

# CENTRAL WESTERN BANKER *of Omaha*



OCTOBER  
1928

NEBRASKA STATE CAPITOL

## Nebraska Bankers Hold 31st Annual Convention



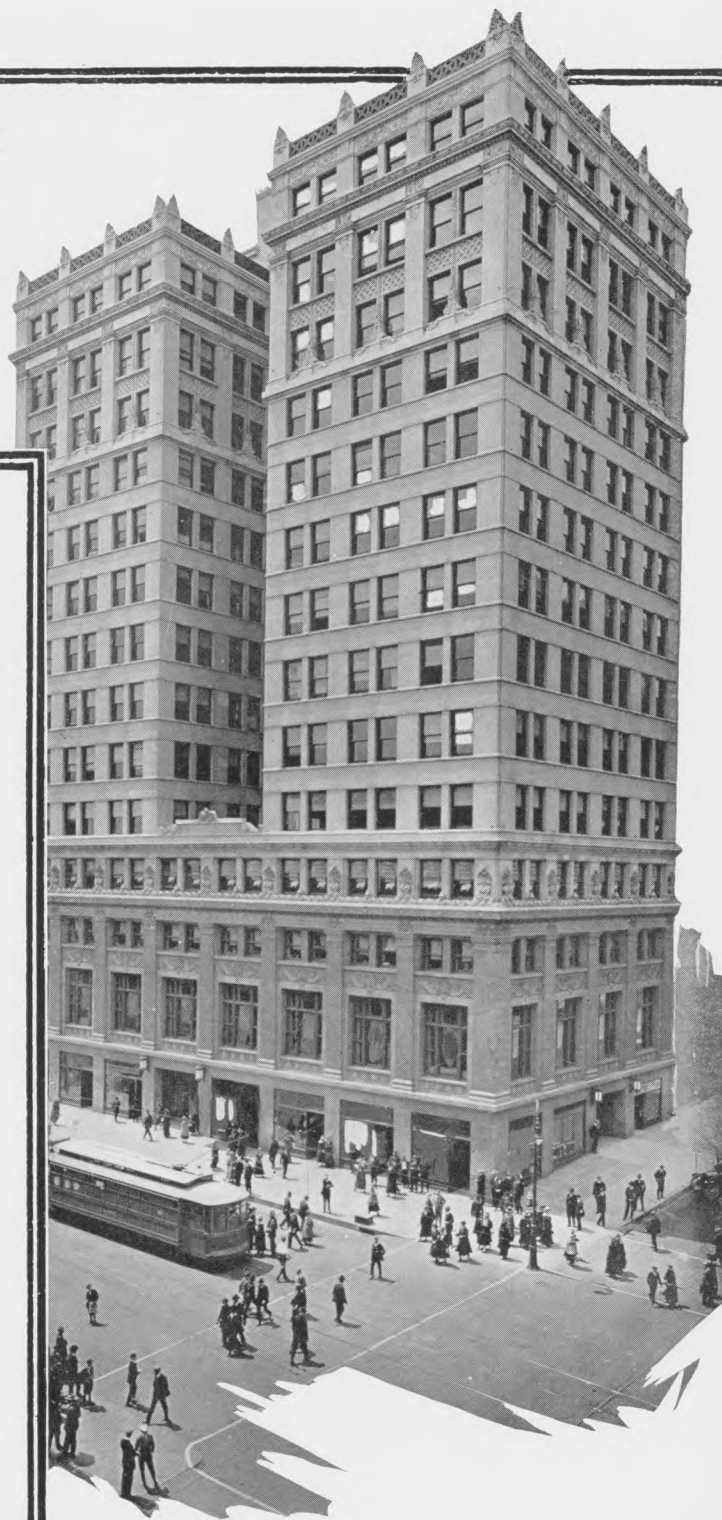
## Indian Troubles

1859

In June, 1859, Pawnee Indians drove off stock, burned houses and threatened settlers between the Platte and the Elkhorn, near the village of Fontenelle.

Omaha troops under General John M. Thayer marched against them. Excitement in Omaha ran high. In August, 1864, Home Guards were formed by John R. Porter to protect Omaha against roving bands of Indians.

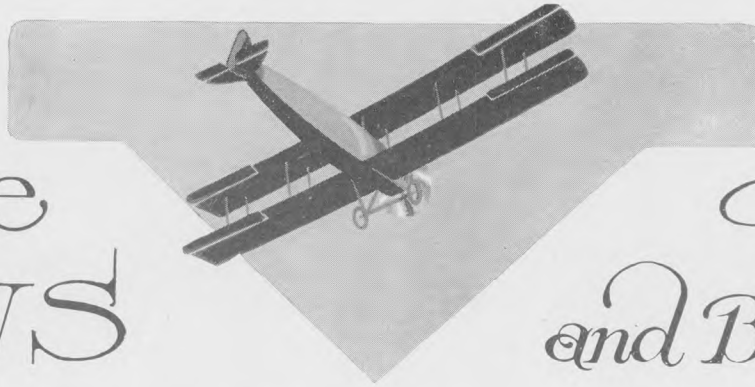
The relation of correspondent banks with the First National Bank of Omaha dates back even to the days of Indian warfare and pioneer hardships. The First National Bank of Omaha has served the middlewest since 1857.



**First National  
Bank of Omaha**

**FIRST TRUST COMPANY**

# Last minute NEWS



# of Banks and Bankers

**W**ILLIAM F. AUGUSTINE, a vice-president of the National Shawmut Bank of Boston, was elected president of the Clearing House Section of the American Bankers Association at its recent convention held in Philadelphia.

**F**IFTY YEARS of service with one institution is the record of William B. Cowen, senior vice-president and director of the National Bank of Commerce in St. Louis. When he was seventeen, Mr. Cowen started as a helper in the passbook department, where in addition to making out passbook statements he assisted in filing checks. He was elected a vice-president in 1908.

**F.** N. SHEPHERD has been re-elected as executive manager of the American Bankers Association; Thomas B. Paton re-elected as general counsel; W. D. Longyear, who is vice-president of the Security Trust & Savings Bank of Los Angeles, continues as treasurer; and William G. Fitzwilson continues as secretary and assistant treasurer.

**T**HE MILLIONAIRE CATTLE FANCIER from the East will rub elbows with the cowboy from the range when they meet in Chicago, December 1 to 8 for the International Live Stock Exposition. The breeder of pedigreed stock and the feeder for the market will both be seen there, striving for a place at the ringside.

**C.** T. JAFFRAY, chairman of the board of the Agricultural Credit Corporation of Minneapolis, reports that the corporation, in its campaign to promote better and more profitable farming operations in the Northwest, has financed purchases for farmers with advances totalling well over \$1,000,000.00. Practically all this money went for pure bred livestock.

**L**EADERS in the business and financial world were shocked by the recent death of Charles Walker Barron, president of Dow, Jones & Company, and publisher of the Wall Street Journal. Mr. Barron had been interested in financial publishing for a number of years, and was also the head of Barron's Financial Weekly.

**T**HE O. B. McClintock Company of Minneapolis manufacturers of bank vault burglar alarm systems, bank vault ventilators, and electrical tubular chime clock systems, is financing an expansion program by a gold note issue of \$250,000, serial, draw-

ing 6 per cent, priced at 100. The Metropolitan National Comuany and the Drake, Jones Company are making the offering.

**T**HE FIRST NATIONAL GROUP of Minneapolis, comprising the First National Bank, the First Minneapolis Trust company, and six district banks of the city, are to give again this winter their usual series of greatly appreciated radio concerts. Twenty special programs will be given over WCCO by the Minneapolis Symphony Orchestra.

**C**HICAGO is the location this year for the annual convention of the Association of American Bank Travel Bureaus. The convention will be held November 12 and 13 at the Sherman Hotel. It is expected that at least twenty-five foreign countries will be represented.

**O**NE OF THE MOST MODERN safe deposit vaults in New York City was opened recently by the Chase Safe Deposit Company in the new Chase National Bank. The safe deposit section has a capacity of 5,000 boxes from small ones for individuals up to the large size used to hold the securities of corporations, estates and trusts.

**I**F NEGOTIATIONS now under way are concluded, the New York Exchange will occupy an entire block on Broad Street, from Exchange Place to Wall Street. This will bring all details in-  
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## Snapped at the Omaha Convention



At the Omaha convention with the CENTRAL WESTERN BANKER cameraman. According to group numbers, from left to right:

1. I. Y. Castle, Grand Island; H. P. Heiliger, Lincoln; J. M. Hanson, cashier, Farmers State Bank, Davey. 2. Ray Swanson, cashier, Antelope State Bank, Neligh; I. R. Alter, president, First National Bank, Grand Island; James F. O'Donnell, assistant cashier Nebraska State Bank, O'Neill. 3. W. B. Banning, cashier Bank of Union, Union; R. O. Marnell, cashier Merchants National Bank, Nebraska City; John M. Spear, Omaha. 4. C. F. Dossett, vice-president Bank of Axtell; Emil Folda, president Clarkson State Bank, Clarkson. 5. Guy Hojfer, H. M. Bylesby & Company, Omaha. 6. W. V. Raynor, U. S. Trust Company, Omaha; F. D. Burgess, Jr., president Farmers State Bank, Cedar Rapids. 7. H. S. Ringland, cashier First National Bank, Wayne; C. H. Randall, president Security National Bank, Randolph. 8. Charles S. Stone, Beemer; Mrs. Stone, Nebraska National Bank, Hastings. 9. M. L. Cramer, cashier Giltner State Bank, Giltner; G. S. Lyon, assistant cashier, Nebraska State Bank, Falls City. 10. Dan V. Stephens, president Fremont State Bank, Fremont. 11. G. D. Taft, Harris Trust Company, Omaha; J. T. Baumann, president West Point National Bank, West Point. 12. H. H. McClucas, vice-president Harbine Bank, Fairbury; George H. Gutru, president Newman Grove State Bank, Newman Grove.

Central Western Banker, October, 1928

# Nebraska Bankers Hold 31st Annual Convention

By R. W. MOORHEAD,  
*Editor*

**A**N ATTENDANCE of more than eight hundred bankers and visitors, general optimism regarding Nebraska's business year, widespread belief that banks are generally being placed on a more stable basis, and a concerted movement to obtain legislative relief for certain ailments resulting from the Nebraska guaranty law, were the features of the 1928 annual convention of the Nebraska Bankers Association held this month in Omaha. Association officers under the leadership of President C. A. Smith and Secretary Wm. B. Hughes, had a fine program arranged and it went through without a hitch.

**WEDNESDAY, OCT. 17:** The opening session of the convention was held Wednesday afternoon in the beautiful auditorium of the Live Stock Exchange Building at the Stock Yards. The meeting was called to order by President Smith and the invocation was given by Robert L. Wheeler of Omaha. F. H. Davis, veteran Omaha banker and president of the Omaha Clearing House Association, delivered the address of welcome, saying that Nebraska is feeling good and that the state is confident of a good crop and industrial year.

## Wants Boosters

Responding to the welcome address, Cullen N. Wright, who styles himself the social vice-president of the Platte Valley State Bank of Scottsbluff, and who has also attained a wide reputation as the Will Rogers of Nebraska, thanked Omaha bankers for their warm welcome and urged all Nebraska bankers to boost Nebraska. He said the state has no place for the man who does not think it's the best state in the Union.

Following this, President C. A. Smith delivered his annual address, the gist of which appears elsewhere in this issue. One interesting feature of Mr. Smith's talk was in regard to protection against bank ban-

ance and bond business campaign of the banks.

He stated that in his opinion banks have too many curtains, private rooms and cages, thus shutting off the bank from the public eye and thereby extending an open invitation to bank bandits.

The report of Secretary William B. Hughes was in printed form, and emphasized the following points:

1. A decrease in the number of members, due to a smaller number of banks in the state, but a gain in member percentage, showing now  $98\frac{1}{4}$  per cent as against  $97\frac{3}{4}$  per cent last year.
2. An increase in total income, despite the reduced membership.
3. A very satisfactory development of the county organization system.
4. Several constructive meetings of the taxation committee.
5. Encouraging reports of the insur-

6. The initiation of the proposal of a reward for dead bank bandits.
7. Agitation for reduced interest rates.
8. A very helpful series of Spring Group Meetings.

The report of Treasurer Frank Boyd, vice-president of the Omaha National Bank, showed a total income of \$22,259.13 and a total expense of \$22,217.83.

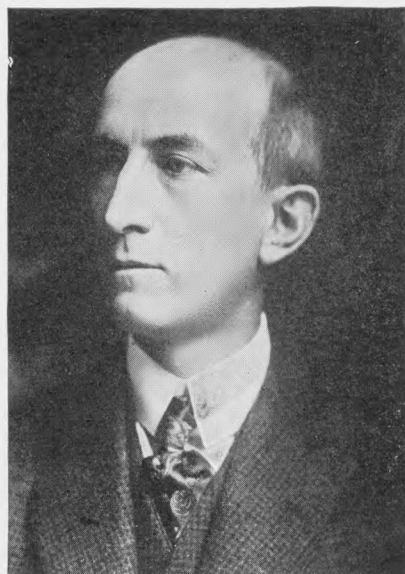
## Explains Stock Exchange

Then followed the report of the Executive Council by F. R. Haggert, chairman, who is vice-president of the St. Paul State Bank, emphasizing in particular the various meetings held by the council during the past year. E. H. Simmons, president of the New York Stock Exchange, then delivered an inspiring address on "The Stock Exchange and American Agriculture," in which he emphasized the close co-operation that is necessary between all lines of business and the benefits that are derived by all lines of business, including agriculture, from this immense marketing place for securities. His address in part will be found elsewhere in this issue.

Mr. Simmons was followed by M. W. Borders, Kansas City attorney and farmer, who discussed "Private Marketing." Mr. Borders pointed out that the hog market, in particular, is being subjected to terrific declines at various times through the persistence of packers in buying direct. He declared that unless something is done to curb this trend the great public markets, such as the ones at Omaha, Kansas City, St. Joseph, Sioux City and Chicago, will eventually be forced to discontinue business. Either the public market system is right; and both cannot be right, he said.



*The Fontenelle Hotel, Nebraska convention headquarters*

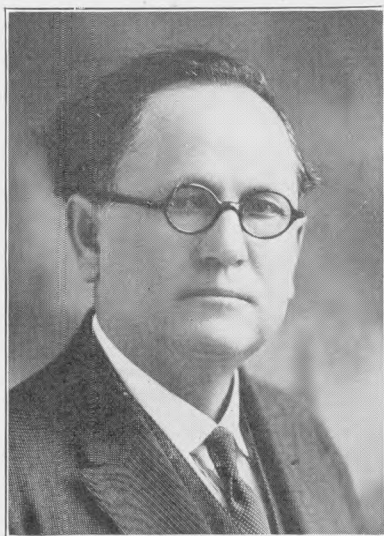


FRANK BOYD

He appealed to Nebraska bankers to get these facts before customers, and to get back of any legislation which will curb the practice of private marketing.

THURSDAY, OCT. 18.—The Thursday morning session of the convention enjoyed at its outset a splendid group of songs by the Hub-Den Serenaders preceding the call to order and announcement of committees by President Smith. Then followed one of the most inspiring addresses of the Convention—that of Hon. F. R. Smith, combining an excellent delivery with a real message, saying that the temptations of banking are great. He dwelt particularly on the question of “stewardship.” He said the line between stewardship and ownership is sometimes hard to define, and that accounts in great measure for illegal banking methods that occasionally come to light. He asked, “Who are the stewards of the bank’s administration?” answering this by saying first, the officers; second, the directors, and third the stockholders. He said, in part: “It is the duty of a bank’s officers to recognize the obligations of their stewardship. They should grasp every opportunity to become more intelligent officers through careful study of banking problems and conditions and should be in attendance at every meeting where common banking problems are discussed.

“The directors of the bank should maintain the closest contact with their institution. They should give the same conscientious attention to its affairs as to their own private business affairs. They must realize the obligations of their stewardship.



DAN V. STEPHENS

“A bank’s stockholders likewise have a definite stewardship. Any stockholder who holds his stock solely for dividend purposes is not serving his community intelligently. Any bank whose stockholders are made up of this class eventually costs its community dearly. There must be a profit account in every bank to take care of losses that are always inevitable in even the most efficiently conducted banks.”

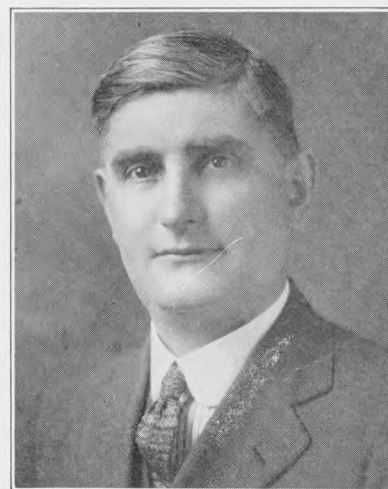
#### “No Moral Responsibility”

Mr. Smith said that guaranty laws such as are in effect in Nebraska, and were in effect in South Dakota, force upon bankers a type of stewardship



PHIL HALL

*Newly elected president, Nebraska Bankers Association*



CULLEN N. WRIGHT

over which they have no control and which they did not seek. He said failure always follows such stewardship. Where there is no administrative authority there is no moral responsibility attached, he declared.

Answering the question, “Whose Bank is This?” he said, “directly the major part is owned by the depositors, but in a broader sense the community, the county, the state, the nation, and even a group of nations, own the bank, because it is a part of a system, international, if you please.”

Mr. Smith was followed by Dan V. Stephens, well known Nebraska banker, president of the Fremont State Bank, who talked informally of the “Experiences of the First Nebraska Regional Clearing House Association” of which he is the sponsor. He brought out many of the same points he has discussed before various state associations and which have been published at various times in this magazine. He pointed out that one of the biggest benefits from the plan is the training and co-operation received from the quarterly round table discussions participated in by all member bankers and presided over by capable chairmen. In this way, he said, the bankers become better bankers and learn not only more about better banking methods, but they learn to appreciate likewise the value of co-operation in handling all the mutual problems that arise. He showed how our present system of examinations, both state and national, are pitifully inadequate, no matter how well conducted are the various state departments, incidentally paying high tribute to Secretary of Trade and Commerce, Clarence G. Bliss of Nebraska. Mr. Stephens said that the regional clearing house plan of examination is far superior and is able

to handle emergencies in much better shape.

### An Honored Guest

"Sound Bank Management" was discussed by the honored guest, Craig B. Hazlewood, vice-president of the Union Trust Company of Chicago, and now president of the American Bankers Association. Mr. Hazlewood said that the banking profession is prepared to solve its own problems and that the time is ripe to begin to crystallize more definitely than ever before the principles of good management, standards of income, investment, expense and employment. He said that we must determine by careful study what is the smallest banking unit that can be established and

### NEW ASSOCIATION OFFICERS

*New officers of the Nebraska Bankers Association, elected at the Omaha convention this month are:*

*President, Phil Hall, president Greenwood State Bank, Greenwood State Bank, Greenwood.*

*Chairman executive council, P. R. Easterday, vice-president First National Bank, Lincoln.*

*Secretary, Wm. B. Hughes, Omaha, (reelected).*

*Treasurer, Arthur L. Coad, cashier, Packers National Bank, Omaha.*

operated soundly and profitably. He pointed out that we must plan scientific-

ically the proper percentage of the bank's funds to place in different investments, and predicted that the American Bankers Association this year will endeavor to work out some real constructive program on this subject for its members. He said in summary:

"Gradually we shall all have in banking what we require of our customers in other lines—control by men with a genius for management, consideration of every essential of the problem, market analysis, elimination of unprofitable units and wasteful practices, closer budgetary control, economical and profitable operation, faster turnover of capital, lower

(Continued on Page 26)

## Seen and Heard in Omaha

RETIRING PRESIDENT CHARLES A. SMITH has endeared himself to all Nebraska bankers by his all-around efficiency in handling Association affairs the past year. In his annual address he expressed his thanks for the honor that had been conferred upon him, saying that it was a somewhat tardy acknowledgment, since he was unable to be present at last year's meeting, serving at that time on a jury.

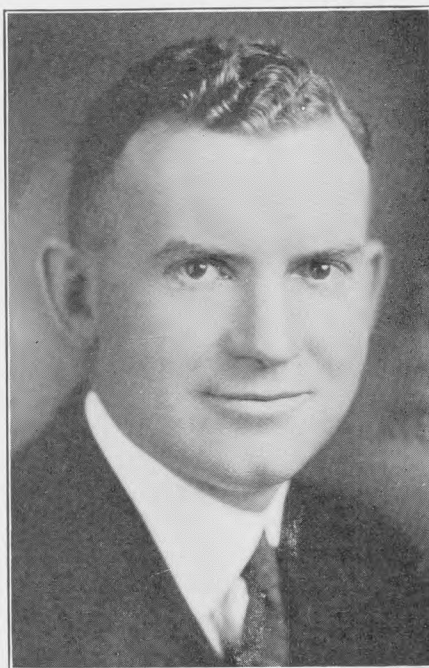
ROYAL HOLBROOK, Commercial Engineer of Ames, Iowa, who has spoken before a great number of commercial and educational groups, was an interested visitor at the last session in which Dr. Sweeney of Ames spoke on "The Utilization of Agricultural Wastes." Mr. Holbrook delivers practically the same address at various times and collaborates with Dr. Sweeney in getting across this message. He was at the time in Council Bluffs, where he delivered a similar talk before the bankers of Southwestern Iowa.

SECRETARY CLARENCE G. BLISS got a good laugh from the audience when called upon to introduce his colleague, the Hon. Fred R. Smith, superintendent of South Dakota banks, by relating his "hound dog" story. Secretary Bliss has a great many responsibilities, but is conducting the department in splendid shape and his work is so recognized by Nebraska bankers in general.

THE FIRST NATIONAL BANK OF OMAHA gave a dinner Wednesday night during the convention to 250 Nebraska bankers and their wives. A

By H. H. HAYNES,  
Associate Editor

feature of the banquet was the fact that it was "speechless." At the outset President Fred H. Davis arose and said: "Ladies and gentlemen, I wish to announce that there will be no formal speaking this evening and I trust that you will enjoy yourselves." It is reported that all did, immensely. Several other bankers and members of trust companies of Omaha took advantage of the occasion to likewise entertain correspondent bankers and wives.



*Guy C. Kiddoo, vice-president, Omaha National Bank, who was chairman of the golf committee at the Omaha convention.*

FORMER GOVERNOR CHAS. W. BRYAN entered the political arena during the convention, coming out with the statement that the present state administration for Nebraska and the national bankers are attempting to kill the guaranty fund and that the law is rapidly becoming nullified.

JOHN HOGAN, former Iowa banker, now vice-president of the Continental National of Chicago, and T. S. Robinson, assistant cashier, both attended the Nebraska meeting, spoke optimistically of the plans of the bank now waiting on the merger with the Illinois Merchants Trust. Mr. Robinson is a great football fan and was an old football player. He has a son who is now on the varsity squad at Dartmouth.

THE BANKS AND TRUST COMPANIES of Omaha, as usual handled the entertainment in wonderful shape. Some of the features included the Wednesday morning trip through the Stock Yards and packing houses, the luncheon at the Live Stock building on Wednesday noon, the tea and fashion show Wednesday afternoon for bankers' wives, informal dancing both Wednesday and Thursday nights at the Fontenelle, the luncheon and bridge for Thursday afternoon at the residence of Mr. and Mrs. A. L. Schantz, and the parties both Wednesday and Thursday evenings at the various Omaha theatres.

FRANK BOYD, serving as chairman of the general convention committee this year did it up in great style ably assisted by several other prominent Omaha bankers. In charge of

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the reception committee was F. C. Horacek. Other committee chairmen include J. B. Owen, committee of general entertainment; Mrs. A. L. Schantz, committee of local women; C. L. Owen, automobile committee; E. F. Folda, committee on railroad transportation; R. D. Miller, theatre committee; A. L. Coad, dance committee; Guy C. Kiddoo, golf committee; W. H. Dressler, South Omaha arrangements committee.

G. A. WEST, the Chicago vice-president of the National Shawmut Bank of Boston, attended the convention again this year. Mr. West has not missed a Nebraska Bankers convention for several years and he says

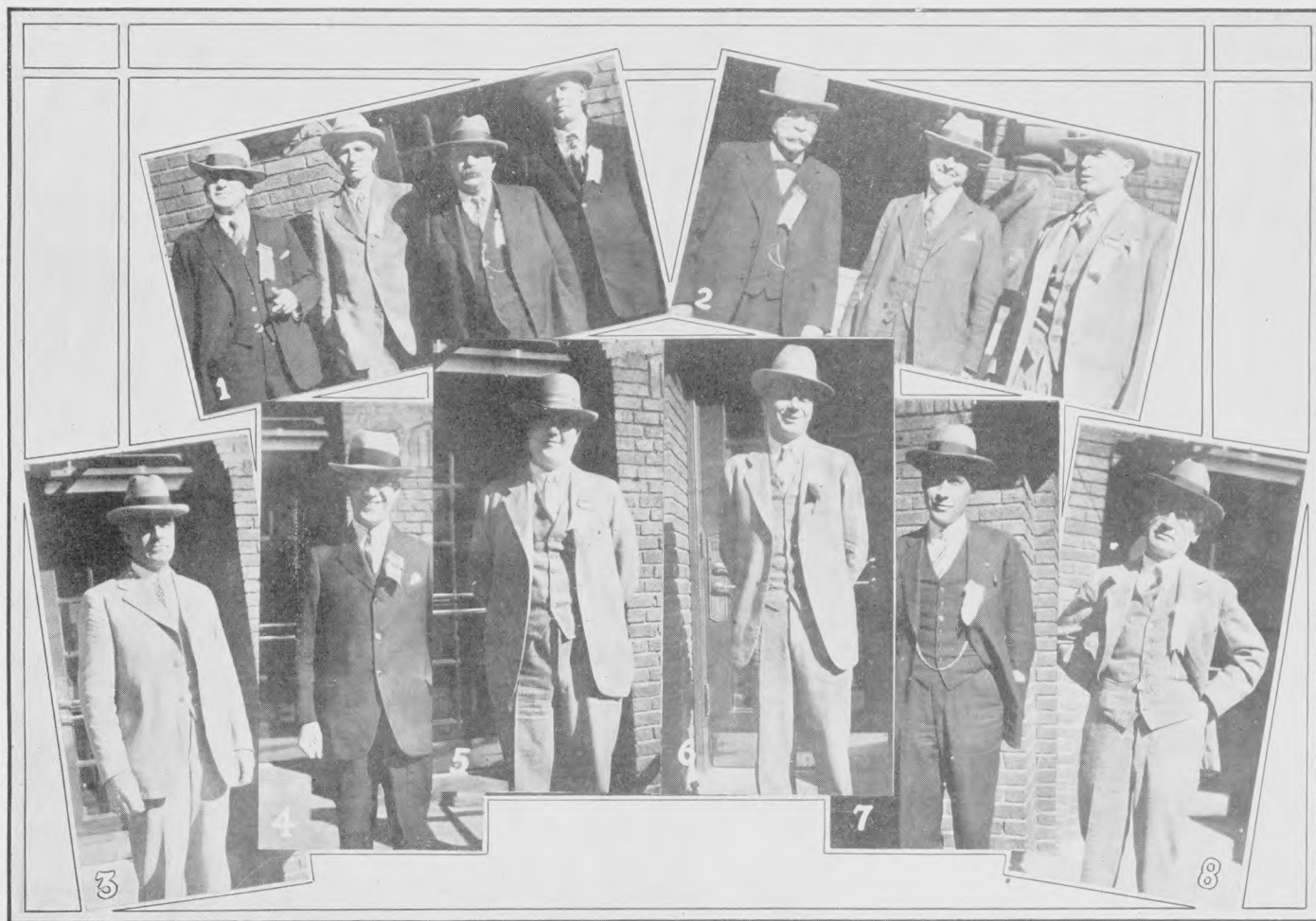
meeting the old friends and making new ones gives him an extra thrill at every convention.

BUSINESS IS FINE in South Omaha, according to W. P. Adkins, president of the Live Stock National Bank. Mr. Adkins says the Live Stock National has gained 1½ million in deposits since last June.

T. H. POLLOCK, president of the Farmers State Bank of Plattsmouth, Nebraska, was a convention visitor. Mr. Pollock said it only took him 30 minutes to drive from Plattsmouth up to Omaha.

M. S. DIRKS, cashier, State Bank of Irvington, won the CENTRAL WESTERN BANKER golf trophy, at this year's convention tournament, with a gross score of 84 for the 18 holes at the Omaha Field Club. J. F. Burke, president, Sutton State Bank of Sutton, was runner up. Mr. Sutton won the cup last year and the previous year, and now has two legs on it for permanent possession, had he won it this year. About twenty bankers entered the tournament. Guy C. Kiddoo, vice-president, Omaha National Bank, was in charge of the golf committee.

## Nebraska Convention Snapshots



Snapped at the 31st annual convention of the Nebraska Bankers Association. By groups, from left to right:

1. S. J. Weekes, president O'Neill National Bank; E. F. Longhorst, Nickerson; H. W. Moeller, president Farmers State Bank, Nickerson; W. F. Lallman, vice-president Farmers State Bank Nickerson. 2. Wm. Bucher, president Farmers State Bank, Columbus; F. M. Penny, Omaha; J. M. Brower, president Fullerton National Bank, Fullerton. 3. H. C. Peterson, president Chappell State Bank, Chappell. 4. H. J. Claassen, Peters Trust Company, Omaha. 5. Geo. R. Froelich, cashier Farmers Bank, Burwell. 6. R. H. Kroeger, assistant cashier Live Stock National, Omaha. 7. R. T. Flotree, cashier Farmers State Bank, Albion. 8. C. E. Taylor, vice-president Citizens State Bank, St. Paul.



# Displaying Our Wares

By CLARENCE G. BLISS

*Secretary of Trade and Commerce, State of Nebraska  
(From address at Nebraska Bankers Convention)*



HON. CLARENCE G. BLISS

MY first impressions of an attractive display was gathered from the old Mother Goose Story Book. Just as Aesop's Fables are quoted in the Moving Picture Plays as authority, I shall quote "The Pie Man."

Simple Simon met a Pie Man

Going to the Fair,  
Said Simple Simon to  
the Pie Man,

Let me taste your  
wares.

Where is the boy who  
can ever forget that display  
of juicy pies—those  
attractive wares of the  
Pie Man.

Today, the profit and loss account, the success or failure of a business house, is measured by the way they display their wares. The display windows, sign boards, the press, and the radio, disclose the wares of our American commerce. The competition, the rivalry, the desire for leadership, demand that these wares be up-to-date. Viewing this situation from a banker's standpoint, and realizing that we have a keen minded public to serve, it behooves the banker to display his wares.

## Nebraska Banking Laws

Nebraska bankers and the patrons of the banks of the state should keep in mind that different sessions of the legislature of Nebraska in the past, have given a great deal of attention and thought to the operation of banks. Our neighboring states are continually referring to the good banking laws of Nebraska for their legislative consideration. I refer to the Nebraska charter law, which went to the referendum of the people in 1922, our license law for executive officers, our no fund check law, and similar laws that

are the envy of other states. The legislatures have recently, in the central western states, quite generally discussed branch banking with the result that laws have been passed in Nebraska and neighboring states against that type of bank.

## The Board of Directors

The independent system of banking which we enjoy today, is governed by a board of directors required by statute, of every bank. The relationship existing between the board of directors and the department of banking, is one which is probably not fully understood. This board of directors is required to meet at least twice each year for the purpose of checking up the affairs of the bank.

The banking department sends out a set of blanks for these directors, who check the loans carefully and the circumstances surrounding them, together with the deposit accounts. We have on file in the department, these reports of the directors and the complete minutes of these meetings for every bank, made twice each year

directly to the department. The Nebraska system of bank examination requires the calling in of the directors by the examiners when the bank is examined, and these directors are always questioned relative to the loans in the note case and the deposit accounts. Considering the Nebraska safe - guards that are placed around the operations of a bank, the losses caused directly by defalcations of a cashier or any other bank officer hired by the board of directors, has been reduced to the lowest point in banking history. The board of directors in the average Nebraska bank is the dominating power and

influence surrounding that bank and they are men whose integrity and standing in their different communities is unquestioned.

## Strong Reserve Position

The keenness and business ability of these directors of banks all over the state, is evidenced today by the last consolidated report of the Nebraska banks. The consolidated report given to the press in October, shows that the average Nebraska bank can pay the depositors in that bank over one-third of all their deposits on demand without asking a single borrower to pay any of the notes in the note case. The management of these banks is equal in every way to the demand that can be made upon them and we have no reason to look to any of our neighboring states here in the central west, to compare our situation with theirs, only to do so with credit to Nebraska.

## Standard Accounting System

While we are displaying our wares, we must not overlook the records and books and accounting system that is now standard all over the state as

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compared with the books and accounting systems kept by banks in other states. Just as the farmer uses the latest machinery on his farm, the same is true in every Nebraska bank with reference to bookkeeping and posting machines. Nebraska bankers use the same bookkeeping and the same posting machines as you will find in some of the larger banks in New York City. The ledgers and records prescribed by the department of banking and required by all the banks, are the standard forms used

by the largest banks, both state and national, throughout the country. The safe-guards that are thrown around the depositors are as complete and certain as the latest inventors of bookkeeping machinery can devise. This standard bookkeeping machinery used in all of the banks makes a complete and definite record available to the directors and examiners in checking the bank.

#### Stockholders Dividends

The average Nebraska bank has from 10 to 50 stockholders. These

stockholders are farmers and business men scattered all over the state. These stockholders have gone through the depression period since the great war and have not only taken care of the losses in their own banks, but have contributed to pay losses in failed banks. Banking service rendered by the banks of Nebraska, is just as necessary to the solidity of the state as the services of the railroads or any other public service. Where is the patron of the railroad company or telephone company, who is not willing

(Continued on Page 16)

# Says Guaranty Law Is Nebraska's Big Problem

**T**HERE is no subject of greater importance to the bankers of Nebraska than the final disposition of the guaranty law question, retiring president C. A. Smith, told members of the Nebraska Association at their annual convention this month in Omaha. Speaking in particular on this point, Mr. Smith said:

"During the year in which I have served as your president I enjoyed the opportunity to visit many communities and talk with a great many of the bankers and members of our association.

"I also had the pleasure of conferring with our Governor, with Clarence Bliss, Secretary of Trade and Commerce and meeting with the Guaranty Fund Commission.

"In nearly each instance, the Guaranty Fund was the major subject of our discussion.

"There is no secret about the fact that something must be done and done quickly so far as this phase of our state banking situation is concerned.

"With something over a hundred bank failures and several million dollars of liabilities, it goes without saying that the burden cannot be borne much longer by the state banks.

"If one analyzes the bank failures it is found that while a very few may be due to dishonesty, the majority of them I believe may be ascribed to the fact that the community was overbanked.

"When a community of 1000 to 1500 people has three banks it seems to me that there is little or no opportunity for them to show a profit and it would be a pretty safe bet to say that careful scrutiny would disclose that one of the three was heading for the abyss of failure. We have ap-

**Something must be done, and done quickly, says retiring president of state association**



C. A. SMITH

proximately one bank for every 1200 of population in our state as compared to one bank for every 4000 of population in eastern states. In spite of the greater density of population in the east it is obvious that in many instances we are overbanked.

"As bankers we may not be willing, at this time to believe or acknowledge that we are approaching the dawn of a new day in banking which contemplates and makes necessary fewer, stronger and more profitable banks. In my estimation it will mean that fewer bank charters will be granted, unnecessary competition discouraged, the elimination of the weaker institutions and consolidation of the stronger ones.

"It behooves us as bankers to recognize the new conditions which exist, to appreciate the fact that there should be more real bankers in the banking business and that there should be fewer and stronger banks and above all, greater care should be exercised in investigating the qualifications and fitness of those applying for bank charters.

"Nebraska has bank laws that are second to none but these laws control the future and do not rectify the mistakes of the past. We have the \$25,000 minimum capital stock law, the license law. Both of which you are familiar with. But they have been enacted in the proverbial manner of locking the barn after the horse is stolen.

"I am sure that the Banking Department of the state is watching conditions down to the minutest detail. I know they are scrutinizing banks much more closely than was the custom a few years ago. I also know that charters will not be granted unless applicants can prove clearly that a new bank is needed.

"It is the future that concerns us. The past is history and valuable to us only as a guiding lesson. The public is demanding and it has a right to demand that when money is deposited in a bank, state or national, these funds will be returned intact when demanded or due. A weakening of public confidence is the last thing any banker can wish for. Yet constant failures cannot help but have an effect. There is a remedy for this some place. It is the task of every banker to contribute his bit toward arriving at a solution.

THE New York stock exchange, by providing a ready market for the exchange of securities, renders a distinct service to all lines of American business, including agriculture, E. H. H. Simmons, its president, told members of the Nebraska bankers association at their Omaha convention this month.

Also, there is a strong possibility that the exchange can at some future time be of direct service to agriculture in furnishing a market for agricultural securities, he predicted. Speaking in part on this subject Mr. Simmons said:

"The serious character of the American agricultural problem is today very generally recognized, not only in the agricultural districts themselves, but also in the large Eastern centers of population. We all must recognize that there can be no great or lasting prosperity in this country if depression reigns on the farms. Both our foreign and our domestic trade are ever profoundly bound up with our agricultural production and prosperity. History clearly shows that the nation which can no longer feed itself will inevitably suffer under a great industrial and financial handicap.

#### It Might Help

"I must confess that I personally know very little about agriculture, and do not pretend to be able to offer any easy or steady panacea for our present agricultural situation. I only wish to leave one thought with you—that if closer relationships between our securities markets and American agriculture could be established, it might assist agriculture in very vital ways. I have already pointed out that stock exchanges, by reason of their ability to distribute securities among investors, have in the past been able to direct an almost constant flow of capital into American commercial and industrial companies. But the stock exchanges have not been to the same



E. H. H. SIMMONS

## The New York Stock Exchange and the Farmer

extent able to perform a similar function for agriculture, because of the fact that there are practically no such agricultural securities. As I have pointed out, the capital directed by the stock exchanges into certain industries whose products and services are extensively employed by farmers, have to that extent been able to perform a genuine even though indirect service to American agriculture. Yet American agriculture itself has rarely been organized in the form of large corporations like American industry, and in consequence little direct contact between the stock exchange and agriculture has been possible.

I am far from feeling certain that I am making a suggestion here which is either practical, or perhaps particularly pleasing to the American farmer himself. For, as we all realize, our farmers have always proved intense individualists, and are likely to continue such. Nevertheless, the gradual development of cooperative marketing in this country may sooner or later take the form of stock corporations and if it does, the way lies open

through our established stock exchanges to direct capital into agriculture just as in the past it has been directed into commerce and manufacturing. I have always felt myself that some form of share financing for agriculture, if it could be soundly devised, might in a financial way prove of real benefit. The farmer, as I see it, does not need new creditors, but rather new financial partners. In consequence, the farmer's financial salvation would seem rather to consist in the issuance of shares of some sort than in the continued issuance of mortgage and other bonds, under the burden of which he already suffers. The man who can invent a feasible way to enable our farmers as a class to obtain additional capital inexpensively from

new share partners, will, in my opinion have performed a most valued service for agriculture, by opening to agriculture an immediate access through the stock exchange to the saving of the entire American people.

#### Might Be Adopted

It is, of course, dangerous to press too far the analogy between agriculture and industry. Nevertheless, there is already evidence that certain methods which have proved very successful in industrial enterprises, might be adopted to serve agriculture also. One of the chief of these consists in the utilization of waste products. Our chemists are in their field making rapid progress. Almost every month we see the announcement that chemists have succeeded in utilizing agricultural by-products as the raw material for making new and useful industrial materials. Already on the list of the Stock Exchange one can find a good many different companies which are extensively engaged in this business. I need not mention the remarkable utilization of the whole corn plant by the enterprising chemists and manufacturers of today. If some more evident way can be devised for giving actual value to agricultural by-

*Central Western Banker, October, 1928*

products which at the present time are completely valueless to the farmer, we will have taken another very fundamental step in stabilizing American agriculture and assisting in the cause of agricultural prosperity. I may add that there is very much more interest in financial circles in constructive and soundly undertaken enterprises of this sort than perhaps the farmer himself realizes, and the Stock Exchange is only one of the parts of our financial machinery which may in this regard be able in the future to perform a constructive task with great benefits to agricultural producers, as well as to American consumers everywhere.

"I need not remind this audience that we are living in an age of rapid and momentous scientific discoveries, Science has taken the whole world for its domain. It has attacked the problem of transportation, not only to improve the already familiar inventions of the steam railway and the steam vessel, but also to launch high into the air those astonishing airplanes and dirigibles which already have begun to

revolutionize travel on both the land-ways and the sea-ways. Scientific methods of manufacturing production have cheapened the cost of many products like the automobile, with the result of placing them within reach of everyone's purse. Scientific management of business enterprises has enabled our industrial companies to maintain unparalleled wage-scales, and still decrease per unit costs by quantity production.

"But the scientific movement of the age must not halt within our cities, and limit itself to only industrial or commercial processes. It must go on, to achieve new triumphs on the farms of the nation. With even my scanty knowledge of American agriculture, it is nevertheless apparent that just this scientific rationalization of agricultural work and agricultural life has already begun. Its further prosecution means not only wider spheres of usefulness for our industrial, utility and commercial enterprises, but also an increased productivity on our farms and a better and finer way of life throughout our vast agricultural

regions. In the movement, the immediate need is of course for the practical farmer, the scientific engineer and chemist and the far-sighted corporation executive. American finance can only stand by to assist the practical accomplishments which their efforts will yield. Yet such assistance, already being rendered indirectly and partially, may still develop into a closer and more intimate partnership between American finance and American agriculture. In such a development, I can assure you that I speak for the New York Stock Exchange, when I say that, if a way to do it were discovered, its facilities would be placed as enthusiastically and completely at the service of American agriculture as they have already been at the service of American commerce and industry. In the continued effort to establish in this country a firmly founded and universal prosperity, we must not fail to place all our scientific knowledge, all our organizing ability and all our financial facilities behind that oldest and most basic of all our industries — American agricultural production.

## A. B. A. President Outlines Banking Program

CRAIG B. HAZELWOOD, vice-president of the Union Trust Company, Chicago, was recently installed as president of the American Bankers Association. At the same time, John G. Lonsdale, president of the National Bank of Commerce in St. Louis, and Rome C. Stephenson, vice-president of the St. Joseph County Savings Bank, South Bend, Indiana, took over their duties as first vice-president and second vice-president respectively. The election took place at the fifty fourth annual convention of the association which was held in Philadelphia, Pa.

In his acceptance speech, Mr. Hazelwood referred to the important accomplishments of the American Bankers Association in the past and outlined his program for the coming year.

"I propose," said Mr. Hazelwood, "that we emphasize this year the study of all phases of bank technique and the dissemination of information regarding standard practice and efficient and profitable bank operation. In particular, I see great possibilities and need for research and leadership in matters of bank management and administra-

tion. If there is any lesson to be learned from studies and surveys of



CRAIG B. HAZELWOOD

the banking business which have been made in this country, it is the imperative necessity for better management.

"The new administration means to promote the regional examination plan. This plan has two objectives, Mr. Hazelwood explained, "first, more thorough and constructive bank examination; and, second, the organization of community interest for the discussion of bank problems. We will employ in this effort the most expert counsel we can obtain and the best brains we can find in our organization.

"I am of the opinion," said Mr. Hazelwood, "that the time has come when the American Bankers Association, which includes in its membership most of the skilled men of our profession, should recognize the importance of management in the banking field, and should insist upon the highest professional standards among those charged with the responsibilities of managing our banks. I believe that the banking profession will rise to a new dignity, that banking practice will become infinitely more skillful, and that the standards of safety will be placed upon a much higher level."

*Central Western Banker, October, 1928*

# When a Bank Refuses To Honor a Check

By THE CENTRAL WESTERN BANKER *Legal Department*

**D**URING banking hours the tellers of a bank are required very often to honor and pay depositors' checks which are presented over the counter to them by parties unknown to the bank. A stranger may present proper identification credentials so that the check he holds is paid.

There is a possibility that a bank teller may refuse to honor a check properly presented, drawn on a depositor's account that has a sufficient balance to pay the check, due to some mistake made by the bank employee. The holder of the check may have properly presented the same for payment and there is good and sufficient reason why it should not be honored. This presents a situation wherein the holder of the check and the depositor may both be seriously embarrassed. Is there any liability placed on the bank because of its failure to properly carry out its agreement with its depositor?

A depositor of a bank drew a check upon the bank payable to Conn for \$66.00. This check was delivered to Conn on May 30, but post dated June 2, and was given in payment of a bill of goods. At the time the check was delivered Conn did not have \$66.00 to his credit in the bank.

On the same day, just prior to the time the depositor gave the \$66.00 check to Conn, he had applied to the bank, of which Conn was president, but who did not handle the transaction for a loan of \$66.00. The loan was to be made provided the depositor obtained the endorsement of another party who was acceptable to the bank, and return the completed note within an agreed time. The depositor then went to Conn's store and explaining the transaction he had with the bank, applied for a bill of goods. Conn offered to sell the bill of goods amounting to \$66.00 upon the depositor giving his check upon the deposit proceeds of the note for that amount. The transaction between the depositor and Conn was then closed. The goods were delivered, and Conn given a check post dated June 2, on the anticipated deposit of \$66.00.

The depositor who lived some distance from the city in which the bank was located, immediately went home and at some time the next day ob-

tained the desired endorsement from his friend, and mailed the completed note to the bank on May 31.

The letter containing the note reached the bank the next morning. The books of the bank showed that on

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*"Where checks of a depositor on a bank are refused payment and protested for want of funds, when, in fact, the depositor has funds in the hands of the bank more than sufficient to pay said check, the depositor will be entitled to recover such actual, general or specific damage as may be by him alleged and proven."*

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June 2, the depositor had been given credit for \$66.00, the proceeds of the note.

In the meantime Conn's bookkeeper, not noticing that the check was post dated, presented it at the bank for payment or deposit on May 31, at which time payment was refused on the grounds that at that time depositor had no account with the bank. The check was returned to Conn the same day. Subsequent to June 2, the check was again presented for payment at the bank. The cashier of the bank refused to honor the check, made an endorsement thereon showing "no account" and returned it to Conn. There was on deposit at the time, subject to this check, a sufficient amount to pay it.

About two months thereafter, the

check not having been made good, Conn swore out a warrant against the depositor under the "bogus check" statute, and secured payment of the check, and the prosecution was withdrawn.

In the affidavit, upon which the warrant was issued, Conn swore "that he is informed and believes that John Sheaf did on or about June 2, make, issue, and deliver, receiving at the time value therefor, his certain check on the National Bank, payable to the order of O. H. Conn, for the sum of \$66.00, while he, the said John Sheaf, had not sufficient funds in the bank to meet or cause complete payment on the said check."

Conn was required, in order to maintain in his action, to establish the fact that when his check was properly presented, there was not sufficient funds on deposit to meet the same, and that the bank had wrongfully refused payment thereof. This Conn was unable to do.

A bank is the debtor of the owner of a deposit, and such owner has a right as against the bank, to have checks drawn by him, not exceeding the amount of the deposit, paid immediately on presentment.

Where checks of a depositor on a bank are refused payment, and protested for want of funds, when, in fact, the depositor had funds in the hands of the bank more than sufficient to pay said check, the depositor will be entitled to recover such actual, general, or specific damages as may be by him alleged and proven.

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## Theodore Roosevelt Said:

**O**NLY those are fit to live who do not fear to die; and none are fit to die who have shrunk from the joy of life and the duty of life. Both life and death are part of the same Great Adventure. Never yet was worthy adventure worthily carried through by the man who put his own personal safety first. Never yet was a country worth living in unless its sons and daughters were of that stern stuff which bade them die for it at need; and never yet was a country worth dying for unless its sons and daughters thought of life not as something concerned only with the true selfish evanescence of the individual, but as a link in the great chain of creation and causation, so that each person is seen in his true relation as an essential part of the whole, whose life must be made to serve the larger and continuing life of the whole.—From Charnwood's Life of Roosevelt.

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# "Brain Teaser" Contest Creates Much Interest

## The Ten Questions

1. Is it obligatory upon a bank to certify the checks of a depositor?
2. If one of our customers ships his fat cattle to Omaha, how can we make sure that our Bank will receive credit for the proceeds?
3. Can a post dated check be legally protested for non-payment?
4. Can a chattel mortgage be legally drawn to include after acquired indebtedness?
5. Is it possible to draw a chattel mortgage on stock of merchandise to include stock to be purchased in future?
6. Are the words "future advances" included in chattel mortgage protection on money later advanced?
7. Has a bank a right to charge back to the person depositing the same, a check found not good at close of the business day?
8. Are reconcilements from correspondent banks of any value as bank records? Should they be retained? Give reasons for answer.
9. Does a judgment filed in District Court Clerk's office take priority over a chattel mortgage filed at a later date? Give reasons for answer.
10. If an account is attached, does this include deposits made following attachment?

## The Winners

*First Prize*—Vernon G. Smith, cashier, Waterbury State Bank, Waterbury, Nebr.

*Honorable Mention* (A year's subscription each, to THE CENTRAL WESTERN BANKER): W. H. Dressler, cashier, Stock Yards National Bank, Omaha. Carl G. Swanson, Ass't Cashier, Fidelity State Bank, Aurora, Nebr.

H. H. Peters, Cashier, Bank of Yutan, Yutan, Nebr.

Jno. J. Olson, Cashier, American Bank, Gordon, Nebr.

Fred M. Maas, Ass't. Cashier, Cones State Bank, Pierce, Neb.

Wm. H. Larned, Cashier, State Bank of Haigler, Haigler, Neb.

THE "Ten Brain Teasers" contest announced in a recent issue of THE CENTRAL WESTERN BANKER, in which a cash prize of ten dollars was offered for the best answers to the ten questions listed above, has created much interest among readers of this magazine. Vernon G. Smith, cashier of the Waterbury State Bank, Waterbury, Nebraska, wins the money, with half a dozen other clear thinking Nebraska bankers close seconds. His answers to all the questions are published on this page, together with the names of bankers given honorable mention.

The ten "brain teasers" were originally submitted by E. F. Folda, manager of the bond department of the Stockyards National Bank of Omaha. All the contestants agree that Mr. Folda worked out some real "stickers," all of them extremely practical in every-day banking. Another set of ten questions will appear in an early issue of THE CENTRAL WESTERN BANKER.

Taking up individual questions, Number 2, "If one of your customers ships his fat cattle to Omaha, how can we make sure that our bank will receive credit?" brought much interesting comment. Mr. Larned, of Haigler answered this as follows:

"Have the customer draw draft in favor of bank with shipping bill (Bill of Lading) to shipper's order attached or Bill of Lading assigned to bank, proceeds for credit of bank, use of customer."

## The Winning Answers

By VERNON G. SMITH,

*Cashier, Waterbury State Bank, Waterbury, Nebr.*

1. It is not obligatory upon a bank to certify the checks of a depositor.
2. By obtaining consent of the shipper and then wiring the selling agent of the shipper to deposit proceeds of the shipment with our correspondent for our credit and credit and advice of the shipper.
3. A post dated check cannot be legally protested for non-payment, not being due.
4. A chattel mortgage cannot be legally drawn to include after acquired indebtedness.
5. It is not possible to draw a chattel mortgage on a stock of merchandise that will legally cover and include stock to be purchased in the future unless the mortgagee, with written authorization of the mortgagor, retain possession of the stock.
6. The words "future advances" included in a chattel mortgage are not protection on money later advanced unless notes for such advances be made prior to the time of the execution of the mortgage and be specifically mentioned in such mortgage and made a part of the mortgage transaction.
7. Except with the consent, (written to be safe) of the depositor, the bank has no right to charge back to the person depositing the same, a check found not good at close of the business day.
8. Reconcilements from correspondent banks are of value as bank records only for a limited time and should be retained for a limited time, their value ceasing upon the receipt from the correspondent bank of a subsequent reconciliation in which no exceptions are noted of items arising prior to the execution of former or prior reconcilements.
9. A judgment filed in a District Court Clerk's office does not in itself take priority over a chattel mortgage filed at a later date. The judgment does not become a lien on personal property at all until further procedure is had and in the event it be not resorted to the question of the right of the chattel mortgage would not arise.
10. If an account were attached, unless the writ of attachment explicitly read to cover any monies or property coming into the hands of the holder of the account attached, it would not cover deposits made following the attachment.

Mr. Maas, of Pierce, gave this answer:

"Make the bank the consignor, or have a written order from the shipper to send the proceeds to the bank or have it deposited to the credit of the bank at the point where the shipment is disposed of."

Questions 8 and 9, shown above, requested reason for answers, and the reasoning of the various contestants is of interest. In reply to No. 8, "Are reconcilements from correspondent banks of any value as bank records? Should they be retained?" Mr. Olson of Gordon said, "They should be retained as proof of settlement and best evidence of false entries." Mr. Peters of Yutan said, "They are valuable for a few months or until it is certain no errors will be discovered. We keep ours but see no reason why they should be kept more than a year."

Mr. Dressler, of Omaha, answering No. 8, said:

"Reconcilements from correspondent banks are valuable records of a bank and should be retained permanently, unless the laws of the state permit otherwise. Reconcilements signed by the proper officers of the bank may be used as evidence in court of the standing of the accounts between the banks for the period covered in the reconcilements. Occasionally correspondent banks save themselves from loss by retaining these as a part of their permanent records."

Answering the ninth question, "Does a judgment filed in District Court Clerk's office take priority over a chattel mortgage filed at a later date?" Mr. Dressler said:

"In Nebraska chattels are bound under judgment lien only from the time they are seized in execution and hence a chattel mortgage given on chattels prior to the date of the execution will be valid."

Answering the same question, Mr. Swanson of Aurora, wrote: "Yes, a judgment stands until paid or released."

Contestants will, of course, be interested in the answers that the author of the questions, Mr. Folda, would give, were he an eligible contestant. Stating that there are always little circumstances surrounding every legal point and that such questions are always subject to different interpretations. Mr. Folda, while not pretending to set up his answers as the only correct ones, would answer them as follows:

1. No. It is not obligatory.
2. By instructing your customer to instruct his commission firm to deposit proceeds to your credit in some Oma-

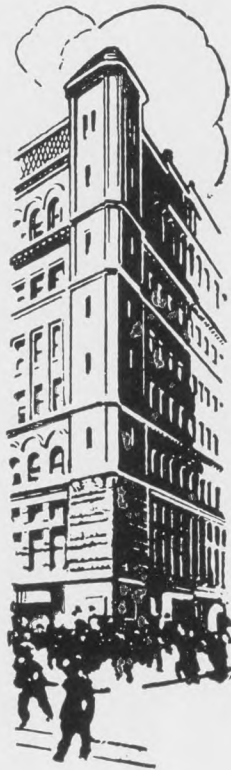
ha bank, designated by you. If it is a case of your bank having a chattel mortgage on the cattle, and the customer shipping without your knowledge, that is another question. In such a case, although under the law, proper filing or recording of the chattel mortgage is notice to the world that your bank has such a lien. The safe, or better way, is to notify your Omaha bank or the Commission firm that you hold such a mortgage, giving such a description of the stock that same can be readily identified.

3. No—not if presented before the date it bears.

4. If future advances, or "after acquired indebtedness" are contemplated at the time of making the mortgage, then draw up notes for the amounts contemplated and include these in the amount of the mortgage. Then these future or additional notes can be used as required.

5. No.

6. Covered in answer to No. 4. However, we do think the words "future advances" included in the mort-



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gage is or would be notice that the amount of indebtedness is or might be more than the amount stated in the mortgage and place others on their guard.

7. Yes, if charged back on same day as received for credit.

8. Yes, certainly are. Naturally the latest reconciliation when received covers all previous ones. But examiners or auditors should have access to all reconcilements received since last audit at least.

9. Judgments on real estate within the county take effect on the day on which judgment is rendered. All other

lands, as well as goods and chattels shall be bound from the time they shall be seized in execution. See Sec. 8986 Nebraska.

10. No. The attachment covers only such funds as are attached.

### DISPLAYING OUR WARES

(Continued from Page 9)

that the bank stock of the local bank should have the same earning power? Stockholders in banks or stockholders in the telephone company have the same right to expect dividends on their investment. Most certainly the

public cannot expect banking service or any other service at less than cost. It is a matter of record that generally speaking, bank stock is not earning to-day in proportion to telephone stock and other public service stock. It is just as necessary to the life of a bank that the stockholders receive a dividend as it is for the farmer to market a good crop at a fair price.

### Bank Consolidation

The solution of bank problems in the smaller towns is indicated by the many consolidations reported by the bank examiners in the field. Two small banks existing in a town may, by consolidating their business and reducing operating costs, serve that community with a stronger and better bank and by so doing, improve their earnings. Good roads and the automobile have developed each town separately as a competitor with their neighboring towns. Thus a town with one good bank is a competitor of the banker in the neighboring town. Accordingly, these many consolidations are helping the stockholders in these banks and placing the bank in a better and stronger position to pay dividends.

### Outstanding Bank Features

Concluding our remarks, Nebraska bankers are making progress in displaying their wares. We must not overlook our outstanding position in the following items:

1. Nebraska has exceptional banking laws.
2. The integrity and solidity of the board of directors who check the notes and deposits and are responsible for the policy of the bank.
3. The standard banking books and records used in the bank.
4. The examiners call in the directors when examining the bank.
5. The splendid reserve position of the Nebraska banks.
6. Banks consolidations and elimination of unnecessary overhead expense increases earnings for the stockholders.

### Will Loan Without Collateral

All eyes in the banking world have been focused on The National City Bank of New York following the recent announcement by President Charles E. Mitchell of the establishment by that institution of a personal loan department to make personal loans without collateral to salaried men and women in amounts ranging from \$50 to \$1,000 at a discount of 6 per cent.

The development partook of the spectacular, coming as it did at a time when attention was directed toward

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the subject of finding a solution for the problem of small loans generally. The fact that America's largest financial institution has entered a field hitherto untouched by large commercial banks also contributed to make the occasion notable. The response of the public was immediate and sympathetic, to judge by reports of officials of The National City Bank of New York in charge of the new facilities which at the outset will be centralized in the bank's branch at 42nd Street and Madison Avenue, later to be extended to the remainder of the 24 branches in Greater New York.

From borrowers, who qualify as depositors or prospective depositors in the compound interest department, the bank will require the signatures of two responsible co-makers on the note. The 6 per cent discount will constitute the only charge to the borrower, no service or investigation fee or charge of any kind being imposed in connection with the application for a loan or its arrangement. One year will be allowed for the repayment of a loan. To place the borrower in a position to meet his obligation when due, the bank provides that deposits be made weekly, semi-monthly or monthly, in a compound interest account, in order to accumulate the required amount. These deposits will be made regularly similar to deposits in a Christmas Club account and interest will be paid on these deposits at the regular rate obtaining in the bank's compound interest department—3 per cent per annum compounded monthly.

A typical example of the manner in which the personal loan plan operates is as follows: On a loan of \$108, the bank's discount of 6 per cent amounts to \$6.48, leaving \$101.52 in cash. A deposit of \$9 a month for 12 months in a compound interest account amounts to \$108, sufficient to pay off the loan. Interest at the annual rate of 3 per cent compounded monthly on the \$9 monthly deposits amounts to about \$1.48 provided all deposits are made promptly. This interest accumulates and may be used either to reduce the amount required for the final deposit or to start building up a cash reserve or investment fund.

A man of genius is inexhaustible only in proportion as he is always renourishing his genius.—*Lytton*.

Conversation is the vent of character as well as of thought.—*Emerson*.

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- Stand. Oil of Ind.
- Stand. Oil of Cal.
- Vacuum Oil Co.
- Amer. Tel. & Tel.
- Pullman
- General Elec.
- West. Union
- Westinghouse
- U. S. Steel
- Nat'l Biscuit
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- du Pont
- Timken Roll.
- Amer. Radiator
- United Shoe
- Woolworth
- American Can

WHETHER you ride on a train, dine at a hotel, drive a motor car, or telephone a friend, you are constantly using the facilities or products of some one or more of the thirty great industries listed in the accompanying list. Every industry or trade, every social or economic activity throughout the length and breadth of America, is in the same way dependent upon these great companies for equipment, materials, or services.

So long as America continues to do business, these thirty companies must prosper. A combined investment in their stocks enjoys a high degree of safety and stability of principal.

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# BONDS AND INVESTMENTS

## Bright Outlook Seen For Utilities Business

Survey made by prominent bond house shows twenty-six billions already invested with much room for wide expansion.

WITH a total of almost \$26,000,000,000 invested in the public utility business of the nation, exclusive of steam railroads, and conditions reported stable, holders of utilities may look forward to greater expansion, according to the results of a survey just completed by Bonbright & Company, Inc., of New York. The most important item in this total is the combined electric light and power and gas industries investment, which amounts to approximately \$12,500,000,000.

The next largest individual group listed is that of the electric railroads industry, in which the holdings are \$6,000,000,000. There is more than \$3,800,000,000 in telephone and telephone companies and, it is estimated, more than \$3,500,000,000 in water facilities. In the compilation of these figures, it was announced, care has been exercised to keep duplications at a minimum, inasmuch as many utility companies conduct more than one class of business.

### Mentioned for Stability

Electric power and light companies are especially mentioned for their stability, the bankers pointing out that the *Electrical World* reported it was unable to find a single instance of default among the obligations of companies engaged solely in this business. Furthermore, it was shown, an analysis of the dividend records of virtually every electric light and power company with gross earnings of \$1,500,000 a year and upward, the combined capitalization of which represents 90

per cent of the industry, are paying dividends regularly.

These payments are being made on all of the first preferred stocks and in no case was it reported that there were any unpaid accumulated back dividends. In 14 cases where dividends had been deferred, they subsequently were paid off in stock or cash. In the remaining cases—156 in number—the preferred stocks had unbroken records. Many other interesting points

“The field for future development in the electric power and light industry is so great that capital investment is expected to increase by one-third and gross receipts by more than one-half during the next five years alone. The principal bases for these predictions are:

“More than one-third of the population of the United States still lives in unwired homes.

“More than half of the homes wired for electricity are still without any domestic electric appliance except the flatiron. The average home today consumes only 400 kilowatt hours a year; it would need from ten to twenty times as much electricity if completely equipped with electric servants.

“More than 90 per cent of the farms in the country are not yet being served by the power and light companies.

“Only half of our requirements for power in industry is supplied by the power and light companies.

### Small Percent Electrified

“Of our total railroad mileage only about one per cent is electrified.

“The lighting of the country's great network of highways and of the rapidly increasing number of airways has only just begun.

“The advent of radio broadcasting and of the radio outfit supplied with electricity from the lamp socket has opened up a new field for consumption of current.

## Three Billion Growth Estimate

*“It is estimated that during the five years, 1928 to 1932 inclusive, the capital invested in the electric power and light business will increase by \$3,000,000.00. In connection with this phase of the industry's growth, it should be borne in mind that the electric utility industry requires a larger investment per dollar of revenue than most other businesses—about five dollars of investment to every one dollar of annual revenue. A successful merchant completely ‘turns over’ his stock several times a year. A successful manufacturing concern will usually ‘turn capital’ over at least once a year. A public utility has a ‘turnover’ only once in several years.”*

in connection with public utilities were brought out by the survey.

“Each year since its inception in 1882 the revenues of the electric power and light industry have shown an increase over those of the preceding year,” says the report. “Gross earnings of all the electric power and light companies in the country in 1902 aggregated approximately \$85,700,000. Twenty-five years later they amounted to more than 20 times as much.

“The power and light companies had 230,000 employees and 21,694,100 customers on January 1, 1928.

*Central Western Banker, October, 1928*

"It is estimated that, during the five years 1928 to 1932 inclusive, the capital invested in the electric power and light business will increase by \$3,000,000,000. In connection with this phase of the industry's growth, it should be borne in mind that the electric utility industry requires a larger investment per dollar of revenue than most other businesses—about five dollars of investment to every one dollar of annual revenue. A successful merchant completely 'turns over' his stock several times a year. A successful manufacturing concern will usually 'turn capital over' at least once a year. A public utility has a 'turnover' only once in several years."

### Seeks Verification Law

A law requiring bank examiners to verify a part of the signatures of notes, every time they make a bank examination, will be asked of the Nebraska legislature when it meets in January, Clarence B. Bliss, secretary of the department of trade, commerce and banking has announced.

The purpose of the law is to make such verification a matter of routine procedure, so that bank customers would not become alarmed at thoughts of a bank's weakness, if asked to verify the signatures to notes. The recent failure of the State Bank of Beemer, due in part, at least, because of forged signatures to notes, led Mr. Bliss

to reach his decision.

Another proposal, advanced to help the state's guaranty fund, which has large liabilities because of the many state bank failures, is that the fund be relieved of responsibility of paying deposits where losses have occurred through frauds or forgeries. If the guaranty fund only had to make good losses that resulted from bad banking, or adverse economic conditions, it is said, it would not be facing a huge deficit.

### F. A. A. Elects Officers

C. H. Wetterau of the American National Bank, Nashville, Tennessee, is the new president of the Financial Advertisers' Association. He was elected at the 13th annual convention of the Association held in Utica. Other officers elected were: First vice-president, A. E. Bryson, Halsey, Stuart & Company, Chicago; Second vice-president, F. R. Kerman, Bank of Italy, San Francisco; Third vice-president, C. H. McMahon, First National Bank, Detroit; treasurer E. H. Hintz, People's Trust & Savings Bank, Chicago.

The board of Directors for the coming year consist of: Clinton F. Berry, Union Trust Co., Detroit; C. E. Bourne, Royal Bank of Canada, Montreal; W. E. Brockman, Minnesota Loan & Trust Co., Minneapolis; George Dock, Wm. R. Compton & Co. New York; Chas Eastman, Taylor Ewart & Co., Chicago; Frank Fuch, First National Bank, St. Louis; H. G. Hodapp, Nationad City Co., New York, N. Y.; Robert, J. Izant, Centran National Bank, Cleveland; H. Ennis Jones, Franklin Trust Co., Philadelphia; H. A. Lyon, First Nation Bank, Boston; A. Douglas Oliver, Provident Trust Co., Philadelphia; Alva Maxwell, Citizens & Southern National, Atlanta; H. W. Mitchell, Illinois Merchants Trust Co., Cleveland; and Fred M. Staker, Commerce Trust Co., Kansas City.

### Disappointing

"Yes," said the old man, "I have had some terrible disappointments, but none stand out over the years like one that came to me when I was a boy."

"Some terrible shock that fixed itself indelibly in your memory, I suppose?"

"Exactly," said the old man, "when I was a boy I crawled under a tent to see the circus, and I discovered that it was a revival meeting."

Let us be friends, and treat each other like friends.—Lincoln.



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## NEBRASKA BANKS

## SHOW GAINS

Gains in strength by banks in Nebraska outside of Omaha are revealed in the statements of their condition, made in October in response to the call from the comptroller of the currency. Some of these are announced as follows:

Lincoln National Bank and Trust Co., Lincoln: Loans and discounts, \$1,111,844; government securities owned, \$350,100; reserve with Federal Reserve bank, \$220,750; cash items, \$687,275; capital stock, \$200,000; surplus, \$40,000; undivided profits, \$37,198; due to banks, \$373,355; demand deposits, \$2,041,143; time deposits, \$390,601.

First National Bank of Lincoln: Loans and discounts, \$8,080,221; government securities owned, \$614,191; bonds, stock and securities, \$1,557,274; banking house, \$475,000; reserve with Federal Reserve bank, \$821,026; cash items, \$2,875,903; capital stock, \$800,000; surplus, \$250,000; undivided profits, \$63,666; due to banks, \$3,806,430; demand deposits, \$6,931,699; time deposits, \$2,542,888; United States deposits, \$103,727.

Central National Bank of Lincoln: Loans and discounts, \$1,990,904; government securities owned, \$511,776; other securities owned, \$252,607; reserve with federal reserve bank, \$261,682; cash items, \$1,200,774; capital stock, \$200,000; surplus, \$100,000; undivided profits, \$37,721; due to banks, \$1,421,887; demand deposits, \$2,091,154; time deposits, \$295,274.

National Bank of Commerce, Lincoln: Loans and discounts, \$3,713,666; government securities owned, \$330,409; banking house, \$262,000; reserve with Federal Reserve bank, \$403,334; cash items, \$1,265,668; capital stock, \$300,000; surplus, \$100,000; undivided profits, \$86,532; due to banks, \$3,325,487; demand deposits, \$1,747,493; time deposits, \$342,290.

First National Bank, Hastings: Loans and discounts, \$1,898,958; government securities owned, \$159,519; banking house, \$113,651; reserve with Federal Reserve bank, \$143,489; cash and due from banks, \$264,342; capital stock, \$200,000; surplus, \$100,000; undivided profits, \$22,310; due to banks, \$240,925; demand deposits, \$1,574,279; time deposits, \$723,051.

Howells State Bank: Loans and discounts, \$803,862; bonds and other securities, \$203,000; call and commercial loans, \$174,300; due from banks and cash items, \$170,024; capital stock, \$40,000; surplus, \$40,000; undivided profits, \$13,771; demand

deposits, \$287,958; time deposits, \$958,003; savings deposits, \$19,548.

Merchants National Bank, Nebraska City: Loans and discounts, \$180,601; government securities owned, \$262,588; reserve with Federal Reserve bank, \$37,191; cash and due from banks, \$203,894; capital stock, \$50,000; surplus, \$40,000; undivided profits, \$28,282; due to banks, \$47,378; demand deposits, \$416,640; time deposits, \$120,796.

First National Bank, Grand Island: Loans and discounts, \$2,655,943; government securities owned, \$91,103; other securities, \$477,427; banking house, \$169,500; reserve with Federal Reserve bank, \$162,569; capital stock,

\$100,000; surplus, \$250,000; undivided profits, \$8,398; due to banks, \$574,536; demand deposits, \$1,170,835; time deposits, \$1,716,160.

Beatrice National bank, Beatrice: Loans and discounts, \$1,085,581; U. S. bonds, \$100,000; bank banking, \$20,000; bonds and warrants, \$27,152; cash, liberty bonds, etc., \$1,209,758; capital, surplus and profits, \$230,383; deposits, \$2,118,107.

Great art is nothing else than the type of strong and noble life.—*Ruskin.*

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# The Fixed Type of Investment Trust

By CEDRIC H. SMITH,

*President Smith, Burriss & Co., Chicago*

*The discussion on this page is a part of an address delivered by Mr. Smith at the recent Investment Trust Conference held at the State House in Indianapolis. The meeting was sponsored by the Indiana Bankers Association and conducted by the Indiana Securities Commission.*

THERE are three major types of Investment Trusts now being offered on the American market—(1) The *Fixed* type, sometimes referred to as the rigid, static or non-discretionary type; (2) the *Semi-Fixed* type, and (3) the *Discretionary* type, sometimes referred to as the trading or management type.

### Three Major Types

It may be appropriate right at the outset to distinguish briefly between the three types. In the *fixed* type a certain definite group of stocks is selected and deposited with a bank trustee. This group of stocks is commonly termed a *unit*. Against each unit the trustee issues 1,000 certifi-

cates of beneficial interest commonly known as *Trust Shares* or *Trustee Shares*. In the fixed type of trust the same group of stocks is always deposited. No charge may be made in the list of stocks at the time of deposit nor are any substitutions permitted in the stocks subsequent to the deposit. Whatever earnings on the underlying stocks are received by the trustee are passed along pro rata to the holders of the trust shares. The cost of the trust shares to the public represents the day to day price of the underlying stocks plus accrued dividends to date plus a service fee. The service fee covers the cost of distribution and profit to the sponsors.

The *semi-fixed* type of trust is very similar in make-up to the fixed type, except that under certain specified conditions the sponsors of the trust are permitted to make substitution in the list of underlying stocks.

The *discretionary* type is of entirely different form. Roughly speaking, a discretionary trust is a corporation whose assets are invested in securities rather than in plants and machin-

ery. Its profit is made from the income derived from its portfolio of securities plus whatever profits can be secured through buying and selling securities.

In the discretionary trust management is a prime factor. Its success or its failure depends upon the skill and the experience of its management. *In the fixed trust, management plays no part whatsoever.* While the fixed trust does not benefit in any way from the trading of securities, it likewise is not open to the danger of losses from trading. In the semi-fixed trust, the management factor enters in varying degrees, depending upon the terms of the Trust Indenture.

We are concerned here with a fixed type of trust and I shall, therefore, not attempt to draw any conclusion or make any inferences as to which of the three types is best suited for the average investor.

The discretionary trust is so entirely different from the fixed trust in its make-up and mode of operation that it would be difficult to make a comparison any more than one could make a comparison as to which were best, a railroad bond or a utility bond. The principles upon which a discretionary trust is organized are thoroughly sound, but the success of this type strongly hinges on both the hon-

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esty, ability and experience of its management.

The fixed type of trust is based on an entirely different theory, eliminates the management factor entirely, and



CEDRIC H. SMITH

when properly set up at the beginning, is equally sound.

#### Founded on Known Characteristics

The fixed type of investment trust is predicated on the fact that a well-selected group of common stocks, purchased as a whole and held as a whole over a period of time, provides very definite inherent characteristics relative to safety of principal, certainty of income, and appreciation of principal. Just as a bond has certain inherent characteristics which render it a desirable channel for investment funds, so a group holding of common stocks has certain characteristics, which can be classified and definitely ascertained through close statistical study covering long periods of time.

The history of common stocks of American corporations indicates that these characteristics are ever present, regardless of the stocks selected, and regardless of the period in which they were purchased, held or sold; however, it must be pointed out that a variation in these factors causes a variation in the results. Stocks of basic industries make better showings than stocks of non-essential industries. Stocks of corporations managed by the highest type of brain power result in a more favorable showing than those managed by man-power of lesser experience. Notwithstanding this, how-

ever, groups of stocks selected by rule-of-thumb methods, without investment intelligence, still retain the same inherent characteristics, and make statistical showings of a far more favorable nature than the casual student of the subject would think possible.

#### The Insurance Factor

In the group holding of common stocks there is an *insurance* factor at work, not unlike the factor of safety which operates in the underwriting of life, fire and casualty risks. Insurance companies reduce this factor to a mathematical equation through their experience charts and mortality tables. At the time of receiving your premium

for life insurance, they know, with an amazing degree of accuracy, how much of each dollar will be used for sales expense, how much for operation, and how much for the payment of claims. Out of 1,000 individuals insured today, they can forecast the number and amount of claims they will be called upon to pay next year, the year after, ten years hence, thirty years hence, and so on. In making these calculations they give consideration to and make provision for unusual conditions such as catastrophes, plagues and epidemics, setting up reserves sufficient in size to cover such unforeseen disasters.

The very same Insurance Factors

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apply to a group holding of common stocks, and the outcome of such a holding over a long period of time can, through statistical study, be quite accurately determined. Studies of group holdings of common stocks of American corporations, covering a period of the past 60 years, have been made independently by many leading economists, and the sum and substance of their various conclusions have been the same to a surprising degree.

### Three Characteristics

Probably these conclusions can best be summed up by quoting Professor Irving Fisher of Yale University. Back in 1912—16 years ago—Irving

Fisher drew three fundamental conclusions as to the characteristics of a group holding of common stocks, as follows:

1. *No hazard of principal except the TIME HAZARD.*

2. *No hazard of income, except the VARIATION of return.*

3. *A higher return than bonds.*

These same conclusions have been reached by a score of other prominent economists, including Kenneth S. Van Strum, Edgar Lawrence Smith, Walter Lagerquist, John Moody, Grover Huebner, J. Pease Norton, Paul Tomlinson, and many others. Their studies cover all classes and types of common stocks, from the speculative to

the pure investment stock. They cover the uphill and downhill swings of business—the periods of prosperity and the periods of depression. They cover the swings of industrial expansion and the years of acute business and financial panics. Out of these studies, they have formulated these three fundamental characteristics of a group holding of common stocks. I will repeat them again, because it is upon these principals that the fixed type of investment trust is founded. 1. No hazard of principal, except the time hazard. 2. No hazard of income, except the variation of return. 3. A higher return than bonds.

---

## SHORT TERM INVESTMENTS FOR BANKS



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## LAST MINUTE NEWS OF BANKS AND BANKERS

(Continued from Page 3)

cident to security trading under one roof. It is estimated that \$10,000,000 a year could be saved in the transfer and recording of securities.

**I**N A TEST CASE as to whether the Central National Bank of Topeka, Kansas, was entitled to have the stock of its stockholders taxed at the intangible rate of twenty-five cents on \$100 instead of at the rate of \$3.23 per hundred imposed on tangible property, the supreme court refused a review to Shawnee County.

**D**IRECTORS of the Municipal Bank & Trust Company and the Seventh National Bank of New York have approved the plans for consolidation of the two institutions, thus creating a bank with resources in excess of \$75,000,000, with twenty offices in New York City.

**A**PPLICATION for a national Charter to operate in New York City has recently been made by S. W. Straus & Company. It is rumored that the organization of banks in other large cities is also being considered by the same company. The Straus National Bank & Trust Company was recently opened in Chicago with a capital of \$1,000,000.

**W**ITH COMBINED resources in excess of \$20,000,000, and with capital, surplus and undivided profits of more than \$5,000,000, the Broad Street National Bank of North Philadelphia, Queen Lane National Bank, and the Oak Lane Trust Company recently consolidated under the name of the Bank of Philadelphia and Trust Company. The bank operates ten offices.



# Insurance



Snapshots that show the disaster following the September 13th tornado in northeastern Nebraska. Above, left, all buildings demolished on the Larson home near Homer, Nebraska. A pan of meat, left frying on a gasoline stove before the storm, was found still frying after the tornado. Above, center, the Arthur Harris dwelling near Winnebago, Nebraska. Above, right, every building destroyed on this Winnebago farm, leaving the oats piled in an eight foot heap. Below, left, the country schoolhouse near Homer, where the teacher, Helen Rooney, was killed. The piano was found a quarter of a mile away. Right, what was left of a filling station near Winnebago. Photos by McManus-Webb-Bennett Co., Sioux City local agents.

## Tornados and Tornado Insurance

Interesting sidelights on the recent Nebraska twister that left death and destruction in its wake

By JACK WALTERBEN

*WHAT is a tornado like?*

A. A tornado is like something one doesn't want to be near! In other words, it isn't like anything one enjoys.

Imagine a farmer near Homer, Nebraska, hearing some telephone line-men yelling that a tornado was coming, running to the house to get his wife and child, hurrying them all down into a cave, followed by the telephone men until twenty-two humans were in that one cave, listening to a roar and din overhead, then a quiet, and upon looking out of the door to their former lovely farm home, beautiful stock, shapely trees and splendid gardens, found every building gone, trees broken, stock killed, gardens plowed up and years of effort and struggle lost—just imagine it and one will get only a very minute idea of the haste and destructiveness of a tornado, at least as it appeared in northeast Nebraska September 13, 1928.

According to the weather bureau a tornado is a wind twisting counter clockwise so rapidly as to create a vertical velocity sufficient to carry up pieces of lumber and other objects to a considerable height. The length of a path is sometimes as much as 300 miles, usually 20 to 40 miles. The Pender-Dakota City, Nebraska storm was about 5 miles in length. A tornado, as a rule, travels northeastward with a path of 40 to 50 feet up to a mile, but averages around 1,000 feet. They usually occur between 3 and 5 in the afternoon. They usually travel from 25 to 40 miles per hour and there is a period of about five minutes from the time the cloud is first observed until the tornado strikes.

### Damages Everything

*Q. What is destroyed by a tornado?*

A. Red Cross workers who went into the field immediately after the disastrous tornado of September 13,

1928, in northeastern Nebraska listed the destruction as follows:

|                                  |        |
|----------------------------------|--------|
| People dead.....                 | 7      |
| People injured.....              | 53     |
| Families homeless.....           | 122    |
| Individuals homeless.....        | 413    |
| Horses killed.....               | 737    |
| Cattle killed.....               | 126    |
| Hogs killed.....                 | 879    |
| Poultry killed.....              | 11,600 |
| Dwellings destroyed.....         | 43     |
| Dwellings damaged.....           | 75     |
| Farm buildings destroyed.....    | 264    |
| Acres corn destroyed.....        | 5,914  |
| Acresage other crops destroyed.. | 8,800  |

The above list is a pretty good one to show a prospect for tornado insurance as it includes nearly every type of article. To this should be added the many automobiles destroyed. Also the storm destroyed fine brick buildings about as easy as if they were of wood. The fireproof railroad station at Dakota City, Nebraska, was demolished as if it were

Central Western Banker, October, 1928

a doll's house. So one never knows what will be destroyed.

### The Indian Legend

*Q. Does a river or valley stop a tornado?*

A. At Sioux City, Iowa, there is a popular belief that the rivers which nearly surround the city, the Missouri, Big Sioux and Floyd, will always disintegrate any tornado so it will not injure the city.

Nothing could be more detrimental to any community than to spread such a thought if it were not true, because, if it were believed by the citizens to such an extent that they would not carry sufficient insurance, a real tornado would then demolish the town without any hope of recovery. If, on the other hand, the facts show that the old Indian legend is wrong and if the citizens properly protect themselves by insurance, then they will have insurance money coming in to rebuild homes. There are several things which point to this legend's being untrue.

First is that insurance companies have, out of their piles of statistics, found that a rate of 40 cents per \$100 for three years is a proper charge for Iowa. If this is carried by a party for 750 years and then he has a total loss he will break even. Thus the period of probability is large. Seven hundred and fifty years is much longer, nearly ten times as long as the age of most cities in Iowa. Thus the experience

of any community is far from sufficient and if it has not had a tornado in seventy-five years it does not mean it will not have one in the rest of the 750.

As to the river stopping it, observers point out that it was not the Missouri river which disintegrated the Nebraska storm. Rather, the funnel began to diffuse about a mile north of Dakota City, Nebraska, and four miles from the Missouri.

### Crossed River at St. Louis

A third fact is pointed out to show that tornadoes do cross rivers. The destructive St. Louis storm of 1927, coming from the west, demolished hundreds of buildings in the city, then continued east across the wide expanse of the Mississippi river to do more damage to hundreds of other structures on the other side. Many other similar cases can be pointed out within the past two years. The most destructive tornado of record, in March, 1925, crossed the Mississippi river near Murphysboro, Illinois, and killed 695 people.

So the old Indian legend that a river or valley would save a city from a tornado is not true.

### How the Ford Engine Jumped

*Q. What curiosities did the recent Nebraska tornado leave?*

A. Many peculiar things are left by some tornadoes. For instance, near Winnebago, Nebraska, Mr. Larson saw a tornado coming, ran to the house, told his wife to hurry down into the basement with him. She did, leaving a gasoline stove cooking meat just above their heads. It might have exploded any minute and burned them alive, yet it did not. The kitchen was the only room left standing on the whole farm and after the twister had gone the family returned to eat their meat which was still cooking over the fire.

Many think a building at the foot of a hill is safe from tornadoes. It may be out of the way of much ordi-

nary wind, but not so with tornadoes. The unfortunate case of Helen Rooney, pretty school teacher near Homer, Nebraska, is an example. Her schoolhouse was at the foot of a high hill, heavily wooded, yet the tornado came over the top, smashed the frame building into thousands of pieces, tossed the piano over into the cornfield a half mile away, and took every evidence of book, seat or desk. The teacher, herself, was found dead some distance away, terribly crushed.

One of the interesting remains of a tornado is the way straw is stuck endways into wood. Chickens are usually bewildered and huddle together, many with feathers blown away, and at such times one can easily approach and pick them up. Veterinarians were busy picking splinters out of horses in Nebraska. In one case the branch of a tree was stuck endwise into solid concrete. Several men could not pull it out, but broke off the branch. A new telephone cable at Homer, Nebraska, was bent into a most beautiful, symmetrical design.

### NEBRASKA BANKERS HOLD 31ST ANNUAL CONVENTION

(Continued from Page 7)

costs, larger gross and net profits, and greater liquidity with even greater safety and service.

"The banking business has been making great progress during the past few years. The time is ripe for the application of higher and more definite standards. No business has greater responsibility—none has the right to be more efficiently managed. By the co-operation of all, the time element in accomplishing this great achievement may be minimized. May I count upon the bankers of Nebraska to apply themselves to the problem—practically, constructively, hardheadedly, if you will—but still with vision and with optimism?"

Following his address came the election of state officers of the Ameri-

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can Bankers Association, resulting in the following selections:

Members of the executive council, Woods Cones, president of the Cones National Bank of Pierce; state vice-president, Harold McLucas, vice-president of the Harbine Bank of Fairbury; member of the nominating committee, Frank Boyd, vice-president of the Omaha National Bank; vice-president national bank section, H. C. Nicholson, vice-president of the Packers National Bank of Omaha; vice-president state bank section, E. C. Davenport, president of the Nebraska State Bank at Valentine; vice-president trust company section, S. C. Waugh, vice-president of the First Trust Company of Lincoln.

THURSDAY AFTERNOON, Oct. 18.—The final session of the convention was opened with another excellent group of songs by the Hub-Den Serenaders, after which the convention heard a scholarly address on "Safeguarding Your Bank Against Excessive Taxation," by Thornton Cooke, president of the Columbia National Bank of Kansas City, and chairman of the committee on state taxation of the American Bankers Association. His address will be found elsewhere in this issue.

The closing address of the convention was delivered by Dr. O. R. Sweeney, head of the chemical engineering department of the Iowa State College at Ames. Dr. Sweeney spoke on the "Utilization of Agricultural Wastes." He pointed out that while agriculture can greatly improve its position among other industries through improved methods of marketing and production, the greatest possible chance for the bettering of its condition lies in the utilization of various farm wastes. He showed how chemists are discovering hundreds and hundreds of manufactured products that can be made from such things as cornstalks, corncobs, oat hulls, etc. His address was closely followed by all who attended the meeting.

#### Hero's Widow Selling Insurance

The widow of Floyd Bennett, the American aviator, who died of pneumonia contracted on a flight against the doctor's orders to rescue the Bremen trans-Atlantic flyers, has entered the life insurance field to earn a livelihood and on her first day sold a policy for \$25,000.

At her husband's death Mrs. Bennett faced the problem of how to support herself. Her only resources were

Bennett's \$10,000 government insurance policy. Bennett carried no commercial life insurance, as no firm would insure him because of the dangerous character of his work.

Feeling that an aviator's inability to get life insurance was a "gross injustice," which was a hardship to other people as it had been to her, Mrs. Bennett convinced a life insurance company that it was its "duty to mankind" to blaze the way by selling life insurance to those engaged in aviation. They engaged her to put the new plan into operation.

Mrs. Bennett's first prospect was Charles H. Colvin, general manager of the Pioneer Instrument Company, makers of aircraft instruments, who is an experienced aviator. After a 20 minute interview with Mr. Colvin, Mrs. Bennett sold her first prospect her first life insurance policy and emerged triumphantly from Colvin's office with a contract for \$25,000.

According to the new policy, licensed aviators are entitled to take out life insurance policies for as much as \$25,000 at a slightly advanced rate over that for persons not engaged in flying, while passengers who do not make more than five flights a year get the same rate as non-aviators.



GUARANTEE FUND LIFE BUILDING  
18th and Douglas Sts., Omaha

#### We Write

ORDINARY LIFE  
20 YEAR ACCUMULATION  
20 YEAR ENDOWMENT  
ENDOWMENT AT 65  
ENDOWMENT AT 70  
YEARLY RENEWABLE TERM  
TERM INSURANCE FOR 5, 10, 15,  
20, 25 AND 30 YEARS  
DOUBLE INDEMNITY  
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## YOUR OPPORTUNITY

Banking and Life Insurance go hand in hand. Both institutions teach the principles and advantages of thrift.

The banker is in a better position to educate the public on the thrift idea than any other citizen in the community.

We are, therefore, anxious to obtain a number of progressive banker agents in Nebraska and adjoining states and are offering an unusual part-time contract with liberal commissions and sales training by experienced insurance men.

Write Agency Department for Details.

**GUARANTEE FUND  
LIFE  
ASSOCIATION**  
-OMAHA-

Assets Exceeding \$13,000,000.00

# Nebraska News

**New loading pens** for trucks are being constructed in the yards just east of the Live Stock Exchange building. The yards are already equipped with unloading chutes, but up to the present time have never had any real facilities for loading purposes.

Trucks are now playing a large part in the transportation of live stock to and from the Omaha market and the erection of loading pens is indicative of the co-operation which the Stock Yards Company is extending to present day shippers.

**Practically every bank** in Nebraska has agreed to be assessed to pay the reward of 5 thousand dollars offered for dead bank robbers, it has been announced by C. A. Smith of Tilden, president of the Nebraska Bankers association. The robbers must be shot while in the act of robbing the bank. Notices are to be posted in the various banks.

## From State to National

Nebraska banks which have recently nationalized are the Exeter Bank, formerly the Exeter State; the First National Bank of Primrose, formerly the Primrose State Bank; and the Valley National Bank of Valley, formerly the Valley State Bank.

## Bond Offering

On the bond list of Smith, Lander-you & Company of Omaha, has recently appeared an additional issue of \$1,600,000 American States Public Service Company First Lien 5½ per cent Gold Bonds, Series "A," which are due May 1, 1948.

These bonds are listed on the Chicago Stock Exchange. The American States Public Service Company will, through its subsidiaries, own and manage properties supplying water and artificial gas for domestic and commercial purposes to a portion of the city of Los Angeles and Sacramento, and twenty-six additional cities and suburban communities, also in California. The bonds are priced at \$95.50.

## New Eppley Hotel

Hotel Tallcorn, located in Marshalltown, Iowa, was recently opened to the public by the Eppley Hotels Company, whose headquarters are in Omaha, Nebraska. The new hotel, one of eleven others owned and operated in Iowa, Nebraska, South Dakota, California, and Pennsylvania, was built at a cost of a half million dollars, is seven stories high, and has 150 guest rooms.

## Deposits Increase

Bank deposits in Omaha, which have been steadily gaining during the year, reached a total of \$122,716,416 on October 3, according to statements made by all banks, when the comptroller of the currency called for statements of the condition of the national banks. This total of deposits showed no seasonal decline as if often experienced at this time of the year, but on the contrary, revealed an increase of \$1,342,432 over the total of June 30, the date of the last bank call.

The deposits also are a gain of \$7,753,550 over the total for October 10, 1927.

Loans and deposits by banks follow:

|                  | Deposits      | Loans        |
|------------------|---------------|--------------|
| Omaha Natl.....  | \$36,993,884  | \$20,908,885 |
| First Natl.....  | 26,712,481    | 9,821,476    |
| U. S. Natl.....  | 21,022,650    | 8,976,653    |
| Stk. Yds. Natl.  | 11,259,480    | 8,358,317    |
| State Bank of    |               |              |
| Omaha.....       | 7,017,634     | 3,681,999    |
| Live Stk. Natl.  | 5,777,566     | 4,168,198    |
| Packers Natl.... | 4,185,486     | 3,728,462    |
| Peters Natl..... | 2,757,674     | 968,950      |
| South Omaha      |               |              |
| State.....       | 1,715,698     | 1,017,939    |
| Farmers and      |               |              |
| Merchants.....   | 1,084,470     | 752,446      |
| Bank of Flor-    |               |              |
| ence.....        | 574,277       | 346,570      |
|                  | <hr/>         | <hr/>        |
|                  | \$122,716,416 | \$65,197,072 |

## Routs Bandits

An attempt to hold up the Bank of Lynch, Nebraska, failed recently, when R. H. Harris, president of the institution, put three bandits to rout.

When Harris opened the bank shortly before eight o'clock he was confronted by three men, who ordered him to put up his hands. Instead of complying, Harris knocked the leader of the trio down. In the scuffle which followed Harris sustained a bad cut on the head and bruises about the face.

## New Bank

S. L. Hestbeck, former cashier of the Citizens Bank of Ogallala, Nebraska, and a state bank examiner for a number of years, reports that he will open a new bank in Madrid.

A. E. Wigginhorn, Jr., of Ashland, is president, L. C. Churchill of Palsade is vice-president and S. L. Hestbeck is cashier of the institution which has been chartered as the State Bank

of Madrid, with a capital stock of \$25,000. The three officers named above are the principal owners.

## Refund Taxes

Regardless of whether they protest paying their 1925, 1926 and 1927 assessments, all Lancaster county, Nebraska banks will be refunded the county tax which the Supreme Court recently held was illegally levied, according to a decision of the county board of commissioners recently. Each bank will be required to furnish an indemnity bond, however.

During the three years some of the institutions paid the tax without protest while others claimed that the levy was illegally made. The Supreme court upheld the stand that funds should be assessed as intangible instead of tangible property in a recent decision. The ruling results in about a 75 per cent reduction of bank taxes.

## To Verify Notes

Clarence G. Bliss, secretary of the state department of trade and commerce, following a conference with Dan V. Stephens, president of the Fremont State Bank and of the First Nebraska District Clearing House association, announced that state bank examiners will soon begin verification of notes on file in state banks of Nebraska.

Examiners will take 25 notes from each bank and write the makers, asking that the signatures and amounts be verified.

The action grows out of alleged fraudulent operation of Paul Wupper of Beemer, missing president of the Beemer State Bank.

Credit for the discovery of Wupper's alleged operations was given by Bliss and Stephens to Lyman Sorenson, state bank examiner with headquarters in Fremont. According to them, Sorenson became suspicious of defalcations from the fact that signatures on notes from the Beemer bank on file at Morse Bluff did not appear to be those of farmers as claimed. Bliss then assigned Sorenson to inspect the Beemer bank and the shortage there was revealed.

## Sell Bank Stock

Fred Pierson and C. L. Pierson, recently sold their stock in the Farmers State Bank of Sutherland, Nebraska,

to George C. White, Walter Coker, John Goedert and N. E. Trego. Fred Pierson resigned as president and Clem Pierson as vice-president and as directors of the bank.

At a special meeting of the stock holders, George C. White, Walter Coker, N. E. Trego, John Goedert and R. A. Scott were chosen as the new board of directors and the new board of directors then met and elected George C. White as president; N. E. Trego as vice-president and R. A. Scott as cashier, until the second Tuesday in January, 1929, the regular date of the annual meeting of the stock holders.

#### Banker Retires

J. A. Sire, old resident of DeWitt, Nebraska, and for years connected with the Farmers and Merchants bank of that place, has disposed of his interest in the institution to Henry Damkroger and Henry Pohlman. Mr. Sire will retire because of failing health.

#### New Charter

Clarence Bliss, secretary of the Nebraska department of trade and commerce recently announced a charter had been issued to the Plainview State Bank, Plainview, Pierce county.

The bank will have a capital stock of \$25,000, J. W. Ransom, vice-president of the Nebraska State Bank at Norfolk, is to be president, B. N. Saunders, cashier, and C. J. Hibben, vice-president. Jabe B. Gibson and C. E. Doughty, president and cashier, respectively of the Nebraska State Bank at Norfolk, are stockholders in the new bank.

#### County Meeting

All banks in the county except two were represented at the meeting of the Saline County, Nebraska bankers association held recently at the Saline County Bank, Western. H. V. Jelinek of Wilber presided as chairman, and J. W. Sawyer of Western as secretary. Conditions in the county were discussed and lunch was served. The next meeting of the association will be held at Friend, the bankers of that town being hosts.

#### Reopened

The McLean State Bank of McLean, Pierce county, Nebraska, closed for a few days by the guaranty fund commission, was enabled to open because of community pride and loyalty, according to C. G. Bliss, state secretary of trade and commerce.

Depositors gave their checks for \$30,000, drawing upon their own accounts in the bank, and in return

notes taken from the bank by the committee of officers and depositors will be held, and depositors reimbursed as collections are made upon the notes.

A total of \$52,000 was used to remove losses from the bank. Of this amount 15 thousand dollars was capital stock, 5 thousand dollars surplus, and 22 thousand dollars undivided profits. In addition depositors gave checks upon their own accounts to the bank so that it would reopen with approximately 25 per cent of their deposits, with the exception of public accounts and small private accounts under \$50.

The officers of the McLean bank, who were on the old organization are now officers of the new organization and hold a controlling interest in the stock. J. Norwood, who was cashier, is now president. F. C. Weaver, who was assistant cashier, is now cashier.

#### Attends Nebraska Meeting

Fred A. Cuscaden, Vice-President of The Northern Trust company of



FRED A. CUSCADEN

Chicago, in attendance at the recent Nebraska Banker's Convention was greeted by a host of friends from the state which has played a prominent part in the development of his banking experience.

Mr. Cuscaden was graduated from the University of Nebraska Law School in 1902 and immediately thereafter he entered the employ of the Union National Bank at Omaha, Nebraska. When the Union National consolidated with the Commercial National and the United States National into the present United States National Bank, Mr. Cuscaden was part of the new organization.

In 1905 he left the United States National to organize the Ericson State Bank of Ericson, Nebraska, and managed it for several years. In 1912 he returned to Omaha to accept an appointment at National Bank Examiner. In this capacity he spent some time in Arkansas and Oklahoma, returning to Omaha 1913 where he served as National Bank Examiner for two years.

The Merchants National Bank of Omaha appointed him Assistant Cashier in 1915, electing him Vice-President of that institution in April 1919.

In 1920 Mr. Cuscaden was elected vice-president of The Northern Trust company of Chicago. He is just entering his 27th year in banking.

#### Nebraska's Banking Progress

Nebraska has made real banking progress during the past year, according to C. J. Claassen, vice-president of the Peters Trust company of Omaha. He says:

"It is very gratifying to observe Nebraska's banking progress during the last year. A comparative review shows that that the Other Real Estate items of our Nebraska reporting State Banks decreased nearly 4 million dollars; and, in one of our sister states with a rampant farm-relief press, increased over 800 thousand dollars during the period from June 30, 1927 to June 30, 1928, with about equally good crops in each state. In Nebraska the Bills Payable decreased another 4 million. A year ago, on the June 30 call date, there were barely 100 banks in our state banking system which had the required 15% cash reserve. This June 30th the average reserve for our State Banking system was 22% and over 35% cash and bonds.

"It seems to me considering these bold figures that we are on the road to a fair share of the country's prosperity during the next decade.

"Some of us admire Premier Mussolini and some stand in awe and wonder if the half of his remarkable reconstruction in Italy can be true or if there will be a rude awakening. A recent report from a traveler this summer in Italy brings the interesting information that Mussolini has issued an order requiring all Savings Banks having deposits of \$250,000 or less to merge with their largest nearby neighbor. This is a mandatory order and not optional and exemplifies one method of coping with the dangers of overbanking."

#### Sneaks at Indiana Meeting

Cedric H. Smith, of Chicago, member of the firm of Smith, Burris and



OUR BANKING ROOM  
MAIN FLOOR RIGHT

#### OFFICERS

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

“IT IS our constant endeavor to render a service to our customers that will induce them to recognize us as one of their indispensable correspondents.”

## Stock Yards National Bank

of

### South Omaha

The Only Bank in the Union Stock Yards

Co., who a few weeks ago, addressed a number of bankers and investment dealers in Fremont, Nebraska, delivered an address at the Investment Trust conference held at the Indiana state house recently, which meeting was sponsored by the Indiana State Bankers Association and conducted by the Indiana Securities Commission. His address has since been put in pamphlet form for distribution by Phillips and company, investment firm of Fremont.

#### Organizing Counties

The Nebraska Bankers' association, which is organizing the bankers of the state by counties, announces the formation of new organizations in Gosper, Howard, Thayer and Otoe counties. Seventy-four counties are now organized, it is stated. The 19 counties which have not formed organizations are: Blaine, Boyd, Brown, Garfield, Greeley, Hayes, Hitchcock, Keya Paha, Loup, Morrill, Nance, Polk, Rock, Sheridan, Sherman, Stanton, alley, Wayne, and Wheeler. Sherman and Polk counties each have 10 banks, while Sheridan has nine, and Boyd eight.

The secretary-treasurer of the national farm loan associations of the eighth district, comprising Nebraska, Iowa, South Dakota and Wyoming, at their annual convention in Omaha, elected Tom Costello of Sioux Falls, S. Dak., president; A. O. Hauge of Des Moines, Ia., vice-president; S. D. Thornton of Neligh, Neb., second vice-president; Hallyard Kloster, of Eagle Grove, Ia., secretary-treasurer. New members of the executive committee are: George Morhin, Cedar Falls, Ia.; J. W. Holindrake, Oakland, Neb.; E. R. Geiger, Huron, S. Dak.; J. H. Rowe, Canton, S. Dak.; R. D. Thomas, Sundance, Wyo.

The Venango State Bank, which failed last spring, has been returned to its owners and has reopened as a private institution, after having been operated by the guaranty fund commission. The bank opens with \$30,000 of new capital, and \$20,000, of doubtful paper has been replaced by good notes and cash. B. F. Hastings is president of the bank, and H. D. Bancroft, formerly agent for the guaranty fund commission, is cashier and managing officer.

O Friendship, of all things  
 Most rare, and theretofore most rare,  
 Because most excellent.—Lilly.

Achievement never flirts with quitters.

# News of the Omaha Stock Yards



## Hold Annual Meeting

The annual meeting of the secretary-treasurers of the national farm loan associations of Nebraska, Iowa, Wyoming and South Dakota was held in Omaha recently, under the auspices of the Federal Land Bank of Omaha. Eugene Meyer of Washington, D. C., commissioner of the federal farm loan board, came to Omaha to speak, and with him came Floyd R. Harrison, a member of the board; Chester Morrill, secretary and general counsel of the board; and H. M. Shields, representing the national farm loan associations, all of Washington. Mr. Meyer addressed the Omaha Chamber of Commerce at a public affairs luncheon at noon.

Approximately 150 secretary-treasurers attended the meeting. The speakers were D. P. Hogan, president of the Federal Land Bank of Omaha; E. D. Morcom, treasurer; E. F. Iroutok, S. D. Thornton, Andrew Kopperud, manager of the Omaha Intermediate Credit Bank; A. F. Beck, J. A. Ontkes and Mr. Meyer.

Mr. Kopperud was toastmaster at a banquet held at the Fontenelle in the evening, and the speakers were T. C. Hornby, vice-president of the Omaha land bank; J. C. Underwood of Cheyenne, Wyo.; and Chancellor E. A. Burnett of the University of Nebraska.

## Analyzing Livestock Feeding

Results of livestock feeding operations which have been carried on for the past two years, under the supervision of A. L. Coad, Cashier of the Packers National Bank of Omaha in cooperation with Louis Naeve, a Sarpy county feeder, have been the source of a good deal of favorable comment from livestock feeders and county banks in this section of the country.

These operations are interesting inasmuch as they represent the actual results of feeding cattle under the conditions that the ordinary feeder

has to face at his own farm.

The cattle are purchased just as the average feeder buys his, fed certain rations, and then marketed. An exact record is kept of the entire operation, the cost of the cattle, the feed consumed and its cost, and the sale price. They are weighed every 30 days and a record of the gain is kept together with the cost of the grain for that period. After the cattle are sold, an analysis of the figures are made, and the practical results shown.

## Says That Bankers

### Discourage Stockmen

"Although we have a big corn crop and lots of feed of all kinds, it does not look as though feeding operations would be unusually heavy in our section," said Hans Helgevord, of Eagle Grove, Ia., who was in Omaha recently buying cattle.

"Bankers are holding stockmen down," Mr. Helgevord continued, "as they are discouraging the purchase of feeders by refusing to loan money to buy cattle to anyone who is not sound as a rock financially and in a position to stand on a loss. That is the principal reason why the number of cattle put into the lots in our country so far is relatively small.

"Our corn will make anywhere from 50 to 80 bushels per acre. It will not be ready to start husking for some time, for while the frosts we have had killed the leaves, the stalks are still green and sappy and the ears are not drying out as fast as they would if the stalks were dead. We also have plenty of good pasture and hay."

## Win Honors at Waterloo

Placing first, second, and tenth as individuals, the University of Nebraska dairy cattle judging team easily won the annual contest at the Waterloo, Iowa, Dairy Cattle Congress. They beat Illinois, the second team by 61 points.

Glenn Hedlund of Chappell was high individual judge of the contest, Raymond Nixon of Fairfield was second, and Bruce Snyder of North Platte was tenth, according to a telegram received by the dairy department of the agricultural college, recently.

As a team the men were first in judging Guernseys and Ayrshires and second in judging Holsteins and Jerseys. They will bring home three silver trophies, 20 medals, and a gold watch as team and individual prizes.

It is the most sweeping win on record for the University dairy judging teams in several year's competition at the Waterloo contest and the national dairy show, according to R. F. Morgan of the dairy department. The team was coached by Professor Morgan and by E. N. Hansen, who accompanied the men to the contest.

Illinois was second, Minnesota, third, Wisconsin fourth, Kansas, fifth, Iowa, sixth; Missouri, seventh; South Dakota, eighth; Purdue, ninth; North Dakota, tenth, and Michigan, eleventh.

Mr. Hedlund began his successful judging career as a high school boy in the Smith Hughes vocational classes at Chappell and has carried on thru classes and contests at the agricultural college. Mr. Nixon won fame as a 4-H club boy from Clay county when he and his teammate, Olin Brown, won national honors for their dairy club demonstration and also placed near the top in the junior cattle judging contest at the national dairy show. Mr. Snyder is the son of W. P. Snyder, superintendent of the Experiment Station at North Platte and has been a consistent judge of livestock during his college training. The men are juniors and seniors of the college of agriculture and represent the senior team.

## Corn Reported 81 Per Cent Normal

The condition of corn in Nebraska, September 30 was 81 per cent of nor-

mal, a crop report issued by the Burlington railroad showed.

The condition of potatoes was 89½ per cent and of fruit 41 per cent. The average rainfall during the past two weeks was .89 of an inch.

Rain received recently has been beneficial to farmers, the report said. The weather generally has been favorable for maturing corn.

### Bank Clearings

September bank clearings in Omaha were \$204,940,893, a gain of \$26,634,315 over September of 1927. The total this year made September clearings third largest for all months, being surpassed by March, when clearings were \$214,800,000 and August, when they were \$205,501,902. Higher prices for hogs and cattle, late grain shipments, and a general improvement in business conditions are reflected in the higher clearings, bankers say.

### Central Nebraska Irrigation

A detailed survey of the Platte river will be made if the preliminary investigation that is now under way by federal engineers, justifies that step, it was announced recently by R. L. Cochrane, state engineers, upon his return from North Platte.

The investigation would cover the feasibility of the proposed tri-county irrigation project in central Nebraska and other irrigation and storage plans in the central part of the state.

Cochrane was accompanied on his trip to the Platte by federal and University of Nebraska engineers. The survey was authorized under the Flood Control Act of congress which carries an appropriation of \$129,000 for study of the Missouri and its tributaries.

### Wins Guessing Contest

#### On September Receipts

Every state fair visitor to the Omaha Union Stock Yards headquarters in Lincoln is given the opportunity to make a guess as to the total receipts of live stock at Omaha for the month of September and over 1,200 guessers were recorded this year.

The winner was F. A. Kahle of Kearney, who guessed 839,729 which was remarkably close to the actual figures 839,837 head. J. A. Kellenbarger of Merna came second, 840,000, and Mrs. Lawrence Holmes of Milburn, third, 842,684. First prize is \$25.00 cash, second \$15.00 and third \$10.00.

### Blending Hog Fats

Popularity of soy beans as a crop, and particularly the practice of feeding soy beans to hogs, has made the



Above, Sarpy county farm products exhibit held in the lobby of the Live Stock National Bank of Omaha under the supervision of Anna T. Olsson

## Farm Products In Banks Lobby

Sarpy County, Nebraska, until quite recently, has never had a county agent, nor has it had the usual county fair. But Sarpy county was fortunate enough to have located within its boundaries a public-spirited banking institution whose lobby, for the past five years, has been donated to house each autumn an exhibit of Sarpy County field and garden products. Much credit is due the personnel of the Live Stock National Bank of South Omaha for their friendly interest and aid.

This year there was on exhibition corn of all varieties adapted to that locality; several varieties of potatoes,

with the Irish Cobbler and the Early Ohio featured; small grain, vegetables of all kinds; canned fruits; and samples of bread and cake. Reports that the cakes were very tasty can be absolutely verified.

Miss Anna T. Olsson, who heads the savings department of the bank, and who, each year, has been especially interested in arranging and handling the exhibits, believes that this will be the last year the exhibit will appear in their bank lobby. Sarpy County now has a county agent, and in another year it is quite likely an effort will be made to obtain permanent quarters for fair exhibits.

subject of "soft pork" of much wider interest than previously when most of the soft pork was a product of hogs fed on peanuts. The United States Department of Agriculture, in cooperation with the agricultural experiment stations of several of the states, has been experimenting for several years for the purpose of working out feeding systems in which soft pork can be avoided without sacrificing valuable feedstuffs.

"The soft-pork problem," a recent bulletin, explains, "fundamentally, is a fat problem. When the fat of feeds is stored by the hog there is no essen-

tial change in its character with respect to firmness or softness. The fat of most of the common feeds is soft and in some cases fluid at ordinary temperatures. With feeds low in fat and high in carbohydrates there is little similarity between the fat consumed by the hog and that found in the body when the animal has been fed at least to a moderate weight and degree of finish. This is attributable to the admixture of a firm fat synthesized from the carbohydrates."

In other words, the fat of the soy bean is oily and is so stored by the hog that feeds on it.



### Burr Appointment Well Received

The selection of W. W. Burr as dean of the college of agriculture to succeed E. A. Burnett, recently made chancellor, is well received in Lincoln among those who are well acquainted with the work of the college. Mr. Burr was the right hand man of Dean Burnett, and has served as acting head during the time that the dean was acting chancellor.

### Teller Resigns

Greig Millett, teller at the American Bank, Sidney, Nebraska, during the summer months, left recently for Oregon where he will continue his university education. He is succeeded in the bank by Miss Kathryn Livoni.

### Purchase Clydesdales

Seven Clydesdale horses, finely marked, well matched and weighing from 1,800 to 2,200 pounds, are now the property of the Union Stock Yards company. The long desired wish of the company to have a six-horse hitch to use at various fairs and live stock shows has been realized, and the Clydes are now comfortably installed in a new eight-box-stall barn especially built for their occupancy. The horses arrived by express from Winnipeg, Canada, where they were purchased recently by W. H. Schell-

berg, general manager of the Stock Yards company, after a trip there with Bert Roberts, traveling representative. The extra horse can be used in any position in case of emergency.

### Loveland Banker Dead

The death of O. C. Lovett, formerly of the Larimer County Bank & Trust Company of Loveland, Colorado, but more recently employed at the First National Bank in Fort Collins, occurred recently at Loveland.

He is survived by his wife and two small daughters. Many friends which he made during his stay in Loveland and in Fort Collins will mourn his passing.

Mr. Lovett came to Colorado from Hastings, Nebraska, a few years ago. After a stay in Denver he came to Loveland and later moved to Fort Collins, where he was employed at the time of his death.

### Adopt Check Charge

The new "short check" policy of the Boulder, Colorado, banks is in force. The five banks have agreed to charge 25 cents against all persons whose checks are returned marked "insufficient funds."

This is to put to an end an abuse on the part of great many people of writ-

ing checks when they lack sufficient funds to cover the account, or writing them with the intention of putting money in the bank before the check gets to the institution and then neglecting to do it.

### Livestock Dealer Dead

James H. Bulla, 72, livestock dealer, died recently at his home, following an illness caused by heart trouble. He had been confined to his home since January 21.

Mr. Bulla was a resident of South Omaha since 1888, when he came from Albany, Mo., where he was born, and lived as a farmer. He was associated with the Union Stock Yards company for 10 years, and for the past 30 years has been a livestock dealer.

Mr. Bulla was president of the Omaha Live Stock Traders' exchange from 1910 to 1923 and was one of the founders of the National Live Stock Traders' exchange.

### Annual Dividend

The Security National Bank of Randolph, Nebraska, held its semi-annual meeting of directors and shareholders at the bank recently. Report of the cashier showed an excellent condition and from the profits a regular semi-annual dividend of 5 per cent was declared on the capital stock.



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## LIVE STOCK NATIONAL BANK

Union Stock Yards

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BOND INVESTMENTS

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# South Dakota News

## Interest Questionnaire

Recently the South Dakota Bankers Association sent a questionnaire to the banks of the state asking for certain information relative to interest rates being paid on time deposits.

In just one week the association of-fice had received 310 returns, or 74 per cent.

Of these 310 banks, 191 are paying 4 per cent interest; 46 banks are paying 3, or 3½, or 3 and 4, or 3½ and 4 per cent; 39 banks are paying 4 and 5 per cent; 32 banks are paying 5 per cent; two banks are paying 4 and 4½ per cent, while one is paying 4½ and 5 per cent. This is a decided downward trend as compared with the

first survey made in 1926 when of 213 replies, 95 banks were paying 4 per cent; 18 were paying under 4 per cent; 31 were paying 4 and 5 per cent, and 63 were paying 5 per cent.

Forty banks have reduced their rate of interest since January 1, 1928, and in practically every instance the banks are pleased with the change. They state almost without exception that they lost no valuable accounts; that there was no effective opposition of the public and that the change is or will be decidedly profitable to the bank. It is also interesting to note that while a total of 74 banks out of 310 are paying more than 4 per cent, 45 indicate that they are hoping to reduce their rate in the near future and practically all of them would do so if they could be assured of the co-operation of their competitors. Several say they will do so regardless of their competitor. The banks were almost unanimous in this survey in the feeling that no bank can afford to pay more than 4 per cent.

## County Bankers Meet

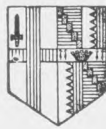
The bankers of Sully and Potter counties, South Dakota, met recently at Gettysburg and organized the Potter-Sully County Bankers Association with the following officers: Harry M. Griffith, Gettysburg, president; Milo R. Brown, Onida, vice-president, and Eugene Herrboldt, Tolstoy, secretary-treasurer.

There was only one bank in the two counties not represented.

By unanimous vote the association adopted the service charge of 50c per month on all checking accounts which fall below a daily average balance of \$50.00. The association also adopted a service charge of 25c per item on each customer's check which overdraws an account. A charge of 25c was also adopted on checks not paid on account of lack of funds and which are presented a second time—such checks to be accepted for collection only.

## Perfect Average

Lewis Heights school of Sioux Falls, South Dakota, continued its perfect average on deposits for the sec-



## 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

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BANK OF CHICAGO**

*Affiliated*

**FIRST TRUST AND  
SAVINGS BANK**

Resources Exceed  
\$450,000,000.00

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



ond week of the School Savings System sponsored by the Union Savings association, when every pupil of the school made a deposit at the regular banking day.

Washington high school was highest in amount deposited with \$311.88. The total deposits for the week aggregated \$1,191.90, when 3,115 pupils out of an attendance of 6,536 put money in the school savings bank. This made a percentage of 47.5. The total now on deposit is \$33,749.89.

#### Business Good

The South Dakota Bankers Association received 180 returns on its recent survey of banks as to the conditions of agriculture, general business and banking this fall.

Of these replies, coming well scattered from 51 counties, 60 estimate that farm income would be greater this fall than in 1927, 90 said that it would be less, while 14 thought it would be about the same. The districts which expect an improvement cover about one-fourth of the state. The rest of the state is considered either about the same as last fall or in some places somewhat backward.

Many banks reported that farmers in their locality were holding back the sale of grains but that thanks to winter dairying, stock feeding operations and other forms of diversified farming, farm income would continue steadily through the winter and in some points would improve after the first of the year. Possibly this condition is responsible for the fact that 112 communities were anticipating a fall trade as good as or better than last year, while 60 expected a decrease. Many banks stressed the growing importance of dairying and poultry in stabilizing farm income and the general business of the state.

#### Meet in Faulkton

P. J. Dunn, Orient, South Dakota, was elected president of the Faulk

County Banker's Association at a meeting held recently. Other officers elected included J. C. Green, Onaka, secretary, and G. I. Gunnison, Orient, treasurer. The chief business at the meeting was a discussion of interest rate on time deposits, service and stop loss charges, and other matters relating to bankers. South Dakota Bankers Association was represented at the meeting by George A. Starring, secretary.

#### Accepts New Job

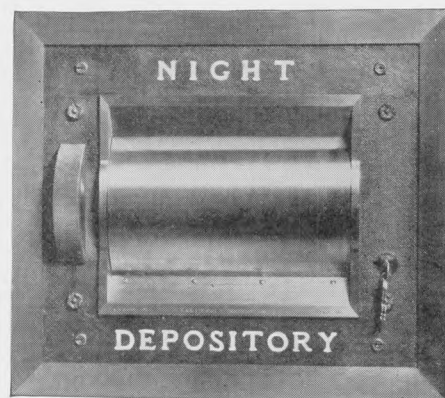
R. J. Harney, cashier of the Commercial State Bank of Wagner, South Dakota, has accepted a position with the London, Liverpool and Globe Insurance Co. He will have charge of the farm department business of that company in North and South Dakota. Mr. Harney has had charge of the Commercial State bank insurance department for several years. He will have his headquarters at Aberdeen.

#### Resigns

LeRoy Wendt has resigned his position as assistant cashier of the Community bank of Garretson, South Dakota, to enter the State college at Ames, Iowa, where he will pursue a three year course in landscape architecture. Mr. Wendt has been with the bank for the past two years. Mark Drobney will assume Mr. Wendt's place at the bank.

#### Charter Issued

Upon recommendation of the South Dakota banking department, a charter was issued by the secretary of state for the incorporation of the Brookings County Bank, Brookings, with capital stock of \$50,000. Directors of the new bank are: G. A. McGarraugh of Brookings, W. Z. Sharp of Sioux Falls, C. A. Skinner, L. A. Lemert, C. O. Quail, Philo Hall and Iver O. Dybdahl of Brookings.



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### Progressive Banks

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Nebraska and Iowa Bankers Associations

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Omaha, Nebraska

# BANK OF NEW SOUTH WALES

AUSTRALIA

|                                       |               |
|---------------------------------------|---------------|
| PAID-UP CAPITAL.....                  | \$ 37,500,000 |
| RESERVE FUND.....                     | 28,250,000    |
| Reserve Liability of Proprietors..... | 37,500,000    |
| ESTABLISHED 1817                      |               |
| Aggregate Assets 30th September, 1927 | \$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

## State Banks Consolidate

A recent consolidation in White-water, Kansas, was that of the Peoples State Bank with the Bank of White-water. The combined capital and surplus of the two institutions will be \$75,000.00. J. D. Joseph will continue as cashier of the consolidated institutions.

## Becomes Cashier

George J. Parker, who, about a year ago, resigned from the cashiership of the Latimer State Bank of Latimer, Kansas, has again taken his former position with that institution.

## Take Farm Tour

The Agricultural Committee of the Kansas Bankers Association accompanied farmers on a recent farm management tour to Washington county. B. A. Welch, cashier of the State Bank of Kingland, was a member of the party.

## Appointed President

Roy Schumaker, for many years vice-president of the First National

Bank of Wetmore, Kansas, has recently been appointed president of the institution to succeed the late E. R. Ward. Ed Rebenstorf was named vice-president.

## Heads Clearing House

F. L. Carson, president of the First National Bank of Wichita, Kansas, was recently elected president of the Wichita Clearing House Association. Roy Foley, cashier of the State Reserve Bank, was made vice-president.

## Remodeling

The First National Bank of Wetmore, Kansas, purchased new bank quarters some time ago and are planning to remodel the structure completely. Their remodeling plans include the use of the entire building.

## Buy First National

The Citizens National Bank of Eureka, Kansas, has recently purchased the First National Bank of that city and are planning to move into the latter's bank building. Officers of the consolidated institution are Burt Ladd,

Ralph Marlin, Allen Green and George Mack.

## Banker Dies

Howard Stone, president of the Sharon Valley State Bank at Sharon, Kansas, died recently from an attack of heart failure. Mr. Stone was 54 years of age at the time of his death.

## Consolidation

Ray L. Bone, banking commissioner for Kansas, announces the recent consolidation of the Kingsdown State Bank of Kingsdown with the Farmers State Bank of Bucklin. The merged institution will do business under the name of the Farmers State Bank with E. A. King as president and Paul Taylor as cashier.

## Old Resident Dies

Hilton H. Woodbury, one of the pioneer bankers of southwest Kansas, died recently at his home in Spearville. He was 84 years old.

It is not so much the being exempt from faults, as the having overcome them, that is an advantage to us.

—Pope.

Enough cattle will be found somehow, somewhere to go around.

## The Chase National Bank

of the City of New York

Capital.....\$ 60,000,000.00

Surplus and Profits..... 77,000,000.00

(July 2, 1928)

### OFFICERS

Albert H. Wiggin  
Chairman of the Board

John McHugh Robert L. Clarkson  
Chairman of the Executive Committee President

### Vice-Presidents

|                    |                    |                    |
|--------------------|--------------------|--------------------|
| Samuel H. Miller   | George E. Warren   | Hugh N. Kirkland   |
| Carl J. Schmidlapp | George D. Graves   | James H. Gannon    |
| Reeve Schley       | Frank O. Roe       | William E. Purdy   |
| Sherrill Smith     | Harry H. Pond      | George H. Saylor   |
| Henry Ollesheimer  | Samuel S. Campbell | M. Hadden Howell   |
| Alfred C. Andrews  | William E. Lake    | Joseph C. Rovensky |
| 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    |
| Alfred W. Hudson    | S. Frederick Telleer | Robert J. Kiesling  |
| 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

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### LINCOLN

Hotel Lincoln

### ST. LOUIS

Hotel Martin

### CEDAR RAPIDS

Hotel Montrose

### ST. LOUIS

Hotel Carpenter

### COUNCIL BLUFFS

Hotel Chieftain

### MARSHALLTOWN

Hotel Tallcorn

and TEN others

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

Operated for Your Comfort by

## EPPLEY HOTELS COMPANY

# Colorado News

## Represents Bank

Carl W. Sorensen, executive vice-president of the First Industrial Bank of Denver, was selected to represent the institution at the ninth annual convention of the Morris Plan Bankers Association of Richmond, Va., October 8 to 10.

The convention was presided over by Thomas C. Boushall, president of the Morris Plan Bank of Virginia and general chairman of the convention.

## Clearings Gain

More than \$3,000,000 gain in bank clearings from the period Jan. 1, 1928, to the current date, as compared with the corresponding period of 1927, is shown by figures released through the Pueblo, Colorado offices of R. G. Dunn & Co., national bank clearing house. Gains are also shown for the month as compared with the corresponding period of 1927. Week's clearings also show a gain.

Total clearings for the period Jan. 1, 1928, to the current date were \$54,-629,407.14, and for the corresponding

months of 1927 were \$50,744,003.53. Clearings for August, 1928, \$6,635,-024.66 and for the month of August, 1927, \$5,878,124.73.

## Elected Committee Member

Clark G. Mitchell, vice-president of the Denver National Bank, has been selected a member of the executive committee of the clearing house section of the American Bankers Association. Mr. Mitchell, on his way to the convention, flew from Chicago, Ill., to Toledo, O., with Colonel Lindbergh. A wire to Denver friends stated that he experienced the "biggest thrill ever."

## Named President

Raymond C. Thatcher has been named president of the First National bank of Lamar to succeed his brother, John H. Thatcher, who died recently. Raymond Thatcher is an officer of the First National Bank of Pueblo, the International Trust Company of Denver, and the First National Bank of Denver.

## Assistant Vice President

Oliver Arnold has been made assistant vice-president in the department of banks and banking of the Denver National Bank.

For six years before becoming connected with the Denver National Bank Arnold was with the Federal Reserve Bank of Kansas City, working out of Omaha and Denver and specializing in livestock and agriculture.

He has been with the local bank for nearly two years as a field man.

## Large Resources

The combined resources of the eight Delta, Colorado, county banks is from two and a half million to three million dollars, as indicated by official statements issued periodically by those institutions.

There are four state and four national establishments in the county, as follows: First National Bank of Delta, First National Bank of Hotchkiss, First National Bank of Paonia, First National Bank of Crawford, Colorado Bank & Trust Company of Delta, North Fork State Bank of Hotchkiss, Fruit Exchange State Bank of Paonia, and Crawford State Bank of Crawford.

## THE BANKER'S OPPORTUNITY

*Presenting a Few of the Possibilities Open to Him*

| No. | State    | Size Town | Surplus and |            | Deposits    | Monthly Salary\$ | Investment    |
|-----|----------|-----------|-------------|------------|-------------|------------------|---------------|
|     |          |           | Capital     | Profits    |             |                  |               |
| CHA | Missouri | 150       | \$10,000.00 | \$5,800.00 | \$70,000.00 | \$115.00         | \$ 1,000.00   |
| WAD | Oklahoma | 500       | 10,000.00   | 1,700.00   | 60,000.00   | 150.00           | 4,500.00      |
| DHB | Kansas   | 250       | 10,000.00   | 5,150.00   | 85,000.00   | 100.00           | 5,000.00      |
| GJB | Kansas   | 100       | 10,000.00   | 6,700.00   | 80,000.00   | 135.00           | 6,000.00      |
| KLD | Oklahoma | 600       | 15,000.00   | 500.00     | 84,000.00   | 175.00           | 7,500.00      |
| PBB | Kansas   | 200       | 16,000.00   | 2,000.00   | 90,000.00   | 150.00           | 9,500.00      |
| HSA | Missouri | 200       | 10,000.00   | 22,500.00  | 125,000.00  | 145.00           | 10,000.00     |
| KO2 | Kansas   | 250       | 15,000.00   | 1,800.00   | 75,000.00   | 150.00           | 11,000.00     |
| JAA | Missouri | 500       | 15,000.00   | 4,000.00   | 90,000.00   | 175.00           | 11,000.00*    |
| SMB | Kansas   | 2,000     | 25,000.00   | 2,000.00   | 140,000.00  | 150.00           | 14,500.00     |
| RKA | Missouri | 1,500     | 20,000.00   | 28,000.00  | 250,000.00  | 175.00           | 15,000.00     |
| HPB | Kansas   | 500       | 25,000.00   | 13,000.00  | 200,000.00  | 200.00           | 19,000.00     |
| HRB | Kansas   | 300       | 10,000.00   | 5,500.00   | 100,000.00  | 240.00           | (2)19,600.00* |
| EBE | Iowa     | 600       | 25,000.00   | 5,000.00   | 250,000.00  | 150.00           | 20,000.00     |
| MFA | Missouri | 5,000     | 50,000.00   | 32,000.00  | 650,000.00  | 200.00           | 20,000.00     |
| HGA | Missouri | 1,800     | 25,000.00   | 25,000.00  | 550,000.00  | ‡                | 20,000.00     |
| MMB | Kansas   | 3,000     | 30,000.00   | 12,000.00  | 300,000.00  | ‡                | 20,000.00     |
| VPD | Oklahoma | 600       | 25,000.00   | 10,000.00  | 175,000.00  | ‡                | 20,000.00     |
| BDB | Kansas   | 300       | 17,500.00   | 6,000.00   | 120,000.00  | 200.00           | 20,000.00     |
| FLC | Colorado | 1,500     | 25,000.00   | 30,000.00  | 600,000.00  | 225.00           | 21,000.00     |
| MRA | Missouri | 400       | 20,000.00   | 13,000.00  | 175,000.00  | 200.00           | 21,000.00     |
| KOB | Kansas   | 200       | 20,000.00   | 12,000.00  | 200,000.00  | 150.00           | 24,000.00*    |
| MCA | Missouri | 10,000    | 35,000.00   | 25,000.00  | 160,000.00  | ‡                | 33,000.00     |
| HGB | Kansas   | 2,000     | 25,000.00   | 25,000.00  | 800,000.00  | ‡                | 44,000.00     |
| BKB | Kansas   | Large     | 30,000.00   | 35,000.00  | 500,000.00  | ‡                | 70,000.00     |

‡Substantial commissions from well established "side line" business also included in many of above.

\*Includes desirable dwelling.

‡Salary to be agreed upon.

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# Have You Heard This One?

## Unanimous

In "Good Housekeeping," Ruth Boyle says she asked a number of business men, a manager of a building and loan association, the president of a bank, a vice-president of a trust company, and the head of an investment company the same question, "How should the first savings of a young married man be invested?" I said to myself, "Every one of them will recommend his own specialty." I was wrong.

Every one of them said, "Insurance."—*Royal Arcanum Bulletin.*

## Just a Short Distance

"Hello, Hayseed," said the facetious youth. "How's it for a lift to Centerville?" He jumped into the car without waiting for an answer.

Twenty minutes passed.

"Quite a distance to Centerville, isn't it?"

"Uh, huh."

Twenty minutes more.

"Say, how far is it to Centerville?"

"Few thousand miles if you go this way. 'Bout twenty if you get off and walk back."

## Not What He Meant

New Student to Traffic Cop: Where can I find a nice, big, airy room, cheap?

Traffic Cop: Turn left on the red signal and I can accommodate you.

## In Probably Came Off

He: "Your rouge is coming off."

She: "No, it isn't."

He: "It sure is."

She: "I'm sure it isn't."

He: "Say, listen, any time I get this close to a girl her rouge is coming off."

## A Dependable Boss

Claud: "I beg your pardon, sir. My wife wants me to help her clean house this afternoon. Would you let me off, sir?"

Boss: "I certainly would not!"

Clauded: "Thank you very much, sir. I knew I could depend on you."

## Who Wouldn't?

"Who will drive this car away for \$50.00?" read a sign on the old Hunka

Scrap parked in the dealer's window.

A man stopped at the window, read the sign and entered the shop. "I'll take a chance," he offered, "where's the money?"

## Effective

After the smallpox epidemic had been checked, an old negress protested vigorously when the health officers started to take down the sign they had put up on her house.

"Why don't you want us to take it down?" one of the officers asked.

"Dere ain't be'n a bill collectah neah dis house sence dat sign was nailed up. You all please let it alone!"

## Take Heed!

An Ohio farmer, living along a commercial air route has this special warning for aviators, painted on the roof of his barn:

"If you kin read this sine you are too danged low. Fumadoolin over these premises is risky. And we ain't in no shape to tinker with a corpse."

## Why He Went

A woman went to the bank and, not finding the cashier who usually waited on her there, asked where he was.

"Out of town," said the assistant.

"Gone for a rest," asked the woman.

"No, to avoid it," replied the clerk.

## Inherited the Gift

The schoolmaster wrote on the back of a boy's monthly report:

"A good worker, but talks too much."

The father wrote under this: "You should meet his mother."

## Business Ethics

Little Abie heard people talking about "business ethics," and asked his father the meaning of the term.

"Well," said his daddy, "I will explain. A customer comes in the store and buys a six dollar pair of shoes. He hands me a ten dollar bill. On the way to the cash register I notice that there are two ten dollar bills sticking together. Now, here's where the 'business ethics' comes in—should I tell my partner."

## A New Departure

It is an interesting fact that the largest banking institution in this country will make loans ranging from \$1,000 down to fifty dollars. The National City Bank of New York has adopted this policy for salaried people without collateral. They must give notes endorsed by two responsible persons, and before the loan is granted "must show a constructive reason for borrowing." The only charge made for the service is a 6 per cent discount. The borrower will have a year in which to pay, under a novel condition, which is that he shall begin immediately the weekly, semi-monthly deposit of a fixed sum "which, with the compound interest to be paid thereon to the borrower, will equal the face of the note at maturity."

Could a more desirable policy of loaning money to small borrowers be devised for respectable salaried men who may at times be compelled by unhappy circumstances to raise a sum of money? It is the fact that worthy salaried men so often fall into the clutches of loan sharks, and the further fact that big city banks do not find small loans profitable, that makes this new policy of the National City Bank notable. It shows that a corporation may have a soul.

Sickness, death or other legitimate emergencies may come to salaried men—often do come. This kind of borrowing will not only help them out, but also, because of its sound requirements, may give them a training in economics for a year that will put them where they will not have to borrow when subsequent emergencies overtake them.—*By W. G. Sibley in Chicago "Journal of Commerce."*

Choose the best life, for custom (habit) will make it pleasant.

—*Epictetus.*

What is life but the choice of that which contains the least of evil!

—*Haydon.*

A faithful friend is better than gold—a medicine for misery, an only possession.—*Burton.*

—*Alcott.*

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# “Birds of a Feather——”

Among our correspondents are listed many of the leading banks of this territory. The fact that they have chosen our service is ample testimony of the advantages of our collection department.

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