endless variation and that the themes which we now possess have by no means been exhausted.

The violin has but four strings. For one who does not know the instrument, there are four tones only. But the master produces a wide range of tone and unending harmonies from the use of this little instrument. Thus, while the novice who has just begun to produce advertising for a savings department of a banking institution will at first

experience the limit placed upon him by this apparent dearth of available ideas, the experienced writer who has made these matters a subject of deep study, sees before the point of his pen a thousand thoughts which he has scarcely time to write.

Some bankers claim that a campaign of education is inadvisable because it does the other institutions as much good as it does the advertising bank. The facts are against this assertion. As a general rule the banks using a modern method of advertising are increasing deposits out of all proportion to institutions which still adhere to the stereotyped methods. It is, however, true that the educational work done by the leaders in this savings department advertising has resulted in increasing to a more or less degree the patronage of those banks which have not advertised in this way, and it would seem to me that gatherings such as this are convenient times for us to check up these inequalities. If other banks advertise and you are feeling something of the effect of that advertising on the right side of your business, is it not proper that you should contribute to the advancement of the savings interests in general by a systematic course of judicious advertising? We are patiently waiting for the impetus and advantage which will come from this course in the near future.

The education of the public to make use of the facilities of the savings bank must be carried forward to the judicious use of printers’ ink. Foremost among the means which should be adopted is the judicious use of space in the newspapers and other accredited journals. Street car advertising has been found profitable by many banks, while the use of booklets and follow-up system of direct correspondence are indispensable.

Savings bank advertising should be consecutive, consistent and continuous. It is the steady dropping of water that wears away the rock and it is the constant advertising on the part of a bank which impresses the public with the importance and possibility of laying the foundations of wealth by saving a portion of one’s earnings. Persistent advertising has a tendency to establish in the minds of the people the fact of stability and trustworthiness on the part of the bank, just as daily business contact with an individual gives you a certain confidence in him.

Of all disappointed people in the world, perhaps those bankers who have done a little advertising are foremost.

Advertising for a short period of time to see how it will turn out reminds me of the Indian who, being told how pleasant it was to sleep on a featherbed, tested the information by placing one lone feather between his shivering body and the cold rock. On arising in the morning, he gave vent to his disappointment by saying: “White man’s featherbed heap damm fraud.”

Two ideas should be constantly in the mind of the man who prepares a savings bank advertisement: First, the development of the saving instinct in the people whom he reaches; and, second, the establishment of absolute confidence in the bank. He should strenuously avoid the use of sensational illustrations, grotesque cuts and undignified statements. There is undoubtedly a place for the cartoonist in the world, but that place is not in a savings institution.

Banking is essentially the most conservative of all business propositions. It is imperative, therefore, that the writer should not only have a thorough knowledge of banking methods, but that the advertising should be of the highest literary quality. It must be dignified, yet progressive. It must not be extravagant, yet it must be strong. It must appeal to men’s minds. It must move the will. It must produce business.

Judicious advertising persuades people to save a part of their income, convinces them of the folly of hiding their savings in their homes and inspires them with a sufficient confidence in the advertising bank to deposit their savings.

In fact, bank advertising has really worked a revolution in the habits of living for a large portion of the population of our country. This revolution has really just begun. It is a movement which will gather momentum and force in its progress, and its elevating influences will be felt with certainty in every walk of life.



## *The Educational and Practical Work of the Savings Bank Section.*

By MYRON T. HERRICK, Chairman of Board of Society for Savings, Cleveland, O.

The most pronounced characteristic of the evolution of all business ventures in the last half century is the division of functions—in other words, specialization, and in no sphere of activity is this more noticeable than in banking. The family banker, like the family doctor, will soon be but a memory, taking his place with the ox-cart and the horse car. The old-time doctor pulled our teeth, used the knife, prescribed for all the ills that flesh is heir to, and peddled the news of the neighborhood. The offices of the old-time banker were no less varied. But the rapid increase in population and the marvelous growth in wealth has resulted in such a multiplicity and variety of financial transactions that effective banking demanded a division of duties. To-day we carry our commercial accounts with the commercial bank, our securities and corporate business goes to the Safe Deposit and Trust Companies, and our savings for the proverbial rainy day to the Savings Bank.

As a corollary to this change, and as an incident to the growth of the financial interests of the country, the scope of the American Bankers' Association has necessarily broadened and developed along lines more or less divergent, and the interests of its members are somewhat divided, although the ultimate purpose of all is the same—the maintenance of the highest standard of finance and banking. The Association has found it necessary to divide the main body into several groups in order that the best thought may be given to the consideration of the problems peculiar to each division—each group being composed of specialists. Hence we have the Trust Company Section, the Savings Bank Section and the Educational Section, represented by the American Institute of Bank Clerks, and doubtless other divisions will be found necessary.

Specialization, though desirable and necessary, has a narrowing tendency, which must be guarded against. We are no longer a nation sufficient unto ourselves in finance. There was a time when our paths paralleled but did not intercept those of our neighbors. We were not a considerable factor except as a debtor nation. This is no longer true. The financial or industrial condition of to-day, or next year, may have its rise in a foreign war, the failure of a crop in a country thousands of miles distant, the change of the industrial policy of a "world power," political disturbances in Russia, or the downfall of an important banking house on the Continent. We are now, to a greater or less extent, international bankers influenced by world conditions. Modern science has, in truth, made a sentient being of the financial world with muscles of steel and nerves of copper. As the nerves of the body instantly convey knowledge of the least disturbance to the brain, so the smallest incidents in finance are flashed to the uttermost parts of the world. Specialization is the legitimate outgrowth of the complex American life of to-day. Comprehensive and general information, but exact and special in the line of our business, is causing banking to approximate a science. However, a single viewpoint narrows. We must not shut ourselves out from the broadening influences that lie without our chosen field. We are needed on both sides of the counter. Neither the desk nor the State boundary should be our horizon. We should look afield and keep in harmony with the best in thought and endeavor of our times.

The evolution of national and commercial life now demands a change in a currency system, inelastic and inadequate for the present and the increasing needs of our great nation. The banker is the man rightly responsible for the

solution of this problem. The legislator should be able to get information for his guidance from the banker. It is the duty of the banker to know the theory and philosophy of his vocation as well as the practice, to understand the natural laws of finance, that he may be able to give sure advice to his representative at Washington. It is such work as that which we are doing here in St. Louis which is qualifying us as individuals to be safe advisers in the solution of one of the nation's most urgent problems. However, it is questionable whether the lasting good of the American people would be conserved by anything tending strongly to loosen the money market. Perhaps speculation needs the check of stiff interest rates. No safe expansion of the most flexible circulating medium could ever match the desires of borrowers in the years of spectacular money making and boundless hopes. Possibly existing conditions in the loan market are none too strict to curb over-inflation tendencies. Prudence in ways and means of progress is not unfaithfulness to a cause or renunciation of a purpose.

The laws and rules made by the trustees governing savings banks should be on a higher plane than the laws on the statute books. The banker must be a better man than the law makes him. It is the substance of an old law maxim that a man may be law-abiding and still untrue to his trust. I am constrained to believe that, even in the absence of adequate inspection laws, which should exist in every State, that the average savings bank officer of the present time does not regard temptation simply as an opportunity.

The institution of the bank for savings has and is constantly giving rise to new and characteristic questions, many of which grow out of the fact that the purpose of the savings bank differs from that of a commercial bank. The first consideration of the savings bank is for the depositor, rather than the stockholder—how to wisely and conservatively invest his savings to the end first that the principal may be returned intact, and secondly, that a rate of interest commensurate with absolute safety may accrue—not how large a per cent may be earned for the stockholder. As a rule the depositor in a savings bank comes from a somewhat different class of society than the depositor in a commercial bank. He is unused to business practices and forms. The accounts in savings banks are in most cases small, but often represent the savings of a lifetime, and all that will be available to meet the necessities of unproductive old age. The savings bank deposit often begins with birth and ends at death. There is usually a department, unnamed in laws or rules, in the savings bank which might be called the department of mercy, where the banker becomes the good samaritan, and with sympathy and suggestion endeavors to solve the small financial tangles of the old veteran, the lonely widow, and the friendless and lowly. Kindness, gentleness and advice are often of more value than gold to the troubled mind.

As savings bank officers we occupy an unusual economic position. On the side of the depositor we come into contact with that great mass of people on whose continued sanity rest the sure foundations of our government. We meet people of every class, creed and nationality, the reformer, the socialist, the radical and the conservative, the rich and the poor—in a sense we are the custodians of the hopes and aspirations of countless of our fellow creatures. The abuse of the confidence of the people weakens the fundamental truths that lie at the foundations of our government. Unwise banking and reckless speculation are



potent causes of social disorder. This place that we hold in the social system imposes upon us greater responsibilities than we fully realize, not only as custodians of a vast savings fund, but as citizens accountable to a nation. These characteristics peculiar to the savings bank and the savings bank officer differentiates the bank for savings from the bank of commerce and trade, and the time is near when the line will be more finely drawn. We shall eventually realize that the mingling of the two classes of accounts—commercial and savings—is incompatible. The savings bank is properly a semi-benevolent institution, one of the ties that conserve and bind society, and its purpose has been and will continue to be more surely served by the mutual organization. The absence of stock and stockholders eliminates the desire for speculation, as there can be no personal gain. The trustee exercises his judgment solely for the preservation of the fund in his keeping, realizing that he must, if true to his trust, keep it intact and secure, and that the rate of interest is of secondary importance. The laws of economics and finance, and the adaptability to his special purpose, have demonstrated that the mutual organization has won and retained the confidence of the savings depositor far in excess of any other form of organization. There are 668 mutual savings banks in the United States, holding deposits in excess of \$2,700,000,000. In the Middle and Western States the mutual savings bank is practically unknown and is regarded as a peculiar institution, whereas in the East the people are familiar with it. Nearly all of these mutual banks were organized in the early part of the last century—many of them under unique conditions, after periods of great financial disaster when the name bank by reason of many failures was almost synonymous with dishonor. The name society was used in many instances to disarm the prevailing prejudice against banks. I cannot now recall that there has been a single failure of a mutual savings bank. The theory and plan of the mutual organization is an old one, and partakes of the characteristics of a pure democracy. It is in a sense historically related to the spirit of the town meeting.

About a quarter of a century ago the business man of this country began to appreciate that the growth of business and financial enterprise demanded radical reform in accounting. His accounting department did not give him sufficient information for guidance in his business. He could not wait for the yearly inventories to see where he stood to know whether he was making or losing money. To conduct his business intelligently he must have on his desk every morning in condensed form knowledge of his standing and progress. This demand throughout the commercial and financial world brought about a radical change, new and adequate systems, and a proper realization of the importance of careful accounting. It is like a system of storm signals that prepare us for a blow. Along these lines the work of this section has been most marked. The invaluable collection of forms prepared by our Secretary marks an era of progress in our work. The savings bank is a silent but powerful factor in the business life of the country. It practically carries the municipal debt of the nation, and builds the homes of the people. What it does is but little noted by the public, but its influence extends to the home and firesides of the people of America. The scope of the work before us is boundless.

To properly collate and guide the work of this Section we have a Secretary unsurpassed in efficiency. About twenty years ago, realizing that the institution with which I was connected needed a change in methods of accounting, I went East in quest of information. I found many of the old institutions using systems which were outgrown—applicable only to a small business. Many of them never attempted a balance of any sort, some of them only occasionally, and even then being obliged to force a balance. Among the banks visited which had adopted modern methods was the Emigrant Industrial Savings Bank, and here

I found the most approved methods of accounting, under the direction of Mr. Hanhart, our Secretary.

We can do much as individuals to influence the enactment of needed legislation; we can do more to maintain a high standard of honor and responsibility among savings bank officers and trustees. The interchange of ideas and comparison of experience here made possible must result in broadening our views, improving our technique, and in giving added interest to our profession.

With the recovery of the country from the disaster of 1893 there appeared in the financial world in numbers the small investor in stocks and bonds. Before that time he was little known in American financial affairs. National prosperity and the accumulation of a surplus created him and he is here to stay. The time will come, as it has abroad in several countries, where the saver of money will go to the banker to buy securities as often as to deposit. This entry of the small investor in ever-increasing numbers into the security market is most prophetic. It is a part of the movement towards a more inclusive and complete democracy—a democracy which shall be not only the foundation of a political philosophy, but which shall control the attitude of man to man in social and commercial relations—a democracy which shall have as its basis the eternal truth of social solidarity. This tendency, this later day phase of the evolution of the social order, portends an era of epoch-making changes in the commercial and financial life of the nation. Its fruitage will be legitimate capitalization, honest management and lawful control of great enterprises, a fair and conscientious disclosure of corporate affairs, and an accounting to a great mass of enlightened stockholders. It forecasts a more equitable distribution of wealth, determined by free, fair and intelligent competition—a more lasting and sincere enthusiasm for national supremacy in every sphere of activity. It will be then that the banker will come into the more complete inheritance of the possibilities of his position, and a realization of the fact that the bank is really the simple embodiment of and receptacle of the active industrial power of the people. The banker, as society's middleman, will have further opportunity to direct the energies of his fellow man into channels that will best subserve their material interests.

How distinctly we all remember the last meeting of the Association in St. Louis. During those sombre panic years of the early 90s we were confronted with the serious problems of adversity, and that they were serious no one will deny. Now we face with anxiety, but with vastly more complacency, the real dangers accompanying an unprecedented prosperity. Those lean and disturbing years, however, taught the lessons which resulted in the firm establishment of our national domestic policy and the unequivocal adoption of the gold standard. Then came a quickened step in the march of the nation's progress, a rapidly widening horizon, vast opportunity, new and broader fields of human activity and a new prospective of mankind in general. Even Nature showered her beneficent blessings upon the land unstinted, the mines poured forth their treasure, and the sunshine and the rain brought forth bountiful crops; and prosperity unequalled in the history of time resulted. We are now charged with and plead guilty to "commercial invasion" which has been successful beyond our wildest hopes. In this bloodless warfare we have won many battles and now lead the world, but in the flush of victory let us be not unmindful of the fact that speculation always accompanies these periods of great prosperity, and that no Congress or Legislature can enact laws or create systems of finance that will insure safety in a carnival of imprudence and inflation of values. Let us then counsel together seriously, realizing that the assumption of individual responsibility and the exercise of prudence, courage and tact are the most potent factors in preventing the return of those evil days.



# Detailed Report of Proceedings.

Fifth Annual Meeting SAVINGS BANK SECTION, Held at St. Louis, October 16, 1906

## MORNING SESSION.

*Tuesday, October 16, 1906.*

The Convention of the Savings Bank Section of the American Bankers' Association was held in Schuyler Memorial Hall, St. Louis, Mo., October 16, 1906, and was called to order by Chairman Edward E. Duff, as follows:

Ladies and Gentlemen—If you will please come to order, our proceedings will be opened by prayer. Rev. A. H. Anderson of Christ Church Cathedral will deliver the invocation.

Rev. A. H. Anderson: O, God, who has taught us in Thy Holy Word that to whom much has been entrusted, much shall be required, instill in the minds of these Thy servants a sense of the great responsibility which their stewardship of other men's goods involves. Bless their deliberations, that all things being ordered and governed to the mutual advancement of peace and prosperity may redound to the well being of our estate, and the glory of Thy Great Name, through Jesus Christ, our Lord:

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, the power and the glory forever and ever, Amen.

The grace of our Lord Jesus Christ and the love and fellowship of the Holy Ghost be with us all forever and ever: Amen.

The Chairman: If you will give us your attention a little further, we have with us Mr. Breckinridge Jones, President of the Mississippi Valley Trust Company, who wishes to say a few words in welcome.

### Address of Welcome by Mr. Breckinridge Jones.

Mr Breckinridge Jones: It is said that a man is judged by the company he keeps; therefore I feel much honor in having the privilege of addressing the party of men who represent about one-fourteenth of the entire population of the United States in a trust capacity. Not as public officials, whom they are bound to trust, but who represent them by their voluntary will.

It is a pleasure to see you here in St. Louis, and it is an especial pleasure for me, as representing an institution that has a savings department, that is doing a savings bank business, to address you who have been so eminently successful in your respective cities and have gone so far ahead in the line of savings business from what has been accomplished in St. Louis.

For we have practically no distinctive savings bank in the city of St. Louis. The trust companies here have savings departments, but by reason of some trouble that occurred way back in the panic of 1873, when so many savings banks here at that time that were doing also a commercial business failed, the savings bank, such as it is known in other parts of the United States, has not since flourished in St. Louis. But the trust companies with large capitals are doing a savings bank business; that is, having a savings department, and are limiting their business outside of that to what is known as trust company business, in other sections, not mixing any of the general commercial business with it, the mingling, in that way, having heretofore been unfortunate.

We are glad to see you here in St. Louis, because we here, at home, feel that we live in no mean city. We have a city here that within a radius of five hundred miles has thirty millions of people; we are in the midst of a territory unequaled on the world's surface.

In the thirteen States and Territories comprising the Trans-Mississippi States, one-fourth of the wheat, corn and oats of the world is produced, and the flourishing condition here is evidenced by the fact that since 1890 there has been an increase of over three hundred per cent. in the production of these cereals. If I were to state the number of acres of land that had been changed from green land to cultivated farms in that territory it possibly could not help catching your attention, but the facts are that since 1890 there has been a change from green lands to cultivated farms in these thirteen States and Territories known as the Trans-Mississippi section at the rate of 34,000 acres a day for every working day of the year.

In that time the tonnage that has passed through the St. Louis gateway has increased over 250 per cent., and last year 40 per cent. of all the new railroad building in America was within the trade territory of St. Louis.

We are here on the greatest river in the world, and, with its navigable tributaries, there are tributary to St. Louis over fifty-eight hundred miles of navigable river.

All the great trunk lines of the West have connections here; I believe it is not an over statement to say that no other city in the world of the size of St. Louis has the same or equal railroad or river transportation.

But bigness is not all; sometimes they say that St. Louis is a very hot city, and yet, it is true, that there are not as many sun strokes in St. Louis as in either New York or Chicago.

There are more days of sunshine, our weather department says, in the year in St. Louis than any other city of its size on the globe.

That we have a healthy city is shown by the fact that from decade to decade since 1850 the death rate has decreased, and we have a city that has had, besides that, a house cleaning of national importance. The fact has gone all over the country; we have a clean city, in its municipal government. Also, the proportion of crime is very largely—I mean in the sense of petty crimes that occur in any city—decreased in St. Louis in the last five years. We have a wholesome State Government; there is a moral idea that has gone through the people of this city and of this State, and some of our friends are pleased to recall that the Missouri idea has gone all over Europe and has taken root there, and that there will be a moral awakening all over the world as a result.

It is to a city made up largely of people who have emigrated from the various States that we welcome you. We have our New England Society, our Mississippi Society, our Tennessee Society, our Virginia Society, our Texas and our Kentucky Society. Our people are made from all of these States, mingled in kindness, and I believe it is fair to say that in no other city can you find a more pleasing mixture of representatives of the various States of the Union and of the various countries of the world than you will find in St. Louis.

Our people are happy, contented in their homes, and they welcome you, gentlemen and ladies, here as their visitors, and want you to be part of us while you are here, and enjoy the open hospitality that is extended by the citizens of St. Louis. We trust that you can be as happy, and be able to stand the four days that you will be here, as well as we enjoy it all the year round.

We are pleased and glad to meet you, and extend you a cordial and hearty welcome. (Applause.)



**Reply to Address of Welcome and Annual Address of the Chairman, Edward E. Duff.**

To you, Mr. Jones, who have so cordially and eloquently welcomed us, and to the institutions and friends you represent, I wish, on behalf of the Savings Bank Section, to say that we consider it a very great privilege and ourselves fortunate indeed to be your guests in this great metropolis of the West, and we appreciate most sincerely your kind words of welcome.

To the Members of the Savings Bank Section: Two years ago, at your meeting in New York City, you honored me, greatly to my surprise, by election as your Vice-Chairman. Of such honor any man should be proud, and I want to say that I did feel greatly honored. Well, it was all very nice to serve as Vice-Chairman, for we had one of the ablest of men for Chairman, consequently I had nothing to do but look wise, attend a meeting of the Executive Committee and see my name printed in the annual report; but last year I discovered that to have been Vice-Chairman meant trouble, for having served with such distinction (?) as your Vice-Chairman you apparently could not do otherwise than elect me Chairman, which you proceeded most gracefully to do, and that, too, to succeed so able and worthy a Chairman as Col. Sprague. Gentlemen, you made a mistake; I realized it then and you realize it now, but too late, so I guess you will have to make the best of it. However, if you will be good and not ask me to decide too many questions of parliamentary law, maybe we can worry through, if my good friend, our esteemed Secretary, Mr. Hanhart, will stay close by.

Gentlemen, it is most gratifying indeed to have such an attendance as this, but pleasing as is the attendance it is not nearly as much so as the addition to our membership during the past year through the earnest and persistent efforts of our Secretary, Mr. Hanhart, and Chairman Teter of the Executive Committee, the particulars of which you will learn from their reports.

The Executive Committee held several meetings during the year and did much good work, of which Chairman Teter will inform you.

At a meeting of the Executive Committee held in New York in May last, a resolution was adopted recommending a change in the titles of our officers from Chairman, Vice-Chairman and State Delegates, to President, First Vice-President and State Vice-Presidents, to conform with those of the American Bankers' Association. This amendment you will be asked to vote upon.

The Executive Committee of the American Bankers' Association at its meeting in Washington last year, at the request of our Executive Committee, granted us an appropriation of \$3,000. A second request made to the Council at its meeting May 1st of this year in New York City, for an additional appropriation, we regret to say, was omitted, we fear, through some misunderstanding of our needs or the work we have been and are accomplishing. The Secretary's report will furnish you the details on the matter of our finances.

At the last Convention a resolution was adopted, referring to the Executive Committee the matter of the reproduction of a selection of the printed forms on exhibition and to be collected, and the sale of same to our members and others. Of the result of this action you have all been informed, and as you have seen the result of the work performed by the Committee selected from the Executive Committee it seems scarcely necessary to have a formal report, but there may be some facts in connection with the Committee's work which will be of interest and the report will therefore be presented.

At our last Convention there was also adopted a resolution authorizing the Secretary to forward to each member of the Section in December, 1905, a printed form requesting the following information, viz.: Total deposits and total withdrawals for the years of 1903, 1904 and 1905; amount of deposits held by each bank on the 31st of December of each of these years, and the rate of interest paid

depositors. The result of this effort was a failure to secure sufficient information to be of any value, and the matter was therefore dropped. Secretary Hanhart will report to you more particularly on this matter.

At our meeting last year you directed that a Committee of three be appointed to continue the work of a former Committee on Joint and Trust Accounts, and placed upon the Committee the duty of collecting information during the year as to the practical methods of remedying the defects in existing laws in the different States on this question. A Committee composed of George C. Burgwin, Esq., Vice-President of the Dollar Savings Bank of Pittsburgh; Mr. Wm. R. Creer, Secretary of the Cleveland Savings & Loan Company of Cleveland, and Mr. John F. Flack, President of the City Savings Bank of Omaha, was appointed, and will report to you the result of their labors.

A number of gentlemen have very kindly consented to prepare papers on matters we are sure will be of interest to all, and they will be read.

An effort was made last year to have one or more representatives of the Savings Bank Section elected to membership in the Executive Council of the American Bankers' Association, but without avail. However, quite a number of the members of the Executive Council have admitted the justice of our claim for representation, and President Hamilton will recommend to the American Bankers' Association an amendment to the constitution allowing the Savings Bank Section three representatives. A resolution endorsing this amendment will be in order.

The Protective Committee of the American Bankers' Association for some years has been spending thousands of dollars annually to protect its members from professional thieves and criminals who attempt to rob or defraud them. Might it not be proper for us, either as a body or as individual members of the American Bankers' Association, to suggest the expenditure of this money in bringing to justice those who have proven themselves the worst of thieves and criminals in betraying the trust reposed in them on account of their positions, and who have used their positions to rob, defraud and bring even to their graves the poor widow and orphan depositors? Is it not enough to bring the blush of shame to our faces that our calling ever numbered in its ranks such men? Are we doing our duty as Officers, Trustees or Directors to protect the trusts committed to our care? Do we allow our names to be used on Bank Boards to gratify our pride and forget our responsibility and duty there? Gentlemen, we Officers and Trustees or Directors of institutions holding savings deposits, have a greater responsibility than those of any other institutions. We are the custodians of the funds of the greater number of people, and the people, too, who can least afford to lose their deposits. Should we not, therefore, as individuals, officers, trustees or directors, and members of this Section, consider carefully and thoughtfully our duties and responsibilities and give our aid and assistance to the passage of more effective laws and the enforcement of same for the protection of our financial institutions and their depositors? Can we place greater safeguards around our fellow employees and officers, or temptation farther from them and ourselves, lest in some weak moment they or we may fall? No honest man will resent the adoption of any reasonable precautionary measures in this direction. Have we adopted all we can or should? Might we not to advantage have a Committee appointed to devise and recommend a uniform system of accounting and auditing, having for its object the safeguard of depositors as well as the most approved methods of accounting, and have this Committee report at our next meeting or to the Executive Committee?

To our esteemed and most efficient Secretary, Mr. Hanhart, our missionary and energetic Executive Committee Chairman, Mr. Teter, the able and accommodating Committeemen and to all who have assisted so materially during the past year in the work of the Section, I beg to offer my sincere and hearty thanks.



The Chairman: Gentlemen, the next order of business will be the report of the Executive Committee, of which Mr. Teter is chairman.

**Report of the Executive Committee by the Chairman, Lucius Teter.**

*To the Members of the Savings Bank Section of the American Bankers' Association.*

Gentlemen:—Your Executive Committee has held four meetings since the last convention—October 10, 1905, October 12, 1905, January 15, 1906, and May 1, 1906.

The meeting of October 10th was held in Washington immediately following the meeting of our section and the usual formal business was transacted.

The meeting of October 12th was also held in Washington and considerable discussion with reference to the printed forms, which were exhibited at the convention, was engaged in. Owing to the admitted popularity of this exhibit, the committee decided to appoint a Special Committee on Printed Forms, consisting of Mr. Hanhart, Col. Sprague and Mr. Latimer. They were given full power to act in the matter of preparing a book of typical forms for publication in the interest of the Savings Section.

The meeting of January 15th was held in New York. After attending to routine business, the book of printed forms was discussed. The Book of Printed Forms Committee was prepared to show specimen pages and to report the approximate cost of the book. The Executive Committee decided that the price of the book should be \$12 each for members of the American Bankers' Association.

The meeting of May 1st was held in New York. The general work of the section and its financial condition were discussed. A request was made for an appropriation of \$2,000 from the Executive Council of the American Bankers' Association, but through some neglect or misunderstanding this was not granted. The Committee passed a recommendation to amend the Constitution of the Section so that the titles of Chairman and Vice-Chairman be changed to President and Vice-President, and so that each State having ten savings banks that are members of the American Bankers' Association be entitled to a Vice-President.

All of the meetings of the Executive Committee have been very well attended and it is exceedingly gratifying to be able to report the live interest shown by members of your Committee in the welfare of the Section.

Our membership has increased considerably since our last Convention, as will be shown by the Secretary's report.

The work of many of the State Delegates has been very satisfactory and as time goes on we believe that there will be larger results than heretofore from the efforts of the local Vice-Presidents. We are very certain that there is a more widespread interest in the Section's work than at any previous time.

With the growing activities and responsibilities of this Section we are finding more and more the necessity for a closer relation to the Executive Council of the American Bankers' Association. An amendment to the Constitution of the American Bankers' Association will be proposed at the Convention which provides that the Special Sections of the Association be given representation on the Executive Council. There is no question but that this will be of great advantage to the Sections and to the Association, and your officers recommend that you give this amendment your active support. Respectfully submitted,

LUCIUS TETER,  
Chairman Executive Committee.

**AMENDMENTS TO CONSTITUTION.**

The Chairman: The matter of an amendment to our Constitution will properly come up at this time, and I will ask the Secretary to read the amendments proposed.

The Secretary then read the following amendments:

Section 1. The administration of the affairs of this Section shall be vested in a President and First Vice-President of the Section, and an Executive Committee of nine members, who shall serve until their successors are chosen or appointed.

Section 2. The President and First Vice-President shall also be members ex-officio of the Executive Committee.

Section 3. No President nor First Vice-President nor retiring member of the Executive Committee shall be eligible for re-election for a period of one year after the expiration of his term of office.

Section 4. The Executive Committee shall select its own Chairman from among its members, and shall also select a Secretary of Section, who may or may not be a member of the Section.

Section 5. The Executive Committee shall as soon as may be after their organization, divide themselves by ballot into three classes of equal number designated as the first, second and third class, of which the first class shall remain in office one year, the second class two years, and the third class three years, and at each annual election members of the Executive Committee shall be elected for a term of three years to fill the vacancies of the retiring class.

Section 6. The Executive Committee shall have power to fill vacancies until the next annual meeting, and may adopt all necessary rules for the business of this section.

Section 7. The Ex-Chairman and Ex-Presidents of the Section, if still members of the Association, shall be members ex-officio of the Executive Committee.

Section 8. Each State having no less than ten Savings Institutions, members of the American Bankers' Association, shall be entitled

to a Vice-President of the Section; such Vice-Presidents to act generally in an advisory capacity to the Executive Committee, but not to be entitled to vote.

The Chairman: What is your pleasure with reference to the report of the Executive Committee?

It was moved and seconded that the report of the Executive Committee be received and adopted.

Mr. Mills: Referring to this report just read there is one section there that does not appear right to me—Section 7, "the ex-chairman and ex-presidents of the section, if still members of the Association, shall be members ex-officio of the Executive Committee."

I believe that should be changed somewhat by adding to those words "for not exceeding two years."

Now, this proposition is one that is being discussed as you all know pretty largely here in St. Louis—the matter of the ex-presidents of the parent body. It occurs to me that it is a mistake to pass Section 7 in its present form.

The Chairman: You will understand that this is as the Constitution now stands—the only change is the change in the title.

Mr. Mills: Then the suggestion that I make could not be made at this time?

The Chairman: I do not think so; no, sir.

Mr. Johnson: In discussing the matter with one of the senior members of the Executive Committee of the Council last night he said there was considerable more stress laid upon the apparent cumbersomeness of the Executive Committee, because of the addition of the ex-presidents from year to year. He said that if the members at large knew that at no time in the history of the organization have more than nine ex-presidents been present, and rarely more than four or five, and that in each case the experience and judgment of years of service on the Executive Committee was worth a hundred times the possible cost, and annoyance and inconvenience of the membership.

I thought of that, when they were reading the original resolution, and heard the amendment as offered. I was inclined to think, when I first heard the subject mentioned, that the Committee was too large, but when I inquired and found out the value of the services of the ex-presidents, and also saw the point that we must conform our rules and constitution to that of the larger body, I did not see how we could make any change.

I think it is well to have on the Executive Committee an ex-president who has served, and who has studied the questions coming up before them for some years—I think we all must admit that he is a pretty valuable member of that body.

The Chairman: Are there any other remarks to be made on the subject?

J. M. Dinwiddie, of Cedar Rapids, Ia.: In speaking of this matter, I noticed that there was one amendment to be offered at some place or other—I have not read this sufficiently to know where, having neither received a copy of the proposed amendments to this section nor to the American Bankers' Association, nor having seen either, but it reads: "The president and first vice-president shall also be members ex-officio." I think that ought to be changed to read "ex-officio for a three years' term of office."

If we adopt this as it appears now, what effect will this amendment have if we adopt it to-day? It would seem to me that it would be altogether proper to so word this amendment, or this article, that, if adopted, it would read the same as the parent Association's article would read: For my part, I can scarcely see why you should want to continue as chairman or vice-chairman ex-officio year in and year out. It seems to me if you cannot get the benefit of their influence during their term of office, say of three years, you can never get it.

Having once had it, why keep them on, making of them dead timber?

I did not rise so much to say that, however, as to ask whether this amendment provided that no officer should succeed himself, except he has been out of office for a year—would that apply to the secretary? Does that apply to the secretary—that amendment?



The Chairman: I understand the secretary is elected by the Executive Committee. Am I not right, Mr. Secretary?

The Secretary: Every year; yes, sir.

Mr. Dinwiddie: Then we can elect the same one over and over again.

The Chairman: Yes, sir.

The Chairman: As to the other matter, I think that is a matter to be presented to the American Bankers' Association at its present session.

Now, how can we pass on it, in advance of their action, I am not able to see. We will be pleased to hear from any of the others present on that project, and if Mr. Mills can give us any further light on the matter we would like to have him do so.

Mr. Mills: My proposition was merely a suggestion; I don't believe it is within the power of this body to pass this amendment in any other way than it is written. I believe Mr. Herrick will bear me out in that; I think thirty days' notice must be given, and the seventh amendment cannot be amended; if it is amended, the members have not had thirty days' notice of the amendment to the amendment.

I believe that is going to be the ruling of the parent body at this time. I simply offer that as a suggestion. I believe after a man has passed the chair, as you may say, and has been allowed to remain as a member ex-officio for an additional two years that that should satisfy him.

The question being put to vote, the amendments as read by the Secretary were carried unanimously.

The President: There is to be an amendment presented at this time with reference to representation on the Executive Council. I will ask Mr. Chapman, of Moline, Illinois, to read it.

Mr. Chapman, of Moline, Ill.: I offer the following resolution:

Whereas, there is to be presented at the annual convention of the American Bankers' Association an amendment to the Constitution providing for increased membership in the Executive Council by election of three representatives by each of the several sections.

Whereas, the Savings Bank Section considers such representation as needful and desirable.

Be it therefore resolved that if said amendment is adopted by the general convention, the representatives of the Savings Bank Section be the President, First Vice-President, and Chairman of the Executive Committee of said Section, as elected at every annual meeting.

I move the adoption, Mr. President, of that resolution.

Mr. Chapman's motion was duly seconded.

The President: This means that the three active officers of the Association, from year to year, will be our representatives on the Executive Council of the American Bankers' Association. It is conceded that we should have a representative there, and this motion provides for three active officers.

Mr. Rother: The question here arises will we be given a representation of three men on the Executive Council? This presupposes three men to be represented on the council.

The President: This provides in case it is allowed that we will have these three officers representing us. If the change is adopted in the Constitution of the American Bankers' Association, allowing a representation, then the representatives from this section shall be the President, First Vice-President and Chairman of the Executive Committee. Of course, if the Association does not pass these amendments, we will not be entitled to any representatives.

Mr. Rother: But suppose they give us a representation of only one? The result is that it will fall to the ground and we will have none. Now, why not provide for that contingency?

Mr. Teter: Mr. President, I do not like to be on the floor so much, but some one has been calling me a missionary, and I will say that I have been doing a good deal of missionary work on this question. I think possibly a word or two of explanation on the subject would make it clear. I also want this word of explanation to have its effect in asking you to add such assistance as you can in getting this matter passed upon favorably.

I will say in reference to the question that has been raised as to the three members provided in the two amend-

ments that have been made to the Constitution of the American Bankers' Association, both of which provide for three members, so it would seem that if any amendment is adopted at all, it would be one which would include three. There is one amendment that provides quite a number of things and also includes this particular matter. It specifies that the President, Vice-President and Chairman of the Executive Committee of each of the sections, the Savings and the Trust Companies shall be a representative of the section. The other amendment, which has been proposed by Mr. Hamilton, the president of that Association, provides for three representatives from each section, but does not specify who they are to be. We are not wise enough to know in advance which of the amendments will be adopted. We hope that one will be, and this resolution simply provides in advance for whichever action is to be taken. If the first mentioned resolution carries, we really would not need to make this resolution at all. If the second one does, it will be well for us in advance to specify whom our representatives shall be.

I have talked with a great many of the representative members of the Association, and wherever the advantages of the question of the representation are understood they look upon it with a great deal of pleasure. In some quarters, it is looked upon as being the only right thing, and we certainly feel that way. It is to a certain extent a matter of education. I will say that I know a great many of you will have opportunities to speak to the different members of the parent organization, and it will be well for you to have this matter in mind and simply explain the situation, that in 1896 the Trust Company Section was organized, and has grown to a membership of almost eight hundred, representing two billion and a half of resources.

In 1902, at the New Orleans Convention, our section was organized and has to-day one thousand fifty-two members, representing resources of almost three billion dollars—these two sections representing fully half of the resources of the entire Association.

Now, we were organized as part of this parent organization, and we were set apart, with our Executive Committee and offices, to do a work, which, I think, in all justice to our various associations, we have been doing, and we have been doing right nobly.

But in order to make the Bankers' Association the power that it should be, there should be this close relationship between these children and the parent organization. That is all. I just simply make that as an explanation.

We are to act under the direction of the Executive Committee, and they are to make such provisions for us as if this Executive Council should be ours. Now, if that is the case, we should have a representative man in this Council, to receive the instructions and advice of the Council, and to explain the needs of our various sections. That is the whole question.

A Member: Why should he be "ex-officio"?

Mr. Teter: "Ex-officio" simply means by virtue of the position.

Governor Herrick: I understand your suggestion is that these gentlemen who are members here are actually members there? They become actually members of that Association—not ex-officio, but actual members of the Executive Council.

Mr. Teter: It would be this year's chairman and one man elected each year, so that the man who is elected this year will serve for one, two or three years.

The President: It is my understanding that the reason for presenting this amendment at this time is, if it is adopted, we will have a representative on the Council this year. If we do not take the action at this time, we cannot have a representative until next year. Now, we are anticipating the action of the Executive Council, and will be prepared to have our representative there. In that way our section will have one member there to represent us.

Mr. A. W. Johnston, of Schenectady, N. Y.: I fail to see, Mr. Chairman, that we have arrived at anything explicit in this question of bringing about a membership this season.



In fact, if the resolution is passed here now, as it is read, and if it conflicts with the parent Association, you have made no provision for the acceptance of that or of its being a part of the resolution, and we would not have any legal membership, unless you provided some way for accepting the provisions made by the parent organization. There is no one here authorized to state what that is. Our resolution may conflict with their action, and we are in the same position that we were at the beginning of the meeting.

Mr. Rother: It appears to me that there is nothing of a question with regard to our being represented on the Executive Council. The only question is how shall we be represented. The resolution covers that point in stating that we shall have the President, the First Vice-President and the Chairman of the Executive Committee. Now, that is definite; if we have not, we will be entitled to three men on the Executive Council. We have covered the ground. There don't seem to be any doubt on that score either; I see no reason why we should not pass the resolution, notwithstanding the fact that the American Bankers' Association has not yet given us representation: we can prepare to be represented, when that right is given us.

(Calls "Question.")

A Member: I move that the word "ex-officio" be cut out of it entirely.

Mr. Ward, of Jersey City: I would like to inquire from the mover of the resolution if he provides for the points raised by the gentleman from Schenectady?

The President: It does not, as I understand.

Mr. Chapman: That matter has been thoroughly discussed in the sessions of the American Bankers' Association for the last year, and the No. 3 has been decided on. We will either succeed in having three or fail altogether.

Mr. Ward: The point I make is that either by the preamble, or the first part of the resolution, it should provide that we accept their action and elect a representative.

Mr. Chapman: That is, that it should have a clause such as that in it?

Mr. Ward: I think it should have; yes, sir.

Mr. Wm. R. Creer, of Cleveland, Ohio: I think the gentleman who last spoke is somewhat confused, if I may be allowed to say so.

We are all of the American Bankers' Association, as members we shall be controlled by the action of the parent body: it is not for us to say whether we shall or shall not do this. The action of the parent body will be final on us.

The motion being put to vote, was unanimously carried.

Mr. Creer: I move you, Mr. President, that in expectation of the acceptance of this amendment, that the action of this section, in regard to this question, be transmitted to the Secretary of the American Bankers' Association as quickly as possible, so that they may have what is the consensus of opinion of this section in their deliberations about it. This motion was seconded and carried.

The President: The next order of business is the report of the Secretary.

Report of the Secretary, William Hanhart.

October 16, 1906.

Mr. Chairman and Gentlemen of the Savings Bank Section:

I beg to report that during the past year our membership has considerably increased. At the date of my last report in Washington in October, 1905, our total membership amounted to..... 734

During the past year we have lost 8 members, who have withdrawn from the American Bankers' Association, and 9 banks, who have merged with others or gone out of business, making a total of..... 17

And leaving ..... 717

In the same period of time we have gained as follows:

New members ..... 119

Members of American Bankers' Association having savings departments and who have requested membership in our Section ..... 197

Thus giving us a total membership to the 1st of September of ..... 1,033

Since then we have gained 14 additional members.

Our efforts to further increase our membership will be continued. The benefits offered by our Section are visible and prac-

tical, and I hope that next year will prove as satisfactory in growth as this year has been.

The Executive Committee of the American Bankers' Association made an appropriation of \$3,000 in October last towards the expenses of our Section and the following have been our expenditures, bills and vouchers having been duly audited and approved by the Executive Committee:

Stationery and printing.....	\$291.73
Postage stamps .....	201.05
Typewriting and stenography.....	418.00
Rent and telephone.....	308.15
Expenses Executive Committee and Joint Account Committee, May, 1906.....	354.40
Convention expenses (badges, programs, etc.).....	138.50
Salary of Secretary.....	1,200.00
Expense of proceedings paid Secretary Branch.....	622.14
T. B. Paton, Counsel.....	100.00
Stationery for State Delegates.....	17.60
Furniture .....	45.39
Sundries .....	91.05
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	\$3,788.01

The finances of the Committee on Printed Forms have been kept separately and are not included in the above figures. A separate report will be made by that Committee.

I trust that the members will kindly help their officers in increasing the membership. Not only every savings bank, but every institution having in charge the savings of our people should be a member of this organization. We should have at least 1,500 members next year, and I earnestly solicit the co-operation of everyone present to attain this object.

Respectfully submitted,

WM. HANHART,  
Secretary.

On motion, duly seconded, the Secretary's report was received and filed.

The President: The next order of business is the report from the Committee on Printed Forms. That report will be read by Mr. Latimer.

Report of Committee on Printed Forms, by G. Byron Latimer

October 16, 1906.

The Committee on Printed Forms beg to report that in accordance with the decision arrived at at the meeting of the Savings Bank Section held in October last in Washington, D. C., it began in November last to make a selection from the collection of printed forms contributed by our members and on exhibition at our headquarters.

We selected the most typical representative and distinctive forms, as we considered that by no means had we the right to select what we might have considered the best forms.

As we did not wish to burden the Section with the risk and the expenditure of publishing the book, we kept a separate account of all receipts and expenditures in a Trust Company in New York, paying all expenses out of the proceeds of the sales.

The cost has been large and was increased by the printers' strike existing in New York at the time of printing.

The total cost of the first edition of 300 books and of the second edition of 200 books has been \$4,081.25. This includes all expenditures for composition, printing, binding, etc., and as the matter has all been electrotyped, the cost of future editions will of course be considerably less.

According to the orders of the Executive Committee the book was sold to all members of the American Bankers' Association at \$12 per book and to non-members at \$18 per copy.

Within two weeks of publication the first edition was sold out, orders being received not only from the United States, but also from England, Cuba, Hawaii, Canada, etc.

Over one-half of the second edition has already been sold and we will evidently soon have to consider the question of issuing a third edition.

The total sales so far have amounted to \$4,396.

The books kept by the Secretary were audited at intervals, the receipts and expenditures were checked and a report made to the Executive Committee.

Most of you gentlemen have, I presume, the book in your possession. It will speak for itself and will leave you to judge of its merits.

Should we hereafter receive new and interesting forms in use by our members, we shall take pleasure in having them printed and sent free of cost to the subscribers, so as to include them in the collection, and we would respectfully ask all of you to forward to our Secretary anything that they may consider of practical use not included in the book.

The work was not intended as a money making venture, but was undertaken as a part and parcel of the practical and educational work of our Section. Respectfully submitted,

G. BYRON LATIMER,  
For Committee on Printed Forms.

The President: I am sure we are indebted very much to this committee for the splendid work they have done. You have all seen a copy of the book mentioned in the



report, and have no doubt profited by it. I know that we can all profit by it. What is your pleasure with the report?

On motion of Mr. Rother, duly seconded, the report was accepted, and the committee discharged with thanks of the Convention.

#### COLLECTION OF STATISTICS DIFFICULT.

The President: The next report is that of the committee on statistics. The Secretary will make that report.

The Secretary: This matter of statistics has proved a failure. I do not know what we can do about it. You have all of you received a circular that I sent in February last, giving the results of my call for statistics upon our members. As you see, we only had some 228 returns out of eight hundred that we should have had. That would be about 40 per cent., and that is all I got. I did the best I could with them; I put them in good shape, so as to try to get some good from the figures, but there is too much guess work and assumption about it. I can only report the result as being a failure. If you desire to do anything else in that line, I will carry out your instructions, but the only way that I could do this was to write to every bank and get the reports. The trouble is that a great many of our institutions here, especially out West, seem to be very unwilling, or unable to give us reports of their business, and were unable to divide the reports of their deposits and their transactions, as between the commercial department and the savings department.

Many banks I found are unable to give me any statistics; they do not seem to be able to keep any books. I don't see how some of them run their business, in fact.

At the present stage, anyway, I cannot get these figures, gentlemen. I would only suggest one thing—if you would permit me to call upon our State Presidents, which you will elect before we adjourn, perhaps through them we may be able to get better figures, and come to a better understanding of the savings bank business in the United States.

The Comptroller of the Currency of the United States reported last year that there was three and one-quarter billion dollars in savings deposits; this is, however, incomplete; probably there are three and a half or three and three quarter billions of savings in this country.

I am sorry that I have not been able to report more success than I have; I wrote twice to every bank, and asked for reports, but did not get them.

Of course, unless our members are willing to supply the information, there is no use asking them for it. It costs some money and considerable time, and the result does not justify it.

Mr. Cooke, of Kansas City: As one who did his little best to help make the movement a success, and in view of the apparent lack of interest that has been shown, I move that the report as made be received, and that the matter be discontinued.

Motion seconded.

Governor Herriek: Don't you think that we had better continue that work? The Comptroller of the Currency is endeavoring as far as possible to obtain these statistics all the time. He has been unable, as our Secretary has been, to get anything in the way of complete reports, but they are improving all the time. I think it would seem rather a good idea for the Secretary to follow it up, with a little renewed assistance, and I think those statistics could be brought out. I wanted to find how many mutual banks there are, and by dint of effort, I got an approximation. I found on the other hand that I was unable to get the mingled accounts. And those are statistics that are sought frequently, in looking up the work of the savings banks. Possibly, would it not be a good idea to keep after those? We will get it after awhile. The Comptroller of the Currency desires very much that he be assisted in this, and he finds the State very slow in answering him. Maybe we can also assist the Comptroller, if our Secretary would be willing to keep on with it.

Mr. Cooke, of Kansas City: I will withdraw my motion, with the consent of my second.

Mr. President: As has been suggested, it may be that we may be able to get information of value. I can agree with Governor Herriek; I know many of you will agree with him that the information would be interesting and perhaps valuable to many of us.

I would like to see the work go on, if you are willing that it shall be done.

Mr. A. W. Johnston: I would like to ask if the report of Savings Institutions, the official reports, could be procured from the different States, and if the information would be sufficient, if obtained from the different States?

The Secretary: There are but few States that give sufficient information as to the deposits and withdrawals and amounts credited to the depositors. We have some States, of course, like New York and Massachusetts, and the Eastern States, which give the fullest information. Probably New York and Massachusetts give the best, but outside of those there are not more than six or seven States willing to give you that information. There is certain information that they will give you; for instance, the total amount of deposits on a certain day, but that is not sufficient for our purposes. The questions I asked, by direction of you gentlemen last year were with reference to the amount of funds in the savings banks, as well as the total amount due depositors. We wanted to know how much was paid during the year and how much was received during the year. I might say that even with the limited amount of figures that I received, about forty per cent., by calculating the balances and making averages, I was able to find that the movement of funds in the savings banks was enormous. During the year 1905—this is principally calculated on the deposits in cash—it amounted to nearly a quarter of a billion dollars, and the withdrawals were about a billion dollars. That was somewhat instructive, for we had no idea that the movement of funds was as large as that. This, of course, was pretty nearly all cash.

We tried in the West to get some idea from each bank of the savings deposits, but it is a very hard thing to do. Many of them do not separate them; there is a seeming unwillingness to give the figures; although I did not publish the names of the banks, I tried to put the figures together and average them, as well as I could. In some States the information I got was so little that it was not worth while to publish the figures.

I shall be very glad to do anything that the convention asks me to do, in the way of getting these figures, if you care to have me do anything.

Mr. Newkirk, of New Jersey: I think a request made by the Secretary would meet with a general response during the coming year, and it would not take fifteen minutes to answer the questions asked by our secretary. I think if an appeal was made to the members present, to each one of them, that they would go home and answer these questions; it could be done in a week's time, and the information would be furnished.

Mr. Dinwiddie, of Cedar Rapids: I think, at the best, that it will be loading the Secretary with some additional duties which will give very little results—which will in fact amount to nothing. The reports will be just as varied as the reports from the various clearing houses, and the results will be just as uncertain. I don't know how many banks of Iowa can in fifteen minutes give the information that the gentleman claims can be gotten in his bank in fifteen minutes. I don't know how you can gather it from the books. However, it will give the Secretary something to do—it will be some harmless amusement, and as Secretary of an association I know how hard it is to get replies from the members, however reasonable they may be. I know what the Secretary of this association is running up against. I don't believe that it will amount to anything, but if he wants to do it bad enough, I don't see any objection to it.



Calls for "question" resulted in the question being put, and the motion was carried.

The President: The next order of business is the report of the Committee on Joint and Trust Accounts. We have with us to-day Mr. George C. Burgwin, who is responsible for the report. The report is in the hands of every member of this convention; it was printed and placed in the hands of all members, there are copies on the table, so that they can be procured if any of the members have none.

The report will be printed in the proceedings of this convention.

Report of Committee on Joint and Trust Accounts.

October 16, 1906.

To the President and members of the Savings Bank Section of the American Bankers' Association:  
Gentlemen:—

Your Committee, appointed at the Convention held in Washington in October, 1905, "for the purpose of ascertaining the present law throughout the United States concerning joint accounts and accounts in trust and of obtaining information as to the methods used in opening and adjusting such accounts," beg leave to report as follows:—

Your Committee wrote letters of inquiry to representative savings banks in the various states and territories, but received replies from only forty-three banks representing thirty-three states and territories. No reply was received from any bank in eight states, although more than one letter of inquiry was sent to each of two banks in these states.

Only a comparatively small number of replies received by the Committee contained any definite information either as to the practice or as to the law, but it is clear that there is a great variety of practice.

Quite a number of banks will accept neither trust nor joint accounts. Some accept both accounts and "never have any trouble."

Extracts from some of these replies are appended to the report.

The Committee are of the opinion that both joint accounts and trust accounts are desirable from the standpoint of the depositor, especially of the small depositor; and if these accounts can be handled with safety to the bank, they should be accepted, even at the risk of some personal trouble to the bank officers.

The protection of the bank from pecuniary loss is our primary object and only secondary is the ultimate disposition of the money on deposit, and where the law of a State, either by statute or by judicial interpretation, has established rules of inheritance or of property, or of procedure in the event of the death of an owner of property, your Committee are of opinion that it is not the province of the Association to endeavor to change this law or these rules, but only to formulate some method of procedure which will protect the bank from loss when payment is made in the manner previously agreed upon with the depositor.

And in considering these joint and trust accounts it is well to bear in mind that in many of the States the amount of each deposit is limited by law, and many of the banks have by-laws limiting the amount.

FIRST—AS TO TRUST ACCOUNTS.

Where a deposit is made by a trustee, and by direction of such trustee payment is made either during the life time or after his death to the beneficiary, the Committee have no information which leads them to believe that in any State the bank will not receive due acquittance by such payment, except in the case of the State of Louisiana and perhaps one other State.

But the Committee would discourage a practice which seems to exist in some localities of the transfer of trust accounts, e. g.: "A in trust for B" to "A in trust for X," unless perhaps, it be done on the joint order of A and B.

In Maine a statute directs,

"Whenever a deposit is made in trust the name and residence of the person for whom it is made, or the purpose for which the trust is created, shall be disclosed in writing to the bank, and the deposit shall be credited to the depositor as trustee for such person or purpose; and if no other notice of the existence and terms of the trust has been given in writing to the corporation, the deposit, with the interest thereon, may, in the event of the death of the trustee, be paid to the person for whom such deposit is made, or his legal representative, or to some trustee appointed by the Court for that purpose."

This statute protects both the bank and the beneficiary, and your Committee recommend that whenever a bank opens an account in trust it require the name and place of residence of the beneficiary, or the purpose for which the trust is created to be disclosed in writing.

SECOND—JOINT ACCOUNTS.

Unless there be a statute or a judicial decision in a State forbidding or making it unsafe for the bank to open joint accounts, your Committee believe that the consensus of opinion among the legal advisers of savings banks in the various States so far as ascertained is to the effect that when a two named account is opened in a proper manner and under proper regulations, and in default of notice of an adverse claim, the receipt of either depositor during the lifetime of both, or of the survivor after the death of one will duly acquit the bank.

But care must be taken to comply with any statutory requirements which may exist; as in New York, that prior to the payment to the survivor notice must be given to the State Comptroller.

In those States which retain the common law doctrine of "estates by the entirety" a deposit made in the names of husband and wife would on the death of either prima facie be payable to the survivor.

And although there is always a possibility of a claim being made that the funds on deposit belong to some person not the survivor, or not the payee as directed by agreement of the parties, yet payment without notice of this adverse claim would seem to protect the bank.

The Legislature of New Jersey at its session in 1906 passed an act which contains the following clause:—  
Chapter 195.—An Act concerning savings banks—

27. When a deposit has been or shall hereafter be made, in the name of two persons, payable to either, or payable to either or the survivor, such deposit, or any part thereof, or interest or dividends thereon, may be paid to either of said persons, whether the other be living or not, and the receipt or acquittance of the person so paid shall be valid and sufficient release and discharge to the bank for any payment so made.

In conclusion:

While the Committee are of opinion that the Maine statute upon the subject of deposits in trust and the New Jersey statute in regard to joint accounts are satisfactory both from the standpoint of the bank and of the depositor, and if enacted in the various States in which any doubt exists as to the advisability of such accounts, would not only protect the banks, but would be a benefit to numberless small depositors, yet the Committee are not satisfied that they have obtained sufficient information to make their report final and conclusive or to recommend the adoption of these statutes as necessary in all the States. Especially, they must not be understood to advise any bank to open joint accounts except under the direction of its legal adviser.

And in view of the probable adoption of a new constitution by the Savings Bank Section at this Convention, they offer the following resolution:—

Resolved:

1. That the Committee on Trust Accounts and Joint Accounts be continued.

2. That each Vice-President of this Association be directed to communicate with every savings bank in his State asking for a statement of the manner in which such bank handles trust accounts and joint accounts and for an opinion from the legal adviser of each bank as to the status and liability of the bank in such State handling these accounts.

3. That the respective Vice-Presidents be directed to transmit these reports to this Committee and that the Committee be directed to collate and digest these statements and opinions and report their conclusions and recommendations to the next Convention.

Respectfully submitted,

Committee { GEORGE C. BURGWIN, Chairman.  
              { W. R. CREER,  
              { JOHN F. FLACK,

EXTRACTS FROM LETTERS RECEIVED BY THE COMMITTEE ON JOINT AND TRUST ACCOUNTS FROM SAVING INSTITUTIONS.

Connecticut.

"In reply to your inquiry relative to our method of opening joint accounts we would say that this bank does not accept joint accounts. We do accept accounts in the name of one person in trust for another which in the event of the death of the party making the deposit as in trust are payable in accordance with the laws of this State, Chapter 122, Sec. 3436, as amended at January session of the Legislature, 1899.

"We are sending you by this mail a copy of the last Bank Commissioner's Report for Connecticut, in the back of which you will find a digest of the Laws governing Connecticut Savings Bank Deposits and the full text of the law above referred to."

California.

"We have referred the matter to our attorney, who has submitted the following forms as being in accordance with the laws of this State. On the enclosed signature card you will find a form which has been in use by this Bank for the past four or five years, and has never been questioned from a legal standpoint. Also find form used in California, which copy came into our possession some time ago, when we were investigating the matter of joint accounts."

"All moneys now or at any time deposited by us, or either of us, with.....to the credit of the above account, are and shall be so deposited by us and received by it upon the following terms and conditions of repayment, namely: that the amount thereof and all dividends thereon shall be paid by.....to us, or either of us, or to the survivor of us, or to the executors, administrators or assigns of such survivor; or upon the written order of any such person so entitled to payment; and without reference to the original ownership of the moneys deposited."

"Pay all or any sum, or sums, of money that are now or may hereafter be deposited with you by either of us and entered in account No..... to.....whichever of us, the undersigned, shall demand and receipt for the same."

"(One depositor; payment during life to either one of persons named or to depositor himself; payment after death to the person appointed.)

FORM NUMBER 1.

"In re..... Savings Deposit Account No..... in my name, pay as my trustee to the individual order of either.....or myself, and in case of my death to the order of....."

"(Husband and wife depositors or any two or more other persons to one account; payment after death to survivor.)

FORM NUMBER 2.

"Pay all or any sum, or sums, that are now or may hereafter be deposited with you by either of us in.....account No..... to the individual order of either of the undersigned, or of the survivor, yourself to be trustee for above purpose during our lives and that of the survivor of us."



**Delaware.**

"Replying to your inquiry, beg to say there is no law in this State regarding joint accounts, but we herewith enclose a form of agreement, drawn up by our attorney, which has been in use with us for several years."

"We.....do hereby agree and.....that the moneys deposited by us, or either of us, to this account is for the joint and several use of us both, is to be drawn upon by each or either of us, and any balance at the death of either of us shall belong to the survivor."

Witness:

.....190

"Referring to your communication, would state that this Institution does not issue joint accounts or accounts in trust, in fact, it does not take deposits except from the individual."

**District of Columbia.**

"We require both parties to be present and to sign in the presence of one another; to first sign on the face of the signature card and in addition are required to sign on back of same, under a joint stamp which we use, which reads as follows: 'Payable to both or either, or the survivor granting each to the other irrevocable power to draw on our joint or several names,' we writing, just above this stamp, the words, 'We hereby agree to the following.' This stamp is also placed on the face of the signature card, in their pass books, and also on our ledger card. We also accept accounts in trust, the parties depositing said funds to either designate the nature of the trust, if they so desire, or they need not, if it is their desire not to do so."

**Illinois.**

"Replying to your letter, with reference to a joint account, we beg leave to inform you that the statutes of Illinois do not permit survivorships. We accept joint accounts, but in the event of the death of either party, the administrator or executor must acquiesce in the division of the funds."

"With reference to accounts in trust, we experience no difficulty, unless the trusteeship is fictitious, in which event, we require proof of ownership."

**Iowa.**

"In reply to your letter, I beg to enclose herewith a form used by this Bank for joint accounts, which was prepared a few years ago by our attorney. He advises us that there is no special statute in this State covering such accounts, and from the best information that we can get, we are of the opinion that this form will protect the Bank, but may not in all cases protect the depositor. In other words, while the survivor may be able to withdraw the money from the Bank, it is possible that under some circumstances he may be compelled to account for it. Therefore, we do not quite like to use the form generally. We find that a good many banks refrain from using any plan of that kind, owing to the uncertainty. At the same time, in practical experience, we are convinced that there is a great need for some such plan that will be safe and protect not only the Bank, but the depositor as well."

"I was in attendance at the convention in Washington and heard the discussion, and am not in sympathy with the views suggested by some prominent bankers, that if we can protect the Bank, it is all we care for."

"I am of the opinion that we should never allow the use of a form of that nature, without advising the depositor plainly as to the possible results. In other words, as Savings Bank managers, we cannot afford to knowingly lead our depositors into trouble, but it seems to me quite possible to devise some plan that will avoid administration and safely and surely carry out the expressed desire of the depositor, for in practice we find many instances where such a plan is desired. If no better plan can be devised, would it not be well to have a statute prepared, covering these matters, and endeavor to have it adopted by the legislatures of the various States?"

"It is hereby understood and agreed by and between the subscribers hereto that the money now on deposit or hereafter deposited, with the.....in the name of..... is the common property of the undersigned, and said Bank is hereby authorized and directed to pay all or any part of said deposits to either of said parties during their natural lives, or to the survivor of either of them after the death of either, it being understood and agreed between the undersigned that upon the death of either subscriber hereto any sum remaining in said joint deposit shall immediately become and be the sole property of the survivor of them, and said Bank is hereby authorized and directed to pay the same to said survivor or order."

Witness

**Kansas.**

"Kansas, at present, has no savings bank law. On small amounts, we take our chances of making them payable to either person. On time certificates of large amounts we suggest that the depositor indorse the certificate to the one he wishes to get it in case of death, and that if both are living at the time it comes due, it then can be indorsed back again."

**Louisiana.**

"We herewith enclose copy of letter from our general counsel, relating to the matter of joint accounts in trust in Louisiana. It has been our practice to dissuade customers, whenever possible, from opening accounts in joint names or in trust."

"Returning you herewith Mr. Burgwin's letter, and referring to our conversation with reference to the information desired by Mr. Burgwin, we can only say, in a general way, that deposits made to joint accounts are apt, in case of the death of either of the joint depositors, to

give rise to serious difficult questions under the Louisiana law of forced heirship. You understand, no doubt, that the law reserves to the children of every marriage a certain portion of the estate of each parent, the portion so reserved being known as the legitimate. And donations inter vivos, or other dispositions which entrench upon this portion, or which are made for the purpose of preventing it being received by the forced heir, are void in this State. So also a donation, which strips the donor of his whole property, is void."

"You will readily see that the law of each particular case would be governed by its fact, and that it would be impossible for us to do more than point out, in a general way, the questions which might arise from such joint accounts and accounts in trust."

**Missouri.**

"As per your favor concerning joint accounts, in savings banks, we beg to enclose herewith the form of the rubber stamp which we use on occasions of this kind. This was prepared by our attorney, who believes that it conforms to the Missouri law."

"Deposited as joint owners, and payable on order of either, on death of either, survivor is entitled to same."

**Maine.**

"In the Banking Law Journal, of September, 1900, in a series of articles on Alternative and Trust Deposits, will be found a detailed report of decisions in this State. I am not aware that there have been any later cases of this character before our courts."

"Section 19 of Chapter 48 of the Revised Statutes of Maine is as follows:

"\* \* \* Whenever a deposit is made in trust the name and residence of the person for whom it is made, or the purpose for which the trust is created, shall be disclosed in writing to the bank, and the deposit shall be credited to the depositor as trustee for such person or purpose; and if no other notice of the existence and terms of a trust has been given in writing to the corporation, the deposit, with the interest thereon, may, in the event of the death of the trustee, be paid to the person for whom such deposit was made, or to his legal representative, or to some trustee appointed by the court for that purpose. \* \* \*

"The bank with which I am connected formerly opened joint accounts. The object was to avoid delay and expense of administration in case of death. The practice gave rise to troublesome questions, turning mostly on the survivor's title to the fund, and was discontinued several years ago."

"We still continue to open trust accounts in accordance with the above statute, or in accordance with written declarations filed with the bank."

"There are no laws in the State of Maine relating to joint accounts which we can find, we are of the opinion that the several Banks use their own discretion in the matter. We know that the Banks do take joint accounts and our own method is as follows: All joint accounts are written payable to A or to B or to the survivor, it being distinctly understood in each instance that either A or B can draw on presentation of the book and on the death of one or the other the account becomes the property absolutely of the one surviving. We are careful to have this matter distinctly understood by both parties interested in the account. We have never yet had any trouble arising from such an account."

**Maryland.**

"The Courts of Maryland have decided that in the case of 'joint accounts' when the first party named therein dies, the fund does not necessarily revert to the second party named (where there is a contest), it being held as an 'incomplete gift.'"

"The form for the 'trust accounts,' on the contrary, has been held by the Courts as being sufficient to pass title to the survivor upon the death of either—being in the nature of trust."

"John Smith and Mary Smith, subject to the order of either and the survivor."

"This form we use only on special request, never advise it."

"John Smith, in trust for himself and Mary Smith."

"Joint owners, subject to the order of either, the balance at death of either, to belong to the survivor."

**Massachusetts.**

"We do not now open joint accounts or accounts in trust. These last, of which we have perhaps seventy-five, we have not required depositors to withdraw, as in some cases it would work a hardship, but have advised them to do so. Where the trustee dies we require a receipt from his administrator or executor, and from the person for whom he was trustee or their administrator or executor. We do not believe that it is safe under our present laws or the decision of the Courts here to open accounts either in trust or jointly."

"The only statute I know of relating to such accounts is Section 39, Chapter 113, of the Revised Laws. Sections 42 to 45 of the same chapter relate to special trust funds which I think are not being considered by you. I assume that you have a copy of the Revised Laws. Some months ago I looked up some decisions and found none that covered this subject."

"The methods of the different savings banks are varied. This bank does not now open joint accounts and discourages trust accounts except in such cases as seem entitled to the accommodation. I think that the simpler the title to the account the better for all parties."

**Michigan.**

"We do not understand that there is any law in our State governing joint accounts nor have there been any decisions concerning strictly joint accounts."

"It is our practice in cases where an account has already been opened in a single name and the owner desires to change it to a joint account, to take an order like the form enclosed, and stamp the pass book and ledger account thus: 'Joint account during life, either may deposit or draw. Balance payable to survivor in case of death,' and take the signatures of both parties to the account. With a new joint account we proceed in the same manner without the order."

"In cases where a depositor wishes some one else to have power to draw on his account we take a power of an attorney like blank



enclosed, the right thereunder of course ceases at death of the depositor.

"We dislike joint accounts for reason that we consider them open to question and dispute, but their toleration is imperative."

"I hereby appoint.....as my true and lawful attorney, in my name, place and stead, to deposit on, or draw from my account No..... in..... moneys, drafts, checks, etc., in such amounts and at such times as he may desire, but not meaning hereby to in any manner subrogate or surrender my own right to revoke this order or to deposit on or draw from said account as I may desire, which right I hereby reserve."

"The.....will please place the name of.....in connection with my own, on account No....., making it a joint account during life, either one to have full power to deposit thereon or draw therefrom, and the balance payable to the survivor, in case of death. Revocable only by consent of both parties, in writing, and on presentation of the Pass Book."

#### Minnesota.

"We have no special law on Joint Accounts, nor Accounts in Trust, we being governed by the general laws concerning the same."

"We have quite a number of joint accounts and accounts in trust, but exactly how they are to be treated under the Minnesota Statutes is somewhat uncertain. I was hoping that a uniform law might be formulated by the Committee which would answer for several States, with very clear provisions as to this class of accounts."

#### Montana.

"Montana has no laws on the subject of Savings Joint Accounts and Accounts in Trust."

#### New Hampshire.

"We cannot find that there is any special legislation to cover joint accounts or accounts in trust in savings banks by the Legislature of this State.

"As regards the joint accounts, it is our custom, adopted by advice of the late Hon. J. S. H. Frink, who was a leading attorney in this State, to accept such accounts in the name of both parties, payable to either. Mr. Frink informed us that such form would not require administration, and the Bank would be safe in making payment to the survivor.

"Accounts in trust are opened in the name of the party, or parties, as trustee for party, or parties, in trust, and such accounts are payable only to the trustee. If there are any restrictions in connection with the trust such restrictions are entered on the account as an order."

"I have the satisfaction at this moment of having recently received a copy of a revision of the Savings Bank Laws of this State, and having a duplicate copy thereof, I herewith mail you the same under separate cover. I would call your attention to Chapter 195, Page 356, which covers everything now in force in the State of New Jersey, relating to joint accounts and accounts in trust.

"Of course, as you know, there have been various decisions, some of them conflicting with each other, in this and other States, of which it will not be necessary to inform you, as your Committee is already in possession of these facts."

#### New Jersey.

"Deposit in trust.—Whenever any deposit shall be made by any person in trust for another, and no other or further notice of the existence and terms of a legal and valid trust shall have been given in writing to the bank, in the event of the death of the trustee, the same or any part thereof, together with the dividends or interest thereon, may be paid to the person for whom the said deposit was made, or to his legal representatives; provided, no minor shall withdraw any deposit in his name from any account in which the first deposit was actually made by any person other than such minor, without the consent in writing of the person actually making such deposit, or his legal representative, if any, and if none, without the written consent of the natural or legal guardian of such minor."

"Joint Deposits.—When a deposit has been or shall hereafter be made in the name of two persons, payable to either, or payable to either or the survivor, such deposit, or any part thereof, or interest or dividends thereon, may be paid to either of said persons, whether the other be living or not, and the receipt or acquittance of the person so paid shall be a valid and sufficient release and discharge to the bank for any payment so made."

#### New York.

"In the case of husband and wife we stamp pass book—'Either and the survivor to draw.' In the case of any other persons—'This account and all money to be credited to it belongs to us as joint tenants, and will be the absolute property of the survivor of us; either and the survivor to draw.'"

"In reference to joint accounts, the Savings Bank laws of this State are silent. The only law of which I am aware, affecting accounts of this sort, is a section of the Transfer or Inheritance Tax law, which requires the Bank, in case of the death of either of the parties named in the account, to give ten days' notice to the State Comptroller before paying the survivor, or anyone claiming under the account, or to secure from the Comptroller a waiver of such notice.

"According to the terms of this law, any bank failing to give such notice or secure such waiver is liable to a fine of \$1,000, besides being required to pay the tax chargeable against the amount of the account. If the account is taxable. In making payments under accounts of this description, we require the party making the withdrawal to certify that the other party named in the account is still living, thus endeavoring to assure ourselves, as far as possible, that both of the parties named are living at the time of making any such withdrawal.

"This Bank requires, before making the account payable to any

party other than the one first named in the account, a written order from the apparent owner of the deposit, requesting us to give the other party equal authority with such apparent owner to control the accounts of this sort, in case of the death of one of the parties named in any such account, have given rise to considerable litigation to determine the actual ownership of the balance remaining in such account at the time of any such death.

"In reference to the matter of deposits in trust, we would say that the law relating to such deposits is as follows: 'When any deposit shall be made by any person in trust for another, and no other or further notice of the existence and terms of a legal and valid trust shall have been given in writing to the Bank, in the event of the death of the trustee, the same, or any part thereof, together with the dividends or interest thereon, may be paid to the person for whom the deposit was made.'

"In accordance with the law above stated, we endeavor to open all accounts of this nature strictly in compliance with the law, as to the wording and all particulars.

"In case of the death of any trustee named in any such account, and the beneficiary named happens to be a minor, we usually require the appointment of a guardian for such minor, unless the amount of the account is small, providing it is desired to withdraw the whole or any part of any such account before the beneficiary arrives at his or her majority.

"Accounts of both the descriptions above named have occasioned more or less trouble in the case of the death of one of the parties named in the joint accounts, and in the case of the death of the trustee in trust accounts, and for this reason, under existing conditions, this Bank does not encourage the opening of accounts of either of the above classes."

"I beg to enclose a copy of the report made to the Executive Committee of the New York Savings Bank Association:

"New York, October 25, 1905.

"To the Executive Committee of the New York State Savings Bank Association:

"As a Committee appointed to consider the subject of two-name accounts, I beg to submit the following report:

"In the first place it is not our province to take any action as to property rights in savings bank deposits. The ownership of such deposits is always subject to dispute like any other property; and this is true even when the account is in the plainest form of one name. What we should seek to do is to establish such regulations that if we abide by them our duty in paying out the money shall be unmistakably pointed out and the course so taken shall fully protect the bank against further claims.

"As to that class of two-name accounts known as trust accounts, we are now in excellent position, thanks to the recent decision of the Court of Appeals in the Totten case. This decision, although some lawyers call it legislative rather than judicial, is a beneficent one and merely confirms the view always taken by most savings bank officers, and the intent of most depositors in trust, namely, that, broadly speaking, the payment to the trustee while living, and to the beneficiary after the trustee's death was valid and effectual to protect the bank.

"An attempt was made years before to effect this same purpose by an amendment to Section 114 of the Banking Law, but was frustrated by the opposition of a distinguished member of our Association.

"Our principal concern, however, is now with accounts of two names where the dominion of the two parties is concurrent during the life of both, not successive as in trust accounts.

"These accounts are usually in the form 'A. B. and C. D., payable to either.' Sometimes the conjunction 'or' is substituted for 'and,' but in my opinion no conjunction is necessary; it is better, in order to convey the idea of equal partnership, to say simply, 'John Smith—Mary Smith, payable to either.'

"During the life of both co-depositors, I think the banks have been uniformly protected (unless notified of adverse claims) in paying to whichever of the co-depositors presented the book. It is on the death of one of them that the peril would arise, and to obviate this it has become customary to add the words 'or to the survivor.'

"This form, which is unmistakable as to its intent, at least to the layman's mind, is certainly one which many depositors desire and which is in a vast number of cases very beneficial to the co-depositors. In case of sickness or death, which are the very contingencies they desire to provide against, the fund is ready to be drawn upon for the expenses sure to arise, and without any of the formalities which are especially harmful on such occasions. If the co-depositors wish this arrangement and unmistakably express their wish, why can we not safely grant it?

"They should, however, be actually co-depositors. There is an element of uncertainty introduced in the cases cited in Mr. Rainey's paper read before us a few years ago, where there was one original depositor who requested the second name to be added. The Court seemed to delight in finding a way to divert the funds away from this added person. I think it is safer, therefore, never to add a name, if it can be avoided, to an existing account. Let the transaction, so far as the bank knows, be on absolutely equal terms as to both; let the parties come together with clean cash, and sign a joint declaration to the effect that 'WE desire to open an account payable to either of us or to the survivor.'

"I would recommend that this declaration be formulated by each bank in invariable words. The above form, it seems to me, is exact and intelligible; doubtless many other forms would be equally so. I would not recommend a long contract couched in legal, or rather lawyerlike, terminology, which is so intricate that one would be compelled to doubt whether the signer understood it.

"Having established a formula for all such cases, we can go a step further by confirming it in our by-laws. A reading of the decisions in savings bank cases will convince you that the Courts are much more ready to uphold a by-law which makes a general contract with depositors, than a special understanding evinced by the title of an account, or otherwise.

"I suggest the following form of by-law as effective, though perhaps not the best.

"When an account stands in the names of two persons as co-depositors, who have authorized the words 'payable to either or to the survivor' or other words to the same effect to be added thereto,



then payment to either depositor shall be a full discharge to the bank, whether the other co-depositor be living or not."

"It seems to me that adopting a by-law of this character is not only much easier than obtaining legislation at Albany, but more effective as, if the ingenuity of the Courts continue to evade its provisions, we can again change the wording. And those banks which do not think it necessary can simply stand pat.

"While on this subject of by-laws, it might be remarked that the regulations for transacting business with depositors are differently expressed in the by-laws of various banks. Hardly any two precisely agree even if their intent is identical, and the Courts are compelled to rule differently in analogous cases. It would seem a proper task for our association at some proper time, to compare these wordings and the decisions upon them and, if practicable, recommend a standard form for such sections as are of the same scope.

"To resume my suggestions as to two-name accounts.

"1. Adopt an invariable form.

"2. Have it assented to in writing by both co-depositors simultaneously.

"3. Never change a single name to a double name account, or vice versa.

"4. If thought advisable, adopt a by-law interpreting your form.

"5. Let the Legislature alone."

#### Ohio.

"Upon looking into the question that you inquire about I find absolutely nothing in the laws of this State. The statutes provide that the board of directors may prescribe the rules and regulations for receiving deposits, which rules and regulations shall be printed in the pass book and any alterations thereof shall not be binding on deposits previously made. This is all that I can find on the subject. Whether it would be competent for an institution to prescribe a complete system of rules for joint accounts and accounts in trust, and whether such rules, if established, would be upheld by the courts is a question that I would not be able to answer. Our laws regarding banks and deposits are in an exceedingly unsatisfactory condition, but for anything that I have seen yet each institution has to make its own rules and take its chances on whether the rules would stand or not if tested in the courts."

#### Oregon.

"There is no statute law in Oregon covering these accounts. Our Counsel rather assumes the opinion that the common law would govern.

"It is our custom to take such accounts in the following way:

"John Smith and Mary Smith, joint owners, payable to either of them, either before or after death of the other."

"Our Counsel thinks that this would make the account a joint and several one and that consequently payment to the survivor would not be in violation of the common law."

"The State of Oregon has no law in reference to joint accounts or accounts in trust, but they are agitating such a banking law at the coming session of Legislature, but what it will amount to, I do not know."

#### Rhode Island.

"I think there is now in our State governing accounts in savings banks whether single or joint accounts. The rules of most of our banks are to take joint accounts and accounts in trust, but as there has been a number of instances where trouble has been caused by such accounts, the larger banks are taking as few as possible, refusing many. With our bank we have taken accounts in both ways, the joint accounts being a great convenience many times to the depositors. Our rule has been to stamp on such accounts and on the pass book, 'Payable to either or survivor.' The accounts we take often where parents make deposits for their children making themselves trustee so they may handle the funds, but we believe it is not really a safe way to do in either case as there is a liability for such deposits to make more or less trouble for an institution and that gradually the different banks will get out of this method of deposit, taking them in single names only."

#### South Carolina.

"I quote our Solicitor's opinion upon the accounts in question as they are regarded in this State from the standpoint of the Law:

"I would say that we have no statute law on the subject in this State, as to joint deposits no decisions, as to deposits in trust everything depends upon the facts of each case; we have one decision which is important as throwing light on this subject, viz.: Gary vs. Bank, 26 S. C., 538. In this case Gary the Guardian of infants deposited money in Bank to his credit as Guardian and then died, held that Gary's Executor wasn't entitled to recover from the Bank the amount of these deposits, as it was no part of the assets of Gary's Estate, but assets of the wards' estate. In this case the cases on the subject were reviewed.

"My advice is as far as possible to avoid taking deposits that are likely to lead to questions. Since the Gary case I have always advised that if a deposit account is opened in the name of one as Executor, Guardian or Trustee, etc., for another, that it be expressed in the deposit the character of the relation so that in case of the death of the party, the Bank can know who is his successor in office."

"We have not opened joint accounts for many years except where the signatures of both parties are required to draw. The joint account of husband and wife or either of them is a very vexed one and we all wish that it could be settled upon some sound basis; the question of either dying and one or both of them having been married before and the possibility of there being two sets of children to participate certainly complicates the matter very much and we have avoided them in consequence, but are constantly asked to open them. We sincerely trust that your Committee will be enabled to adjust the same in some way. Some Banks here use a form of agreement, but I question if it would hold in law."

#### South Dakota.

"We have absolutely no law in South Dakota regarding Savings Banks. The Savings Banks are operated under the South Dakota State Banking laws."

#### Tennessee.

"Replying, will say we have no special legislation upon this subject, in fact, the only legislation pertaining to the matter is an Act

by our Legislature authorizing State Banks to act as guardian, trustee, executor, etc., setting forth their compensation and the manner in which they shall invest their funds—copy of which I inclose herewith.

"As to the question of accounts in trust, joint accounts, etc., each Bank has its own method of handling such matters. Where a Bank holds funds in trust for minor heirs or any other purpose under appointment by Court, it must report every two years the status of such fund, and before it can be relieved of its responsibility, a final settlement must be made and approved by the Court.

"It is the general rule with most Banks of which we have any knowledge that they carry joint accounts as one account, allowing either party to draw same, taking the account with the understanding that it is to be handled according to agreement between the depositors and the Bank.

"If there is any other point on which you would like more specific information, kindly advise us and we will look into it more thoroughly. This State seems to be lacking in respect to laws governing Trust Companies and Savings Banks, but we are hoping in the near future to have such legislation as will define their rights and privileges."

#### Utah.

"Our laws are silent upon this subject; but our custom has been to open an account in the name of A. B. or C. D. and allow either person to withdraw the same, and in case of death to allow the survivor to withdraw the same. So far we have never had the same questioned, and cannot say what our courts might rule relative thereto. In case where a fund is placed in the name of A. B. as Trustee for another person (naming the person), and the Trustee should die, we allow the person in whose name the money was placed as beneficiary to withdraw the same; but where the Trustee is alive we insist upon the Trustee giving us a receipt for the amount."

#### Vermont.

"We have no law referring to joint accounts, but our law provides that we may take money on deposit in the name of one party as trustee for another, and in the event of the death of the trustee, may pay the money to the party for whom it is deposited in trust. So we have been in the habit of opening joint accounts in the name of one of the parties in trust for the other, taking an order from the trustee allowing us to pay the whole or any part of the account to the person for whom it is in trust, which makes the account payable to either during the life of both, and in the event of the death of one it is payable to the other. I enclose form of order.

"The law also meets the requirements of many depositors who desire to have the control of their deposit during life and in the event of death desire to have it go to the person for whom it is in trust without going through a settlement of estate. Where it is simply deposited in trust for another, it is payable only to the trustee during the life of the trustee."

"You will please open an account in my name, payable to me TRUSTEE for my.....and you are hereby authorized to pay the whole or any part of same at any time to said....."

#### Virginia.

"We beg to hand you herewith a letter from the attorney of our Virginia Bankers' Association, which we think will give the desired information. With reference to the opening of joint accounts in our bank, beg to say that we have very little formality. We just open the account in the names of the two parties and take the signature of each party in order that the checks may be drawn on either signature."

"I have your letter of the 19th, enclosing one from Mr. George C. Burgwin, of Pittsburg, asking for information as to the present law in Virginia, concerning joint accounts and accounts in trust.

"In reply I would state that there is no statute in Virginia which bears upon these subjects. The relations between a depositor and the savings bank depend altogether upon the contract made at the time of the deposit. Joint accounts may be opened subject to the credit of a trustee, he may withdraw the same upon his check as such, unless notice of the existence of a lien of an execution, or process of injunction or other judicial ordering equivalent thereto, be duly served upon the bank. The bank cannot honor the check of the beneficiary of the trust, without the signature of the trustee.

"The question of the methods used in opening and adjusting such accounts as suggested in Mr. Burgwin's letter, is one especially within your knowledge, to which you will doubtless respond."

#### Washington.

"I write to suggest that probably the best way of dealing with the entire subject would be to prepare a Statute for passage in the different States, setting forth the conditions on which the Banks would like to have Joint Accounts opened. I consider the subject of great importance, particularly in its survivorship feature, and believe that satisfactory legislation would result in a large increase in Savings Accounts upon its being made known that money could in this way pass without probate proceedings. It would probably be necessary to fix a maximum for any particular account. In the Post Office Savings Bank system of Great Britain the maximum is £100 but it could probably be twice as much in this country."

#### West Virginia.

"There is no law in this State regulating joint accounts and accounts in trust. Our action in the handling of such accounts is based entirely, by such arrangements as may have been made with the depositor or depositors, at the opening of an account."

"Will say as to trust accounts, they are kept on our trust ledger. These funds are only handled in trust for estates and general fiduciary funds. They are kept separate and distinct from our regular banking funds and are loaned on first mortgage and real estate loans, or high grade bonds. As to joint accounts in our savings department, they are kept on the savings ledger and are handled in accordance with the understanding or contract of the opening of the account by written agreement; if a joint account without agreement both parties must sign check, or by written agreement either party can sign check."



On motion of Mr. Rother, duly seconded, the report was received, and the committee continued.

The President: Gentlemen, we have with us to-day one whom you all know—one who is well known all over this country—one who presided over our meetings for a time, than whom there is no better posted man in the savings bank business—a gentleman whom the citizens of his own town have honored, and whom the citizens of his own State have honored—Governor Herriek. He is with us to-day and will now address you. (Applause.)

Governor Myron T. Herriek: Gentlemen, it is a great pleasure for me to be with you again. For the last two or three years I have been unable to meet with my friends, the bankers. I am glad to be back again among my old friends in the association.

**"The Educational and Practical Work of the Savings Bank Section," by Myron T. Herriek.**

[Mr. Herriek's paper in full will be found on pages 172 to 173 of this publication.]

The President: Gentlemen, I am sure you all will agree with me that we are deeply indebted to Governor Herriek for this splendid address which he has given us.

On motion, duly seconded, a standing vote of thanks was accorded Governor Herriek for his able and interesting address.

At this point the President announced the appointment of the following committee on nominations: Charles B. Mills, J. R. Noel and E. L. Robinson.

On motion, duly seconded, the convention took a recess until 1:30 p. m.

### AFTERNOON SESSION.

The convention assembled for the afternoon session and was called to order by the President, as follows:

The President: Gentlemen, it is half an hour after the time appointed for reconvening, and I think we had better proceed with our business.

We have several papers to be presented this afternoon, among others, one on "Judicious Advertising for Savings Banks," prepared by Mr. F. R. Morison, of Cleveland. Mr. Morison is unable to be with us, but his paper has been handed to Mr. Creer, and we will ask Mr. Creer to be good enough to read it to us.

Mr. Creer: Pardon me for a word. I regret exceedingly that Mr. Morison could not be here to read his paper in person. I know with what great ability and zeal he is pursuing his chosen profession, and also I know what a large measure of success his work is meeting.

**"Judicious Advertising for Savings Banks," by F. R. Morison**

[Mr. Morison's address in full will be found on pages 170 to 171 of this publication.]

The President: Our next paper is on the "Sociology of Savings." We are fortunate to-day in having with us Mr. Geo. E. Allen, Professor of New York University.

**"Sociology of Savings," by George E. Allen.**

[Prof. Allen's address in full will be found on pages 168 to 169 of this publication.]

The President: Gentlemen, we are very much indebted to Mr. Allen for this address, and I think it will be perfectly proper that a vote of thanks be extended to him for it.

(On motion, duly seconded, a rising vote of thanks was tendered to Mr. Allen for his able and instructive address.)

The President: Our next paper is one that should be of especial interest to the savings banks, namely, "System in Savings Banks." This paper has been prepared by Mr. Hayden. Unfortunately he will not be with us to-day, and the paper will be read by Mr. E. L. Robinson.

**"System in Savings Banks," by William M. Hayden.**

[Mr. Hayden's paper in full will be found on pages 169 to 170 of this publication.]

The President: Gentlemen, I am sure you will all find something new and something for your serious consideration in this address. There are many suggestions in it which are new to me, and I predict that Mr. Hayden and

Mr. Robinson will receive quite a number of inquiries for forms and information on "System." I know that we will all await anxiously the printed report so that we may be able to make use of this and study it out very carefully.

I think our thanks are due to Mr. Hayden for the preparation of this paper, and to Mr. Robinson for the reading of it.

(On motion of Mr. Dinwiddie, duly seconded, the thanks of the convention were tendered to Mr. Hayden for the preparation of the paper just read, and to Mr. Robinson for presenting it to the convention.)

The President: Our next paper is "Evolution of the Depositor's Ledger," prepared by our former chairman, Col. Sprague. I regret very much to say that he is unable to be with us to-day, but I know that he is with us in spirit, and that the very best of reasons no doubt keep him at home. We will ask our Secretary to read this paper.

The Secretary: In reading this paper, when you see it in print, your attention will be drawn to the fact that Col. Sprague has used the "simplified" spelling. He is a member of the Simplified Spelling Board, and if I make any mistakes in reading the paper, you will know where they come from. I am not very familiar with this peculiar style of spelling as yet. (Laughter.)

**"Evolution of the Depositor's Ledger," by Col. Chas. E. Sprague.**

[Col. Sprague's paper will be found in full on pages 167 and 168 of this publication.]

The President: I am sure a good many of you will appreciate the trials and tribulations attending the use of the old style ledgers, particularly those of us who have been bookkeepers, and have had to transfer from one page to another, and from one book to another, and they have welcomed, and will welcome the changes that have come about, and are about to come about in bank bookkeeping.

I think we are indebted to Mr. Sprague for this paper, and I am sorry that he is not here, that we can thank him in person.

On motion of Mr. Flaek, of Omaha, duly seconded, a vote of thanks was tendered to Mr. Sprague, as well as to the Secretary, for the preparation and presentation of the paper.

The President: Another paper that we will be especially interested in, particularly those who have savings departments in any institution not strictly a savings bank, is entitled "The Savings Department of a Trust Company."

**"The Savings Department of a Trust Company," by Thornton Cooke.**

[Mr. Cooke's paper in full will be found on pages 165 to 166 of this publication.]

The President: Gentlemen, you will agree with me that Mr. Cooke's paper contains a great deal of food for thought, and it is something that we will all profit by.

On motion a vote of thanks was tendered Mr. Cooke for his valuable paper.

Our next paper is on the subject of "The Legal Aspects of Payments to Survivor of Joint Account."

We are honored to-day by having with us one who is well known to you, and who has addressed us before. Some of you are personally acquainted with him, and those who are not are well acquainted with his magazine, The Banking Law Journal.

We have with us Mr. Thomas B. Paton, who will address us on the subject mentioned.

**"Legal Aspects of Payment to Survivor of Joint Account," by Thomas B. Paton.**

[Mr. Paton's paper in full will be found on pages 164 to 165 of this publication.]

Mr. Burgwin: Mr. Paton is correct in assuming that the committee were of the opinion that the New Jersey statute is a good one; the only doubt in their minds was as to whether or not it was possible or desirable for the Committee to recommend to the convention that an effort should be made to pass that statute in all States.

The information the committee received was to the effect that in a large majority of States such a statute is not necessary, and not desirable, because the laws and the



decisions of the States—a great many of them—provided for that—the same thing that has been accomplished in New Jersey.

A great many States, as a rule, we are informed, have settled this matter without the necessity of such a statute. In New Jersey it may be necessary to have that statute.

It was for the purpose of acquiring further information with regard to the various States, in order to make a better recommendation, and a more comprehensive and satisfactory one, that the committee thought it desirable that their efforts should be continued for that purpose—for the purpose of obtaining more light on the subject.

The President: Are there any further remarks to be made on this subject?

Mr. Johnston: I would suggest, since we have been rather generous in our words of thanks and praise of the various gentlemen who have favored us to-day, that a vote of thanks be tendered Mr. Paton. It must be apparent to the membership at large that a great amount of work has been done for this Section by Mr. Paton without any compensation at all. He has been General Counsel for the Executive Committee, and I think the thanks of this association should be tendered to him in recognition of his untiring efforts in our behalf.

Motion seconded and carried.

Mr. Burgwin, of Pittsburg, Pa.: Mr. President, I would like to offer this resolution, and move its adoption:

"Resolved: That the portion of the President's address relating to a uniform system of auditing the accounts for savings banks be referred to a Committee of three to be appointed by the President to examine the matter, and if in their opinion practicable, devise and recommend such system to the next Convention."

It seems that this is a matter which this Section can go into with great profit to the banks throughout the country. I think it would be a good thing to have that committee appointed, as suggested.

Motion seconded and carried.

The President: It would seem proper at this time to throw the meeting open for any remarks or suggestions on the papers presented to us to-day. We have had no discussion about them at all, on any of these subjects. There may be some members who may wish information, or who may be able to say something to us that will enlighten us. Therefore, if any member has anything to suggest at this time, the opportunity is now given.

Mr. Johnston: In the course of Gov. Herriek's address this morning my attention was called to the lack of laws governing particularly savings banks in some of the States. He confessed that Ohio is a very serious offender in that respect. I know that outside of New York, Massachusetts and Michigan, the laws with regard to savings banks are deficient in one particular or another; either in the protection that they afford to the depositor, in the care and receipt of deposits, or in the care of the investments. I had occasion to look into the subject a while ago, from Michigan, and I find but one State—or I found but one, at that time—that had any restrictions in regard to the safe investment of funds deposited, which was of any benefit. That was New York. Massachusetts has since taken that up, and it has been amended. Michigan has a law that is as severe as New York, if not more so. In view of the fact that there may be some few States that have no laws, I offer this resolution, and move its adoption:

"Resolved: That the Vice-Presidents of the different States be, and they are hereby instructed to report to the Executive Committee whether the existing laws in their respective States are sufficiently broad and comprehensive to protect savings depositors, and in the event of insufficiency, that the Executive Committee be, and they are hereby requested to lend all possible aid to bring about the enactment of such laws at the earliest possible moment."

(Seconded.)

The President: Gentlemen, you have heard the resolution which has been duly seconded; are there any remarks to be made on the question?

Mr. Rother: Mr. Chairman, I would like to say in this connection that you will see that there are more States

that have no laws governing investments than those that have. We have attempted in Maryland for the last ten years to get such laws, and we have not been able to get any good results. There is nothing on our statute books to this day looking to that end. I am satisfied that the other States will report exactly the same state of affairs. I do not see what can be accomplished. I do not think that the Savings Bank Section of the American Bankers Association can bring any pressure on the banks of the various States to get them to have laws passed regulating their action. I entirely agree with the remark made by Governor Herriek this morning that, as a rule, the experience of the management of savings banks has shown that the conservative part of the board of directors of those various institutions is safer than the State laws. I do not mean to disparage the enactment of State laws; my experience and observation coincides with that of Governor Herriek. I believe that will entail considerable labor upon the Vice-Presidents and upon our Secretary, and there will be no result attained.

Mr. Teter: It is just possible that it will take us a long time to bring about these reforms, but I think that when the reforms are brought about they should be brought about by the people who are experienced. The American Bankers Association itself, through its separate Sections, stands for a good many things, but if it stands for anything, it stands for united efforts along the lines of reform. And while, as the last speaker has said, it may be a slow process, I feel that it will be good for banking legislation in the several States when it has been brought about. I think it is the part of the bankers in these several States to assist in making that legislation effective. In Illinois there have been some recent occurrences that have brought the banking legislation very much to the front, and our very much respected Governor called the attention of the Illinois banks at a recent convention to the fact that some reform legislation would have to be passed, and he said: "Gentlemen, it remains to you to make this legislation. It is either for you or the people of our State to make it."

Now, the thought that I want to put forward with reference to regulating this matter is just that. I think we ought to find out in the different States what the needs are, through the Vice-Presidents, and through discussions before our Executive Committee; men will come from New York and from other States with well tried and well seasoned laws, and the members of the committee will carry the news back to their own States, and those men who are in touch with the older legislation, will go into their State associations, and spread the matter there, and I think in that way it will bring about the reform.

I think it will be the means of stopping a good deal of spurious and foolish legislation, with reference to banking matters. (Applause.)

Mr. Creer: Mr. Teter has covered the ground; he has said almost what I had in mind; I simply want to emphasize what he has already stated, that it is an educational force which is behind the discussions of these questions, and that is what we will have to look to to frame future legislation. I do not know—I have not tried to analyze the process by which New Jersey came to pass this law on joint accounting and survivorship ownership, but I would not be at all surprised if the discussion of these questions in the Savings Bank Section of the association in the past two years was not materially the cause of the enactment of just that law.

If these things are brought up and they are made the subject of approval and discussion in this Section and in the American Bankers Association at large, we all of us know that the enterprising legislator is very earnestly on the alert to fasten on to something—he has his finger on the pulse of the public, which will indicate that it is going to be a popular thing, and along the line of reform.

These reforms now in banking legislation in the various States are going to come as the natural evolution of the wave of honesty and reform which seems to have its center



in the splendid achievements of our present President, and Governor of the State in which we are holding our convention at the present time, and it is going to be popular to be good—it is going to be popular to have good laws, and to see that they are enforced.

Mr. Newkirk: In view of the fact that such few States have such laws, I think it will be a comparatively easy matter to have some uniform laws passed by the various State legislatures, taking the New Jersey law as a pattern. That has received the commendation of this convention to-day, and it also meets with the approval of our friend Mr. Paton. It is a simple law, and a good law. I think there would be no difficulty in having it passed in the various States.

Mr. Creer: Let me say in answer to the statement of the gentleman who spoke a while ago, that in the State of Louisiana, for instance, such a law as has been enacted in New Jersey could not obtain, as it would go contrariwise to a fundamental old French law, which stands in that State—a law of heredity thereunder by which a man cannot be deprived of his estate as an heir, in any respect.

Mr. Johnson: I did not intend to confine the question of legislation to the joint account; my resolution was intended to cover the broad field of protection to investment. I was not referring to this particular subject of joint account.

Mr. Johnson's resolution was then put to vote, and carried unanimously.

The President: Now, gentlemen, if there is no further business to be presented, or any further remarks on other papers that have been presented, we are ready for the report of the Committee on Nominations.

#### Report of Committee on Nominations.

Mr. Mills of Iowa made the following nominations:

President—G. Byron Latimer, Esq., Secretary Irving Savings Institution, New York.

First Vice-President—Lucius Teter, Esq., Cashier Chicago Savings Bank & Trust Co., Chicago.

Three members of Executive Committee, to take place of three retiring members:

Wm. R. Creer, Esq., Secretary Cleveland Savings & Loan Co., Cleveland, Ohio.

Wm. F. Burns, Esq., Cashier Williamsburgh Savings Bank, Brooklyn, N. Y.

H. L. Chapman, Esq., Vice-President People's Savings Bank & Trust Co., Moline, Illinois.

#### VICE-PRESIDENTS, 1906.

Alabama: M. Cody, President Union Bank & Trust Co., Montgomery.

California: C. C. Ames, Treasurer Union Savings Bank, Redlands.  
Connecticut: W. F. Walker, Treasurer Savings Bank of New Britain, New Britain.

Delaware: Wilmer Palmer, Wilmington Savings Fund Society, Wilmington.

Illinois: M. H. Greenebaum, Cashier Illinois State Savings Bank, Pontiac.

Iowa: J. H. Hass, Cashier Scott County Savings Bank, Davenport.

Maine: E. A. Noyes, Treasurer Portland Savings Bank, Portland.

Maryland: Robt. M. Rother, President Hopkins Place Savings Bank, Baltimore.

Massachusetts: F. W. Stone, Treasurer Somerville Savings Bank, Somerville.

Michigan: George E. Lawson, Cashier People's Savings Bank, Detroit.

Missouri: T. Cooke, Treasurer Fidelity Trust Co., Kansas City.

Montana: G. L. Ramsey, President Union Bank & Trust Co., Helena.

New Hampshire: J. E. Fernald, Vice-President Loan & Trust Savings Bank, Concord.

New Jersey: C. S. Shultz, President Hoboken Bank for Savings, Hoboken.

New York: J. B. Currey, President Metropolitan Savings Bank, New York.

North Carolina: W. L. Scales, Cashier Richmond County Savings Bank, Rockingham.

Ohio: E. Wiebenson, Treasurer United Banking & Savings Co., Cleveland.

Oregon: B. I. Cohen, President Portland Trust Co., Portland.

Pennsylvania: J. S. Taylor, Treasurer New Castle Savings & Trust Co., New Castle.

South Dakota: H. R. Dennis, President Sioux Falls Savings Bank, Sioux Falls.

Tennessee: J. H. Smith, Secretary and Treasurer People's Savings Bank & Trust Co., Memphis.

Vermont: C. P. Smith, President Burlington Savings Bank, Burlington.

Virginia: R. M. Kent, Jr., Cashier Capitol Savings Bank, Richmond.

Washington: E. Shorlock, President Northwest Trust & Safe Deposit Co., Seattle.

West Virginia: H. C. Harvey, Cashier American Bank & Trust Co., Huntington.

Wisconsin: H. A. Van Oven, President Beloit State Bank, Beloit.

On motion, duly seconded, the rules were suspended, and the Secretary was authorized to cast the ballot of the convention in favor of the officers nominated by the Committee on Nominations.

The President: Gentlemen, the Secretary's ballot is favorable. I think the section is to be heartily congratulated on the selection of these officers. Mr. Latimer was chairman of the Executive Committee and has been a very hard worker. The present chairman of the Executive Committee, whom you have just elected Vice-President, is a good second to Mr. Latimer. In fact, I hesitate to put either one of them first. Mr. Latimer having been elected as President, I will now resign my office to him and will ask him to come forward. (Applause.)

Mr. Latimer (assuming the chair): Gentlemen, I thank you for this honor. I appreciate it very highly. With the help of our genial Secretary and your own assistance, I shall endeavor to conduct the affairs of the Savings Bank Section in a safe and conservative manner, such as it has been conducted by my predecessor, Mr. Duff. (Applause.)

On motion of Mr. Johnston, duly seconded, a vote of thanks was tendered the bankers of St. Louis for their generous hospitality to the Savings Bank Section of the American Bankers' Association.

On motion of Mr. Teter, duly seconded, a vote of thanks was tendered to Mr. Duff, retiring President, for his loyal services to the Association.

On motion, adjourned.

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# The Girard National Bank, Philadelphia

CAPITAL	-	-	-	\$2,000,000
SURPLUS and PROFITS	-	-	-	3,315,000
DEPOSITS	-	-	-	30,000,000

FRANCIS B. REEVES, President.

RICHARD L. AUSTIN, Vice-President.

THEO. E. WIEDERSHEIM, 2d Vice-Pres't.

JOSEPH WAYNE, Jr., Cashier.

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

## The Chase National Bank

OF THE CITY OF NEW YORK  
CLEARING HOUSE BUILDING

(Sept. 4th, 1906)

Capital \$1,000,000  
Surplus and Profits (Earned) \$5,782,000      Deposits \$70,382,000

A. B. HEPBURN, President

E. J. STALKER, Cashier

S. H. MILLER, Asst. Cashier

A. H. WIGGIN, Vice-President

C. C. SLADE, Asst. Cashier

H. K. TWITCHELL, Asst. Cashier.

DIRECTORS

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ALBERT H. WIGGIN

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Accounts of Banks, Bankers, Corporations, Firms and Individuals received on favorable terms  
Foreign and Domestic Letters of Credit

## Franklin National Bank

PHILADELPHIA

Organized 1900

Capital,	-	-	-	-	-	-	\$1,000,000.00
Surplus and Profits,	-	-	-	-	-	-	\$2,020,000.00
Deposits, Sept. 4th, 1906,	-	-	-	-	-	-	\$25,404,842.86

OFFICERS

J. R. McALLISTER, President.

E. P. PASSMORE, Cashier.

C. V. THACKARA,

L. H. SHRIGLEY,

Assistant Cashier.

Assistant Cashier.

Foreign Exchange Department

WILLIAM WRIGHT, Manager.

DIRECTORS

William H. Barnes

Samuel T. Bodine

James C. Brooks

John H. Converse

Thomas De Witt Cuyler

Joseph G. Darlington

George H. Frazier

William F. Harrity

William H. Jenks

Edward B. Smith

Henry Tatnall

Levi C. Weir

Paul M. Warburg

Henry Rogers Winthrop

John F. Dryden

J. Rutherford McAllister

Frederick L. Baily

Effingham B. Morris

Edward T. Stotesbury

Henry C. Frick

Paul D. Cravath

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Mercantile Firms and Individuals.

ORIGINAL CHARTER 1829

## THE GALLATIN NATIONAL BANK

OF THE CITY OF NEW YORK

Capital,	-	-	-	\$1,000,000
Surplus and Profits,	-	-	-	2,300,000

OFFICERS

SAMUEL WOOLVERTON,

ALEXANDER H. STEVENS,

GEORGE E. LEWIS,

HOWELL T. MANSON,

-

-

-

-

President.

Vice-President.

Cashier.

Asst. Cashier.

DIRECTORS

ADRIAN ISELIN, JR.

FREDERIC W. STEVENS

ALEXANDER H. STEVENS

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CHAS. A. PEABODY

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THE  
**FIRST NATIONAL BANK**  
DENVER, COLO.

THE OLDEST NATIONAL BANK IN COLORADO

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**Deposits, \$22,152,183.90**

**Capital, 1,000,000.00**

**Surplus, 1,000,000.00**

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W. S. CHEESMAN, Vice-President.  
C. S. HAUGHWOUT, Asst. Cashier.  
J. C. HOUSTON, Asst. Cashier.

THOS. KEELY, Vice-President.  
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THOMAS KEELY  
F. G. MOFFAT

C. S. HAUGHWOUT  
C. M. Mac NEILL, Colorado Springs.  
SPENCER PENROSE, Colorado Springs

New York Correspondents: First National Bank, Fourth National Bank, National Bank of Commerce in New York, National Park Bank, and Mechanics Nat'l Bank.

Chicago Correspondents: Commercial National Bank, Merchants Loan & Trust Co., Corn Exchange National and Continental National Banks.



# Union Trust Company

UNION TRUST BUILDING, DETROIT

Capital, \$500,000

Surplus and Profits, \$400,000

Transacts a General Trust Business

## BOARD OF DIRECTORS

D. M. Ferry  
F. J. Hecker  
Hugh McMillan  
A. E. F. White  
Chas. Stinchfield  
W. C. McMillan

Henry Russel  
Elliott T. Slocum  
Truman H. Newberry  
Charles A. Ducharme  
Harry A. Conant  
Charles L. Palms

D. C. Whitney  
Philip H. McMillan  
Herbert E. Boynton  
Ellwood T. Hance  
George Hendrie  
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# THE OLD NATIONAL BANK

GRAND RAPIDS, MICHIGAN

Our reputation for prompt collections in MICHIGAN is well known  
Largest and Oldest Bank in Western Michigan

Capital Stock,	-	-	-	\$	800,000.00
Surplus and Undivided Profits,					528,309.00
Deposits,	-	-	-	-	5,172,184.00

## THE MICHIGAN TRUST

CO. of Grand Rapids, Mich.

CAPITAL,	-	-	-	\$200,000.00
Surplus -	-	-	-	200,000.00
Undivided Profits,	-	-	-	55,000.00
Additional Liability of Stockholders				200,000.00
Deposited with State Treasurer,				100,000.00

### DIRECTORS

WILLARD BARNHART	S. B. JENKS
JAMES M. BARNETT	WM. JUDSON
DARWIN D. CODY	J. BOYD PANTLIND
W. W. CUMMER, JACKSONVILLE, FLA.	EDWARD LOWE
E. GOLDEN FILER, FILER CITY	WM. G. ROBINSON
F. A. GORHAM	SAMUEL SEARS
THOS. HUME, MUSKEGON	WM. ALDEN SMITH
THOMAS HEFFERAN	DUDLEY E. WATERS
HARVEY J. HOLLISTER	T. STEWART WHITE
HENRY IDEMA	LEWIS H. WITHEY

### OFFICERS

LEWIS H. WITHEY, Prest.
WILLARD BARNHART, 1st Vice-Prest.
HENRY IDEMA, 2nd Vice-Prest.
F. A. GORHAM, 3rd Vice-Prest.
GEORGE HEFFERAN, Secy.
CLAUDE HAMILTON, Asst. Secy.

Acts as Executor, Administrator, Guardian, Trustee, Receiver, Assignee, etc. Loans Money on Real Estate and Collateral Security. Takes entire charge of Property. Audits books. Has High Grade Bonds and other Securities for sale. Send for copy of our pamphlet entitled "Laws of Michigan Relating to the Descent and Distribution of Property."

## 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

## THE GRAND RAPIDS NATIONAL BANK

Corner Monroe and Ottawa Streets

CAPITAL, \$500,000.00

SURPLUS AND PROFITS, \$149,000.00

DUDLEY E. WATERS, President. JOHN E. PECK, Vice-Pres. JOHN L. BENJAMIN, Ass't Cashier  
CHAS. S. HAZELTINE, Vice-Pres. FRANK M. DAVIS, Cashier.

REPORT OF THE CONDITION OF THE

### GRAND RAPIDS NATIONAL BANK, Grand Rapids, Michigan

RESOURCES		LIABILITIES	
At the Close of Business, September 4, 1906			
Loans	\$2,734,047.65	Capital Stock paid in	\$500,000.00
U. S. Bonds	400,000.00	Surplus and Undivided Profits	149,067.21
Premiums Paid	19,700.00	Circulation	319,600.00
Furniture and Fixtures	53,414.66	Deposits	2,085,815.75
Due from Banks	501,170.72		
Cash	225,149.93		
Redemption Fund	17,500.00		
Due from U. S. Treasurer	3,500.00		
	<u>\$3,954,482.96</u>		<u>\$3,954,482.96</u>



PUBLIC UTILITIES

Street Railways  
Interurban Railways  
Gas Companies  
Electric Lighting Companies  
Steam Heating Companies

The above are our specialties in auditing, investigating and systematizing.

References:

Leading investors and promoters, New York, Chicago and Boston.

**The Audit Company of Illinois**

First National Bank Building

**CHICAGO**

C. W. KNISELY, President

**MacDonald, McCoy & Co.**

181 La Salle Street  
CHICAGO

PHILADELPHIA

CINCINNATI

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**Municipal and Public  
Service Corporation**

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OR SELL

**Devitt, Tremble & Co.**

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**BONDS** { MUNICIPAL  
CORPORATION

CHOICE ISSUES OF  
5 % GAS AND ELECTRIC COMPANIES AND  
ELECTRIC POWER BONDS  
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Banks throughout the country are investing part of their funds in high grade, readily convertible Railroad Bonds as a second reserve for the further protection of depositors and customers.

The opportunities for such investment are exceptional at the present time. The prices of underlying bonds are low, while the properties upon which they are a lien have shown unusually large earnings during the past five years, and a generous portion of these earnings have been expended in betterments and improvements, thereby materially increasing the margin of security to holders of underlying bonds.

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### **EVERSZ & COMPANY**

**BANKERS**

**220 LA SALLE ST.  
CHICAGO**

**37 PINE ST.  
NEW YORK**

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## **C NATIONAL BANK OF COMMERCE**

IN ST. LOUIS.

Capital }  
Surplus } **\$15,000,000**  
Profits }

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### ***ACCOUNTS SOLICITED***

2% INTEREST PAID ON BANKERS' BALANCES.

3% INTEREST PAID ON TIME DEPOSITS.



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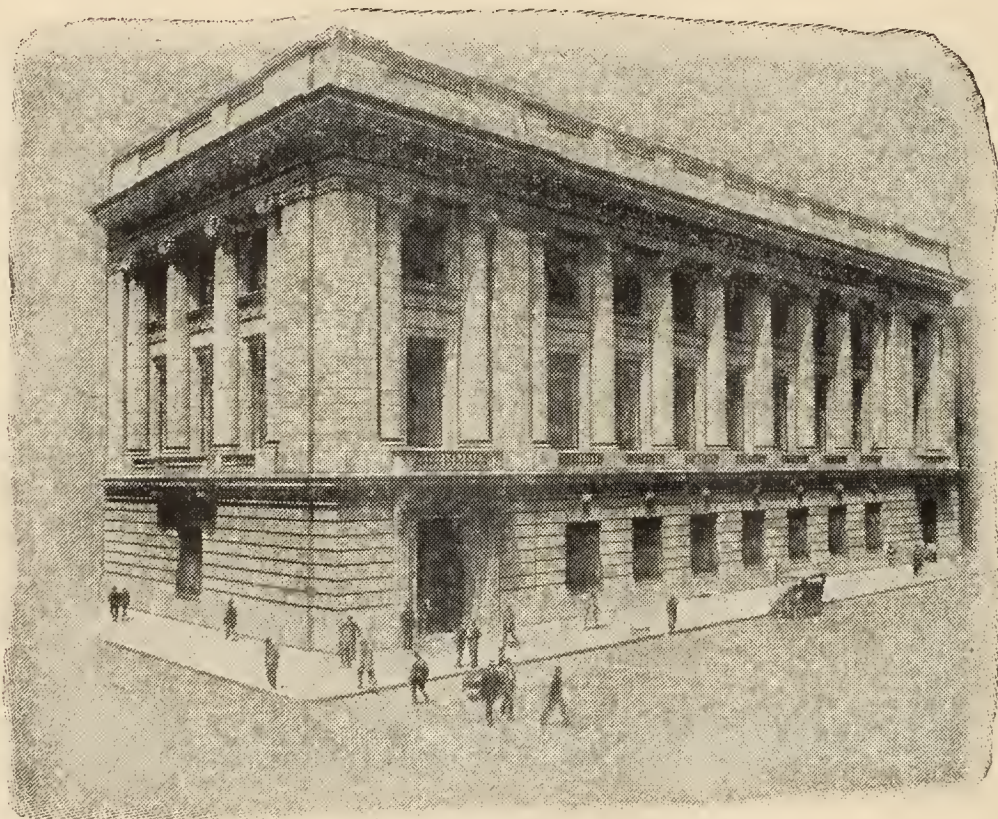
# The Northern Trust Company

N. W. Corner La Salle and Monroe St.,

## CHICAGO

*CAPITAL, \$1,500,000*

*SURPLUS, \$1,000,000*



### FIRST FLOOR

Savings Department  
Bond Department

### SECOND FLOOR

Banking Department  
Foreign Department

### THIRD FLOOR

Trust Department

### BASEMENT

The Northern Trust  
Safe & Deposit Company  
Vaults

A cordial invitation is extended to inspect our new banking house.

### OFFICERS

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F. L. HANKEY	- - -	Vice-President
SOLOMON A. SMITH	-	2nd Vice-Pres.
THOMAS C. KING	- - -	Cashier
ROBERT McLEOD	- - -	Asst. Cashier
G. J. MILLER	- - -	Asst. Cashier
ARTHUR HEURTLEY	- - -	Secretary
H. O. EDMONDS	- - -	Asst. Secretary
H. H. ROCKWELL	- - -	Asst. Secretary
EDWARD C. JARVIS	- - -	Auditor

### DIRECTORS

A. C. BARTLETT  
WILLIAM A. FULLER  
ERNEST A. HAMILL

MARVIN HUGHITT  
CHARLES L. HUTCHINSON  
MARTIN A. RYERSON

ALBERT A. SPRAGUE  
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