

CENTRAL WESTERN BANKER *of Omaha*



Stop Losses and Create
Earnings



The First Stage Coach

In 1859, two years after the organization of the First National Bank of Omaha, the Western Stage Company operated its first stage line out of Omaha. It extended from Omaha to Fort Kearney, where it connected with the Overland from Atchison.

The stage carried nine passengers and averaged 115 miles a day. The fare from Omaha to Denver was \$75. And travel was dangerous because of Indians and hold-ups.

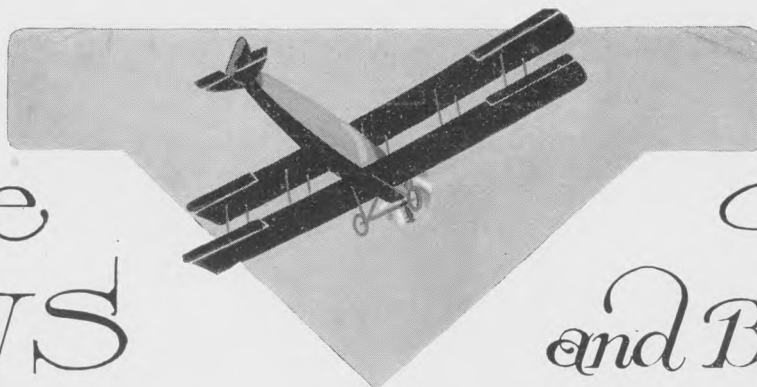
The First National Bank of Omaha has assisted in the development of steamboat, stage, railroad, automobile and airplane . . . its service has also been developed until it now offers now one of the most complete and modern banks in the middlewest.

For those wishing investment service, we offer it through our First Trust Company.



**First National
Bank of Omaha**
FIRST TRUST COMPANY

Last minute NEWS



of Banks and Bankers

THE CENTRAL TRUST COMPANY of Chicago is increasing its capital stock from \$6,000,000 to \$8,000,000. Shares now quoted at \$500 will be offered to shareholders at \$200 each. One-half of the funds received will be added to capital, and one-half to surplus. This institution was organized in 1902 by Charles G. Dawes, now vice-president of the United States.

THE NATIONAL PARK BANK of New York City, of which Charles S. McCain is President, announces it will open two new branches this year. This will give the bank four branches in addition to its head office.

IRVING G. GREEN, formerly vice-president and cashier of the First National Bank of Davenport, has been made president, succeeding Senator A. F. Dawson, who has resigned. W. M. Brandon, formerly Credit Manager of the Iowa National Bank, Des Moines, becomes Cashier of the Davenport institution. The First National of Davenport was the first National bank in the United States to open its doors to business under the National Bank Act, although it does not hold No. 1 charter.

GROSVENOR JONES, chief of the Finance and Investment division of the Bureau of Foreign and Domestic Commerce at Washington, addressed the Twin Cities Building Club at a recent luncheon in Minneapolis.

NEGOTIATIONS are under way for a merger of the National Bank of Com-

merce and the Boatmen's National Bank of St. Louis, which will give the proposed institution combined capital, surplus and undivided profits of nearly \$17,000,000 and deposits of around \$100,000,000. The Boatmen's National, which is the oldest bank in St. Louis, has deposits of about \$25,000,000, while the National Bank of Commerce has \$75,000,000. It is proposed to issue 83 shares of Bank of Commerce stock for 100 of the Boatmen's. John G. Lonsdale is president of the Bank of Commerce and Julius W. Reinholdt is head of the Boatmen's National.

THE STRAUS NATIONAL BANK & TRUST COMPANY of Chicago has opened its doors for business. It is capitalized at \$1,000,000, and has \$250,000 surplus and \$50,000 as a special reserve for contingencies. S. W. Straus, the President of the S. W. Straus & Company, is also president of the Straus National Bank & Trust Company. Other officers include S. J. T. Straus, Vice-President;

John H. Kraft, vice-president and cashier; J. R. Frazer, vice-president and executive trust officer; and N. H. Oglesbee, comptroller.

THE CANAL BANK & TRUST COMPANY, and the Marine Bank & Trust Company of New Orleans have been consolidated under the name of the Canal Bank & Trust Company, with James P. Butler remaining as President of the consolidated bank. Total deposits will be in excess of \$100,000,000.

THE OMAHA WIMSETT SYSTEM COMPANY, organized for the purpose of making loans to salaried persons on character plus earning capacity, has been opened for business. The company is capitalized at \$100,000 paid-up and \$400,000 authorized. H. S. Weller is president of the new concern.

THE NATIONAL BANK OF COMMERCE, Seattle, began business recently with all the assets and officials of the absorbed Marine National Bank, in its new home. The National Bank of Commerce is a unit of the newly organized Marine Bancorporation.

AT THE Annual Convention of the American Institute of Banking held in Philadelphia, F. M. Totten, assistant cashier of the Chase National Bank of New York City, was elected president succeeding P. R. Williams, vice-president of the Bank of Italy National Trust and Savings Association. He secured 100 more votes for this position than did Ben Aley of

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Denver. A total of 2,700 votes were cast. W. J. Evans of Dallas, Texas, was named vice-president. Frank H. Delaney of the Merchants National Bank of St. Paul, Minn., was elected to the Executive Council.

WARD C. CASTLE, executive vice-president of the National Bank of the Republic, Chicago, says that Germany is making a more rapid business recovery than any other country in Europe. Conditions in England

he says, are improving slowly, and France has much rebuilding to do before the country can recover its war losses. Mr. Castle on a portion of his trip was accompanied by Arthur Packard, resident vice-president of the National Bank of the Republic in London.

THE FIRST NATIONAL BANK OF PHILADELPHIA, holder of Charter No. 1, established by Jay Cooke, Civil War financier, recently celebrated its 65th anniversary.

DON DeVEY, of Westport, is chairman of the committee on Analysis of Accounts of the South Dakota Banker's Association, which has recently published a very interesting bulletin on the subject of "Does the Account Pay?" C. A. Stensland of Madison and M. I. Orms of Sioux Falls were also members of the Analysis Committee.

If you cannot win the race, make the one ahead break the record.

Banking and Fruit Growing

THE time is not so far distant when Nemaha county, Nebraska, in the vicinity of Brownville and Auburn will take its rightful place among the leading fruit growing areas of the world, is the opinion of a genial Auburn banker, W. H. Bousfield, cashier of the First National Bank of Auburn.

One of the reasons for Mr. Bousfield's belief lies in the fact that he, with five other substantial Auburn business men, recently purchased 253 acres of fruit land near Brownville, at \$180 per acre and plan to grow fruit on a large scale. J. B. Stivers, an expert fruit grower, who is also manager for the Central States Orchard company of Duluth, will be in charge of the farm.

Of the 253 acres, 80 acres already have bearing apple trees. The remaining 173 acres will be devoted to both apple and peach trees, with 17,000 apple trees and 6,000 peach trees as "fillers." The peach trees will bear in about three years, and apple trees in four or five.

Auburn, according to Mr. Bousfield, has a substantial canning company, in which he is financially interested. Last year 44 carloads of grapes were shipped out of Brownville, alone.

Business Very Good

"The banking business is quite stable, and we have no complaints to make at all," says Mr. Bousfield. Deposits of the First National are now more than half a million dollars, which is quite normal for us and is just about all the business that we are equipped to handle. We can't expect more business until agricultural conditions improve. By that I mean that the farmer, although doing fairly well, is entitled to better prices for his products."

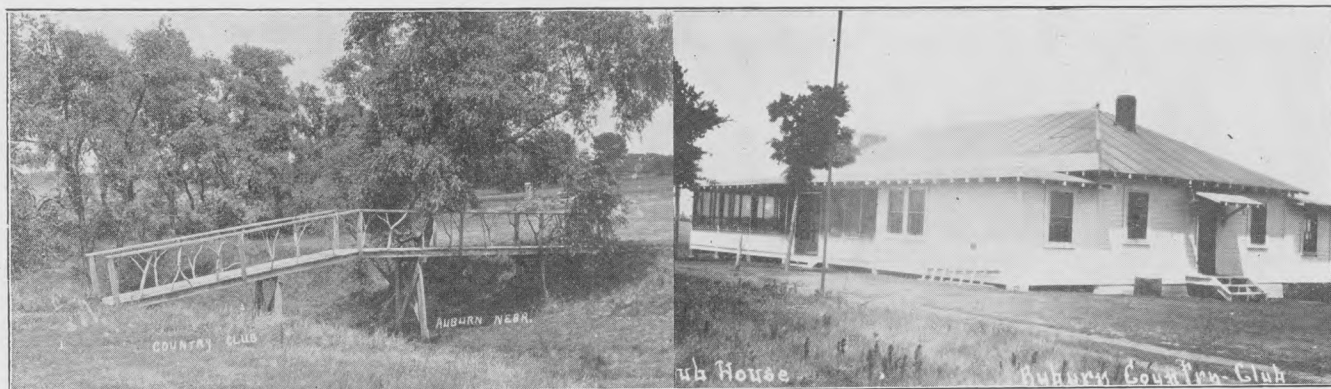
There is no service charge at Auburn, although it is a necessary part of profitable banking in Mr. Bousfield's estimation. There is an active county association in Nemaha county, all but one bank in the county being a member. At the present time, the association is attempting to bring about a reduction in interest rates from 4 to 3 per cent.

Auburn banks report a fair demand for local loans, with rates around 8 per cent, most of them the usual agricultural loans. Farming in that vicinity is excellently diversified, including a substantial amount of winter wheat, and thus relieving the banks from an excessive demand for money at any particular moment.

The First National has a fair sized bond account and reports a fair demand among its customers for bonds, mostly government. The demand for farm mortgages is also active there.

Farmers in the vicinity of Auburn are in good financial shape, with little demand for legislation for farm relief. This may be partially due to their diversification, which includes corn, wheat, oats, fruit, dairy cows, cattle and hog raising and miscellaneous income producing farm produce. The county was not greatly affected by the land boom of a few years ago, and land there is still selling at very reasonable prices. "We might be termed old-fashioned, conservative, or what have you," declares Mr. Bousfield, "since we have no rich people, but we do have in our community a great many home owners who are comfortably situated. In fact, southeastern Nebraska has more good sized estates than any other section of the state.

"We are very proud of our soil, which is the famous 'Loess soil,' a sandy loam specially adapted to fruit growing, and much similar to the valley of the Nile. It is many feet in depth and has no subsoil, thus insuring the continuous fertility of this part of the state."



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When the Deposit Is To Pay ONLY An Outstanding Check

By The CENTRAL WESTERN BANKER Legal Department

WHAT THE LAW SAYS

"Where a bank, through its president, agrees with a customer who is indebted to it on a demand note, that, if he purchases an automobile to sell in his business to a prospective buyer and issues his check on the bank therefor, the check will be paid, provided that by the time such check is presented the drawer shall have deposited the proceeds of the sale with the bank, and, in pursuance of such agreement, the customer issues his check for the automobile, which he sells and deposits the proceeds of the sale with the bank, the holder of such check is entitled to recover the amount thereof from the bank, notwithstanding nothing was said at the time of the deposit about the application of the funds so deposited."

OCCASIONALLY, a bank depositor makes a special arrangement with the bank to deposit a specified sum of money in the bank at a certain time, notifying the bank that a check has been issued for the amount of the deposit. A deposit of this nature is often referred to as a special deposit.

At the time such a transaction is made with the bank, the depositor may even be indebted to the bank on an overdraft and other overdue obligations. There have been many cases where a bank has applied such a deposit on the amount due the bank at that time and then refused to honor the check which was especially drawn on this deposit.

Can a bank apply the amount of such a deposit to the depositor's obligations due the bank?

The Reed Bank did this, and the depositor, named Mazz, brought an action in court against the bank, alleging that the bank had no legal right to apply the deposit to his obligations due the bank.

The Case in Detail

For a period of over seven years, Mazz had maintained a deposit and checking account with the Reed bank. Mr. Mazz was engaged in the purchase and sale of new automobiles in the city where the bank was situated. It was, and had been his general practice, known to all the parties involved in the transaction, to obtain an order from a customer for an automobile and then to purchase a car from the factory agent, giving his check therefor, drawn on the bank with which to fill such an order. Then he would collect for the sale and deposit the

amount in the bank to meet his check given to the factory agent.

Prior to the transaction in question, Mazz had a telephone conversation with the president of the bank. The substance of the conversation over the phone was as follows:

"After completing arrangements for the sale of the car to the customer, he called up the president and asked him when his check given that day to the factory agent would get back from the office of the agent in a distant city. That he was purchasing a car for his customer from this factory agent, who would not receive his check until six o'clock that evening. That his customer wanted to use the car for Sunday and that he would not receive the customer's check for the car until Monday or Tuesday. That when he received this check he would make a deposit of the same at once, possibly the first thing Monday afternoon, or Tuesday morning. The president told him that the check would not get back until Tuesday morning. Mazz then said to the president of the bank, "All right, I will go up, get the car, and I will bring the customer's check in just as soon as I receive it." The president agreed

to this and said it would be all right."

Mazz, in reliance upon such an arrangement with the bank, went to the factory, purchased the car from the agent and gave his check for \$2,200.05, which the factory accepted in reliance upon the representations of Mazz as to his arrangement with the Reed Bank. Mazz received the car so purchased, delivered the same to his customer and on the following morning received a check

therefor in the sum of \$2,425.13, drawn on another bank in the same city where the Reed Bank was located. Then on the next morning, Mazz deposited such check with the Reed Bank and the bank immediately obtained payment upon the check from the bank on which it was drawn and applied the proceeds thereof to the payment of Mazz's overdraft of \$50.15, and upon a demand note for \$4,000.00 which the bank held against Mazz. Mazz was insolvent. Subsequent to the deposit of the customer's check, but during the same day, the check given to the factory agent was presented to the bank and payment refused. That thereafter Mazz assigned \$2,200.05 of the amount so deposited to the factory agent by a written assignment. That was presented to the Reed Bank and payment thereon demanded which was refused.

The deposit of the customer's check was made in the Reed Bank, pursuant to the conversation between Mr. Mazz and the president of the bank for the purpose of creating a fund therein to meet the check given to the factory agent and the bank received such deposit for such purpose to the amount

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A Dozen Ways to Stop Losses and Create Earnings

WE ARE all in business to make money and an analysis seems to indicate that each individual at the present time must work out his own solution. True we have many customs and departmental rulings that help us to stop loss and increase our earnings, but we do not have enough of them at the present, generally speaking, to bring us back to a paying basis, where bank stock will be worth possessing. When a bank makes money, it can pay salaries—dividends—losses, and fit into its rightful place in the community and in no other way. Let us take up a few operations that can and do effect our earnings.

Fires

Just imagine that some morning about four-thirty a. m. some one almost breaks down your front door, and about the same time the fire siren starts and the faint cry of "fire" floats into your bed chamber. You rear up out of a sound sleep and attempt to get into the wife's slippers, with your pants on backwards, and you dash through the front door trying to make a shirt out of her kimona. You charge up town to find the old shop is making a riot of Fourth of July colors, as the flames leap for the blue heavens. Then a chill runs up your spine. "My God," what were those papers you left on your desk, and then the collections in the cash drawer. You almost collapse as you try to remember what you forgot to put in the vault.

Keep your building and fixtures well insured. Buy or build a small vault truck, and at night when you lock up the shop see that everything of record goes on the truck. Shove it in the vault and let come what may.

Bank Robbers

Just imagine your delight upon arriving at your bank some morning to find the window shades all down, half of your counter laying in the lobby, plaster all over everything, the vault door shoved across the posting machine, your safe door in the private office up front. Then you slip into the vault with a morgue-like feeling and right in front of you on the floor, mixed with other valuable records you pick up two perfectly good frozen notes, perforated with soap and partly destroyed.

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By P. L. HALL,

*President, Greenwood State Bank,
Greenwood, Nebraska*

The old square safe door is simply a wreck. Of course it is assumed that Bill Hughes has your money covered with insurance. But how about the papers, bonds, etc., both your own and customers. *No record!* "Page a nerve specialist quick!"

Keep well insured—keep a liability ledger to protect your notes, so you can go into court if necessary, with a perfect record and demand payment.

If your vault and safe are inadequate, build a new concrete vault, large enough to house your vault truck. Buy a Manganese safe if you haven't one. Equip your doors with locking devices and gas. Sure these things cost a little money, but you do not hesitate to buy a new up to date automobile every so often to keep up with the times.

Daylight Holdups

Do not keep securities and negotiable instruments in your safe or cash drawer, at least keep them where the robbers will not fall over them. "Enough said."

Loans

Now about those frozen loans of some of your good customers that you might make sore if you asked them to reduce. Tie up with some good Trust Company. Make the frozen loan borrower a farm loan, or increase his present farm loan. Pay off your loan—giving him a five or five and a half per cent rate—make one-half per cent commission for yourself in making the

loan. Now step to the time certificate ledger and line up some of your heavy frozen time depositors, sell them the farm loan you have just made and make another one-half per cent in addition to saving three to four per cent interest the next six months on the time certificate.

Insurance

Start an insurance agency. Work it with your loans to protect your bank against death, fire, tornado, auto liability, hail, etc., all of which may happen to your borrowers. This will bring in a nice revenue, besides the protection to your bank. Be sure and pick out good substantial companies.

Mortgages

I assume all banks take the Daily Record of Mortgages published at the County Seats. Instead of throwing these in the waste basket, or just filing them away—record all local mortgages alphabetically in a Ledger. You will be surprised at the number of duplicate borrowers it will show up in a little while. When a new customer comes into your bank cursing his old banker, (your competitor in the next town) accusing him of being a crook, and wants to move all his business over your way by borrowing a little money, do not be surprised upon looking him up in your Mortgage Ledger to find him thoroughly plastered by his banker and possibly a few other innocent but aggressive money lenders. Give him the gate, and let him know why you are doing it. Sure he is going to do a little knocking, but you will soon hear people accusing you of being a conservative banker and your deposits are very apt to take on a steady gain.

Expense

Set up an expense book so that at the end of the year you can tell at a glance how much your coal cost, in fact how much of the unnecessary you have acquired and paid for. The chances are you will be surprised at the item of donations—if so, join your Commercial club, if you have none, organize one, at any rate pass a resolution that all donations from the business firms must be referred to the president of the club, and then elect a Scotchman for president. The item of advertising may floor you—Listen—when some good customer really raises an exceptionally good crop of

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The Cartoon of the Month.



Tooting Our Own Horn through "Farm Fence Philosophy"

"FARM FENCE PHILOSOPHY" is the title of a very interesting mimeographed bulletin gotten out for the benefit of its customers, by the Farmers and Merchants Bank of Milligan, Nebraska. A reproduction of the bulletin heading appears on this page.

C. Smrha, president of the bank, is the author of the bulletins, all of which are written in simple style, with especial appeal for the average reader. Occasionally a bulletin contains a bit of poetry, as exemplified by the following paragraph from one of the editions: (It is on the subject of "These darn banks").

"About the bummiest thing we've got, which pesters me and nothing but—is these darn banks. I've come to feel, they're osified and cold as steel. I'd like to run one up-to-date and show 'em how to operate! When I ask 'em for a loan, they look as cheerful as a stone. They don't even crack a smile and ask me to sit down a while. What the heck are they here for? To pile up money more and more? I'd put it into circulation where it'll get some ventilation and the eagle on the dollar'll get a chance to scream and holler. The way the bankers run their dumps just stamps them as a lot of chumps. The fellows they loan money to don't need

it like I sometimes do, yet they won't loan me on a bet no matter how hard up I get. I'm payin' interest now, you know, on loans I made six years ago. The same thing with their check accounts. I've had sums in various amounts to my credit at the bank, but d'you suppose that darned old crank would scold me on account of it and insist I cut it down a bit? Not on your tin-type, brother, he watched my 'count with fiendish glee. But now that it has shrunk in size, I think all night in bed he lies thinkin' up mean things to say 'cause my 'count's the other way. When I overdraw a bit, he has a wild conniption fit. About the easiest job there is is surely this here banking biz. While you are asleep at night, interest piles up left and right. All you need to do to win is keep money rollin' in. If I had money to my name, I'd start a bank or bust a hame."

"There's a Sucker Born Every Minute" is the subject for a brief editorial in another one of Mr. Smrha's bulletins and it reads as follows:

"In discussing the Blue-sky law this winter, Senator Banning offered an amendment that across every certificate there be printed in bold face type, "There's a Sucker Born Every Minute." Communities have been cursed with the sale of various kinds of se-

curities which proved to be worthless. Thousands of dollars have been taken from the pockets of hard working people by smooth-tongued, unscrupulous salesmen who gained the confidence of the people and then held them up like a highwayman. Our community has never suffered very much from this class of thieves and we take some of the credit to ourselves for warning our people against this class of sharks and keeping them out of the community. What little money was lost through this channel might have been saved if our advice had been followed."

Another bulletin deals with Christmas time, and attempts to get across a bit of a bouquet to the banker. It reads:

"Christmas is here once again:
Peace on earth, good will towards
men.

Everybody's feelin' fine,
Even the cross porcupine
Softens up his bristles some
Hopin' Santa Claus will come.
It's the one time in the year
When you come mighty durn near
Chuckin' all your faults and sins
And startin' new when the year be-
gins.

A soft like feelin' comes a creepin'
Like a revival meetin'
Leaves you meek and mellow like



The cartoon heading of the "Farm Fence Philosophy" bulletins that are published for its customers by the Farmers and Merchants Bank of Milligan, Nebraska.

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Lovin' every blessed sould in sight.
 My heart seems to sort o' hanker
 To love even my old banker.
 When the goose was flyin' high
 I asked him for a loan to buy
 My neighbor's farm, as good as gold,
 But he turned me down mighty cold.
 I 'lowed it was a dirty trick,
 It just purt near made me sick.
 I swore I'd do my banking where
 They didn't growl like an old bear.
 But things soon took a different turn
 And now I just don't give a darn.
 It sure would o' been an awful poke
 Because it would have left me broke.
 I've had more service from my bank,
 To tell the truth and be right frank,
 By being kindly shown the door
 And not getting what I asked for
 And turning me down rather curt,
 Not caring if my pride was hurt.
 If they had let me have my way
 And took in what I had to say
 Instead of being in the clover
 I'd be in debt till hell froze over.
 To love my banker I've got cause
 For he's sure been my Santa Claus."

"I'll Do My Banking At the Bank
 That's Square" is the theme of still
 another "Farm Fence Philosophy" bul-
 letin, and it appears in rhyme as fol-
 lows:

"Some folks can't see that it's pure
 graft
 To write checks till they overdraft.
 Why, if a banker failed to pay
 A check I drew to pay for hay
 Because the funds were all drawn out
 By overdrafting each account
 I'd sure get warm under the collar
 And be right apt to make a holler.
 I want my bank to pay my check
 From funds that I've got there, by
 heck.
 I want no guys using my money
 To pay his bills or bet on Tunny.
 And that's just what they do, by Jake,
 When an overdraft they make.
 Like lots of folks I have the hint
 My check book was a government
 mint
 And all I had to do was just
 Fill her out and let her bust.
 When my funds had petered out

The bank just used the rural route
 To ask me please to hurry up
 And come in to fix it up.
 And it was up to Hank and me
 To settle our difficulty.
 Mr. Banker said to me:
 'It's just like this, Jim, you see,
 We can't pay checks which you write
 When you have no funds in sight.
 We would have to pay it out
 From some other guy's account.
 A check ain't worth a cent until
 The bank has your funds in the till.
 No one's going to get from us,
 Let him swear at us and cuss,
 Money that just you alone
 Have a right to call your own.
 On the other hand, I'll say,
 This rule works the other way.
 You can't have a bloom in' sou
 Unless the funds belong to you."
 The more I thought about this thing
 The more and more I liked it's ring
 And came to the conclusion that
 I want to do my banking at
 The bank that's square in all its biz
 And each one gets just what is his."

"American Business Is Moral"

American business has achieved new standards of morality under competitive conditions which have brought it about that "only that business will succeed which loads its products with intrinsic social services," J. H. Puelicher, President Marshall and Ilsley Bank, Milwaukee, Wis., and chairman of Board, American Bankers Association Educational Foundation told the Civic Development Group meeting of the sixteenth annual convention of the Chamber of Commerce of the United States.

He also told the conference why many business leaders who seek to repay America for their opportunities and success through rounding out their careers with a period of some form of eminent public or political service, fail to realize their aim. He recommended that while men are achieving business success in its lower stages they also engage in public services in minor capacities, so that when they reach the top in business they will also be trained and fitted to render service at the top in public life. Mr. Puelicher said in part:

"America in the last two decades has achieved a rather outstanding business morality. Business and service have become almost synonymous. There was a time when "Charge what the traffic will bear" was an accepted business principle. Such principles

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have become archaic. The manufacturer of things for sale, rather than for use, is rapidly fading from the picture.

"We sometimes speak of business as consisting of an interchange of goods and services, but after all busi-



©Stein

J. H. PUELICHER

ness consists of the interchange of only one thing, and that is service. In this view of it the goods become merely the vehicle of service. This is especially true under the methods in which business in America is done today. Let us consider a great manufacturer or distributor of a product.

What does he do? He not only obligates himself to sell to his customers an honestly constructed product—that is, a product which will physically perform the services to the consumer which he advertises that it will perform, but he also obligates himself—and especially has competition brought this about—to supply this product to the consumer at a price which will represent only a fair profit to himself. He also obligates himself, somewhat as a public utility company is compelled by law to do, to serve all consumers equally and fairly without discrimination, provided they are able to discharge their side of the transaction or purchase. He also obligates himself to stand behind his product and if any unforeseen failures in its quality develop to make them good in full to his customer. He also obligates himself by the very fact that through his advertising he creates first an appetite and then a public need for his product to be always in a position to supply the resulting demand for that product.

"All these things, which are practical competitive factors, are forms of socialized service, and only that business will succeed today which loads its products with the maximum of all these forms of service. Advertising—that is, the public profession of the

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Why the Small Bank Should Pay Little, if Any, Interest

A bank is fulfilling its service to customers when it furnishes them a place to transact business, pass books, check books, competent officers, and is willing to pay their checks up to the extent of their balances

FOR many years I have been convinced that the smaller banks should pay very little, if any, interest on deposits. If I am to leave with you any thought which I think it will be well for you to consider very seriously, it is my conclusion, based on the experience of which I will tell you somewhat in detail, that a bank is fulfilling its duty to its depositors when in furnishes a pleasant room in which to transact his business, pass books, check books, competent and obliging officers and tellers, and the willingness and ability to pay his checks for any amount up to the extent of his balance, on demand,

Many years ago it was my good fortune to meet at a Masonic gathering, Mr. Lee Clark of the First National bank of Parsons, Kansas, who later became my immediate predecessor in the bank with which I am now connected. After talking with him and with several other substantial bankers whom I met, with respect to the desirability of paying no interest on deposits, I was thoroughly sold to the idea that our bank at Horton, Kansas, of which I was then cashier, should cease paying interest on any form of deposits. When I went to the bank in 1888, it was paying 6 per cent on deposits if left twelve months and 5 per cent if left three to six months. I proceeded to talk to the cashier of our competing bank, Mr. Wilson, of the First National Bank of Horton, and convinced him that the idea I had gained in that direction was sound. Together we visited the two banks in Hiawatha, Kansas, which is the county seat of Brown County, and after due consideration, they joined us in that conclusion. Thus the four banks simultaneously discontinued the paying of interest on any form of deposits.

Ten Per Cent Dividends

Of course, those who had certificates promptly informed us as they

By GEO. S. HOVEY,

*President, Interstate National Bank,
Kansas City, Missouri*

matured that we could hardly expect them to leave their money with us without interest and we promptly informed them that they were correct in their conclusion. We told them that we considered these certificates as our notes and they were forcing us to

THE IDEAL SITUATION

"It seems to me that perhaps the ideal banking situation in the average town with a population of from five to ten thousand, would be two very substantial commercial banks paying no interest on deposits, a savings bank and a building and loan association, both of which in turn might be owned by shareholders of the two commercial banks."—From address before Group 4, Nebraska Bankers Association.

borrow their money on these certificates when we did not need it and frequently forced us to pay them when it was least convenient for us to do so. We said that we preferred to borrow money from our correspondents when needed and be in a position to pay it off when not needed; that we were not willing to pay interest on deposits but would be of every assistance to them in investing or loaning their funds; and that our office, stationery and time were quite at their disposal in that direction. Shortly thereafter one of our most influential and generally considered financially responsible farmers who had borrowed some of the money which had been withdrawn and which had heretofore been deposited in the form of bank certificates, was unable to meet his obligations. The banks, being in closer touch with his financial condition, had collected their money and those who had sought to loan their money on their own responsibility lost. Whether or not it was on account of peculiar conditions at the time, I do not know, but the result was that instead of going down, our deposits increased and likewise our dividends. Very shortly thereafter we began to

pay our shareholders 10 per cent annually on our capital and surplus. So long as this policy prevailed, some eight or ten years, we continued to do so. Several years after I moved to Kansas City, three banks were established in both Horton and Hiawatha and out of fear of losing deposits to those institutions, and to my mind without due consideration, the older banks again proceeded to pay interest on deposits. Now our old bank at Horton is again in its old position of having something over 10 per cent of its total deposits in the form of certificates and now pays the shareholders what is the equal of 6 per cent dividend annually on invested capital. As you know, with few exceptions, only the timid deposit their money in

the form of certificates for the reason that they are afraid to make investments on their own account or judgment. Therefore, the certificate holder is the first one to take flight and to withdraw funds if a bank's reputation is in any way brought into question.

I recall very well that in northeastern Kansas, the First National Bank of Atchison of which David Auld at that time was president, paid no interest on deposits for many years and the common expression with us when we wished to make a favorable comparison, was that a certain bank was as good as David Auld's. The result was that in the panic of 1893 and on similar occasions, money which had been placed on deposit with banks paying interest was withdrawn and placed with David Auld. The depositors had come to the conclusion that because he paid no interest on deposits, he had plenty of money and funds in his bank were safer than elsewhere.

Closer Co-operation Needed

I would like to suggest for your consideration the question of closer co-operation among bankers residing in the same community and the for-

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mation of county or community organizations. I am happy to say that I have never failed to get on with my competitors, and perhaps the most delightful business experience I have had since going to Kansas City is in the fact that the bank at Horton which was my competitor for thirteen years placed its account with The Interstate National Bank in Kansas City almost immediately on my becoming connected with that bank. It has remained there ever since, notwithstanding the fact that I control its competitor and have for all of these years. I feel that a false pride sometimes keeps us from going to our neighbor for credit information or if we hear he has said something unpleasant about us instead of sitting at his desk and going over the matter with him in every detail. For in nine cases out of ten, it develops either that he did not say the unpleasant or untrue thing reported to us or if he did, he had heard something which someone else had said which was untrue or incorrect.

I believe that entirely worthy of the consideration of the banks in a county or community is the plan of employing an examiner under the control of a representative committee who would devote all of his time to weeding out the borrowers who are using two or more banks to their disadvantage and to suggesting improvements in methods, etc., and to keeping generally in touch with the credit situation as it affects the banks in his county or community. For eighteen years I have been a member of the Clearing House Committee in Kansas City. As you probably know, the statements of all the member banks in Kansas City are brought to the attention of the Committee by our Clearing House Examiner for such consideration, comments and advice as they may care to make to the chief officer of the bank, who appears before the Committee when his report is being considered. In all of these years, I have yet to learn of a single instance where information thus obtained by a member of the Committee was used to the disadvantage of any of the member banks. You might say the expense of such an examiner would be too great for you to pay, but I think that if you will ascertain the losses made which might have been averted by such an examiner, you will conclude that the expense would bear no very great relation thereto.

Certainly the borrower, as well as the lender, would be better off if loans were made only on an absolutely sound basis. I would be afraid to estimate the amount of losses sus-

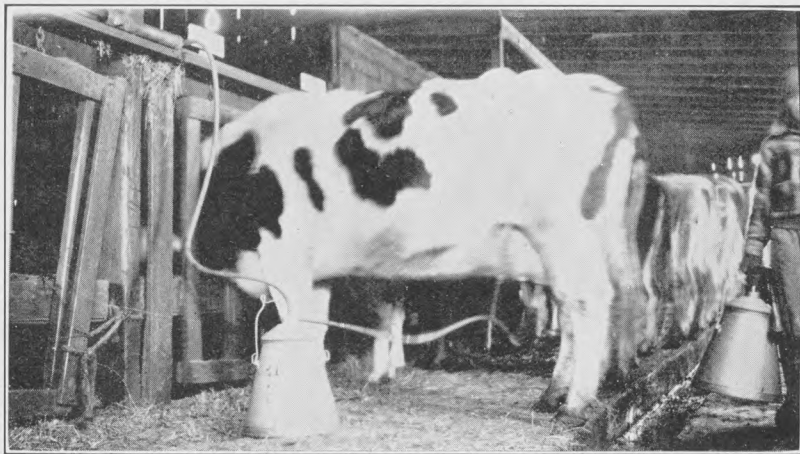
tained by banks in the middle west in the four years from 1922 to 1926. Suffice it to say that the amount is almost beyond belief. Of course, the net result is that the money was taken from those who had and given to those who had not and in that respect, it may be said that our banking system as it now exists and our banks as they are now operated are really great equalizers and distributors of assets in communities where banks have failed. For not only have such banks distributed their capital and surplus to their borrowers but also in many instances all or a greater portion of the deposits received from those who were frugal and successful have been given to those who were unfortunate or unsuccessful.

I presume you are acquainted with the fact that banks in the larger cities are more and more becoming what might be termed "departmental banks"

and, no doubt it has been brought to your attention that the largest bank in the United States has an affiliation which deals solely in what it is pleased to term "compound interest deposits." It has also recently established a department for handling small loans such as I infer go many times to what are termed the "loan sharks." This in addition to bond departments and well organized credit departments maintained not only for the bank's individual use but for its customers as well.

It seems to me that perhaps the ideal banking situation in the average town with a population of from 5,000 to 10,000 people would be two very substantial commercial banks paying no interest on deposits, a savings bank, and a building and loan association, both of which in turn might be owned by the shareholders of the two commercial banks.

Will Experiment With Electric Appliances



The electric milking machine in use on the George Welsh farm south-east of Seward, Nebraska. This machine cost Mr. Welsh slightly less than \$1.00 per month over a two-year period, milking on an average of 18 cows the year around.

THE practicality of farmers equipping their places with various electrical appliances is being determined by the Nebraska Committee on Rural Electrification, under the immediate supervision of Professor E. E. Brackett, of the agricultural engineering department at the University of Nebraska.

E. B. Lewis, who is directly in charge of the installation and care of the machinery, puts in the lines, installs the equipment, and attaches a meter to each different appliance. With a measuring stick at every switch the exact amount of juice each instru-

ment uses may be definitely determined. This information should be of considerable value to the farmer contemplating investing money in electrical equipment.

Running water in the house pumped by an electric pump costs about 40c a month.

An electric range costs about \$6.50 per month. (This price is taken from a four cent rate).

A sewing machine costs about one quarter of a cent an hour.

A vacuum cleaner costs about one and one-half cents per hour.

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STOP and GO by the Clearing House Plan!

STUDENTS of banking have generally agreed upon a few fundamentals in the way of legal machinery that is necessary in the successful conduct of the business of banking. Two of these requirements are outstanding. For example, they are agreed that, since the business of banking is a quasi-public business, it is essential to the public welfare that the authority to engage in this business should be limited to the number of banks necessary to do the business for any given community and that the character and ability of those authorized to engage in the business be beyond question. The second essential principle involved in successful banking is the supervision and examination of the banks after they have been constituted. If these two principles can be applied to the business by an intelligent authority, the difficulties in the way of successful banking can be easily removed.

The people are not concerned so much about the corner grocery store. It can come and go as the result of the law of the survival of the fittest, but not so with the bank. A solvent bank is vital to the peace and prosperity of the people. It must be as dependable as the post office and the government itself. It cannot be subjected to ruthless competition for the plain reason that failure spells disaster to its patrons and a great disturbance to the general welfare.

Violated Two Fundamentals

Perhaps I should have prefaced my remarks with the statement that during the last seven years fully 10% of the banking institutions of the country have failed and they have failed primarily because of the violation of the two fundamental principles laid down as essential to the successful conduct of the business. There would have been practically no failures had the number of banks been restricted to the needs of the people and had those institutions been adequately and properly supervised. Therefore, we know what the causes of bank failures are and we think we know exactly what is necessary to prevent them.

The condition that exists today throughout most of the states prove that we have too many banks with correspondingly small profits, which are not adequate to pay a return on

Excerpts from an address on the "Regional Clearing House" by Dan V. Stephens, Fremont, Nebraska, before the Ohio, Georgia, Virginia and Wisconsin State Bankers Associations



DAN V. STEPHENS

the capital and keep the banks clean and therefore solvent. The condition throughout many states of the union, where there has been a bank for every 1,200 or 1,500 people, causing fierce competition and encouraging practices that are not safe and sane, has brought about practically all of the bank failures about which we now complain.

We have undertaken to answer that question in Nebraska by taking what we believe is a preliminary step in the solution of the problem by organizing the *First Nebraska Regional Clearing House Association*. The theory upon which we are operating is this. We have tried many sorts of legislation looking to the perfection of the banking system but, as a rule, the bankers themselves have had little or nothing to do with the experiments that have been tried. Generally speaking, bankers refuse to take any forward step to improve conditions lest they make

them worse, so the improvement is attempted by people outside of the banking business, who know very little about it, and sometimes these alleged improvements become a menace to the prosperity of the country.

The supervision of banks, before the creation of the Clearing House, was exercised entirely, of course, by the state and the nation. The idea of self-examination of banks is only a recent one, comparatively speaking, and has taken form in the shape of Clearing House Associations in something like 35 American cities. There are some 500 or more Clearing House Associations in the country but only 35 have reached the point where they feel that the state and national examinations are not adequate and have established special examiners for themselves. This is a forward step and shows that the bankers in these cities at least are not deceiving themselves as to the necessary practices if their banks are not to be kept uniformly solvent.

No Depositor Suffered

In this self-examination of banks, as exemplified in Clearing House cities such as Chicago, no depositor has lost a dollar in a Clearing House bank in the last quarter of a century. This record is most complimentary and leads us to the conclusion that the Regional Clearing House Association, if it did nothing else than to pattern the Chicago plan, would be a step forward but the Regional Clearing House plan, as now proposed by the Nebraska organization, is a brand new application of the Clearing house principles, which makes it adaptable to all the states of the union and its realization a reasonable possibility.

The Nebraska plan contemplates the use of the regular state and national examiners, which should be adequate and which should obtain exactly the same results as a special examiner, if the same principle and conditions are applied to their work.

By the use of the state and national examiners and by the application of this principle by the state and national banking departments, the system can be made uniform throughout the United States without any additional legislation. All that is required, in fact, is the change of the viewpoint of the various Banking Commission-

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ers and the Comptroller of the Currency. If they can be convinced of the soundness of the proposal, the whole scheme can be put in operation without any great difficulty or loss of time.

Why is the special examiner in the Chicago Clearing House Association more effective than the regular legally constituted examiner? The answer is simple. He is more effective because he is allotted to a specific territory and assigned a specific duty of examining a certain group of banks and he is made responsible to the Clearing House Association for the result of his work. In other words, the special examiner becomes a permanent personage of importance in a community and is charged with a great responsibility by the Clearing House Association. The result of this is to magnify, if anything, the importance of his work in his own mind and, at the same time, the permanency of his employment enables him to become extraordinarily proficient through the knowledge that he gleanes of the business of the community; the character of the risks that the banks assume and the nature of the securities that they carry. Therefore, if we are correct in assuming that the permanency of the position of the examiner on a specific location brings these results, then why does not the state and nation apply this same principle in the conduct of the business of examining and supervising banks?

It Can Be Done

If the state will locate each of its examiners in a special territory assigned to him with a view of having him supported by a voluntary Clearing House Association, why could not the same results be obtained through the regular official channels that are now being obtained by the 35 cities that have special examiners through local Clearing House Associations? We see no reason whatever why this cannot be done and it has a very distinctive advantage, it seems to me, over the present Chicago Clearing House Association, for country districts, in that:

First, it saves a duplication of expense of employing special examiners; making the plan easy to adopt by states;

Second, it becomes absolutely uniform throughout a state taking in all banks, both good and bad, as contrasted with the city Clearing House plan which takes in only such banks that can qualify. The Nebraska plan takes them as they are, hoping to make them better.

Third, it has the advantage over a

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THANK YOU, MR. HOGAN!

"The second issue of the CENTRAL WESTERN BANKER of Omaha has reached my desk and I have read it with a great deal of interest. Here's hoping this new addition to your already high-class group of banking journals will be just as good as the others. Apparently you are keeping up the high standards set originally in the Northwestern Banker. I am looking forward with pleasure to reading the succeeding issues of the CENTRAL WESTERN BANKER."

—J. H. Hogan, vice-president, Continental National Bank and Trust Company, Chicago.

Clearing House Association such as Chicago, in that it escapes responsibility for failures as the examinations are in legal hands, yet it uses all its powers to prevent failures, and improve practices. The Association becomes effective without being weakened with the blame for its imperfections as would be the case if it were patterned after the Chicago plan.

Fourth, the results of the Chicago plan can be gradually approached through regular, legal channels through the Nebraska plan and made uniformly available whereas the Chicago plan never could be adopted to the country as a whole.

This, I think, is a fair outline of the principle involved in the application of this brand new idea of Regional Clearing House Associations.

The state examiner assigned to our 60 banks is doing his work thoroughly; is very enthusiastic over it and has a sense of responsibility that has not heretofore characterized state bank examiners. The Association furnishes him an office and has furnished it with such help as he may need for preparation of his Credit Bureau.

The Clearing House Association has its regular quarterly round table meetings devoted to the study of better banking practices and, in addition thereto, the directors meet monthly, or as often as is necessary, to consider the problems that come within its jurisdiction.

What It Has Done

The Clearing House Association has recently terminated a very vigorous campaign, which was statewide, against a certain policy in practice that had a tendency to stimulate the granting of additional charters for new banks conditioned upon the sale

of assets of banks that were being liquidated. The result of this policy was very detrimental to the best interests of the state and it took a statewide campaign to change it but this Clearing House Association succeeded in changing the policy and thereby rendered a most effective service to the state as well as to the banks. This policy would not have been changed without this effort on our part.

The Association also has dealt with three bank failures within its boundaries since it was organized last September and has succeeded in rendering most effective service that is not only recognized by the State Banking Department, but by the bankers themselves.

In one case the Association succeeded in having the losses cleared out of a bank, that had been closed, and the bank re-opened, which saved to the creditors of the bank at least \$100,000 and prevented the liquidation of the bank, which would have been a great disaster to the community, where it was located, and have a corresponding loss of public confidence.

It has adopted as its slogan that there should be no more banks chartered where the needs of the community do not require them and upon that proposition it will conduct a most vigorous campaign of protest which in two cases has proved most effective. In fact, we have established this policy so thoroughly that we apprehend that the burden of getting a charter will be so great that few will undertake it in the future unless a new bank is actually needed.

Therefore, as a result of the experience so far cleaned by the First Nebraska Regional Clearing House Association, we can state:

First, that it has justified its existence many times over by crystallizing public opinion as well as banking opinion along lines of safe and sane banking methods, and,

Second, this Association has greatly improved the banking practices of its members through our quarterly round table meetings, which has enabled them to work in harmony in stabilizing interest rates and in protecting the public against unfair practices to an extent that they have never heretofore been able to do.

Since the experiment has been under way thousands of bankers throughout the United States have been watching it with interest and consider it with a view of urging its adoption in other states. Many states are taking it up and many Commissioners of State Banking Departments are now considering plans for its adoption on a state-wide scale.

Putting Banking on Sounder Basis

LOOKING back eight years ago it is wonderful to think that the big majority of our banks weathered the storms and lived to tell the tale, and are here today, on the eve of a new prosperity, to take full advantage of better times. With the experiences we have all gone thru in the last eight years, we are better bankers. We are running better banks. We realize the fact that we must run our banks on a good sound business basis, in good times as well as poor, if we are to continue in business and get our share of prosperity.

It is really a wonder that the banks in Group Six got through as well as they did. When they were loaning their money on \$80.00 steers and when this value was more than cut in two almost over night, I think it speaks a good deal for the ability, resourcefulness and "stick-to-it-iveness" of our bankers. And while we are praising ourselves, let us not forget the great help extended to us in time of need by our correspondent bankers, especially the Omaha and Lincoln bankers. Without their help and advice, we doubt very much if many of our banks would have made the grade.

Passing the Buck

We are somewhat prone to pass the buck of deflation to the Federal reserve System. It is human nature that in times like those of eight years ago, that we should blame everybody but ourselves for the deplorable state of affairs. However, in the light of history it seems more clear to us that the Federal Reserve System was not to blame for deflation, and instead of being criticised, the System should be praised for the way it handled affairs at that time. The strength of the Federal Reserve System really saved the whole financial structure of the nation, and without it things would have been a thousand times worse. It has in late years kept down an unhealthy inflation. By raising and lowering the discount rate, it is able to keep things moving on an even

By C. F. COFFEE,

Chadron, Nebraska

(From Address Before Group 6 Bankers)

keel. There are a good many things that the member banks would like to change—such as collecting a little interest on their reserve accounts. But taking it all in all we should appreciate the fact that we have a banking system that has proven to be the most successful ever devised by man.

Another thing to remember is the fact that the bankers of Group Six were probably hit by the deflation of cattle and sheep prices to a greater extent than any other group of bankers in the state.

And in line with that I will make the statement, that with the improvement in cattle, sheep and agricultural prices, no other group in the state of Nebraska has come back faster or is sitting on as solid a foundation as the banks of our group.

This year of 1928, we as bankers of Group Six, have a great deal to be thankful for. Of course, there are as yet many frozen assets to thaw and liquidate, but the time will come, and come soon, when we will be able to turn over our real estate and clean up old indebtedness.

Real estate in Group Six was never pyramided, in excess of real value, to the extent that is was in other parts of Nebraska and in Iowa. Our land is still worth the price. Considering what our land will produce per acre, it is priced at the greatest bargain figure of any land in the United States. We know what we have out here and the people in the east also know it, and I predict that as soon as the farmers back there can sell out and come west with a little money, they will be here. They will get their money's worth, and will live to be thankful that they had the opportunity of buying western Nebraska land at bargain prices. You will never see land in our group as cheap as right now. *It is going up.*

At this time I think we should congratulate the Publicity Committee of the Nebraska Bankers Association, under the able leadership of its chairman, C. J. Claassen, upon its good work during the last year along the line of advertising our agricultural resources.

No More Banks Needed

As to the banking situation in our group, we do not need any more banks. What we need is to build our institutions into stronger banks. We want to run banks, not real estate offices. We still need some consolidations and weeding out.

As a good big surplus fund is the best guarantee of a bank's solvency, we hope to see the day when the State of Nebraska will cease taxing Bank Surplus Funds, and thereby encourage the building of adequate reserves for the safety of the bank and its depositors and not as at present, levying a tax on a bank's surplus account as well as its capital that makes it almost prohibitive.

Touching on the Nebraska Guaranty Fund law, I will say that the plan proposed by A. L. Shantz of the State Bank of Omaha, seems to be the most reasonable solution of the problem.

At the last meeting of the Executive Council of the Nebraska Bankers Association, the matter of the association offering a reward of \$5,000.00 for each dead bank robber killed in the act or trying to escape, was brought up. As you know it was voted to make this offer, provided that 700 banks of the Association signed up as willing to participate. I believe this would be a good move. I see no reason why the banks should not make this offer in order to protect themselves. It would only cost the individual bank a very small sum in case of a killing, and if a reward of this kind would give our officers of the law an incentive to go after a bank robber and shoot him full of holes, I believe we would soon see the disappearance of bank hold-ups in Nebraska.

The Handling of Power

WHILE crime and degeneracy are creating a dangerous situation in America, "The more serious problems come not from the weak, but from the strong," Dr. Harry Emerson Fosdick of New York told the Ex-

ecutive Council of the American Bankers Association recently. He declared that "there are men of ability who rise to the top in American industry, where only the ablest can come through, and it is men like this

who, dishonoring the courts, despising the people, condemning the government, have presented to the world one of the most devastating spectacles of public wrong-doing in the history of government." He spoke before the

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annual family dinner of the council attended by over 300 bankers and their guests.

Dr. Fosdick said in part, "The central problem of America today is the handling of power. American prosperity has many sources all the way from the original opulence of the continent to the conveyor system of manufacture. But, however variously caused, it is here, and it constitutes the crux of our national and industrial situation.

"Prosperity is not commonly regarded as a problem, but it is. It cannot simply be enjoyed; it must be handled. Power is always dangerous to its possessor, and all the greatest

tragedies of human history have come from misused prosperity.

Another Aspect

"Without in the least denying the peril in which we stand from this disgenic tendency that multiplies the feeble, there is another aspect of the truth more pertinent to ourselves. The great disasters of history have not been caused by the weak. They have been caused by the misuse of power on the part of the strong. Page Pharaoh, page Nebuchadnezzar and Sennacherib, page Nero and Napoleon! Or consider our own country today. We do face a dangerous situation in regard to the crime that

comes up out of the slums of great cities and expresses itself in gangs of youths, often degenerate, feeble-minded, committing murder for two dollars, and spending their lives intermittently in asylums and jails.

"The republic, however, will not ultimately go to pieces on that. There are men, not feeble-minded, men of ability who rise to the top in American industry, where at the top the competition is terrific so that only the ablest can come through, and it is men like this who, in these last few years, dishonoring the courts, despising the people, contemning the government, have presented to the world one of the most devastating spectacles of public wrong-doing in the history of government. Always the more serious problems in a nation like ours come, not from the weak, but, from the strong.

"Anyone who have traveled widely across the world must have recognized the fact that there are two kinds of trouble on earth; one whose major root is destitution and weakness, and the other whose major root is misused wealth and power. Go to Arabia, for example, and you will see the first kind. The background of Arabian life is destitution. I have seen chattel slaves in the tents of the Adwan Arabs who gladly have surrendered themselves to slavery and counted it a godsend because at least it enabled them to keep soul and body together. So, the major problem of China is lack—lack of food so that millions are starving all the time, lack of literacy so that hardly five per cent of the Chinese can either read or write, lack of communication so that there are hardly enough railroads in all that immense country to supply a good-sized city in the United States. The basic problem of China is a problem of lack. But our problem is not all destitution, it is the possession of tremendous power. Our difficulty is not feebleness but selfishly directed energy. We are not a river that has run dry; we are a river at flood that is likely to go mad.

"This is a dangerous situation but it is also hopeful. For the finest thing in the world is rightly used power. Whether or not America can achieve that goal is the crux of her national problem. To achieve this goal there are at least three things necessary; in personal character, a new emphasis on self discipline and self-control; in industry, the building up of professional ideals of public service; and in the nation at large, the creation of a new sense of patriotic national responsibility."

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AND POWER, GAS, WATER, AND
TELEPHONE COMPANIES DOES
NOT LEND ITSELF TO LOSSES

and

THAT DEFAULTS IN THE BONDS
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BONDS AND INVESTMENTS

Facts and Fallacies About Foreign Investments

By HENRY R. HAYES,

President, Investment Bankers Association

"MAY BE INJURIOUS"

"I do not wish to seem to oppose any honest criticism of foreign or domestic financing that is based on able study of facts. On the contrary I welcome such sturdy criticism. My objection is that often much public opinion is based on the haziest of casual information and on misconceptions that, when translated into regulatory measures of a democratic government, may be quite injurious to the entire community."

THE field of international finance, as in our own domestic financing, affords the American investment banker the opportunity and also the responsibility of performing his highest function in directing the flow of capital. This function was well described more than a century and a half ago by the father of political economy, Adam Smith, in his *Wealth of Nations*, when he wrote, "The wealth of the world as a whole benefits when capital flows to those quarters where it is most needed," and with his native caution he added, "provided it is not used for purposes of waste and destruction."

At no times in all the history of international finance has this last mentioned condition been better fulfilled. While many of the international loans in the pre-war period were perhaps applied to the preparation or the conduct of war, the post-war loans made by American bankers predominately represent credit, not as Adam Smith warned, "for the purposes of waste and destruction," but rather for strictly productive ends.

Has Stabilized Currencies

Our capital has helped to stabilize the currencies of the various European countries and has enabled them to restore economic order so essential to their happiness and our own continued prosperity. A survey of the purposes of the loans listed on the New York Stock Exchange demonstrates that our foreign dollar loans now outstanding are constructive in their purposes. One of the most important rea-



HENRY R. HAYES

sons why loans have been productive rather than wasteful or destructive, has been the non-political nature of American finance. It has been influenced not by political but by economic motives in directing the flow of our money abroad. In the case of this country, finance has not been the handmaiden of international politics. In no other country has the relation

between government and finance been so impartial. As a result American bankers have been able to offer foreign loans which rest on the sound base of

economic worth and not upon the doubtful platform of political expediency.

The fear is frequently expressed that our capital is being sent abroad for the benefit of our competitors. Unquestionably when a loan is granted to a foreign company and the proceeds are used to sell goods in a foreign market or even in our own market in competition with an American company engaged in the same line of business, the latter concern is directly injured. But such cases are rare. In fact, the trend of American foreign investment is toward countries which are complementary rather than competitive to the United States. In the future Europe will borrow of us relatively less than South America. The capital which we lend will be used primarily, therefore, to provide broader markets for our manufactured goods. Thus the argument of the competitive force of our foreign investment does not apply to South America. In fact, if sound economic reasoning be followed the argument does not even hold good for Europe, because the old continent is more a customer than a competitor. Even a cursory examination of our exports will confirm that statement. In general the relation of foreign investment to foreign trade has always been close. The economic history of England shows the two movements closely

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correlated. In the same way the foreign trade of the United States has moved directly with the upward and downward trend in our foreign investment ever since the close of the war. To any one who applies the simplest form of economic reasoning, the cause-and-effect relationship of these forces is apparent.

Is Not Harmful

It is frequently held that whenever our bankers send capital abroad there is so much less to go around for American economic needs. It is argued that worthy undertakings at home have been held back because of lack of capital. Such a statement assumes that the American banker, dazzled by the glamour of international business, prefers to make loans abroad rather than at home. In the last analysis the banker knows full well that his customers prefer to keep their money at home than to place it abroad, and so he offers foreign investments only when he cannot supply sufficient domestic securities. In other words, foreign demands for funds are met only after legitimate domestic needs have been satisfied. If the writers critical of foreign investment can produce any domestic investment which meets the tests of safety and gives assurance of profit, there are numerous American bankers who will offer commissions large enough to enable them to withdraw for a long time from the uncertain career of producing economic literature. Bankers, like all other persons, are only too eager to follow the line of least resistance and would sooner confine their ope-

rations to the home field than to go abroad where the effort involved may be more laborious and expensive.

It is also argued that foreign investment by diminishing the capital supply adversely affects labor. Such reasoning loses sight of the fact that at a time when there is idle labor there is also idle capital, and unemployment exists when interest rates are low rather than when they are high. The reason for this relationship is due to the fact that unemployment is the result of a maladjustment between the demand and the supply of goods and not of a shortage of capital.

I do not wish to seem to oppose any honest criticism of foreign or domestic financing that is based on able study of facts. On the contrary I welcome such sturdy criticism. My objection is that often much public opinion is based on the haziest of casual information and on misconceptions that, when translated into regulatory measures of a democratic government, may be quite injurious to the entire community. The whole, simple, essential function of any justification for the investment banker is that he finance sound, worthy business or governmental enterprise in a way that will give to that enterprise every legitimate opportunity to succeed, that sound financing can give, and at the same time give every legitimate safeguard to the investor's interests.

RECORD VOLUME

The record volume of foreign securities offered in the American market last year was absorbed at the low-

est interest rate in years for this type of investment, according to Frazier, Jelke & Co.

In 1926, it is pointed out, the nominal value of foreign securities was approximately \$1,320,000,000 and the average rate of return was 6.17 per cent.

On the other hand, the value of foreign government and corporate loans in 1927 totalled approximately \$1,600,000,000 while the average rate of return was 5.77 per cent.

Although there was an increase of \$275,000,000 or 20.8 per cent in the volume of foreign offerings compared with the year before, the yield on these securities last year increased only \$10,540,000 or 13 per cent.

"The fact that such a large volume of American capital was attracted to foreign investment fields last year when the indicated yield was lower than it has been in the past, can be accounted for in the main by the tremendous expansion of security dealings which took place last year and by the surplus of funds seeking investment which was evident from the generally low rates that money commanded during 1927," it is stated.

When the Deposit is to Pay Only an Outstanding Check

(Continued from Page 5)

of the check payable to the factory agent.

The bank had no right to apply same to any other purpose.

What the Law Says

As against the bank, the check given to the factory agent became effective when the deposit was made and the bank was without authority to divert the same by applying it in payment of the demand note which it held against Mazz. In other words, where a bank, through its president, agrees with a customer who is indebted to it on a demand note, that, if he purchases an automobile to sell in his business to a prospective buyer and issues his check on the bank therefor, the check will be paid, provided that by the time such check is presented the drawer shall deposit the proceeds of the sale with the bank, and, in pursuance of such agreement, the customer issues his check for the automobile, which he sells and deposits the proceeds of the sale with the bank, the holder of such check is entitled to recover the amount thereof from the bank, notwithstanding nothing was said at the time of the deposit about the application of the funds so deposited.

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Comparing Stock and Bond Prices

IF AN investor should decide to purchase high grade bonds yielding four per cent, and to buy enough of them to give an annual income of 100 dollars, he would have to get 2,500 dollars worth of them. If he decided to

buy common stocks instead of bonds he would find it possible to secure the same income of 100 dollars a year by investing distinctly less than 2,500 dollars. When judged solely on an income basis most of even the highest grade investment stocks are never as costly as high grade bonds, although individual issues may at times sell at such high prices as to yield even less than the best bonds.

The diagram shows a comparison of stock prices with bond prices when both have been brought to the same yield basis. The bonds employed in the comparison are the 15 high grade rail bonds entering into the index of the Standard Statistics Company. The stock prices are computed from the quotations of all the dividend paying industrial common stocks regularly dealt in on the New York Exchange from 1900 up to 1925, and of 100 leading issues since that time.

The cost of the stocks that would yield the same amount as the high grade rail bonds has always been well below that of the bonds. It has fluctuated between 55 and 91 per cent

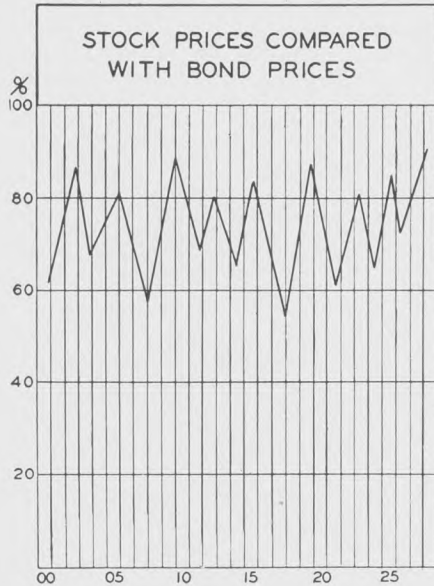
of the bond prices, and has averaged about 72 per cent as much. It has always risen above 80 in the bull markets, and sometimes fallen to 60 in the most severe of the bear markets.

Probably this sort of comparison furnishes the best sort of a basis for judging how high stock prices really are. At present they are up to 91 per cent of the bond prices. This is the highest level ever reached. In 1902 they climbed to 87 per cent; in 1909 they got up to 80 per cent; and 10 years later, in 1919, they reached 87 per cent.

The high grade rail bonds represent the almost riskless investment, with the income assured, and the return of the capital almost certain at the maturity of the bonds. The 100 stocks represent widely varying degrees of hazard, with the income fluctuating and the possibility of getting back the capital dependent on the widely changing swings of the market. Nevertheless, the stocks hold out the lure of possible yield, and it is because of this attractive possibility that the present market has lifted stock prices to levels never before touched.—*From Cleveland Trust Co. Bulletin.*

Think much for yourself, not too much about yourself.

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JULY 30, 1928

Describes Advantages of Fixed Trust

"THE fundamental principle of the investment trust is the distribution of risk by the investment of funds in securities or a great many enterprises, investments in any one security usually being limited to a fraction of the capital," says Lloyd W. Phillips, investment banker of Fremont, Nebr., in a recent address before the Fre-

mont Rotary Club. Speaking of the advantages of a fixed trust, Mr. Phillips made the following points:

"Dwelling for a moment on the fixed type of investment trust. All of these types are not by any means created on the same basis. It is contended by authorities that the very nature of a Fixed Type of Invest-

ment Trust necessitates certain fundamentals which should be incorporated in the Trust Agreement and plan of operation if the trust share is to be acceptable for the investment need for which it is designed. And in qualifying an Investment Trust with these fundamentals there are five essentials:

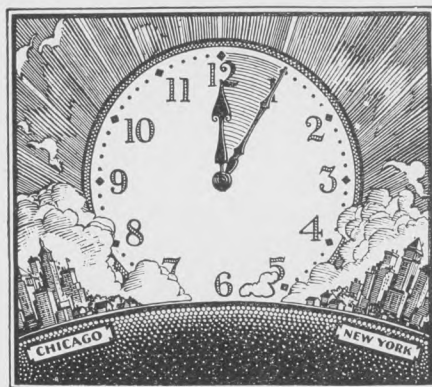
No. 1—Long Duration of Trust. This is necessary to avoid reinvestment within the reasonable life time of the purchaser or his heirs. A trust running for a period of 20 to 30 years is contradictory because it definitely will force reinvestment and at a period when no forecast can be made of the money market or the level of the stock market. A trust as nearly perpetual as the law will permit is essential.

No. 2—No Power of Dissolution by Promoters. Were this power present and permanency and long duration of the investment would be open to question. Neither the depositing share corporation nor the underwriters of the Trust shares should have any power whatsoever to dissolve the Trust.

3rd.—Retention of Inherent Marketability of Underlying Stocks. Certificates for any number of trust shares should be convertible through the trustee to the underlying securities and other property held by the Trustee or to the pro rata market value thereof (should not be necessary to acc. 500 to 1,000 shares).

4th—Steadiness of Income. To meet the demands of 90 per cent of investors the fixed type of trust must equalize its dividends to share holders through a cash stabilized fund referred to as a reserve fund. This is simply following good corporate practice as there is no successful corporation who pays out all of its earnings in dividends.

5th—A Continuing Interest. If the shares corporation and the sponsors of a fixed investment trust have no interest other than that of the initial profit there is no incentive toward continued sponsorship of the Trust certificates but rather an incentive to form other trusts to make other selling profits. It is essential that the profit to the Trustee, the sponsors and underwriters be a continuing profit, somewhat in the nature of a renewal benefit in life insurance. The Trustee and Share corporation should benefit only if the trust is continued in healthy condition, and should not be permitted to make their profit initially, regardless of what may subsequently happen to the Trust, and in addition to making the profit in lapses. If an investor, in selecting an invest-



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Basic facts on American Telephone and Telegraph Co. as an investment
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Telephone and Telegraph Company has paid dividends regularly for forty-eight years. Its stock is held by more than 420,000 investors. It is constantly seeking to bring the nation's telephone service nearer to perfection. It owns more than 93% of the combined common stocks of the operating companies of the Bell System which furnishes an indispensable service to the nation.

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ment trust, will qualify his selection with these five essentials he indeed will have safeguarded his funds and secured an unusually high grade investment providing the original selection of securities is a good one.

"To emphasize a bit on some of these aforementioned essentials; you will find some exponents of the fixed type of trust state that the reserve fund or stabilized fund is not necessary because the surplus of the underlying companies serve the same purpose.

"Earning figures of these same trusts over a period of years show very definitely that their earnings fluctuate widely from year to year, thus disproving by their own figures, their own contention. The necessity for a cash surrender privilege for any number of Trust shares has been recently emphasized by two situations. First, the New England Investment Trust Shares. The sponsoring company has gone out of business. Holders of 1,000 Trust Shares are protected but those having a lesser number are unable to secure a bid for their shares which anywhere near approaches their value. The value of the underlying collateral was recently \$11.00 per share. However, at the same time sharp shooters in New York were bidding \$6.00 per share to the small investor.

"Second, on December 2, 1927, the sponsors of one of four better-known fixed trusts were bidding \$12.00 per share which had a net breakup value of better than \$14.00. This was a trust that was previously distributed by a certain investment house which is now merchandising a new fixed type of trust which is the fourth one they have distributed. Mr. John Moody is quoted as having said "the best type of investment trust, without any question is that where specific collateral is deposited with the Trust Company back of the certificates or other securities issued and sold to the investor. When this specific collateral which can not be changed without liquidating the trust, is placed behind the certificates which are issued, there can be no question as to the character of the *security*."

Circumstantial Evidence

A tipsy man sat down beside a clergyman in a lobby lounge.

"Thish's fine hotel," he began.

"Yes, I find it very comfortable."

"Whatja say to having a drink?"

"No, thank you. I never touch the vile stuff."

"Shay, whatja givin' me? You gotcha collar on backward now."

CHANGING FROM A DEBTOR TO A CREDITOR NATION

By DR. MAX WINKLER,

Vice-President, Bertron, Griscom & Co.

Foreign government and corporate issues offered in the United States in the course of 1914 numbered nineteen, with an aggregate par value of \$37,722,750, of which \$29,794,000 represented government, state and municipal issues, the remainder representing foreign corporation loans. The countries which came here for accommodations included Greece with \$3,000,000; Norway with a similar amount; Sweden with \$5,000,000; Cuba with \$10,000,000; Panama with \$2,250,000; Porto Rico with \$900,000; and Canadian provinces and municipi-

palities with \$5,644,000. Corporate borrowing was confined to Canada with \$1,653,750.

From a debtor nation we have emerged as the world's most powerful creditor country. Instead of owing to others \$5,000,000,000, foreign countries are indebted to us to the extent of \$14,500,000,000, exclusive of so-called political obligations. As to the latter, the Treasurer of the United States held as of December 31, 1926, a total of \$7,497,345,000, received under agreements for the funding of their debts from twelve nations, including Great Britain, Belgium, Czechoslovakia, Estonia, Finland, Hungary, Italy, Jugoslavia, Latvia, Lithuania, Poland and Rumania. The

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BONDS • SHORT TERM NOTES • ACCEPTANCES

Central Western Banker, July, 1928

unfunded debt which arose in connection with advances made by the United States for various purposes totalled as of the above date \$3,584,314,555. We have thus within thirteen years become a creditor nation to the extent of about \$25,600,000,000, as compared with about \$18,000,000,000 or \$20,000,000,000 of Great Britain's foreign investments at their peak, and which, moreover, it took England and a generation to accumulate.

Instead of barely a dozen foreign loans listed on the New York Stock Exchange, we have today many times that figure. The annual turnover

has risen from \$3,500,000 to almost \$900,000,000, and instead of nineteen foreign loans floated during the entire year 1914, our market, at the present time, absorbs that many issues within less than one month. Slowly and gradually the financial center is being moved from the banks of the Thames—the classic center of finance—to those of the Hudson, just as it moved after the Napoleonic wars from Amsterdam to London. Today, New York is successfully vying with London and Paris, Berlin and Amsterdam, Zurich and Brussels.—*From pamphlet on "The Ascendancy of the Dollar."*

"American Business is Moral"

(Continued from Page 8)

ability and the willingness to deliver products in the foregoing terms—has created in the United States an era of business that calls for the formulation of even a newer business morality, the morality involved in the obligation to fulfill intrinsically and not merely superficially every one of these forms of service of which physical goods are merely the vehicle.

"Business thus becomes a form of economic service, an essential part of what we term social service, and today any business in the United States which does not perform social service has not long to live.

"The new spirit is that of a profession—whose formulae spring from scientific research and whose application is dominated by social significance. Even the nature of competition has changed with this growing business morality. The ruthless slaughter of competitors by fair means, or foul, has been replaced by a competition of greater service.

"The fundamentals of commerce and industry are being established through co-operative effort. In the field of banking, local, state and nation-wide organizations are studying the principles governing this profession, hoping to make banking continually safer and of greater service. Today it is calling to its assistance the research departments of our great universities. And what is true of banking is equally true of industry and commerce.

"Every true American is always hoping some time or other to repay America for her wonderful opportunities, to contribute toward the perpetuation of these opportunities for posterity.

"In a large number of instances, our civically minded business men of financial success, have waited until they retired from active business life, and then attempted to throw themselves into public service with the thought of doing an outstanding piece of work as a culmination of their endeavors and as their contribution politically to their country. Yet these have found that politically they could not match their outstanding commercial success."

They Probably Will

Mother: "Daughter, you cannot marry Lawrence because he an atheist and doesn't believe there is a Hell!"

Daughter: "Oh Mother! Let me go ahead and marry him and surely you and I can make him believe there is a Hell!"

SHORT TERM INVESTMENTS FOR BANKS



YOUR short term obligations have been purchased by more than 6,000 banks in the United States.



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Insurance

Life Insurance as Protection for the Home

Why Insurance Makes it Possible for the Good That Men do to Live After Them

THROUGHOUT the ages the race of man has had one all absorbing ambition. That is to make for himself and his family a place of safety—a home. Primitive men sought the caves, the cliffs, and the tree-tops for protection. The mediaeval man made castles, motes, and city walls within which he could pause for a time from the mere struggle of existence and find a home. Laws, treaties and complicated forms of government are all outgrowths of this eternal instinct of man.

So today we have our highly complex civilization whose foundation is the home. It would seem that all the old enemies that would destroy this precious haven were vanquished, and that man may spend all of his time now in providing for and perfecting and enjoying it.

Yet always there has been and it seems always will be the wolf of poverty to keep from the door, the thunderbolt of accident and calamity to fear, and that old unconquerable enemy, death to expect. These singly or en masse can enter the most secure home, ravish and destroy it. Statistics tell us that every minute of the day twenty-one persons are injured and every five minutes one is killed by accident. They further say that every day in America 3,800 persons pass away, and that eight out of every 1,000 at the age of thirty will die within one year. These figures are convincing regarding accident and death. Poverty needs no proof. We see it everywhere.

Affords Protection

Life insurance is the one institution evolved by civilized man that can protect in the face of these enemies. It grew out of marine insurance found necessary about the time when Rome and Carthage contended for the supremacy of the seas. It is founded on that basic principle of preparing

By MRS. OLIVER J. SMITH,

for today for the uncertainties of tomorrow and grew as economic and national life developed.

Surpassing all other forms of insurance, Life Insurance has grown to

WHAT ESTATES CONSIST OF!

“By figuring in cents instead of in billions we find eighty-seven cents out of every dollar that a man leaves behind him when he dies, comes from Life Insurance. Insurance has made it possible for the good that a man can do to live after him. It need not be buried with his bones as was said of Caesar.”

be the greatest private co-operative institution in the world. President Coolidge has called it the barometer of public welfare. Its principles have been scientifically and economically worked out to the immutable laws of human life by groups of specialists. Competing companies have made it necessary to give the insured the fullest possible protection and the benefit of the doubt. Its vast wealth is not a hoarded pile as some might think, but works in and through all the nation in safe investments. For instance, there are some forty million people who are owners of two billion dollars worth of railroad stock because they constitute mutual Life Insurance companies. The vast greatness of these institutions makes for safety and security.

So closely is this largest institution in the world related to our smallest institution—the home, that it is often called “coverage.” And indeed it can well be termed the greatest roof in the world. Under its protection American people have been able to attain a degree of ownership of homes never before enjoyed by any people. They have become the richest people per capita of any in the world. Nowhere else have the luxuries and comforts of life been extended to all classes.

What It Will Do

Let us note specifically some of the things that Life Insurance can do for the home. The three things that a man desires to do who is providing for a home are to create a savings, to meet his obligations, and to provide for old age. He can out of his salary of \$3,000 a year save five dollars a week. In a year's time, should he die, he would have saved about enough to meet the funeral expenses. But five dollars a week put into a life-income insurance contract would keep a living wage coming in

and save the home just as though he were there. Then again he might live long enough to save about \$1,000 and then an accident disable him. His \$1,000 would soon be gone and there would be no more salary to keep the home. Here again a Life Insurance policy with a disability benefit would keep his wages coming in and provide an emergency savings. Or perhaps, through good fortune he and his wife may live to an old age. His five dollars a week savings actually saved in an income insurance investment would begin to come back just as it was needed and when his own earning power had ended. They would not be dependent upon the charity of the younger generation.

There is often a mortgage on the home that is dependent upon a certain per cent of the income to meet the interest and payments on the principal. When death stops the income the mortgage often takes the home. By increasing this percentage three or four per cent and putting it into a Life Insurance policy the mortgage could be paid in event of death and the home saved.

Life Insurance can create an educational fund, it can satisfy a desire to aid some great charitable institution, it can create an estate from a small

Central Western Banker, July, 1928

savings. It can bring about a feeling of security and peace of mind that can be bought in no other way. By out-reaching death, disability, and poverty, it can make a monument that will last far into the coming years.

Skilled Salesman Required

So carefully has Life Insurance been adjusted to meet these peculiar individual needs that a skilled salesman or service man is required to fit the right policy to the applicant. It is his office to explain the meaning of Term, Ordinary Life, Limited Payment and Endowment policies. It is his privilege to show the advantages of cash and loan values, extended insurance, disability benefits, double indemnity clauses and other clauses provided in these policies. It is the policyholder's duty to study his contract and understand how it fits into his life plan.

With constantly added benefits and better educated salesmen, Life Insurance has in the last ten years been doubling and trebling its usefulness. This usefulness might be impressed upon the mind by the following figures. Dr. Louis Dublin, of the Metropolitan Life Insurance Company, estimates that the net earnings of men is about 1,500 billion dollars, a sum more than five times as great as the value of real property from all sources put together. Sickness alone cuts this figure two and a half billion yearly. Premature death cuts it much more. Compiled figures for 1923 showed over eleven billion dollars worth of insurance taken out in that year. Since then some two hundred great companies have double or trebled their business. Now the earning power of a single year is extended into the future to the amount of more than fifteen billion dollars. Note how this counterbalances the losses presented by Dr. Dublin through sickness and premature death. Think what this means when interpreted in terms of alleviation of want and misery and the saving of a man's most sacred trust—his home.

By figuring in cents instead of billions we find the 87 cents out of every dollar that a man leaves behind him when he dies comes from Life Insurance. Insurance has made it possible for the good that a man can do to live after him. It need not be buried with his bones as was said of Caesar.

Meredith Heavily Insured

Edwin T. Meredith, head of the Meredith Publishing Company of Des Moines, and former United States Secretary of Agriculture, who died

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recently, was one of the most heavily insured men in Iowa. Mr. Meredith carried \$320,000 life insurance. His last policy was taken out in 1924.

Have Filled the Gap

The National Liberty and allied companies will not replace Robert H. Baldwin, who has gone with the Automobile in Nebraska and South Dakota as state agent. The National Liberty readjusted its field. Mr. Baldwin handled Nebraska and South Dakota for the National Liberty. Nebraska is now taken care of by the Kansas state agent of the National Liberty, and South Dakota is added to the North Dakota field.

Heads Omaha Association

Hugh Wallace, Equitable Life of Iowa, was elected president of the Omaha association of Life Underwriters. J. E. Moss, Aetna Life, was elected vice-president; T. J. Bruner, Travelers, secretary, and L. W. Forbes, New York Life, treasurer.



Author of "Sunnyside Up"

A well known newspaper man is Will Maupin, author of "Sunnyside Up," a column of philosophy and humor that appears in each issue of the Omaha Bee-News. The cartoon above was drawn free hand by Claude F. Anderson, Jr., fifteen year old son of Claude Anderson, assistant to the president, State Bank of Omaha, from a snapshot of Mr. Maupin taken by the editor of the CENTRAL WESTERN BANKER during the June Nebraska group meetings.

B. E. Williams, the retiring president, presided and gave an address in which he outlined the work of the association during the past year.

Close Second Story Movies

The Nebraska state fire marshal's office has notified all operators of moving picture shows located in second story rooms to close their places. Half a dozen such shows have been found and personal notice to the owner of the building and the show proprietor has resulted in prompt closing.

Did Not Pay Premium

In relieving the Northwestern Mutual Life Insurance Co. from liability on a \$2,000 policy of which Agnes I. Brown was beneficiary, the Supreme Court of Nebraska says that a life policy contract automatically ceases upon the failure of the holder to pay within thirty days after a premium becomes due; that it is a plain provision upon which the company has a right to rely and being within the knowledge of both parties it must be enforced by the courts.

The court holds that the giving of a check is not payment of an indebtedness unless so expressly accepted as such, and that while the mere payment may be changed by custom the actual payment cannot be. The wife of the insured sent a check during his last illness that was returned to the general agent of the company because of insufficient funds. The general agent held it while he notified her of its being dishonored. The court holds that this did not amount in law to either an extension of time for payment or a waiver of payment when due.

Neighbor Had Premium; Is Held Agent

A novel question has been brought by appeal has been brought to the Nebraska supreme court for determination by the World Accident, which lost in the York district court. Pursuant to an agreement between the collector of the company and the policyholder, that because of the latter's frequent absences from home, Levi Jones nearly always left his premium with a neighbor, and it was in her hands when the accident occurred that killed him. The court below held the neighbor to be the agent of the company for purposes of collection and payment to her was payment to the company. It holds that she was the agent of the policyholder.

Success is not a matter of desire, it is the product of hard work.

On July 2, the bank clearings in Omaha amounted to \$10,057,460, this being the third day in 1928 when the clearings had passed the ten million dollar mark. The total compared to 7,831,884 the same day a year ago, following the general tendency for clearings this year to greatly exceed those for the same day in 1927.

The previous 10-million dollar days in Omaha were March 5, when clearings were \$10,291,090 and April 24, when they were \$10,240,332. The biggest day in June was on June 14, when the total clearings were \$9,070,933.

Willard B. Millard, Jr., has been elected a vice-president of the Omaha National Bank, following two years as assistant cashier. Mr. Millard is a grandson of the late Senator Joseph H. Millard, who was, for many years, president of the Omaha National Bank.

Four years ago, after his graduation from Yale university, Mr. Millard entered the employ of the bank as a clerk and bookkeeper, and since then has been active in nearly every department of the bank. He was born in Omaha and has traveled a good deal, both in the United States and abroad.

Walter W. Head, president of the bank, in announcing Mr. Millard's promotion, said:



W. B. MILLARD, JR.

"He has been earnest and industrious in his work, and has shown that

he possesses the qualities essential to success as a banker.

"In recognition of his progress, he was made an assistant cashier of the bank in June, 1926, and the directors feel that he will be a valuable addition to the bank's executive staff in the more responsible position of vice-president."

The annual state convention of the Nebraska Bankers Association will be held at the Hotel Fontenelle, at Omaha, October 17 and 18, these dates falling on Wednesday and Thursday. The dates were fixed following a conference of the officers of the association and the Omaha Bankers who will be hosts. Secretary W. B. Hughes is at work now, arranging the program for the gathering.

Spreading Beauty

Tramp: "Would you please subscribe half-a-crown to my fund for beautifying the village?"

The Vicar: "But, my good man, how are you going to beautify the village?"

Tramp: "By moving on to the next village."

A man buys a hat to fit his head; a woman buys one to fit her face.



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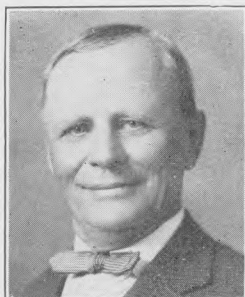
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Assets Exceeding \$13,000,000.00



C. A. SMITH, President
Nebraska Bankers Association



W. M. B. HUGHES, Secretary
Nebraska Bankers Association

Install Ventilator

The West Point, Nebr., National Bank has just installed a modern invention which will be recognized as a most important safe-guard for the lives of customers and employees.

Ordinarily this equipment presents on the outside of the vault the face of the polished end of a cylinder of hardened, heat-resisting steel; so that the burglar at once recognizes it as the poorest possible place to attempt an attack upon the vault.

But if anyone within the vault finds need of ventilation, he, or she, can unlock the steel core of the cylinder and withdraw it; and then slide into its place a high speed electric fan.

The result is ample air supply for any number of people that may be crowded into the vault—fresh air being drawn in while foul air is forced out.

Tax Victory

Recognizing as final the recent legal victories of national and state banks, the Nebraska board of equalization announces no further attempt will be made to assess those institutions on the basis of 70 per cent of their capital resources, as provided by an act of the 1925 legislature.

A circular letter which T. E. Williams, state tax commissioner, sent to county assessors, clerks and boards of equalization, instructs those officials to list all banks, trust and investment companies and loan corporations at five mills on the dollar of their valuation after deducting real estate otherwise taxed.

Central Western Banker, July, 1928

Nebraska News

This action puts the banks and other loaning concerns definitely under the assessment of moneys, credits, stocks, bonds, and other securities.

Opens in Rohrs

The Farmers Security State Bank at Rohrs, Nebraska, has opened with J. P. Gillilan as cashier. The bank will be stronger than ever and better able to serve the people of the community in which it is located.

Mr. Gillilan who is a former county treasurer of Nemaha county is a banker of long and successful experience.

Recent Appointments

Gov. McMullen recently announced the appointment of two members of the state guaranty fund commission for terms of three years each, and one member to succeed himself, also for three years.

For the territory included in bankers group No. 4, which is southwestern Nebraska, Ed Van Steenberg, president of the Franklin County Bank, at Hildreth, was appointed. He succeeds Van E. Peterson, secretary of the Commission who recently announced he did not wish to be reappointed.

J. M. Flannigan, president of the Citizens bank at Stuart, was named a member of the commission for group No. 6 in northwestern Nebraska. He takes the place of Fay Hill, Gordon banker.

Henry C. Peterson, president of the Chappell State Bank, was reappointed from Group No. 7, in western Nebraska.

Four other members of the commission hold over this year.

Buys Control

Controlling interest in the State Bank of Jansen, Nebr., has been purchased by John M. Nider, farmer and extensive property owner. He bought out Herman Thiessen, who has acted as president of the institution for the past 25 years. The directors are John M. Nider, P. J. Teissen, F. C. Achtiemer, H. T. Fast and Henry Wallbaum. Mr. Nider was elected president.

Take Short Course

Forty-six members of the Nebraska Mortgage Bankers Association, a majority of them Omaha men, took the Nebraska university short course for land appraisers, traveling from Lin-

coln in two 30-passenger busses thru Lancaster county to Wilbur, thence to Hastings, Grand Island, Central City and back via Stromsburg and David City. Among the farms visited were those of Charles Olmstead in Lancaster county, and John Hassik, near David City, where the value of crop rotation was evidenced.

Elected Cashier

M. H. Eggert of Panama was elected cashier of the Bank of Syracuse, Nebraska, at a meeting of the directors held recently and will take the place of M. H. Rodgers, who has resigned to enter the insurance field. Mr. Eggert has been with the Bank of Panama for several years and is experienced in banking business.

Merged

The First National Bank of Marquette, Nebr., has taken over all assets and deposits of the Farmers State Bank, and has now combined deposits of \$460,000, with total resources of over half a million.

The officers of the First National Bank are as follows: A. W. Hickman, president; J. D. Ferguson, vice-president; M. E. Isaacson, cashier; C. N. Turner, assistant cashier; A. E. Erikson, assistant cashier.

Resigns

W. P. Corbett, who has been associated with the Carson, Nebraska National Bank for more than twenty years, has resigned his position, the resignation taking effect July 1. His action is deeply regretted by his associates at the bank.

Mr. Corbett was a man who devoted his entire energies to his work and who was dependable and faithful in all things and has well earned the rest and recreation that he has long denied himself.

Loans Increase

Total loans made by the Federal Land Bank of Omaha during the first half of the year were \$13,433,000, taking total loans outstanding to \$161,734,322, it was announced recently. Net loans closed during June amounted to \$857,300. The net loan increase for May was \$1,251,700, compared with \$1,087,000 for the same month in 1927. This was the biggest monthly gain over last year during the first half of 1928.

Payments on loans during the six months totaled \$3,438,600.

Omaha Deposits

Deposits in Omaha banks on June 30, totaled \$121,373,993, or more than \$12,000,000 more than the total deposits of June 30, 1927, according to a bank call ordered by the comptroller of the currency. Loans and discounts were slightly less than a year ago, the total last June 30, being \$65,380,126.

Consolidate

Clarence Bliss, secretary of the state department of trade and commerce of Nebraska, announces the Farmers State and the First National Bank at Marquette have consolidated.

Install Machine Gun

The "artillery" purchased recently by the Omaha branch of the Federal Reserve bank as a protection against bandits, has been installed in the bank building.

In a specially built steel "turret," four feet square, constructed on the north wall of the bank near the ceiling and facing the paying teller cages is a machine gun "nest." Across the top is a strip of bullet-proof glass, and below an aperture through which the muzzle of the machine gun may be pushed. In the employ of the bank are five guards, who are former police officers.

Revolvers have been placed in each of the bank cages, and the guards also are armed. Protection by sawed off shotguns is afforded at the rear of the bank building, where daily hundreds of thousands of dollars is transferred by armored truck to other Omaha banks.

Quitting Business

Depositors in the Goodwin State Bank, of Goodwin, Nebraska, have been notified of the liquidation of that institution in the near future. Time certificates not due will be credited with interest until the time their holder's receive the money.

Officers of the bank are; J. C. Duggan, president and Tom Brozek, cashier.

Resigns

Harry Welch, assistant cashier of the Nebraska National Bank, Hastings, Nebr., has resigned his position and will be succeeded by C. L. Swanson, assistant cashier of the Fidelity National Bank at Aurora. Mr. Welch has been connected with the bank since 1910. He hasn't announced his plans for the future, except to say he expects to leave Hastings.

Heads County Bankers

E. H. Gerhart, president of the First National Bank of Newman Grove, Nebr., was re-elected president of the Madison County Bankers Association. Mark O'Shea of Madison was elected vice-president, and L. P. Pasewalk of Norfolk, secretary-treasurer.

Norfolk was again chosen as the meeting place for the next session, which is scheduled for the first of August.

A generous friendship no cold medium knows,
Burns wit hone love, with one resentment glows.—*Pope.*

EXPERIENCE

FIDELITY

PERMANENCE

IN CONTINUOUS EXISTENCE
SINCE 1891

**PACKERS
NATIONAL BANK**

Affiliation

**PACKERS NATIONAL
COMPANY**

INVESTMENT BONDS

SOUTH OMAHA

**U.S. National Bank
U.S. Trust Company**

OMAHA

*"An Unbroken Record of Seventy Years
is a Guarantee of Safe and
Satisfactory Service"*

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R. P. MORSMAN, *President*

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P. B. HENDRICKS, *Ass't Vice-President*

R. R. RAINEY, *Cashier*

H. E. ROGERS, *Assistant Cashier*

E. E. LANDSTROM, *Assistant Cashier*

A. L. VICKERY, *Assistant Cashier*

V. B. CALDWELL, *Assistant Cashier*

Central Western Banker, July, 1928



OUR BANKING ROOM
MAIN FLOOR RIGHT

OFFICERS

FORD E. HOVEY, President
 JAS. B. OWEN, Vice-Pres.
 F. J. ENERSON, Vice-Pres.
 W. L. PIER, Vice-Pres.
 W. H. DRESSLER, Cashier
 L. K. MOORE, Asst. to Pres.
 H. C. MILLER, Asst. Cash.
 C. L. OWEN, Asst. Cash.
 T. G. BOGGS, Auditor

The Fact:

That we are located in the heart of the live stock market,

That this bank has on its staff the highest grade of specialists, not only in the live stock business but in all phases of banking,

That we are equipped to anticipate your every need,

That we are willing and anxious to serve you,

***Are some of the reasons
why you should let us
handle your business.***

Stock Yards National Bank

of

South Omaha

The Only Bank in the Union Stock Yards

Secretary Hughes of the Nebraska State Bankers Association calls attention to the fact that in the comment in the press upon the supreme court decision setting aside the state tax law calling for a higher tax upon bank stocks as intangibles, the fact that bank shares have always been taxed at their full value. Mr. Hughes says:

"This decision has caused considerable newspaper publicity in all of which there is a noticeable failure to consider the fact that for generations bank shares have been taxed at their full value, easily ascertainable, while other kinds of property escaped at only a portion of their value—as low as 50 per cent according to some estimates—and if this decision lets banks off easily for 1928 it is no more than a partial leveling up for their disadvantages of years standing. And these newspaper articles about the decision, bemoaning the small tax to be paid by banks for 1928, are entirely silent—unfairly so, we think—about the heavy special tax of about \$1,500,000 being paid annually into the Guarantee Fund by the State Banks for the public's benefit."

The taxation committee of the state association outlined the banker's position on taxes, after a meeting in Omaha June 25, and sent a circular letter to the bankers, the principal points of which follow:

Regarding 1928 taxes: Suggest that all banks carefully watch to see that the assessor tax shares on the intangible 5-mill basis.

Regarding 1927 taxes: Banks that paid under protest are advised to request refund, which, if disapproved, each bank must decide its own course as to bringing suit. Banks that did not pay under protest are advised there is little likelihood of a refund.

Furniture and fixtures: The committee promised to oppose in the courts, as illegal, the announced intention of tax officials of several counties, to attempt to segregate furniture and fixtures for taxation at the full rate for tangible property.

How to Prevent Check Swindles

1. Keep blank checks and cancelled vouchers under lock.
2. Write checks with safety ink or with a check-writing machine that shreds the paper and impregnates it with the amount in ineradicable ink.
3. In writing checks, leave as little space as possible between the figures of the amount, and start the written amount as close to the left-hand margin as possible, drawing heavy parallel lines through the unfilled space.

News of the Omaha Stock Yards



Approve Group Meeting Resolution

Bankers of the south side, Omaha, whose business is intimately connected with the live stock industry, view with satisfaction the support given at all the recent state group meetings, of the following resolution:

"We view with much concern the increase in country buying of live stock by packers. We recommend that necessary legislation be enacted by congress to preserve for our farmers and stockmen the continuance of competitive open markets for live stock."

Federal Land Bank Loans

Total loans made by the Federal Land Bank of Omaha, during the first half of 1928, were \$13,433,000, raising the amount of total loans outstanding, to \$161,734,322, according to an announcement by John Carmody, secretary. Net loans closed during June amounted to \$857,300. The net loan increase for May was \$1,251,700, compared to \$1,087,000, for the same month in 1927. Payments on loans during the six months period ending July 1, totaled \$3,438,600.

President D. P. Hogan of the land bank made the following statement: "Our collections are much better than they were a year ago at this time, and this seems to me to be a certain indication that business is steadily on the upgrade in this territory."

Dies Suddenly at Tilden

The sad news reached Omaha recently of the sudden death of Charles L. Corkle of Tilden. He was taken with a heart attack and passed away suddenly. He was 62 years of age.

Mr. Corkle was a pioneer in that section of the state. He was a well known farmer, live stock feeder and breeder of pure bred live stock. In company with his sons, Mr. Corkle was engaged in the business of raising pure bred Hereford cattle. Quality Whitefaces from his farm have

been no small factor in the improvement of the breed, many animals going out as foundation stock for new herds.

"Show Calf" at \$15.00

Making a gain of 410 pounds since January 1, a Shorthorn calf belonging to a Carroll county, Iowa, club boy, Harold (Chubb) Hassler of Manning, tipped the scales at 1,050 pounds recently in the Omaha market and sold for \$15.00 per cwt. On January 1 this calf weighed 640 pounds.

Harold was not able to come to the market, but his father, Fred Hassler, trucked the animal in. This calf was one of the three being fed by the son Harold, but because it did not seem likely to make a good show animal, it was decided to sell him at this time. A Hereford and an Angus are on feed and will no doubt be brought to the Ak-Sar-Ben Exposition in November.

Curb "Bootlegging" of Hogs

Bootlegging in hogs will be a thing of the past since the Nebraska state law went into effect requiring animals from accredited areas to be branded before raisers can collect a 10 per cent bonus.

A state-wide system of branding has been worked out by the live stock commission. Dies for the brands will be handled through county extension agents.

The system will enable authorities to determine from what 40-acre section of the state hogs are shipped, and it will permit disease to be traced to its source. Owners of diseased hogs shipped from accredited areas will be docked at market, it was explained.

Dairy Cattle Congress Judges

Judges for the cattle department of the nineteenth annual Dairy Cattle Congress, to be held at Waterloo, Ia., October 1 to 7, inclusive, are announced by the management as follows:

Holsteins—W. S. Moscrip, well known breeder and judge, Lake Elmo, Minn.

Guernseys—H. H. Kildee, professor of animal husbandry, Iowa State College, Ames, Iowa.

Jerseys—J. B. Fitch, professor of dairy husbandry, Kansas Agricultural college, Manhattan, Kan.

Brown Swiss—J. P. Allyn, prominent breeder and judge, Delavan, Wis.

Ayrshires—E. L. Anthony, professor of dairy husbandry, Morgantown, W. Va.

"A Real Market"

"Believe me, Omaha has a real cattle market, and I want to put in a good word for it. Competition for these good steers couldn't be any stronger anywhere than I find it right here," declared Jesse C. Weaver, well known Oakland, Iowa, feeder, after his shipment of 43 steers averaging 1,113 pounds had sold at \$15.35 recently.

Leads Again

R. B. Stone of Nehawka again has the high cow in the Cass-Johnson-Otoe county dairy herd improvement association. Mr. Stone's high cow produced 1,708 pounds of milk, 78.6 pounds of butterfat and her test was 4.6 per cent during the month. Mr. Stone also had the high herd of the group of from five to fifteen cows. His eleven cows produced an average of 44.2 pounds of butter fat for the month. A. O. Rame of Plattsmouth had the second high herd of 16 cows and over.

Dairy Prices

There has been little change in the butter market for some time and there is little probability of dairy products prices falling below the present level according to information received by the state and federal division of agricultural statistics at Lincoln. Unfavorable weather has held up excess pro-

Central Western Banker, July, 1928

duction in foreign countries, our own seasonal peak has been reached, and storage stocks though increasing, are still below last year's, while prices are firm.

Receipts of cheese at Wisconsin warehouses are falling below last year, and while a June 16 report of the Association of American Creameries showed increases in butter output. The Land o'Lakes Creamery Corporation reported a decrease for the same period. Pasture conditions in sections have improved but dealers feel certain that our seasonal peak production has been reached and prices will not go lower this summer. United States imports of butter, and cheese, and exports of condensed and evaporated

milk have been lighter than last year though imports of fresh milk and cream have been heavy.

Dairy and Poultry Meeting

A big dairy and poultry meeting will be held in O'Neill, July 21. A special train will be run from the extension service of the University of Nebraska, at Lincoln. Mr. Liebers, manager of the dairy development society, Frank Mussehl, head of the poultry department, and R. W. McGinnis, special agent for the Chicago, and Northwestern, will have charge of the train. At the meeting the question of better dairy cows, boys' and girls' 4-H dairy calf clubs and poultry clubs will be discussed.

Holt county is one of the largest in the state—58 miles wide and 62 miles long, and is one of the best cattle, dairy cow and poultry counties west of the Mississippi river.

SPECIAL HARVEST TRAIN

Preliminary plans were completed in conferences recently at the Nebraska Agricultural college to operate a Wheat Harvest Special train over the Union Pacific and Northwestern lines in eastern Nebraska from August 13 to 25 inclusive.

Visits have already been made to towns where the train will stop. Local chairmen have been chosen and local plans for a big harvest festival at each place are now under way.

The Union Pacific will furnish the coaches and operate the train over its lines for seven days. The Northwestern will operate the train over its lines for five days. The train will probably be spotted on the state fair grounds during state fair week. The agricultural college will prepare the exhibits of all but one coach and send its agricultural and home economics specialists with the train. The Omaha Grain Exchange will prepare one coach of marketing exhibits and send two men with it.

Three stops will be made each day. In the itinerary given below the first town each day will get a morning stop, the second an afternoon stop, and the third an evening stop. The itinerary follows:

Monday, August 13, Papillion, Elkhorn, North Bend.

Tuesday, August 14, Schuyler, Silver Creek, Central City.

Wednesday, August 15, Wood River, Gibbon, Kearney.

Thursday, August 16, Elm Creek, Lexington, Cozad.

Friday, August 17, Polk, Osceola, Mead.

Saturday, August 18, Cortland, Blue Springs, Fairbury.

Monday, August 20, Belvidere, Fairfield, Hastings.

Tuesday, August 21, Harvard, York, Gresham.

Wednesday, August 22, David City, Beaver Crossing, Seward.

Thursday, August 23, Geneva, Daventry, Superior.

Friday, August 24, Hooper, Dodge, Clarkson.

Saturday, August 25, Humphrey, Newman Grove, Albion.

The vital air of friendship is composed of confidence. Friendship perishes in proportion as this air diminishes.—*Roux*.

THE
HANOVER
NATIONAL
BANK
OF THE CITY OF NEW YORK
Established 1851
Capital \$5,000,000
Surplus and Profits 26,000,000

Central Western Banker, July, 1928

Doing Big Things in a Big Way

When they want a big job done in Omaha, they are certain, sooner or later, to call into conference, in some leading capacity, Ford E. Hovey, the president of the Stock Yards National Bank of Omaha. He has a habit of doing difficult jobs thoroughly, doing them well, and doing them with a minimum of confession. He happens to be, besides the president of his bank, the president also of the Union Stock Yards Company of Omaha, a bulwark in the city's financial and industrial strength.

Mr. Hovey was born in Henderson, N. Y., in 1876. Twenty years later he was in the west, a bookkeeper in the Bank of Horton, Kans. In five years he became cashier of the bank, and was married to a Horton girl.

In 1910 Mr. Hovey became vice-president of the St. Joseph, Mo., Stock Yards bank and the St. Joseph Cattle company. He lived in St. Joseph for five years, and was then called to Denver to take the presidency of the Denver Stock Yards Bank and the Denver Cattle Loan company. The next year he came to Omaha as vice-president of the Stock Yards National

Bank, the Cattle Feeders Loan company, and the South Omaha Savings Bank.

In 1920 he became president of the Stock Yards National Bank of Omaha.

Mr. Hovey became president of the Union Stock Yards company of Omaha in 1925, succeeding the late Everett



FORD E. HOVEY

Buckingham. Under his direction Mr. Buckingham's dream of a great new home for the Live Stock Exchange in Omaha, was carried through to completion, the company building a ten story, brick and steel exchange building that is one of Omaha's handsomest structures. The growth of the South Omaha market led also to stock yards company constructing a new steel and concrete viaduct; new loading docks for trucks that are becoming increasingly important in bringing live stock to market, and in other improvements. Mr. Hovey's bank has its quarters in the Live Stock Exchange building.

Ford Hovey served as chairman of the executive committee, and then as president of the Omaha Chamber of Commerce, 1924-1926. He has been for three years a member of the board of governors of Ak-Sar-Ben. His experience in stock matters is proving of vast help in the plans for the first livestock exposition, that will be held next fall, in the new Ak-Sar-Ben Live Stock Pavilion. Mr. Hovey has been active also in the First Methodist church of Omaha, and is chairman of the board of trustees of the Nebraska Methodist hospital.

The characteristic of his work is a quiet, sure directness that inspires confidence in those working with him.



GRAIN DRAFTS

WE GIVE IMMEDIATE CREDIT AND GUARANTEE
QUICKEST POSSIBLE PRESENTATION

LIVE STOCK NATIONAL BANK

OMAHA

BOND INVESTMENTS - - WRITE US

Reliable Information Furnished, Without Obligation

South Dakota News

Open for Business

The Badger State Bank, Badger, S. D., opened for business recently. The new officers are: Andrew Nelson, president; F. A. Carpenter, cashier; Louis Horstad, assistant cashier, and Peter Peterson, K. V. Anderson, Chris Anderson and F. A. Carpenter, directors.

Appointed Assistant

O. B. Wallace, a bank examiner of Fall River county, South Dakota, has left with his family for Pierre, where he will take up his duties as newly-appointed assistant to the superintendent of state banks. Mr. Wallace's place has been taken by Paul Loomis, bank examiner at Rapid City, who will probably maintain an office in Hot Springs.

Close Saturday Afternoons

Four banks in Sioux Falls, S. D., are closing their doors at noon on Saturdays during the summer months. The following banks will operate on this schedule: Security National Bank, Minnehaha National Bank, Citizens National Bank and the Corn Exchange Savings Bank. This arrangement will take effect on and after July 7.

Meet in Freeman

A called meeting of the Hutchinson County Bankers Association, pursuant to adjournment, was held in the city hall of Freeman, S. D. recently, with R. H. Seydel, president, presiding. The following bankers were present: J. J. Tschetter, First National Bank, Freeman; J. J. Waltner, First National Bank, Freeman; J. W. Ulmer, Jr., Menno State Bank,

Menno; R. H. Seydel, Menno State Bank, Menno; L. E. Schmitt, Menno State Bank, Menno; F. T. Hirsch, Farmers and Merchants Bank, Tripp; L. Roy Klatt, Dakota State Bank, Tripp; Oscar Brosz, Dakota State Bank, Tripp; Fred G. Borman, Farmers State Bank, Beardsley; John Borman, Farmers State Bank, Beardsley; W. J. Steichen, Dimock State Bank, Dimock; W. H. Shaw, Hutchinson County Bank, Parkston; J. M. Moes, Hutchinson County Bank, Parkston; Wm. C. Rempfer, First National Bank, Parkston.

Minutes of the meeting held at Tripp May 29th were read and on motion approved as read.

The matter of united action with reference to service charge on small checking accounts was thoroughly discussed, and on motion the matter was laid on the table until the August meeting.

The advisability of having speakers at future meetings was favorably received, and subjects for future discussion and consideration were suggested.

Driscoll Heads Bankers

R. E. Driscoll, cashier of the First National Bank of Lead, was elected president, and Thomas O'Brien, president of the State Bank of Hoven, was elected vice-president at the South Dakota Bankers Association at the closing session of the organization.

Other officers elected were: J. C. Basset, of Aberdeen, treasurer; and members of the executive council: George K. Brosius, of Vermilion, group 1; Clarke Bassett, of Aberdeen, group No. 6, and M. I. Larsen, of Mound City, group No. 7.

Rapid City was chosen as the 1929 meeting place, the date to be set later.

Other elections were as follows:

D. H. Lightner of Aberdeen, member of the executive council for a term of three years, to succeed A. Kopperud of Oldham.

Don W. Devey, of Westport, state vice-president, to succeed M. F. Patton of Mitchell.

A. Kopperud, of Oldham, member of the nominating committee.

W. S. Rempfer, of Parkston, alternate member of the nominating committee.

M. L. Thompson, of Vermilion state vice-president for the national bank division.

H. R. Kibbee, of Mitchell, state vice-president for the savings bank division; George M. Townsend, of Huron, state vice-president of the state bank division, and A. F. Smith, of Mitchell, state vice-president for the trust company division.

Settles Tax Question

The South Dakota supreme court has rendered its opinion in the matter of bank taxation, *The Commercial State Bank of Wagner vs. E. E. Wilson, County Treasurer of Charles Mix County*; appeal from the circuit court of Charles Mix County.

All mooted questions are settled by this decision, which was handed down on June 30:

1. State banks are entitled to the same protection in the matter of tax rates as are national banks;

2. The moneys and credits tax law is constitutional;

3. Banking capital in South Dakota is to be considered in competition with other moneys and credits, and

4. The maximum tax which can be levied on bank stock is 4 mills.

This settles the tax liability question under the South Dakota laws.

BANK OF NEW SOUTH WALES

AUSTRALIA

PAID-UP CAPITAL.....
RESERVE FUND.....
Reserve Liability of Proprietors.....

ESTABLISHED 1817

Aggregate Assets 30th September, 1927



.....\$ 37,500,000
.....28,250,000
.....37,500,000
.....\$103,069,600
.....\$438,905,640

AGENTS—FIRST NATIONAL BANK, OMAHA, NEBRASKA
GENERAL MANAGER, OSCAR LINES

HEAD OFFICE, GEORGE ST., SYDNEY LONDON OFFICE, 29 THREADNEEDLE ST., E. C.

518 Branches and Agencies in all Australian States, New Zealand, Fiji, Papua, Mandated Territory of New Guinea and London. The Bank Collects for and Undertakes the Agency of Other Banks, and transacts every description of Australian Banking Business.

Kansas News

County Bankers Meet

Eureka, Kansas, was the meeting place for the last gathering of the Greenwood County Bankers Association. Among other matters discussed, the bankers were unanimous in their approval of the adoption of the service charge and appointed a committee to draft rules which would be applicable to all banks in the county.

Protest Rate Fixing

The banks of Ellis county, Kansas, have entered a protest against the new ruling of the State Banking Commission which fixes the rate of interest on time deposits at 3 per cent. It was believed that such a rate of interest would cause heavy withdrawals, thus making it difficult for banks in western Kansas to handle loans for the harvest period.

Open New Offices

Brown Crummer Company, investment bankers of Wichita, Kansas, recently opened a new office in San Antonio, Texas, with R. K. Dunbar in charge. Mr. Dunbar has been with the Brown Crummer Company for several years and was formerly in the Dallas office.

Appointed Cashier

The First National Bank of Eureka, Kansas, announces the recent appointment of George Mack as cashier of that institution. The bank also announces the election of Robert Brookover to the Board of Directors.

Adds Trust Department

The Union National Bank of Manhattan, Kansas, has recently added a Trust Department to the several other departmental facilities. This department is under the management of C. E. Floersch, who has the title of Trust Officer and he is assisted by John W. Vordts.

Granted Charter

The Banking Department of Kansas announces the granting of a charter to the Russell Farmers State Bank. The bank will have a capital of \$100,000.

Meet in Winfield

Members of the Cowley County Bankers Association met recently in Winfield, Kansas. A banquet was served in the evening, after which the

regular business session took place. The main topic for discussion was as to whether banks in the county should close during the noon hour. It was thought that closing at noon would provide a certain amount of protection against robbery, especially when the bank force was decreased.

Merger

The Jefferson County Bank of Oskaloosa, Kansas, has recently been absorbed by the Bank of Oskaloosa and the institution will now do business under the name of the latter institution. The officers of the bank of Oskaloosa, which were W. E. Huddleston, president, and T. A. Huddleston, cashier, will remain as before.

Banker Dies

W. T. Harris, who has been president of the Citizens Bank of Solomon,

Kansas, for the past four years, died recently at his home. Mr. Harris was prominent in the banking circles of Kansas and was also active in civic affairs in his community.

Clearings Increase

Pueblo, Colo., bank clearings for the first six months of the current year, have shown a marked increase over the corresponding period for 1927. Clearings for the six months period ending June 30, were \$35,302,283.57, a gain of over two and one-half million as compared with the initial six months period of 1927, the report indicates.

Monthly clearings for June also show an increase of approximately one-half million, showing that business in Pueblo and vicinity is showing gradual improvement.

When a man is his worst enemy he should make friends with himself.

Happiness depends upon ourselves.

24 Hour Continuous Service

Always alert, ever ready to serve banks on Safe, Vault and Timelock Equipment. An organization built on service with a personnel of trained experts thoroughly competent to render efficient and satisfactory workmanship on any make of equipment.

Reduced Rates to Members Under the Nebraska and Iowa State Bankers Associations

Fifty-four Field Experts in constant touch with us and always available to you.

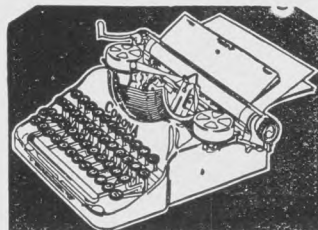
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Standard Four Bank Keyboard
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TYPEWRITERS AND ADDING MACHINES

EVERY MAKE—LARGE OR PORTABLE

7 Col.	"CORONA"	10 Col.
\$60	Adding Machines	\$100

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Central Typewriter Exchange, Inc.

1912 FARNAM ST.

(Established 1903)

OMAHA, NEBR.

A Dozen Ways to Stop Losses and Create Earnings

(Continued from Page 6)

potatoes, alfalfa or does some thing really worth while, to the credit of your community, don't go home and tell the wife about it, tell the world

about it. Send it in to C. J. Claassen, chairman of the Publicity Committee, Nebraska Bankers Association. Boost your home town and community and sell the idea to your customers.

The banks of Nebraska, like those of most agricultural states, have had

rather tough sledding for the past eight years. We have been trying to do too much for nothing, along with a lot of damn poor banking. As a result dividends have been scarce, guaranty fund sick, assessments, consolidations and liquidations have been numerous, and you wonder sometimes whether it is worth the effort.

I was just perusing some of George Washington's letters of record, that he sent to personal friends just previous to the framing of the Constitution. He stated that he was discouraged, melancholy and blue, and that if something was not done at once, the country would be in the throes of anarchy and mutiny and chaos would rule supreme; but happy for you and I, a few cool-headed men, trained in the operation of government and government laws; men who had foresight and courage, framed a code or plan for the operation of our government, a plan that is to government what the digits are to mathematics, the scale is to music, and the alphabet is to language. A plan that has never been surpassed in all government history, and today you and I are a part of the greatest nation on earth. We not only excel all other nations in material wealth and intellectual progress, but we have advanced to a point where our opinion places the stamp of finality on the very destiny of nations.

Fellow bankers, we have a man by the name of Smith, who signs as president of the Nebraska Bankers Association, a flying secretary named Bill Hughes—a man at the head of the Banking Department by the name of Bliss, non-political, and a banker, one who is ever ready to co-operate, an executive council of your State Association, composed of men who are competent and capable of framing a code or plan for the bankers of this state. But to do this, every Bank must be a member of the Nebraska Banker's Association, and your absolute loyalty must be assured to any plan they promulgate. Take for instance, suppose these gentlemen decided that drafts all over the state must net the banks ten per cent per hundred, or say they decide that banks should drop to three per cent on time certificates, do you realize how this would affect your earnings and your deadliest competitor would after all be a real sport and make the same changes?

Let's get together and when you accomplish this you will be organized—organized to stop losses and increase earnings. Then will banking be worth while and both your community and you will prosper.

Established 1856

THE NATIONAL PARK BANK

of NEW YORK

214 Broadway

BRANCHES

240 Park Avenue 399 Seventh Avenue

To be opened during 1928:

Madison Square and 26th St. Broadway at 74th St.

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Richard Delafield
President,

Charles S. McCain
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Charles Scribner	Maurice H. Ewer
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Jay D. Rising	Harold W. Vanderpoel
James Bruce	Walter S. Jelliffe
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Cashier,
Frederick O. Foxcroft

Assistant Vice-Presidents

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William C. Macavoy	John Matthews, Jr.
Louis H. Ohlrogge	R. J. Whitfield
John B. Heinrichs	Dale Graham

Assistant Cashiers

William E. Douglas	Henry L. Sparks
Byron P. Robbins	Joseph E. Silliman
Stanley F. Ketcham	Kenly Saville
Harold M. Truslow	George C. Braden
William F. Latus	Arthur R. Brown
Thomas B. Carlton	

Capital, Surplus and Undivided Profits, \$35,000,000

FACILITIES TO MEET ALL BANKING REQUIREMENTS



FIRST NATIONAL BANK OF CHICAGO

Affiliated

FIRST TRUST AND SAVINGS BANK

Resources Exceed
\$450,000,000.00

Frank O. Wetmore, Chairman
Melvin A. Trayler, President

Central Western Banker, July, 1928

Colorado News

Colorado Bankers Elect

The Colorado Bankers Association which held its annual convention at Troutdale-in-the-Pines, has elected W. R. Armstrong of Colorado Springs president of the organization. Mr. Armstrong is president of the Colorado Springs National Bank and a trustee of Colorado College.

The association urged passage of a state law to make bank robbery a capital offense and decided to employ detectives to aid in the search for the men who robbed the First National bank at Lamar.

The association passed the following resolution:

"Resolved, That the tremendous increase in bank robberies and holdups and the utter disregard of law makes it imperative that the legislature of Colorado deal quickly and severely with this particular increase of crime.

"We request the legislature at its next meeting," the resolution said, "to enact with all speed a law making bank robbery a capital offense."

Denver Clearings

Denver, Colo., clearings for the first six months of 1928 showed an increase of \$77,993,754 over the same period in 1927, according to figures made public by the Denver Clearing House association. The total for the first six months of 1928 is \$869,964,793, compared to \$791,971,039, for the first half of 1927.

Clearings for June, 1928, showed an increase of \$8,689,509 over June of last year.

Elected Vice-President

A. Petteys of the Farmers State Bank of Brush, was elected vice-president of the Colorado Bankers Association. Mr. Petteys has been chairman of Group No. 1 for the past year.



Remodeling

The Montezuma Valley, Colorado, National Bank is now in the midst of a general overhauling of its banking house which will entail an expenditure of some seven or eight thousand dollars.

The remodeling of the building will entirely change the interior of the bank, placing the lobby on the opposite side of the office space from its present position. The fine new vault will be larger and give added protection and convenience to those having safety deposit boxes. G. O. Harrison, president of the institution, says that the new fixtures will be the same style as those used in the Denver National Bank.

To Change Hands

Negotiations for the purchase of Wilson, Cranmer & Co., of Denver, members of the New York Stock Exchange and the Chicago board of

trade, have been initiated by a group of Denver investment bankers.

It is believed the purchase price will be in the neighborhood of three quarters of a million dollars. The Chicago and New York memberships of the company alone are worth slightly less than \$400,000, and the good-will of the firm, which has been operating since September 2, 1912, also is expected to bring a large sum.

The First National Bank OF LINCOLN, NEBRASKA

Established 1871

OFFICERS

S. H. BURNHAM, Ch. of Board.
H. S. FREEMAN, President.
P. R. EASTERDAY, Vice-Pres.
W. B. RYONS, Vice-President.
STANLEY MALY, Vice-Pres.
JOE L. BURNHAM, Vice-Pres.
LEO J. SCHMITTEL, Jr. Vice-Pres.
B. O. CAMPBELL, Jr. Vice-Pres.
E. H. MULLOWNEY, Cashier
HOWARD FREEMAN, Ass't Cashier.
FRED D. STONE, Mgr. Service Dept.

CAPITAL & SURPLUS

\$1,050,000.00

ASSETS OVER \$14,000,000.00

NATIONAL BANK OF COMMERCE

LINCOLN, NEBRASKA

M. WEIL, President

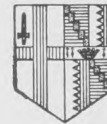
CARL WEIL, Vice-President
BYRON DUNN, Cashier

ERNEST C. FOLSOM, Vice-President
B. G. CLARK, Ass't Cashier

Capital \$300,000.00

Surplus \$100,000

Undivided Profits \$100,000



A Complete Banking Service

The Midland Bank offers exceptional facilities for the transaction of banking business of every description. Together with its affiliations it operates over 2400 branches in Great Britain and Northern Ireland, and has agents and correspondents in all parts of the world. The Bank has offices in the Atlantic Liners *Aquitania*, *Berengaria* and *Mauretania*, and a foreign branch office at 196 Piccadilly, London, specially equipped for the use and convenience of visitors in London.

AMERICAN DEPARTMENT: POULTRY, LONDON, E.C.2

MIDLAND BANK

LIMITED

HEAD OFFICE: 5 THREADNEEDLE STREET, LONDON, E.C.2

Have You Heard This One?

Universal Opinion

Mrs. Grubb—(after a tiff): "When I married you, I didn't know you were such a coward. I thought you were a brave man."

Grubb: "So did everybody else."

Joyful News

A farmer became the father of twins, and on learning the news he was delighted that he hurried to the nearest post office and sent this telegram to his sister-in-law.

"Twins today. More tomorrow."

Chug-a-rum

"Grandpa, can you make a noise like a frog?"

"Why, no, Willie; why do you ask?"

"Well, 'cause I heard Pa tell Ma this morning that when you croaked we would get twenty thousand dollars life insurance money."

Her Own Medicine

Helen: "Are you going over to the drug store, dad?"

Father: "Yes. Why?"

Helen: "Bring me back some pills, will you?"

Father: "What's the matter with those that have been calling on you?"

The Real Question

Wife: "Do you know that you haven't kissed me for six weeks?"

Professor (who is absent-minded): "Good heavens, whom have I been kissing, then?"

Painters Please Note

Jack: "Say, Gus, what is this steel wool I hear so much about?"

Gus: "I'm not sure, Jack, but I think it is made from the fleece of hydraulic rams."

Rapid Transit

"You probably don't remember me," began the self-made man proudly, "but twenty years ago when I was a poor humble boy, you gave me a message to deliver."

"Yes, yes," cried the busy man, "where's the answer?"

Accommodating!



Today's Pace

Husband (who has married a cinema star): "If I should die would you marry again?"

His Beautiful Wife: "You funny man. What gives you the idea I'll wait for that?"

Quick Trip

Testy Old Gentleman (to his butler): "What made you so late?"

"I fell downstairs, sir."

"That ought not to have taken you so long."

Silent Motor

Very Pleased Motorist: "See that! That's showing how silent she is—almost got that chap before he knew we were on the road!"

Confessions

Father (to youngster, just put to bed): "Now what are crying for?"

Son: "I wanta drink."

Father: "So do I; go to sleep."

Pulling a Sneaker

"There now, you've gone and ordered flower seeds that take two years to bloom."

"You mind your own business, Hiram, this is last year's catalogue."

A Full Calendar

"Why did you rob this man in broad daylight?" inquired the judge of Sock 'Em Simpson, who had finally been taken into custody.

"Well, your honor," said the prisoner soothingly, "I regret the fact that it was so unconventional, but it so happened that I had engagements for each night this week."

He Was Over-Stopped

An Eastern motorist in Oregon arrested for running past a stop sign gave a novel excuse, as follows:

"Why, ding it, I've stopped at every sign since I hit this burg. I stopped at signs that said 'Stop' because I thought they were traffic signs, but turned out to be 'Stop, buy real estate,' 'Stop and eat here,' 'Stop and buy apples,' or whatever it was those babies had to sell. I'm a stranger here and I'd wheel around a corner and there'd be a great sign hollering 'Stop,' so I'd grind brakes and when we got stopped I'd see it was just another ad. So I hustled along and that's how I came to miss a real stop." The judge liked this excuse and permitted him to go without a fine.

A Bible Story

A small urchin in a Belfast slum Sunday school was asked to tell the story of Daniel in the lion's den.

He began eagerly: "Danny was thrun into a dan o'lions. There was lions ivery side 'av'him and lions ahint him, and a mortal big lion forninst him. And"—with immense gusto—"there was wee Danny in the middle, not carin' for anny o' them."

Wanted: A Pink Tomb

The Japanese are rapidly assimilating American business notions, but they have not quite divested themselves of Oriental extravagance of expression, as this personal advertisement from a Toyko newspaper will testify:

"I am a beautiful woman. My abundant, undulating hair envelopes me as a cloud. Supple as a willow is my waist. Soft and brilliant is my visage as the satin of the flowers. I am endowed with wealth sufficient to saunter through life hand in hand with my beloved. Were I to meet a gracious lord, kindly, intelligent, well-educated and of good taste, I would unite myself with him for life, and later share with him the pleasure of being laid to rest eternal in a tomb of pink marble."

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R. W. MOORHEAD, Editor

H. H. HAYNES, Associate Editor

Wm. H. Maas, 1221 First National Bank Building, Chicago, Vice-President



HOTELS OF HOSPITALITY

OMAHA
Hotel Fontenelle

LINCOLN
Hotel Lincoln

SIOUX CITY
Hotel Martin

CEDAR RAPIDS
Hotel Montrose

SIOUX FALLS
Hotel Carpenter

COUNCIL BLUFFS
Hotel Chieftain

and ELEVEN others

*And in
Los Angeles,
Hotel
Alexandria
\$2 Up.*

Operated for Your Comfort by

EPPLEY HOTELS COMPANY

The Chase National Bank

of the City of New York

57 BROADWAY

Capital-----\$ 50,000,000.00

Surplus and Profits----- 57,462,411.15

Deposits (February 28, 1928)----- 857,757,013.97

OFFICERS

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Chairman of the Board

John McHugh
Chairman of the Executive Committee

Robert L. Clarkson
President

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Reeve Schley	Frank O. Roe	William E. Purdy
Sherrill Smith	Harry H. Pond	George H. Saylor
Henry Ollesheimer	Samuel S. Campbell	M. Hadden Howell
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Robert I. Barr	Charles A. Sackett	

Vice-President and Cashier

William P. Holly

Second Vice-Presidents

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Edwin A. Lee	Arthur M. Aiken	Ambrose E. Impey
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James L. Miller	Otis Everett	Lynde Selden
Benjamin E. Smythe	Wm. H. Moorhead	Thomas B. Nichols
Joseph Pulvermacher	Harold L. Van Kleeck	George S. Schaeffer
Leon H. Johnston		

Comptroller

Thomas Ritchie

OUTLOOK OF THE CENTRAL WEST

CROP EXPERTS

VISION

ABUNDANT YIELDS.

ECONOMISTS

VISION

REMUNERATIVE PRICES.

BANKERS

VISION

Unsatisfactory Debts Liquidated and Deposits Increased.

FORESIGHT

VISIONS

Greater Opportunity for Personal Advancement in Wider Fields of Usefulness.

THE PROGRESSIVE BANKER

saves much valuable time, energy and money by entrusting his problems incident to securing a better location to—

BANKERS BROKERAGE CO.

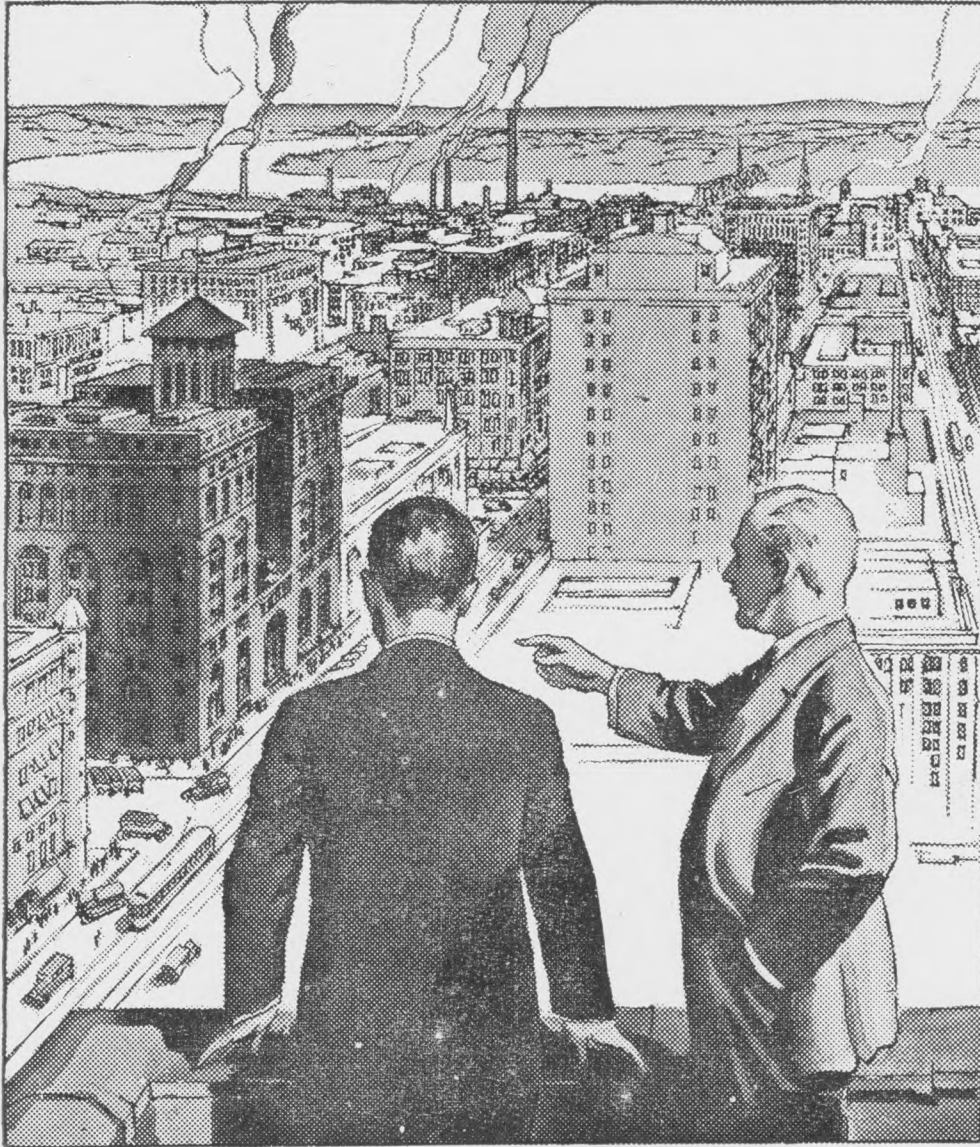
(Successor to the C. C. Jones Investment Company)

"Bank Stocks Carrying Positions"

ALWAYS CONFIDENTIAL -- ALL WAYS

919 Baltimore Avenue

Kansas City, Missouri



TURNING 63

This month we celebrate our 62nd birthday. These years are but the span of a man's life—yet what wonders they have worked! The sprawling frontier village is now a metropolis. From small shops great institutions have grown. Skyscrapers tower where once were humble homes.

Important in Omaha's progress has been the influence of The Omaha National Bank. Here our pioneers brought their deposits for safe keeping. Here our young men came for aid and counsel. With kindly

service and seasoned judgment our executives have helped to build the city of today.

On such a foundation we are building now for tomorrow's prosperity. Our efforts are dedicated to that purpose. We offer Omaha complete financial service. Here the business men of today—and the young men who will be leaders of tomorrow—will receive the same measure of service, support and counsel which has been so vital an element in the development of Omaha and Nebraska for the last 62 years.

The Omaha National Bank