

CENTRAL WESTERN BANKER *of Omaha*



DECEMBER
1928

How Safe Is Your Safe?



IN CHRISTMAS of 1857
we began to wish our
friends a Merry Christmas
and a Happy New Year.

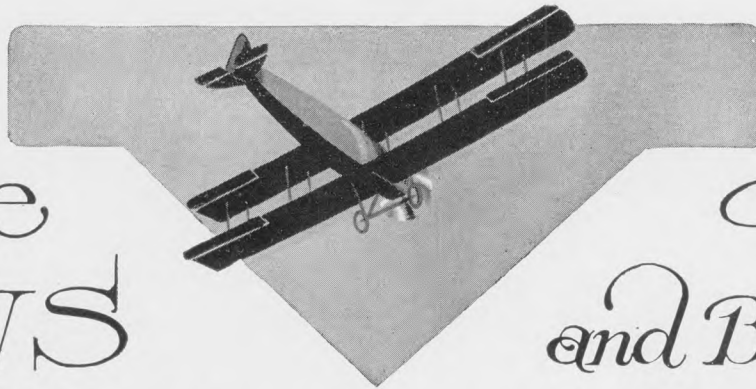
Although banking service
has developed since 1857, the
spirit of Christmas is un-
changed.

It is our sincere desire again
to wish our correspondent
banks a Merry Christmas
and a Happy New Year.



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

Last minute NEWS



of Banks and Bankers

THE NATIONAL BANK of Belgium recently presented to the Federal Reserve Bank of New York a bronze bust of its late Governor Benjamin Strong, as an expression of gratitude for assistance rendered by the New York bank during 1926 when Belgium was stabilizing its currency. The bust was made by Paul De Soete, Belgian sculptor.

H. M. BYLLESBY & Company, Chicago, have recently made an investment on the west coast of Mexico amounting to nearly two millions of dollars. H. M. Byllesby has purchased public utility plants in the cities of Hermosillo, Guaymas, and Culican.

AS A SUBSTITUTE for the present method of taxing shares of bank stock, A. J. Veigel, state banking commissioner for Minnesota, has suggested an excise tax on the net earnings of banks. Mr. Veigel believes such a plan could be put into practice without creating any far-reaching disturbance of the present laws, and would be much more equitable than the tax law now in effect.

THE LARGEST TRANSACTION in the history of Chicago real estate was completed when the Utilities Power and Light Company bought the land and building of the Continental National Bank & Trust Company. The price paid for the property is reported to be around \$20,000,000.

THOMAS F. RYAN, one of the world's richest men, and the largest stockholder in the

Guaranty Trust Company of New York City, died recently at the age of 77. It is said that Mr. Ryan maintained a balance in the Guaranty Trust of \$40,000,000, and his fortune was estimated at \$400,000,000.

ARTHUR J. MORRIS, president and founder of the Morris Plan Company of New York, introduced a resolution at the recent convention of the National Association of Finance Companies that installment papers held by financing companies should become eligible for rediscount by the Federal Reserve System. The resolution, which was adopted, is said to provide the key to lower interest rates for purchasers.

ANOTHER CONTEMPLATED merger is that of the Industrial Trust, Title and Savings Company with the Fern Stock Trust Company, both of Philadelphia. The name of

the merged bank, when the consolidation is approved, will be the Industrial Trust Company. The executive personnel has not as yet been decided upon.

WHEN THE EXCHANGE privileges recently closed, more than seventy-five percent of the stock of the Bancitaly Corporation and the Bank of Italy of San Francisco had been exchanged for Trans-America Corporation certificates. A longer time for holders abroad has been granted, so that the amount is expected to be considerably increased.

TWO HUNDRED and four banks in five mid-west states reporting savings accounts and deposits to the Chicago Federal Reserve Bank show increases during October, amounting to an average of more than 1 percent over the preceding month and 4 1/2 percent over October of last year.

F. N. SHEPARD, executive manager of the A. B. A. has announced change in dates of the annual convention of that association. Instead of the original dates of October 14 to 17, the convention will be held in San Francisco, September 30 to October 3. Conducting activities in San Francisco made the change in dates necessary.

A CONSOLIDATION recently announced in New York is that of the Chase National Bank with the Garfield National Bank under the name of the Chase National Bank of the City of New York.

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When the Notemaker Is Promised Freedom from Liability

What happens when an officer of the bank tells the maker of a note that he will not be held liable for its payment?

IN THE past, some parties who have signed notes payable to a bank, have been told by one or more officers of the bank that they, as makers of the note, would not be held liable on the note. Generally, this oral agreement, accepted by the maker of the note, caused the note to be executed, and delivered. What authority does the officer of the bank have to make such an agreement?

A situation may arise where a bank desires to make an additional loan to a customer, but cannot do so, because it has already lent him as much as the law permits, and for that reason, induces another person to give his note for the amount, promising that he will not be held liable in the matter. In legal contemplation, the borrower who receives the money, and not the bank, which pays it out, is the party for whose accommodation the note is signed.

Brought Action

A bank brought action in court asking for judgment against the signer of a note payable to the bank. The signer of the note claimed that the president of the bank, with the purpose of cheating and defrauding him, caused the note to be signed and delivered to the bank, and that the same was signed and delivered to the bank without any consideration whatsoever. That the officers of the bank, as an inducement to procure said note, from the maker, orally agreed and promised the maker that the note would never be used or considered as an obligation against him.

It is elementary that one promise is legal consideration for another. If a promissory note is made by A to B in exchange for a promissory note made by B to A, each note between the original parties or in an action by an indorsee is a valid consideration for the other. It is in the nature of an exchange of property, each party getting title to the property received in exchange.

A bank officer, to secure the execution of a note, may say:

"We will guarantee that it will not obligate you in any way whatsoever; you will not ever be called upon to

By THE CENTRAL WESTERN
BANKER LEGAL DEPARTMENT

pay this note, nor any interest on it, and you can get the note any time that you wish. If at any time you become dissatisfied with having signed the note, you just come in here and ask us for it and we will give it to you."

If a party is induced by fraudulent acts to execute a note and afterwards renews the note, with full knowledge of the fraud, then such renewal would operate as a waiver of his right to urge the same as a defense against said renewal note.

One who gives a note in renewal of another note with knowledge at the time of a partial failure of the consideration for the original note, or of false representations made by the

"It is well established that a bank cashier or president has no authority to promise a person executing a note to the bank that the maker will not be required to pay the note, and such a promise, if made, is not binding on the bank."

payee, waives such defense, and cannot set it up to defeat a recovery on the renewal note.

The final proposition to be considered in this case is whether an officer of a bank has the authority as such to bind the bank by a secret promise made to a person executing a note in favor of the bank, that such maker will not be required to pay said note when the same becomes due. The commercial and fiscal life of the state is very largely dependent upon the integrity and sound business judgment of those having in charge its banking business. The principal object and purpose of a bank is to invite deposits of money from the public and to use such money in the purchase of interest-bearing securities, or to make loans to responsible persons at a legal rate of interest.

Principal Liabilities

The principal liabilities of a bank

consist of money on deposit from its customers. The principal assets of a bank consist in the securities received through the investment of such deposits. Banks, by the acceptance of deposits from their customers, assume a trust relation that cannot be fraudulently and clandestinely bargained away by their officers. Every note that is executed and delivered to a bank for money loaned by it becomes a part of its assets, and every depositor has a right to rely upon said note as being a legal, binding and valid obligation upon the maker thereof, and any secret or collusive agreement made between such maker and the officers of a bank, to the effect that such bank will not hold the maker thereof liable, is invalid, null and void.

The banking business is fraught with public concern. Banks do business through permission of the law, subject always to its provisions for the protection of depositors, creditors and stockholders. Public faith, credit and honesty in business transactions are a bank's main assets. Banks are subject to public regulation to the end that they make proper loans and freely contract debts with depositors and others, to achieve the ends of legitimate

business. The laws of a state require careful examination by the bank examiner periodically in order that those who deal with banks may not be misled by appearances. To sanction any arrangement, whereby the real assets and securities of a bank are to be regarded as less than or different from the apparent assets and securities would tend to defeat the entire purpose of the regulatory statutes. Parties may not participate in a transaction, the object of which is to give to the assets of a bank, a favorable appearance for purposes of examination, but less favorable for purposes of liability or enforcement.

A party, having signed a note with full understanding of its purposes, cannot be relieved of liability. Considering a note as a part of a bank's assets, an understanding or agreement of nonliability is neither proper

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CRAIG B. HAZLEWOOD

By CRAIG B. HAZLEWOOD,

President, American Bankers Association

Vice-President, Union Trust Co., Chicago

AMERICA has astounded the world by its readiness in casting aside traditional viewpoints, disregarding traditional difficulties, and pioneering new shortcut formulas in the realm of business. Business and banking are undergoing epochal changes.

But every advantage has its danger; and in the present trend, too many who are not deep or independent thinkers may blindly accept each new idea and make a quickwitted, but frequently unsound application of it to a great variety of situations. We have all seen what happens when a school boy confidently applies the wrong mathematical formula. And this is what happened—and will surely happen hundreds of times—in banking among those who have learned by rote and who apply the letter without understanding the spirit.

Intelligent thinking, to my mind, is the essential executive quality for the new business era we are now entering. It was by disregarding precedent and by relying on sound creative thinking, that the Federal Reserve banking system, the greatest organization of its kind in the world's history, was created. It has been by sound thinking that the spectacular successes in consolidation, chain store operation, direct selling, scientific organization, mass production, and every other great business or banking initiative have come to flower.

The Dark Side

Looking at the dark side of the picture, it has been through unsound thinking and inexcusable ignorance that the pathway of progress has been strewn with mediocrities and failure both in business and in banking.

We may sometimes be tempted to feel that all the great problems have been solved and that nothing remains but to apply the right formula. To any who have reached this conclusion, the highest rewards in business and banking must certainly remain closed.

Does Banking Need THINKERS?

Sane thinking necessary to work out of difficulties due to rapid changes in the banking and business world.

As a matter of fact, banking and business problems are crowding in upon us so rapidly that while the manual worker is thinking of a six hour day and a five day week, the executive knows not where to look for adequate help or relief. With the enormous increase in size and intricacy of business affairs, the problems have become so complicated and the mass of information necessary to the solution of a given problem so great that the "days are not long enough." This is merely another way of saying that the demand for managerial and executive ability is rushing ahead—that the opportunity for young men and women who have the professional training and who have developed genuine thinking power is greater than ever before.

Let us consider some of the changes in business and banking procedure, and the new problems resulting from these changes which demand intelligent thinking by the banker.

Take our methods of financing, for an example. In general, we have noticed somewhat of a transition from the time when financing was almost invariably accompanied by bond, mort-

gage, and other securities based upon fixed assets. Next, we have witnessed a period of financing through debenture issues. And now we have come to the greatest volume of financing by stocks that has ever taken place. What does this mean to the bank executive? It means the necessity of arriving at sound rules governing these types of securities; new and sound standards;

and new yard sticks that will determine the value of the many kinds and classes of stocks. There was a time when stock prices had a definite relationship to book value. What is that relationship today? Or if such a relationship no longer is generally recognized, what, then, is the

proper yardstick? Is it the relation of earnings to stock prices? And how is the element of management—the question of a company's potential earnings—to be calculated in the final equation? Is the banker fully aware of the new importance that has come to be attached to management in relation to finance? Is some laboratory to give us a formula for measuring management that will relieve each one of us at his own desk from the necessity of thinking through the individual problem and shouldering the responsibility? Unless this happens, the great bankers of the future must still be great thinkers, with great hearts.

Another New Problem

There is another new problem that comes close to the banking profession—a problem with ramifications that extend from the savings account of the rural school teacher, across the country, and down into the fundamentals of the Federal Reserve System. I refer to the problem of stock market loans. What are the proper sources of funds for the stock market—and what are the proper methods of control? Only a short time ago, "Loans

Central Western Banker, December, 1928

for Corporations and Others" was a relatively important heading in the statement of brokers' loans; today, it is a topic that engages the attention of all thoughtful bankers. Various expedients have been devised and put into force. The banking profession, however, does not even approach agreement in its answer to this and many other problems of stock market finance. Are the bankers of this country to do the constructive and conclusive thinking upon these problems of the stock market, or will they let them go unheeded and in the end, perhaps, find that some new economic agency has crowded the banking business out of the position it should occupy in this field?

I am sure that this is a problem which has not escaped the attention of the banking profession here at New York. Perhaps, however, because of the very nearness of the problem, you gentlemen may unintentionally give this matter too much thought to the exclusion of other problems that press equally for solution. In many cities and states, we are wrestling with the question of whether unit banks can survive in the face of chain and branch banking. In this field, as throughout the galleries of business there echo and reverberate the results of successes already scored in the field of consolidation and chain development. From 1900 to the present year, the number of branch banks has increased from 60 to almost 3,000. How many bankers are there among us who in the true scientific spirit, can put aside personal feelings, set down the cold facts, and reason out the trend in this matter? Are we merely in the doldrums or do we stand where sea and river meet? Is every unit bank in this country doomed before the onrush of chains, holding companies, and branch banking systems—or is chain banking merely a phase of our banking development which will awaken the unit bankers of the country to a new and sounder culture of their own banking system?

The young men and women here may say that I am choosing problems in national economics or statesmanship rather than banking. Very well. Let us then assume that you have become the responsible head of a unit bank and have concentrated all your thinking upon its internal problems of management. You are not a general in command of grand national maneuvers, but a captain holding an outpost—the managing officer of a bank. To some degree, you will, of course, find at hand rules and standards that will help you. Many bankers have traveled this path before you, observing,

The article on this and the preceding page, is from an address by Craig B. Hazlewood, Vice-President of the Union Trust Co., Chicago; President, American Bankers Association, before the Forum Dinner, New York Chapter, American Institute of Banking Section, American Bankers Association, Hotel Pennsylvania, New York City, December, 1928.

recording, thinking, and setting up standards for your guidance. But you will not be long in command of a bank or even one of its departments before you will find that you are alone with problems that only a thinking mind can solve.

Investment of Funds

One of your problems will be the investment of the funds of your institution. You will search for guidance—and the time is coming, I believe, when bankers may find something in the nature of applicable rules and ratios which they may follow in the intelligent investment of the funds intrusted to them. As a matter of fact, however, we have recently sent out thousands of questionnaires to bankers in a number of states, asking rather simple questions regarding the allocation of a bank's funds. Strange as it may seem, there was a complete lack of agreement regarding the percentage of the bank's available money to be placed in such broad classifications as cash, secondary reserves, bonds, and local loans. Answers regarding cash reserves ran from 5 per cent to 72 per cent; secondary reserves, from none to 73 per cent; customers' loans from none to 90 per cent; other bonds and stocks from none to 48 per cent; local loans, from none to 71 per cent. The percentage of the bank's capital and surplus in

fixed assets varied from none to more than 100 per cent. Nine per cent of the banks questioned had no secondary reserves of 15 per cent or less; 31 per cent of the banks stated that they had invested none of their funds in bonds or stocks.

When asked what definite policy they followed with respect to the investment of their funds, over 74 per cent of the banks answering the questionnaire stated that they had established no definite policy. Consider these replies, and then consider whether there is any need for thinking in the banking business. Is there any wonder that there have been so many bank failures in the past nine years? While I lay no claim to the predictive powers of a prophet, I venture to say that within the next five years, we shall find thinking bank management laying down basic principles, averages, and percentages for the guidance of bankers in the sound and safe investment of the funds intrusted to their care.

Starting New Banks

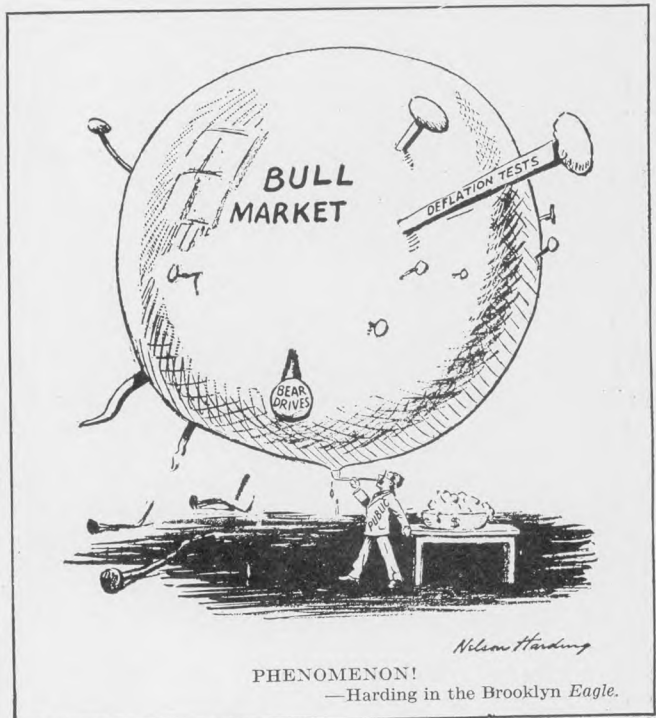
Let us take another problem. You are asked to help in the establishment of a new bank. Some country banker or some discerning director of a city bank who is familiar with the methods of market analysis used by well managed business corporations may ask you whether a certain community affords a real opportunity for another banking institution—in other words, whether the market is there. He may ask a definite estimate of the size of the market. He may inquire what capital is warranted—how large or how small a bank can operate profitably there. Though there are many opinions regarding these problems, there is little definite information available which will enable one to establish a new bank in a city or in the country on a basis of scientifically determined facts and statistics of mere hopes and guesses.

The time is coming when the officer of a bank will analyze operating statements, income and expense items on a far more scientific basis than we have ever done in the past. We will expect him to know whether his gross earnings are in line with what his bank should earn, according to predetermined standards of income and expense. We will expect him to accept or challenge his net earnings as satisfactory or otherwise. We will hold him responsible for knowing what his income from various sources should be. We will look to him for exact knowledge of his expense percentages and definite control of the percentage



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CARTOONS OF THE MONTH



Getting Out From Under the Kansas Guaranty Law

A history of the Kansas guaranty measure, its provisions, how it operated, and how it was finally laid to rest after years of hopeless effort to accomplish its purpose

(One of a series of articles on the guaranty of bank deposits measures enacted by various states.)

ONE of the modern day miracles of the business world exhibits itself in the manner in which most guaranty bank deposits laws stay alive, although technically dead. The Kansas guaranty law can well be classed in this category.

Owing its birth to the banking troubles of 1907, the Kansas guaranty law was initiated in 1909. Under the terms of its organization membership in the guaranty system was optional and about 700 of the 1200 state banks became members of the system.

Each member bank paid annual assessments of one-twentieth of one per cent of its deposits until finally they had built up a guaranty fund of half a million dollars. Then, when the payment of losses gradually deflated this fund, additional assessments at the same rate, and not exceeding in number five per year, were to be levied. In order to guarantee payment of these assessments each member bank had to pledge bonds with the state treasurer equal to one-half of one per cent of its deposits.

Issued Certificates

When a bank failed, in the guaranty system, depositors were issued certificates for their claims. The bank's assets were then liquidated and the funds secured through liquidation were paid to depositors, with the deficiency, if any, paid from the guaranty fund. Claims against the guaranty fund bore interest at 5 per cent. It was up to the bank commissioner to collect the assessments and supervise the guaranty system as a whole. The state had no responsibility in the system, acting merely as the manager of the system, despite the fact that, as in many other states, the words, "State of Kansas," appeared on most of the guaranty literature.

In fact, the guaranty act stated quite clearly that the state had no responsibility therein: "Any bank guaranteed by the state of Kansas, either directly or indirectly, shall dis-

qualify the bank from further participation in the bank depositors' guaranty fund and forfeit its bond deposited with the state treasurer for the benefit of such fund."

In spite of this paragraph in the statutes, depositors as a rule thought the state was back of the fund. The guaranteed banks constantly advertised that "the deposits of this bank are guaranteed by the depositors' guaranty fund of the State of Kansas."

As a result of this misunderstanding, national banks, naturally, were afraid of its consequences. The guaranty act provided that national banks, too, might join the system, but the United States supreme court decided that national banks were without authority to incur liability through such a system. Then the national banks organized a mutual insurance company, owned by Kansas national bank stockholders, to insure their deposits. Many of them took out such insurance, but the experience of a very few years taught them that the state guaranty feature did not injure them much, from the standpoint of competition, and the deposit feature was discontinued so far as the national banks were concerned.

During its first decade, the Kansas state guaranty system worked out nicely since general prosperity and constantly increasing prices of farm products and land values brought few if any, bank failures. Hence, the guaranty fund was more or less untouched.

Of course, such a condition brought about scores of new banks, every Tom, Dick and Harry taking out charters until Kansas finally had one bank for every 1,400 inhabitants. The state then became badly over-banked.

Came the year 1920, when a few failures wiped out the state guaranty fund, proving, as it had been proven in many other states, that the guaranty idea is good in good weather, and unsound in bad weather. Faced with extra assessments, a bankrupt guaranty fund, and the conviction that the solvent state banks would become eventually insolvent if made to pay

for the losses of other banks for years to come, the final chapter in the failure of the Kansas guaranty law came in April, 1926, by a momentous decision of the Kansas supreme court. The case involved the proper interpretation of the provisions relating to the withdrawal of state banks from the guaranty system.

A Test Case

Seventeen withdrawing banks banded together in friendly suit to determine these points, which previously had been clouded in doubt, due to the loose provisions of the guaranty act. The state supreme court held that "the liability of member banks under the guaranty act is limited to the bonds pledged. There is nothing in the act which creates a personal liability on member banks." This decision was exactly what the seventeen banks sought.

Speaking further of the state guaranty law, the supreme court said: "The whole scheme is hopelessly and irretrievably bankrupt—and can never be made to pay out, even the interest on its obligations. All this means that if this \$6,000,000 (the estimated net liability of the operating guaranteed banks) is a fixed charge on present member banks, no one of them which desires to liquidate and retire from business, can do so in less than 20 years certainly, nor in less than 140 years, almost as certainly, nor before the end of eternity in all probability."

Following this decision, which limited the liability of the few remaining banks in the system to about a million dollar's worth of pledged bonds (an average of about \$1,600 per bank) the Kansas state bank commissioner was instructed to sell to the highest bidder, the bonds and apply the proceeds to payment of depositors' claims in defunct banks. A total of \$357,000 worth of bonds were sold for \$315,000 which, along with other money available, made around \$700,000 that was paid out to depositors of closed banks, nine bank's depositors being paid in full, the balance prorated between two other banks, the remaining defunct banks receiving nothing. Total claims

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By A. M. DeVOURSNEY

Manager, Protective Department,
Wisconsin Bankers' Association

A. M. DeVOURSNEY

How Safe Is Your Safe?

PREVENTIVE protection, the objective of Bank Association protective work, necessarily includes all phases of protective thought and activity.

To no one preventive can be accorded all the credit for the recent experience of genuine relief from the depredations of burglars and robbers. Heavy vault doors, alarms, re-locking devices, gas protection, community protection, immediate and thorough investigation, satisfactory penalties imposed by modern laws, are all contributing to our present immunity from attack.

It is not sufficient that a protective department have a past record of accomplishment. The past is gone and we must look to tomorrow. Do you know that insurance statistics have predicted that some day burglaries would again predominate over robberies? They believe that burglaries and robberies run in cycles, but offer no concise data on why or when. Statistics are based on past performances. *Efficient bank protection requires more than statistics. It demands definite facts and constant analysis of criminal trend.*

The Wisconsin Bankers Association protective manager reports on October 22nd, that there were only four robberies of member banks in Wisconsin in the past two years with every robber captured and sentenced to fifteen years and upward in the state's prison, with a net robbery loss for that period of less than \$400. He reports only one successful burglary in the same period with a loss of but \$208.00—a total net loss to Wisconsin Bankers Association members of but

Bank burglary is coming back, equipped with modern methods that make burglary a greater potential hazard than ever before.

\$608.00 in two years by burglars and robbers.

The report of the American Bankers Association protective manager at Philadelphia, recently, indicates that for the year ending August 31st, 1928, their member banks suffered 177 daylight robberies and 28 night burglaries. Comparison with a similar preceding period shows that there have been an increase in robberies of 55 per cent within a year and a reduction of burglaries of about the same percentage.

Provide Real Hazard

From these reports it is quite natural to presume that burglary is a decadent profession, doomed to early discard and abandonment by the thieving fraternity.

This conclusion is unwarranted and erroneous. Bank burglary is coming back and is returning equipped with modern methods and tools that make burglary a greater potential hazard than ever before, while the hazard of robbery is still engaging the undivided attention of bankers associations.

Before we look to the future, let us see what the past burglary records show:

Searching our records, we find that

from January, 1920, to December 31st, 1925, there were 72 burglarious attacks on banks in Wisconsin causing money and security loss of \$209,548.93, and to off-set this contin-

ued attack there were six convictions of burglars for the burglary of these banks with sentences aggregating 69 years meted out to these six men, the highest sentence being 30 years and the lowest being five years.

This experience of Wisconsin is no different than the experience of other states. They have all had numerous attacks with few convictions because the possibility of identification was decidedly remote in cases of burglary.

We are inclined to believe that the task of eliminating the burglary hazard will be even greater than the task of reducing the robbery hazard. Let us review the situation, past and present:

One of the earliest methods of attack on banks was by punching the combination. This was reasonably successful until met by better vault doors, and re-locking devices.

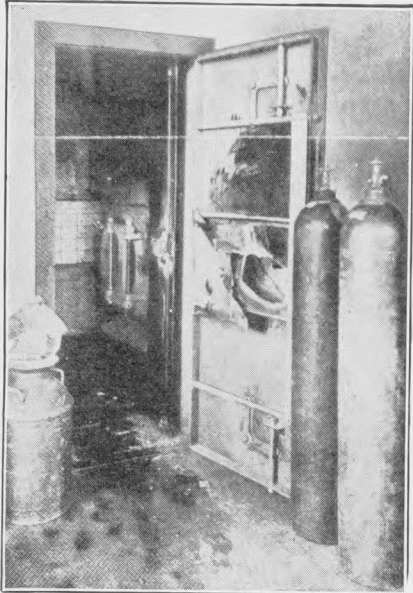
About 1890, the use of black powder was introduced and followed after a number of years by dynamite. This was met by stronger safes—then came nitro-glycerine and it now seems a far cry to the time when the yegg calmly sat upon the top of the safe and exploded the nitro with a sledge hammer.

Illinois Bank First Victim

The story of the first burglary with nitro-glycerine will bear re-telling in part. It occurred in a bank at Salem, Ill., and created such excitement and interest that the president of the bank

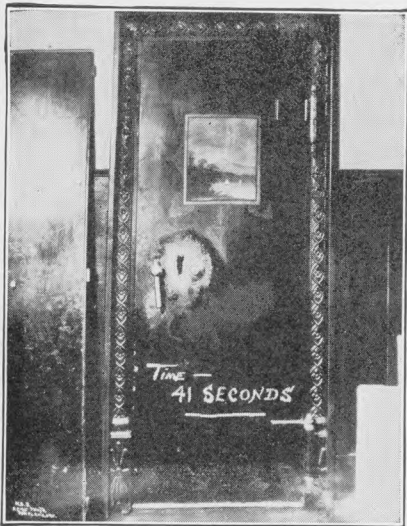
Central Western Banker, December, 1928

called in the officers of the banks in the neighboring towns to examine the premises. This examination caused considerable apprehension on the part of the bankers, and the safe companies were all decidedly interested to obtain the facts so that they could plan a safe that would foil this method of at-



Showing what an oxy-acetylene cutter will do in a few minutes when applied to ordinary type of vault door.

tack. Meanwhile thieves from all over the United States flocked to the leader of this successful gang even offering to work for him for mere subsistence if he would only teach them how to produce the nitro-glycerine and how to use it. The reason we mention this



Only forty-one seconds required to force entrance to vault illustrated above.

story is to emphasize the fact that a successful method of burglary or robbery attracts considerable attention by not only the police, but by the thieves, and any method that proves success-

ful will soon become the method of other gangs.

This nitro-glycerine epoch ran along for some considerable time. It was met by the round screw door, the first of which were of plate construction. The thieves having some success with these, forced the manufacturers to step forward again and they produced the solid round door safe and then added manganese to the steel body of the safe for further security.

The author of this article comes from a family identified with police work for several generations. A recent publication written by Herbert Asbury under the title of "Gangs of New York" offers as a history of the draft riots July 14, 1863, as follows:

"Throughout the evening another crowd had been assembling in City Hall Park and Printing House Square, and when the uptown mob came streaming down Park Row an attack was immediately begun. Sergeant De Voursney attempted to defend 'The Tribune' building single handed, and fought valiantly in the doorway until he was surrounded by a ring of dead and disabled gangsters, but he was finally overwhelmed and the mob rushed into the building, over-running it and setting it on fire in half a dozen places. The editorial and mechanical forces, led by Horace Greeley, escaped down the back stairway, and Greeley was chased into a Park Row restaurant, where he hid under a table."

Mr. A. M. DeVoursney's father was chief of medical staff, Blackwell's Island Penitentiary, New York, and his uncle was police and fire commissioner of Newark, N. J.

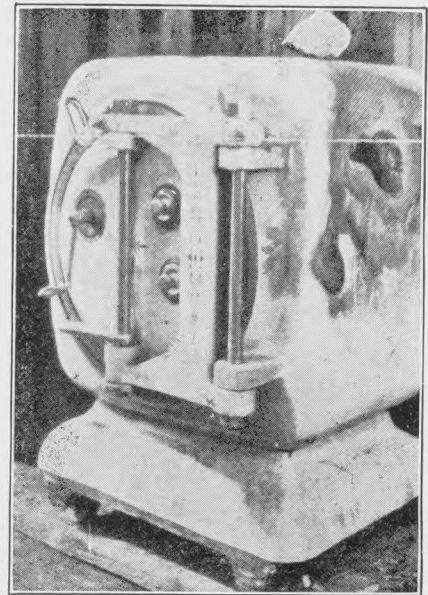
At twenty-nine years of age the author was managing one of the eighteen offices of an international detective agency, being the youngest man in this executive position at that time.

Before he was thirty-five he was managing the criminal department of an international detective agency at Chicago, and before coming to Wisconsin was Chief Special Agent of the Illinois Bankers Association, where he still holds the record for work resulting in the speedy conviction of bank robbers and burglars in a case where Johnny Gardner and his gang were arrested, convicted, sentenced and on their way to Joliet penitentiary within forty-eight hours after they had burglaried the State Bank of Ohio, Bureau County, Illinois.

Mr. DeVoursney's mechanical and electrical knowledge, as well as his ability along those lines, is conceded by manufacturers selling vault equipment, alarms and devices, who without an exception, maintain very friendly relations with the Protective Department of the Wisconsin Bankers' Association. (Editor's Note.)

The next move was up to the bank thieves. Science had evolved the welding torch and latter the cutting torch, both of which, having found such extensive use in burglary. Many a good burglary was spoiled by a flare-back that exploded the hose which connected the tanks with the operating torch, but armor-plated hose and better

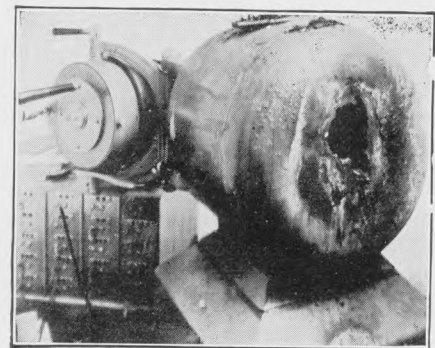
torches have eliminated the hazard of flare-back and our modern torch, or the more recent lance, are decidedly dangerous in their application to vault doors or safes that contain no resistance to this implement. This brings us up to date as far as burglarious tools are concerned.



Another oxy-acetylene cutter job performed by the usual equipment found in garages and welding shops.

Startling New Methods

About five or six months ago a series of successful burglaries started in Chicago. This gang has shown full and complete knowledge in combination punching, the use of nitro-glycerine and the cutting torch, and now use all three methods in a single attack on a safe.



A common type of manganese safe that withstood the oxy-acetylene attack but a few minutes.

One burglary netted \$29,000—another \$26,000—another \$16,000 and they continue unabated. As far as we know, no convictions have been obtained in connection with these big mercantile burglaries, in spite of a \$5,000 reward in one case offered by a mercantile establishment that was one of the victims.

Another case of burglary, by apparently this same gang, and using all three methods of burglarizing, was perpetrated on a watch-case manufacturer near Cincinnati, Ohio, which netted a return to the burglars of about \$35,000 in gold bullion. This case makes quite apparent that the Chicago gang is stepping out into new territory after their successful attacks in Chicago.

With well planned jobs, adopting three methods in one operation, with a background of success on a large scale, this gang, or other gangs adopting these methods, are going to travel far before successfully stopped. *There have been few actual convictions for bank burglary.* Little evidence can be brought into court; very seldom can witnesses positively identify men seen in the semi-darkness, and the best results have been obtained from a law penalizing the possession of burglar tools. Wisconsin and a few other states have such a law.

Should Be First Consideration

It is quite apparent that strength of equipment is the first deterrent to be considered. A big man very seldom gets a punch on the nose. Another matter to be considered in connection with burglary are adequate burglar alarms, such as the McClintock "A" Grade of full six-sided protection having a burglary discount of 65 per cent, which reduction in itself is a very favorable recommendation, and for the smaller banks there are preventative devices that will foil or prevent entry to vaults through the door or that will delay their action to some considerable extent.

Our department has endeavored to impress upon the members of this association *the necessity for the incorporation of torch-resisting metal in vault doors.* There are still some banks that place price above utility and buy laminated vault doors that are laid up with successive plates of open hearth steel. The resistance to modern burglarious attempts of such a door is appallingly small.

The most modern development in vault doors sponsored by such high class companies as the Mosler Safe & Lock Co., York Safe & Lock Co., etc., is the door with the integral shell casting with the heavy "V" type cast jam laid up with heat resisting and drill resisting metals, and engineered to resist the known methods of attack. This type of door is sponsored by the leading vault engineers of the country and has the approval of this department.

We are fully aware that the underwriters give the same burglary discount in their manual for the door



Noted Author Starts Bank Christmas Club

THE above photograph shows Harry Stephen Keeler, noted author of *Sing Sing Nights*, *The Deuce of Spades* and other mystery novels, officially inaugurating the 1929 Christmas Club season at the Capital State Saving Bank, Chicago. The photograph shows Mr. Keeler being congratulated by the bank's officers upon opening account number one. He is seen shaking hands with O. A. Christensen, president of the

bank and on his left is Harry E. Koeber, the bank's vice president.

The Capital State Savings Bank is a scene of beehive activity with its new Christmas Club season going at full speed. Unique decorations appear in the lobby and accounts are opened at an old fashioned Christmas hut, built over the tellers' cages. Attractive Christmas gift candles are being given away with every account opened during the coming month.

that is poorly constructed of the cheapest material, as long as it be of steel, as they do for the most carefully constructed door built to the highest type of specifications, including the best of materials and workmanship; but the question presents itself, *are you purchasing insurance discount or are you buying a door to protect the contents of your vault?* Simply because the insurance companies persist in retaining an obsolete classification there is no excuse for a bank to take the chance of a serious loss, and furthermore, what bank has complete insurance coverage?

There are many banks that cannot afford large doors and these banks are in the greater majority. What are we doing for them?

About three years ago the writer had occasion to examine gas protective devices. Inquiries kept coming in relative to a bottle to be attached

to a door or placed in a safe that was selling at such low price that it attracted the bankers' attention and many orders were placed subject to inquiry by this department.

We have access to several chemical analyzation laboratories, so we had this so-called gas analyzed. It turned out to be a very cheap combination of ammonia and mustard oil and upon so advising our members they cancelled their tentative orders.

Not Always Effective

Realizing that there was a genuine demand for gas protective devices, possibly induced through the publicity relative to the use of gas during war time, this department endeavored to segregate the sheep from the goats as this demand was being met by both good and bad devices. There were two products about two or three years ago that impressed us favorably.

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Profits and Capital Values In Farming

By HENRY V. MCKIBBIN,
John Nickerson & Co., Inc.

IN THE agricultural situation today is found evidence of the termination of the post-war deflation—the last of the major divisions of American industry to so adjust itself. The evidence of the culmination lies in the stabilization of land values, which establishes the completion of readjustment of inflated war time capital values to sound values as based on returns from land.

The fifth annual survey of the farm land markets reported early this year by the National association of Real Estate Boards contains the following findings:

1. A larger volume of farm acreage was sold in 1927 than in 1926 at the same or higher prices.

2. An upward tendency is recorded in farm prices in 47 per cent of the communities reporting. Prices are reported either stationary or upward in 85 per cent of the communities.

3. Purchases of farms are now predominantly by persons electing the farm as a business enterprise and as a home. Moreover, in ten per cent of the communities reporting, purchasers are buying farms to hold for an increase in price, and in 3 per cent they are buying farm land as an investment.

4. Optimistic sentiment as to farming and farm land values prevails among the farmers themselves in 70 per cent of the communities reporting.

The United States Department of Agriculture in a statement issued March 31, 1928, reporting farm bankruptcies (which have been the depressing influence on farm values) as having declined in 1927 to .99 per 1,000 farms from an average of 122 per 1,000 farms during 1924 to 1926, said the following:

"Apparently the decline in the 1927 rate indicated an approaching end of the abnormal wave of bankruptcies made inevitable by the losses of the post-war agricultural crisis. This does not imply that no improvement in agricultural conditions had been made prior to 1927. Slow recovery began, in fact, as early as 1922. But changes in agricultural conditions are not reflected immediately in the rate of farm bankruptcies. It usually takes several years for prosperity to reduce, or depression to increase the farm bankruptcy rate.

"In other words, the numerous farm bankruptcies of the last three or four years are a delayed reflection of 1921-22. In like manner, the decline in the bankruptcy rate in 1927 may be considered evidence both that the job of clearing away the wreckage of the depression period is nearing completion, and also that the last few years have been on the whole a period of agricultural recovery."

The earning power of United States farms has been on the upward trend since 1922. Land values, however, continued to decline into 1927. In the agricultural industry where operations are in small hands conducted mostly within business records and by trial and error methods and where investment is comparatively non-liquid, it has taken years of unrelenting economic pressure to accomplish a revision of value which in the more volatile manufacturing and trading businesses was attained in one relatively brief but drastic move.

In a study of the farm real estate situation prepared by the Bureau of Agricultural Economics of the United

States Department of Agriculture and published October, 1927, the net income available for total capital invested in agriculture before allowance for management reward (the equivalent of "Administration" in other industries) was given as follows:

Crop Year	Net Income (In millions of dollars)
1919-20.....	5,030
1920-21.....	375
1921-22.....	785
1922-23.....	2,014
1923-24.....	2,097
1924-25.....	2,656
1925-26.....	3,082
1926-27.....	2,440

The same study reported total capital invested in agricultural production as follows:

Crop Year	Net Income (In millions of dollars)
1919-20.....	79,459
1920-21.....	73,139
1921-22.....	63,811
1922-23.....	62,549
1923-24.....	60,472
1924-25.....	59,745
1925-26.....	59,712
1926-27.....	58,255

The consistent reduction of investment reflects the steadily declining value of land.

From the same source is obtainable a statement of value of the farm operators' net investment in agricultural production, that is, total agricultural investment less property rented and debts owed:

Crop Year	Capital Invested (In millions of dollars)
1919-20.....	47,065
1920-21.....	41,172
1921-22.....	34,711
1922-23.....	34,321
1923-24.....	33,046
1924-25.....	32,574
1925-26.....	32,727
1926-27.....	31,812

The operators' net income applicable to these latter figures is as follows:

Crop Year	Net Income (In millions of dollars)
1919-20.....	2,675
1920-21.....	(—) 1,720
1921-22.....	(—) 797
1922-23.....	419
1923-24.....	520
1924-25.....	1,039
1925-26.....	1,413
1925-27.....	874

The Bureau of Agricultural Economics' index of estimated per acre value of farm land of the United States as of March 1st of each year is as follows (in percent of 1912-14 values):

March 1	Index
1920.....	169
1921.....	157
1922.....	139
1923.....	135
1924.....	130
1925.....	127
1926.....	124
1927.....	119

A cursory survey of the series of figures just given would indicate an anomaly in improving returns from

(Continued on Page 34)

News of Nebraska Banks

Locate Stolen Currency

That the men responsible for dynamiting the vault of the bank at Harrisburg, Nebraska, on the night of August 20 last, and who got away with \$2,000 in currency and a large number of checks, decided to take no chances on being apprehended through attempts to raise money on the checks they stole, became certain recently when special agents of the Union Pacific railroad secured possession of several bundles of vouchers which have since been identified as those missing from the Harrisburg bank, the total of the checks being reported at \$16,500.

The checks were found along the right-of-way of the new Union Pacific railroad extension near Egbert, Wyo., where the Egbert-Creighton extension crosses the Lincoln highway and connects with the main line. The finding of one bunch of checks in a thicket near the railroad resulted in a search of the locality where the robbers are thought to have stopped for a division of loot before boarding a main line train, and all of the missing checks were found.

Investigate Armored Car

Omaha may soon have an armored automobile to take care of payrolls and also of currency between banks and various business establishments.

J. R. Allen of the Brinks Express company, of Chicago, recently interviewed many Omaha banks and business houses in connection with the armored car. His company carries payrolls, currency and securities for 147 banks in Chicago, besides having contracts in many large cities of the country.

Resigns

George Wright, former assistant cashier of the First National bank of Belden, Nebraska, and later cashier of the Laurel National bank, and the Creighton National bank, has resigned his position and accepted a position with a creamery company.

Purchase Bank Interest

Ray Smith and Bruce Gage have entered Merrick county banking circles, having purchased the interest of F. O. Binderup in the Loup Valley State bank of Palmer, Nebraska.

Mr. Smith will be remembered by his many friends in Central City. For five years he was with the Central City National bank. For the last two years

he has been traveling representative of the Heinz company. He is the son of Mr. and Mrs. G. W. Smith of York, Nebraska.

Mr. Gage is the son of Mr. and Mrs. Perry Gage, owners of the Palmer Journal. He too has a wide acquaintance over the county. Mr. Gage attended Nebraska Central College for two or more terms.

Increases Capital Stock

An increase of 25 per cent in the stock of the Omaha National Bank, Omaha, Neb., is to be made January 1, under plans of the bank to take over the trust business of the Omaha Trust company. The plans, announced by Walter W. Head, president of the bank, in a letter to stockholders De-



WALTER W. HEAD

ember 7, only needed their approval, which was expected, at a special meeting.

The new plan increases the capital stock of the bank to \$1,250,000. The customary dividend of 3 per cent per quarter will be continued, Mr. Head indicates. The letter announcing the details of the plan, follows:

"At the time of the organization of The Omaha Trust Company national banks did not handle trust business. They are now authorized by law to exercise complete trust powers. By reason of the bank's larger invested capital account and its prestige and standing developed through its 62

years of business life, your directors believe it is advisable that after January 1st, 1929, The Omaha National Bank handle all new trust business, and as rapidly as possible, assume trusts now held and cared for by The Omaha Trust Company. They believe further that the sale of investment securities can be carried on more satisfactorily by an organization entirely separate from the one, or ones, that engage in trust undertakings.

"In anticipation of this reorganization, The Omaha National Bank has been incorporated and will have a paid up capital stock on January 1st, 1929, of \$250,000.00, an amount deemed sufficient at this time to satisfactorily and profitably handle the bond business, the mortgage business, and the insurance business heretofore transacted by The Omaha Trust Company.

"The capital account of The Omaha Trust Company, according to the plan recommended to the stockholders by the directors will be reduced from \$500,000.00 to \$200,000.00. This company will continue to administer trust business which it is now caring for until such time as the trusts are terminated or it is deemed advisable to transfer the business to The Omaha National Bank.

"The Omaha Safe Deposit Company, now capitalized at \$200,000.00 will be continued in business for the purpose of continuing to operate the safety deposit vaults. The capital account of this corporation will be substantially reduced.

"As a result of these changes in the capitalization of the affiliated companies, \$250,000.00 will be paid into The Omaha National Bank, as additional capital. Subject to the stockholders' approval, it is proposed to issue additional stock of this amount for distribution as a stock dividend to present stockholders in proportion to the shares which they now own, each stockholder being entitled to one-fourth share for each full share now held."

Friendship is a word the very sight of which makes the heart warm.—*Birrell.*

When men are lonely they stoop to any companionship; the dog becomes a comrade, the horse a friend; and it is no shame to shower them with caresses and speeches of love.—*Wallace.*

Meet in Holbrook

The Furnas County Bankers association held a meeting at Holbrook, Nebraska, recently. All the banks in the country were represented except the Farmers' State bank at Hendley, there being fifteen of the bankers in attendance. The time was spent in discussing shop matters and possible legislation affecting banks, which may be proposed at the coming session of the legislature.

The next meeting will be held at Arapahoe at a time to be determined by C. A. Phillips, president of the association.

Rancher Leaves Fortune

F. M. Heinrich lived most of his mature years on his cattle ranch in Hardin, Mont. He rode herd as a youth, and as his years multiplied he became a cattle raiser and eventually a man of means, probably a millionaire.

Often in the last seven years he visited Omaha and there sprang up between him and those he met in a business and social way at the Stockyards National bank a close friendship. Then, on October 27, the rancher was taken by death.

The friendships he made in Omaha were the great friendships of his life. He bequeathed \$140,000 to his five Omaha friends.

Ford Hovey, the bank's president, was his financial adviser and host to the rancher. He was left \$50,000. And Mrs. Ford Hovey, who presided at the table where Mr. Heinrich was honor guest so many times, likewise received \$50,000.

Henry Hovey, son of the president, is assistant cashier at the bank. The young man was quite a favorite with the rancher. He was left \$25,000.

James B. Owen, vice-president of the bank, was given a legacy of \$10,000, and the cashier, W. H. Dressler, who kept books for the rancher for the last two years, was remembered with \$5,000.

Farm Purchase Power

The purchase power of farm products compared to other commodities is 90 percent of the 1904-14 prewar parity, according to C. J. Claassen, chairman of the publicity committee of the Nebraska Bankers' association. Mr. Claassen said this ratio is possible in spite of an approximate 5 percent production over 1927.

"The sustaining influence to this favorable position is due mostly to the livestock industry," Mr. Claassen said.

Directors Meet

The Federal Land bank of Omaha, will loan approximately \$18,000,000 this year, according to John Carmody, secretary. The bank made \$16,750,000 in loans during the first ten months of 1928, and now has more than \$163,000,000 in loans.

Directors of the bank met recently. They were to discuss the placing of money in the reserve, and the annual dividend.

Forty Years Old

The State bank of Elkhorn, Nebraska, was forty years old recently.

The institution was originally or-

ganized as a private bank and began business November 5, 1888, by J. M. Bruner and B. B. Baldwin.

On June 15, 1909, it became a state bank and continued under the management of Messrs. Bruner and Baldwin until April 15th, 1915, when it was purchased by the late Otto H. Schurman of Fremont, the late J. N. Wyatt, E. A. Schurman and J. A. Gibbons.

Mr. Wyatt was president of the bank until his death about 18 months ago, with E. A. Schurman as cashier. On the death of Mr. Wyatt, Mr. Schurman became president. Otto H. Schurman sold his interest a few years before his death in March, 1927.

Will Resist Guaranty Assessment

BANKERS, and the people of Nebraska generally, now recognize that one of the most important problems facing the state legislature when it meets in January, if not, indeed, the most important problem of all, is that connected with the bank guaranty law.

The repeal of the law does not, at this time, seem likely. Both candidates for governor expressed themselves as in favor of strengthening it. At the same time it is recognized that with a deficit of 10 millions in the fund, and with new failures occurring from time to time, that to redeem the guaranty pledge soon, under the conditions of the present law, will be extremely difficult, if not impossible.

The proposal for a general state tax to take up the deficit has been put forward, but has gained little support. At no time in the past was the credit of the state pledged to repay the deposits in state banks managed under the guaranty system.

An early test of the constitutionality of the law is seen in a circular letter recently sent to the state bankers, asking them to join in an injunction suit to prevent collection of the special assessment upon the state banks organized under the guaranty law.

The circular letter was signed by the heads of three of the largest state banks in Nebraska: A. L. Schantz, president of the State Bank of Omaha; Dan V. Stephens, president of the Fremont State Bank; and William Seelenfreund, president of the Continental State Bank of Lincoln.

They resist the special assessment of one-fourth of one per cent, based on deposits, recently announced by Clarence G. Bliss, secretary of the state department of trade and commerce, which would bring to the

guaranty fund a little over one-half million dollars.

No resistance is contemplated, according to Mr. Schantz, to the regular bank guaranty assessment of one-tenth of one per cent of deposits, due on January 1.

The guaranty fund commission has been told by a Chicago auditing company, that a complete audit of the fund would cost \$52,875.

The report of the auditing firm set forth that there are 79 banks which the commission is still operating as a going concern, while 117 other banks have been placed under receivership during its administration. The commission also has charge of 48 other bank receiverships which it took over from the former receiver when the guaranty fund commission was organized in 1923, and which have not yet been closed.

The Chicago firm estimated the cost of auditing each going bank at an average of 3 hundred dollars and each receivership at \$175.

Other indications of the restive attitude of the state toward the bank guaranty law have come from Bridgeport and Verdel. Depositors of two failed banks at Bridgeport decided to ask the legislature to make a thorough investigation of the methods of the guaranty fund. The Bridgeport State bank was closed three years ago, and then was operated by the commission until its assets were sold. Depositors say they have received only 10 per cent of their deposits. The Nebraska State Bank at Bridgeport, which closed last April, has paid 15 per cent, they say.

At Verdel, where the Farmers State Bank was taken over by the commission in July, 1925, and operated for two and a half years before finally closing. Depositors say they have received nothing.



Public Utilities and Customer Ownership

BORN fourteen years ago, as the result of war financing, customer ownership is becoming a full grown child, and the motto of "the public be pleased" has proven its logic, according to a recent report of the National Electric Light Association, covering 1927 and 1928. The report, in part, says:

"Customer-ownership of stocks and other securities of electric light and power companies has continued, during the year passed, to expand in very marked degree," says the report. "This method of financing, which yields a considerable proportion of capital requirements, was inaugurated about the year 1914, and while at first employed by a few companies, was quickly taken up by others and was shortly established as a tried and successful policy which can be adopted confidently by our member companies.

"The past year has seen the lowest rates of return for many years for sound public utility securities of all classes, and has been favorable to refunding and permanent financing of properties for long term periods. It would be expected on this account that the amount of new financing done through junior securities, including customer-ownership stocks, would be relatively less than during years when the market for bonds and lower interest bearing securities has been so favorable. It is, therefore, most encouraging to note that the number of companies selling issues of customer-ownership stocks is larger than ever before, and that the total shares sold during the year represent a large increase over an preceding year, according to the records of your committee.

"The number of shares reported sold during the year aggregate 3,581,206, which compares with 2,686,187 in 1926 and 2,926,271 in 1925, which was the high record up to that time. The number of companies reporting having engaged in this phase of activity up to the end of last year was 228,

Why the principles and practices of customer ownership have proven profitable in this line of business.

whereas this year's report gives a total of 246. The number of new stockholders added during the past year is 249,491, making a total of customer-ownership stockholders of 1,681,768. The total number of shares sold up to the end of 1927 was 16,719,236 shares, including 3,581,206 during the past year.

"Your committee feels that any doubts which may have existed at the beginning of these efforts as to the practicability or desirability of selling stocks and other securities directly to customers, have long since been dissipated by the experiences and records of our member companies as reported. Arguments for the plan would be superfluous. The methods and safeguards, as encompassed in the ten cardinal rules of customer-ownership, drafted by your committee several years ago, have become widely recognized and continue to provide a safe standard of procedure for member companies to follow.

"Scrutiny of the statistics reveals that the shares sold in recent years are not as widely distributed as in earlier years. It is believed that, with more emphasis on sales under the deferred payment plans, the distribution can be further broadened, with greater resultant benefit to the companies and their stockholding customers.

Look First

"In compliance with the recommendation made by the public policy committee to all member companies to support the Better Business Bureau in their fight on the stock swindler, and to disseminate the bureau's slogan, 'Before you Invest—Investigate,' and in harmony with requests frequently voiced by members in various parts of the country, the customer-ownership committee has worked out,

and herewith endorses, a plan whereby the protective facilities of the National Better Business Bureaus and its 42 local affiliated bureaus, with their thousand points of contact for the collection and dissemination of information, are made completely available to all companies having sold, now engaged in selling, or that expect at some future date to sell, stock to their customers.

"The customer-ownership committee has examined thoroughly into the Better Business Bureau movement and has come to the conclusion that its machinery is most practicable for utilization by public utilities in observing No. 7 of our ten cardinal rules:

"Loss of capital by shareholders in hazardous and fraudulent offerings from various sources must be guarded against by the rendering of authentic information and advice to shareholders.

"The customer-ownership committee cannot emphasize too strongly the timeliness of this arrangement with the National Better Business Bureau. While it is possible that a few companies, due either to their own situation or the fact that much good work has already been done by the various local bureaus, may not feel a special need for the Better Business Bureau service, the committee believes that no electric light and power company can afford to withhold its support from the National Better Business Bureau whose general work has now become of such definite value to the customer-ownership program.

Fighting Swindlers

"Since 1914 nearly 1,700,000 customers have become shareholders in electric light and power companies. Not only have they directly invested more than \$1,600,000,000, but also they are in daily contact with our companies as buyers of our service.

"A large amount of time and effort has been devoted to creating this body of customer-owners. It is worth

furthering such effort to retain and protect them. Customer-owners, being essentially investors of small means, having been educated by us to put their savings to work, offer a fertile field for cultivation by swindlers or fraudulent promoters.

"The customer who becomes a utility stockholder is attracted by the security of his investment. Big profits never enter into a customer-ownership sale talk. But the spacious argument of the plausible swindler that his promotion means big profits is sure to find a sympathetic hearing unless the facts about the swindle are made known. If these facts are not disseminated it is certain, in the committee's opinion, that an increasing number of our present customer-owners will sell their utility securities in order to buy questionable stock. Furthermore, this infiltration by the swindler will make it more difficult for utility companies to put on new customer-ownership campaigns."

The ten cardinal rules of customer-ownership referred to are as follows:

1. The sale of the securities must be directed from the company to customer or through an agency expressly created for the purpose and controlled by the company.

2. The safety of the securities offered must be amply protected by property and earnings.

3. A minimum rate of dividends must be provided for insofar as honest judgment based on experience can foresee.

4. A reliable resale market must be maintained in some manner so that shareholders who wish to dispose of their holdings can do so promptly at nominal expense.

5. A partial payment purchase plan must be operative in order to give every customer who can save a small amount monthly full opportunity to become a shareholder, and to encourage thrift.

6. The proprietary interest and

responsibility of shareholders must be emphasized and the shareholders supplied regularly with information regarding their company and its affairs.

7. Loss of capital by shareholders in hazardous and fraudulent offerings from various sources must be guarded against by the rendering of authentic information and advice to shareholders.

8. The number of shareholders must be increased steadily and efforts should be made to avoid large individual accumulations of stock.

9. Employees must be carefully instructed in order that all representations made to customers or others are in line with the facts.

10. Managements must realize that customer-ownership multiplies their obligations to the public and intensifies the trust reposed in them. It does not replace the constant striving for higher efficiency, good service, reasonable rates, courtesy and progressive public relations policies.

Why Consolidations Take Place

THE question of economic benefits arising from mergers has prompted the Sherman Corporation to ask several hundred bankers in 22 states about their views. The replies showed wide variations of opinion. As an indication of the degree to which consolidations have been going on, it was brought out that an analysis of the first 1,000 companies in *Poor's Manual of Industries*, 200, or

one out of every five, was the result of consolidation.

The reasons advanced in favor of consolidation were summarized as follows:

Growth of mass production and mass distribution.

Surplus of physical plant—of brick and mortar, of machines, of equipment.

Necessity of meeting the competition of big business with adequate financial sinews.

Changes in methods of distribution, notably the growth of chain distribution.

The development of advertising.

High cost of selling and distribution, contributing to which high cost are the many duplications of effort and expense where many competitors are attempting to reach the same market.

The complex character of business itself, making it difficult for one or two managing executives of a small company to direct effectively production, sales, merchandising, styling, financing, advertising, etc.

Changes in the character of the consuming public, such as the desire for new styles and new things.

The growth of installment or spaced payment selling, with its requirements for financial resources on the part of the seller.

It was pointed out that competition with its resulting price-cutting tendency, and the Federal laws against "price-fixing" or even price agreement is likely to start executives to thinking of getting together in a merger with the object of finding the strength and economy other consolidations have shown.

The first step in the survey of the opinions of bankers and industrialists who have had experience with mergers and consolidations, or who have been close enough to such experience to give practical opinions and judgments was among commercial and investment bankers. Because in many

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cases, the inquirers were requested not to use names, all the opinions are offered anonymously.

"There are too many people in business for themselves, too many little people," said the president of a Chicago commercial bank. "They never should have been in business for themselves because they were not that kind of people. They should have been a part of an organization and not the organization itself.

"It takes many qualities to make for permanent success in business and very few people have them all. A man may be a genius in advertising and a failure in service, a wonder producer and a poor seller. He may have unusual qualities as an organizer and be a poor financier. His judgment may be all right in five places and weak in one and, since a chain is no stronger than its weakest link, he fails to carry the load. But combine these various qualities into one organization and you have a strong, cohesive business unit."

Some of the conclusions reached by the inquirers, after this first step of the survey are:

Merger in field of industry, offering limited expansion opportunity is economically desirable, if the merger is formed soundly and thoughtfully provided with strong, capable management:

Scientific, preliminary analysis of all the factors in proposed merger is essential;

The personal, human equation is the key factor in a merger and must be dealt with in a way that will assure thorough cooperation and unified control of the merged companies:

If a merger's primary objective is the sale of watered stock to innocents, it is economically and socially subversive;

The potential advantages to be gained from sound merger are today more in distribution than production and perhaps the factor of greatest possible advantage is reduction of selling costs through elimination of duplications in salesmen covering the same territory.

Other advantages proved in degree by cases of successful merger are: Reduction of costs and overheads; reduction of prices to the consumer; broadened markets; the combination of diversified qualities of managerial abilities in a strong, cohesive organization; increased diversity and strength of financial control; subtraction of duplications, whether of production equipment, buildings, overheads, selling costs, etc.; increased net profits.

LAST MINUTE NEWS

(Continued from Page 3)

The business of the Former Garfield bank will continue in the present quarters, and it will be known as the Garfield branch of the Chase National. The personnel will remain the same.

CHICAGO GAINS another huge financial institution through the recently announced consolidation of the First National Bank and the Union Trust Company. Prior to the consolidation the First National is planning to increase its capital stock from \$15,000,000 to \$20,000,000. F. O. Wetmore of the First National, and F. H. Rawson of the Union Trust

will become co-chairman of the consolidated bank. H. A. Wheeler will be vice-chairman, and M. A. Traylor president of the consolidation. The Union Trust Company will give up its present banking quarters.

IN CONTRAST to the record-breaking pace in the stock market, the November bond market was quiet, using the amount of new investment financing as an index. However, the total was the largest of any month since June, and shows a trend toward greater activity. New bond and note offerings in November totalled \$526,184,000, which compares with offerings of \$691,753,500 in November, 1927 and \$426,516,000 in October, 1928.



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November Bond Market Quiet

IN CONTRAST with the record-breaking pace in the stock market, November's bond market was quiet, if the amount of new investment financing is used as an index. The total, though, was the largest of any month since June and shows the trend toward greater activity.

New bond and note offerings in November totalled \$526,184,000, according to the compilation of Lawrence Stern and Company, Chicago investment bankers. This compares with offerings of \$691,753,500 in November 1927 and \$426,516,000 in October 1928.

Tax exempt issues for the first time in a long period led last month's offerings. Large New York City and Federal Land Bank issues helped swell this total. This group and railroads were the only classifications to show an increase over both October 1928 and November of last years. Industrials and public utilities showed an increase over October, but were sharply lower than in November of last year. Foreign offerings were small last month and were less than one-half the total in that group in November a year ago.

The total of all offerings for the

eleven months of 1928 amounted to \$6,034,044,000, compared with \$7,641,161,000 for the corresponding period of 1927. This is a decline of about 21 per cent.

161 Issues

Last month's offerings, excluding tax exempts, included 161 separate issues. This compares with 143 such issues offered in October 1928 and 189 in November 1927. There were 76 major issues of a million dollars or more brought out in the market last month, compared with 67 in October, 50 in September, 20 in August, and 85 in November a year ago.

The weighted (by volume) indices of average yields at offering prices showed an upturn last month and tend to indicate a slight hardening of money conditions in the bond market. The corporate average for the month registered 5.62 per cent compared with 5.52 per cent in October and 5.29 per cent in November last year. This increase was due almost entirely to the large rise in the industrial index to 6.12 per cent from 5.79 per cent in October and only 5.34 per cent in November 1927. Real estate average stayed unchanged at 5.90 per cent. Public utilities, railroad and foreign indices all showed marked upturns when compared with a year ago.

Of the 76 corporate and foreign issues in the million dollar class offered last month, New York investment bankers underwrote 31 totalling \$170,165,000, compared with 28 totalling \$202,723,000 offered in October. Chicago dealers headed syndicates of 23 issues totalling \$85,500,000, compared with 12 issues totalling \$32,750,000 in October. Boston again took third place for the fourth month in succession, followed by San Francisco and Baltimore.

The Lawrence Stern and Company monthly bond review concluded as follows:

"There were no features of particular interest in November's bond market. The volume of bonds traded on the stock exchange fell considerably below the October total, and public attention toward the bond market was limited largely to convertible issues, which registered some spectacular rises, in sympathy with advancing prices on the stock market.

"During the first part of the month, there was a continuation of the institutional buying of high grade issues which was noted in October, but during the latter half of the



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month this buying tapered off and a slight reaction in the price of a number of the high grade, low coupon rate issues was registered. Very little interest was exhibited in the foreign list.

"The most favorable factor noted during the month was the very good reception which was accorded to the fair volume of new issues which were offered. Underwriting houses have, for the most part, priced such issues on an attractive basis, and the new offerings were very readily absorbed.

"Although it is probable that a particularly active bond market cannot be expected so long as the present enormous volume of trading on the stock exchanges continues, the public continues to be favorably inclined to well priced new issues, and the general situation is entirely sound, with a prospect for gradual improvement after the beginning of the new year."

AN ESTATE IS APPRAISED

Soundness of judgment is reflected alike in the manner in which the late Payne Whitney accumulated the largest fortune ever appraised for transfer tax purposes in this state and in the manner in which he provided for its disposal.

In these days of conflicting investment theories, and more particularly of 7,000,000 shares days on the New York Stock Exchange, a special interest attaches to the list of security holdings on which the Whitney estate was build. The latter is striking in two respects.

First, for its comparatively small proportion of bonds as compared with stock; second, for the unusual dearth of poor or worthless securities of either category.

The respective merits of stocks and bonds as media for investment may be and have been argued interminably. The war-time and post-war-time periods of inflation did much to disturb the complacency of the adherents of the "pure investment" theory; the extraordinary prosperity of the United States, in which common stocks have participated to such an amazing extent in increased earnings and values, has done even more to bring about a change of investment viewpoint. Evidences of this trend are to be found on every hand.

The Investment Bankers' Association of America, the "bond man's" own national organization, frankly admitted at Atlantic City a month ago that good *common stocks rightfully deserved a place in the social register of finance*. Investment experts at this very moment are engaged in rewriting

the savings bank laws of the state along lines which will put less of a premium on liens on physical assets and more of a premium on earning power. *All of which means not that bonds are in danger of going out of style, but that income-producing ability is being scrutinized more closely in the study of investments than it ever was in pre-war days.*

The second characteristic of the list of securities included in the Whitney estate, the scarcity of poor or worthless holdings, is peculiarly worth noting at this time. At the moment, thousands, and perhaps hundreds of thousands, of persons throughout the length and breadth of this country,

are "in" the stock market. Some of these are speculators and some are investors. The speculators are dealing on margin, playing tips "straight from the feed box," trading in and out of stocks, never lingering long with a stock that isn't moving. The investors are buying good stocks, paying real money for them, and "sitting with them." It is not, of course, literally true that no margin trader has made money in this market; it is literally true that for every one who has done so there are a hundred who have made much more by the simple process of investing in seasoned stocks and holding them.

If in the published list of holdings

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in this richest of all estates there is one outstanding lesson for the average speculator in securities, it is this: No one is rich enough, no one poor enough, to afford inferior stocks!—*Editorial in the New York Herald Tribune, November 26, 1928.*

Favors Going Interest Rates

In his report on government and farm loan bonds, Arthur H. Gilbert, of Spencer, Trask & Co., Chicago, stated, at the recent convention of the Investment Bankers Association, that recent offerings of treasury certificates bearing interest at $4\frac{3}{4}$ per cent are examples of the department's pol-

icy of accepting the money rate as dictated by the condition of the country.

"It seems undoubtedly wiser to have the treasury adapt itself to the going rates for money," he declared, "rather than to encourage operations by which money rates are kept low in order to permit treasury financing at cheaper interest rates."

DOES BANKING NEED THINKERS?

(Continued from Page 6)

he pays for payroll, for interest, for rent, and for every other important item. Here, for the present, at least, there is a landing field where any fledgling banker may exercise his

wings in the direction of research and constructive thinking.

Too long we have been content to operate banks in pioneer fashion—that is, setting up a bank wherever the impulse may have dictated and carrying it through for better or for worse. The time is long overdue for a more definite and more scientific grasp of the whole problem. There are scores of questions that only the exceptionally experienced and intelligent banker can negotiate. What percentage, for example, should a country bank carry in its secondary reserves? A city bank? Scientifically, what type of securities as to quality and marketability should be purchased for the secondary reserve account? What type for longer investment? What principles, rules, or standards should govern security buying? What reserve should be set up for losses?

What policy should govern local loans? How should these be diversified? What effect should the factor of domination in a community by *one* fundamental industry have upon the policies governing local loans and reserves? What limits, if any, should be set on the amount of the bank's funds placed in this line of business? What is a safe percentage on local loans—on outside loans?

The bank's funds generally include demand deposits, public funds, savings deposits, certificates of deposit, invested capital. What would be a reasonable net profit on each of these classes of funds? Is it possible to fix standard income and expense ratios for banks according to size, location, or other classifications? What is the proper ratio of net profits to earning assets?

What might we accomplish if we could establish a program of more intelligent and cooperative thinking in the banking profession than we have ever had in the past? If each of us would devote just half an hour each day to hard, independent, critical thinking about the banking business, we could, I believe, revolutionize it in ten years, and the American banking system would reach the highest pinnacle of achievement and greatness to which it has ever attained.

Gold

There is gold in the creeks of the Yukon,
And tons in the dirt of the Rand.
There's an untold slew of the dust in Peru
As many a Spanish bully knew.
But the hour-glass holds more in its sand!

—Herbert Kaufman.

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"And yet, if there is any type of risk which needs the services of the best rating bureau in existence, it is the large, expensive farm barn."

Farm Insurance and Farm Property

THE writing of farm insurance, although still beset with difficulties, heavy losses and uncertainty, is showing the results of improved business conditions, in the opinion of F. H. Hawley, president of the Ohio Farmers Insurance company, writing in a recent issue of the Underwriters Review, Des Moines insurance publication.

Linking up the question of farm insurance and farm prosperity, Mr. Hawley, whose company writes a large volume of farm risks, says in part:

"Agriculture itself has been unprofitable in most localities. The question of farm relief, which has been occupying so many columns on the front pages of our newspapers, is of the keenest interest to fire insurance companies, as well as to farmers and politicians, for there is a very definite relation between prosperity on the farm and prosperity in the home offices.

"This is not the proper place for a discussion of the causes of farm depression. It is, however, a well known fact, that thousands of farmers have left the land and moved to cities where they work in factories and stores. The farms are vacant, their buildings are falling into disrepair, and, although many of them are offered as insurance risks, they are bad business for the companies.

"Although farms today combine high values with high hazards, the home offices have few, if any, sources of information regarding specific risks. There are no inspection bureaus, maps

or commercial reports to aid them. And yet, if there is any type of risk which needs the services of the best rating bureau in existence it is the large, expensive farm barn with its many and increasing hazards introduced by modern machinery.

"The modern farmer has an automobile, a motor truck, an electric lighting plan, and various gasoline or electric motors for driving miscellaneous machinery. Besides these are his tractor and supplies of oil, kerosene and gasoline, all of which are usually in combustible buildings or near supplies of extremely inflammable material. The internal hazards of the average large farm barn of today are appalling.

"There is as much reason for individual specific rates on farm properties as there is for special rates on general manufacturing plants or warehouses. However, because of their number and location, it does not seem practicable to produce them.

Effect of Good Roads

"Another important change in conditions on farms has been brought about by the automobile, and this change, because of its effect upon social and economic conditions of the farmers, has seriously modified the farm insurance situation. Good roads and fast cars make it possible for the farmer to go to nearby cities and towns easily, with the result that he spends more and works less. The beneficial results of this development are partly nullified by the bad.

"On the other hand, the farmer who is not served by hard surfaced roads is handicapped and apt to be dissatisfied. He cannot so easily market his produce and therefore, they have no control over production and marketing of their crops. Until they do this the writing of farm insurance is going to continue to be a very difficult and uncertain business.

"There are several factors which combine to make the situation more encouraging. One of these is that agents are realizing that the replacement value of farm buildings should be no guide to the amount of insurance to place on buildings. No building should carry more insurance than the related value of that building to the farm as a whole. This amount often seems very small when compared to the replacement value of the building in question.

"Another important factor in the successful writing of farm insurance is that of making the insured a heavy coinsurer with the company carrying the risk. The local farm mutuals, many of which are successful so long as they operate only locally, make it a point to carry only a fraction of the value of the property covered, with the result that the owner is a heavy coinsurer and cannot afford to have a fire.

Installment Insurance

"A third factor is installment insurance which has been the means of improving the record of farm insurance in many localities. It has several advantages over three or five year

term insurance. In the first place, companies need carry only a small fraction of the reserve necessary for longer term policies. In the second place, farmers can often afford to pay their premiums more promptly, with resulting benefit to the agent. We expect to see more and more farm risks covered on the installment plan.

"The development of rural motorized fire departments also is having a favorable effect on farm and sixth class town insurance. Cities and towns find it impracticable, even dangerous, to permit their fire fighting apparatus to answer alarms in the country. Com-

munity fire engines can, however, be obtained for that very purpose. Properly equipped with chemical pressure tanks, they are of great importance in fighting farm fires when manned by part of the regular, trained personnel.

"This plan is meeting with great success in many points in the Middle West, notable at Medina, Ohio, where the idea seems to have originated.

"Such rural fire departments should have the unqualified support of all companies, whether they are writing farm insurance or not, for all companies are vitally interested in sixth class town property. This is a practical

and definite means by which the fire insurance companies of this country can help to cut down our shameful fire waste.

"Farm property protected by lightning rods has been found to have a much better loss experience than unrodded property. The great difficulty, of course, is to make sure that the rods, even when well installed, will be maintained in good condition. Here again, the conscientious agent can be of inestimable value to the farm writing company by keeping a close watch on lightning rods on all buildings he insures."

Makes Estate Survey

A MOST useful document for promoting estate creation, estate conservation and the actual sale of Life Insurance, is the new LIFE INSURANCE ESTATE SURVEY recently issued by the Trust Department of The National City Bank of New York. It gets down to the important question of family income and *how to provide* it, in such a clear and convincing way that the prospect is very likely to give it the serious consideration it deserves.

This Survey is printed in the convenient form of the usual legal document, similar to the "General Estate Survey—To Assist In Will Making" which was issued a few months ago by this same bank and given wide distribution. It is, in effect, a work sheet, which the insured fills in, drawing his own conclusions from the facts set down. Therein lies one of its chief values.

Its Purpose

On its first page the purpose of the Survey is stated as follows:

- "1. To clarify the relation of your Life Insurance to your entire estate and to the important question of family income.
- "2. To help you arrive at the amount of taxes, administration and other expenses, which your estate may have to pay, and outline the most economical provisions for their payment.
3. To assist you in drafting a plan for the disposition of your insurance estate which will comply with your wishes and assure their faithful fulfillment."

This is followed on page 2 by a chart showing the average estate shrinkage at death, due to taxes, administration expenses and debts. This

chart should prove to be a good selling aid.

Next comes a brief explanation of the form and a few short arguments for its use. For example:

Life Insurance bears such an important relation to your entire estate, to inheritance and estate taxes, and on the even more important question of adequate income for your family, that its careful analysis in conjunction with your estate as a whole is advisable.

"To have an accurate inventory of your estate but a matter of good business judgment and ordinary foresight. It enables you to know exactly where you stand financially. It helps you consolidate your estate and make systematic plans for estate creation which will accomplish your ultimate aims."

There follows a complete digest of insurance policies. This the Bank's Trust Department offers to fill in if the insured will allow it to examine his policies. Lists of securities and real estate are then provided for. When the insured has filled these in he is ready for the next step—the analysis of his estate. His gross assets are set down under seven items, and totaled. His current liabilities come next—four items, and then his estimated eventual liabilities. These are the expenses which will arise at the time of his decrease and include all items of taxation and administration, in addition to the usual "expenses of last illness" and the like. The Bank offers to calculate certain items, which it is a better position to do, as a rule, than is the insured.

Liabilities are then deducted from the total gross estate, leaving the value of the net estate. At this point an important step is indicated. Since

"it is regular income that keeps the family going" the amount they can safely count on can be found only after deducting from the net estate those items which cannot reasonably be expected to produce income, such as one's residence, unimproved real estate, personal property, etc. These are all assets, and help swell the size of the estate, but for income they have no value unless converted into cash and invested. In casting up rough inventories of their estates many men—good business men too—overlook this significant point.

This last deduction leaves the "Net Income—Producing Estate" and the Survey suggests that in figuring the available income therefrom, a rate of not higher than 5 per cent used. This seems to be a sound recommendation.

The next step is "Estimated Annual Expenses of Family—Excluding Self" and "Total Annual Income for Family." "Disposition of Your Insurance Estate" is the last general heading. The terms of the usual insurance trust plan are outlined and the three forms of trust unfunded, funded and cumulative, are briefly explained.

Definite Plan Insurance Urged

"A farmer can be no more helpless predicament than to wake in the dead of night to find his home on fire. Lacking effective means of fighting a fire on the farm, that has made real headway, he can only stand helplessly by and watch his home reduced to smoke and ashes," said R. E. Langdon, secretary-treasurer of the Guarantee Fund Life of Omaha, in an address at a recent meeting of Nebraska agents.

"But even more important than the protection of property by fire insurance is that form of insurance that

keeps the wolf from the farm door after the head of the family passes on. Life insurance, alone of all forms of insurance, has the advantage of being in every case an investment rather than an out-and-out expense. To collect on fire or tornado insurance, the house or barn must burn or be blown away. Every barn doesn't come to an abrupt end through the agency of fire or wind, although many do; but every life must end, and with every life insurance policy there must be a payment.

"In buying life insurance a definite plan should be followed. It is well to provide for the payment of a part of the insurance money in a lump sum on the death of the policy holder. This lump sum payment should be sufficient to cover the expenses that invariably follows illness and death, to pay off pressing and all-important obligations, such as a mortgage on the farm, and to provide the family with sufficient funds to meet their changed condition of life. Beyond this point, ordinarily it is inadvisable to provide the family with insurance money in a lump sum. Where men or women inexperienced in business affairs are left with insurance money beyond their immediate needs, there is too

great an opportunity for unwise purchases or investments. To meet the condition, insurance companies now write policies that provide for the payment of insurance money at the rate of so much a month. In other words, such policies provide for a monthly income which is much safer in the hands of the average person than a sum of money beyond immediate needs."

May Reduce Commissions

Charles F. Hobbs, newly elected Kansas commissioner, has suggested to the hail companies that as one means of preventing a material increase in hail rates for next year they might reduce commissions to agents in the high rate territory. He points out that hail insurance is more or less compulsory in all the territory paying above 6 per cent premium and that it is not a question of salesmanship so much as it is clerical work in writing the policies.

May Increase Omaha Rates

A sharp increase in Omaha fire rates, possibly 30 per cent, is indicated unless the city council in 90 days can give the representatives of the National Board assurances of a

speedy betterment of conditions with respect to fire fighting equipment and the restoration of a full complement of men in the department. Commissioner Westergaard, an insurance man himself, says that the city is certain to be dropped from Class 3, where it now is, unless something is done.

Anniversary Campaign

The United Life of Salina, Kan., conducted a unique anniversary campaign in October and November, and it is continued through December. Richard J. Surface, vice-president and general manager, and James J. Donelan, vice-president, have had experience in agency building. Therefore, they divided the agency force as nearly as possible in order to carry on a contest between the east and the west divisions. The normal monthly production of the United Life is between \$200,000 and \$225,000 a month. During October the agents produced \$547,000. The two vice-presidents believe that with the smaller companies competitive divisions of this kind are stimulating. In the October contest the east side produced \$301,750 and the west side \$245,250.



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ORDINARY LIFE
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20 YEAR ENDOWMENT
ENDOWMENT AT 65
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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.

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PHIL HALL, President
Nebraska Bankers Association



WM. B. HUGHES, Secretary
Nebraska Bankers Association

Second Bank

A second bank will be opened at Laurel, Nebraska, soon if the plans of Ernest McDowell and several large property owners in and around Laurel, organize the state bank now operated by the state commission, materialize. Their plan is to collect the stockholders liability, which, with a resale at the necessary figure, to secure the assets of the closed bank.

As the bank never passed into the hand of a receiver, the capital stock will really be assigned to new people, thus clearing the bank of loss, and enabling it to start with the old deposits which are now unliquidated, back on the books as they were before the commission took the bank over.

Meet in Sidney

Twenty-five bankers, representing all of the financial institutions in Kimball, Cheyenne, Banner and Deuel counties, and known as group 7, met in Sidney, Nebraska, in a special session on call of the president of the group recently. The bankers from several towns in the four counties assembled at the Union Pacific hotel where a banquet was served, following which a business session took place in the directors' room of the American bank.

The meeting was one of the most important held by the group for some time as subjects of unusual interest were on the program for discussion.

Christmas Savings

Omaha banks will pay approximately \$500,000, about December 15, to depositors having Christmas savings

Nebraska News

accounts. The largest amounts to be paid will be at the Omaha National bank, where \$165,000 is on deposit, and at the United States National bank, which has approximately \$100,000 in such accounts.

The Christmas savings account is considered a big factor in the holiday trade season.

Not Enough Signers

The plan advocated by the Nebraska Bankers' association of offering \$5,000 reward for each "dead" bank robber garnered in the state hasn't been approved by a sufficient number of members of the association and maybe never will be, William Hughes, secretary of the association said recently.

To make the plan effective 700 bankers must agree to pay \$7.50 for each dead robber. After several months agitation 681 bankers have signed up, 54 voted against the proposal and 139 were noncommittal.

Hughes is making every possible effort to secure the needed nineteen signatures but said prospects are not very bright, although he believes the proposal eventually will carry.

Seriously Injured

Charles E. Wood, cashier and acting president of the Bank of Talmadge, Nebraska, was seriously injured recently when the automobile he was driving left highway and entered a ditch. His shoulder was crushed.

Mrs. King, another occupant of the car, was hurt, but less seriously. She has been a house-keeper for the Wood family for a number of years.

Mr. Wood attributed the accident to the steering wheel of his sedan which he says became suddenly inoperative. The machine, headed south, before the accident, was headed north after entering the ditch. Although damaged considerably, it was not totally wrecked.

With Creighton National

W. L. Merrick, of Minneapolis, Minn., who came to Creighton, Nebraska, recently to fill the position of cashier at the Creighton National bank, on account of the resignation of George Wright, was not able to continue with the work, and has returned to his home.

The position is now being filled by E. C. Dunkelberg, of Alton, Iowa,

and he has already taken up his duties at this banking institution.

Hold Bank Dinner

A dinner for officers and employes of the Nebraska State bank was held recently at the Hotel Cornhusker in Lincoln. F. E. Beaumont, vice-president presided at the meeting which followed the dinner. A message which was read from Charles T. Knapp, president. Short talks were made by W. S. Battey, cashier; C. W. Battey, assistant cashier; Edith Woodward, assistant cashier; and F. S. Aldrich and Irvin Slattery.

To Get Refund

Ten Lincoln banks and trust companies are to receive a refund of \$52,332.75 in taxes, including interest from date of payment, illegally assessed upon their respective corporate stocks for certain years, according to action taken by the board of education. The action settling a question of long standing was taken upon recommendation of the board's attorney, R. O. Williams and was concurred in by C. Petrua Peterson, city attorney, and George W. Ayres, assistant attorney-general. M. O. Palmer, chairman of the special auditing committee, and Dr. E. W. Rowe, president of the board, signed the warrants authorizing repayment.

The companies involved with the yearly and total amounts of refund follow: Conservation Investment company, 1926, \$214.53; 1917, \$233.46; total, \$447.99; Central National bank, 1925, \$2,422.82; 1926, \$2,722.31; 1927, \$2,253.77, total, \$7,398.90; City National bank, 1927, \$3,621.60; Continental National bank, 1927, \$2,088.56; First National bank, 1925, \$5,837.89; 1926, \$5,851.98; 1927, \$6,275.10, total, \$17,964.97; First Trust company, 1926, \$891.91; 1927, \$2,395.37, total, \$3,287.28; Lincoln State National bank, 1925, \$1,823.64; 1926, \$2,008.61; 1927, \$2,288.46, total, \$6,120.71; Lincoln Trust company, 1925, \$3,476.22; 1926, \$2,077.12; 1927, \$623.56, total, \$2,176.90; Nebraska State bank, \$1,368.20; Normal State total, \$274.48. The difference of \$3,583.16 between this total and the total repayment of \$52,332.75 is the amount that will be refunded as soon as three of the banks and trust companies eligible for refund present the proper affidavits, as recommended by the attorney.

Nebraska Trust Companies

The banking resources of the 24 Nebraska trust companies increased \$2,578,987 in 12 months, bringing the total to \$19,314,173, according to statistics given in the silver anniversary edition of "Trust Companies of the United States," distributed by the United States Mortgage and Trust company of New York. Total capital of Nebraska trust companies is given as \$3,385,700; with surplus and undivided profits of \$1,576,435; and deposits of \$3,043,479.

Sell Fixtures

The fixtures of the Farmers' State bank at York, Nebraska, have been sold. Chairs, desks and counter furniture were purchased by the First National bank at Osceola, for \$1,000, and 100 safety boxes went to A. R. Miller, Columbus, for \$250.

National Bank Resources

National bank resources are approximately \$29,000,000,000, Comptroller of Currency John W. Pole announced recently.

This marks a gain of \$1,711,000,000 in a year.

Other important statistics contained in the report follows:

Loans and discounts, \$15,117,000,000, an increase of \$750,000,000 in a year.

Deposits, \$23,000,000,000, an increase of \$707,000,000.

Time and savings deposits, \$8,310,000,000.

Demand deposits, \$11,186,000,000.

The report embraced 7,676 banks in continental United States, Alaska, and Hawaii.

Merge in North Loup

An important business transaction was consummated recently when the final agreements were made whereby the North Loup State bank became the owner of the assets of the Farmers State bank, North Loup, Nebraska.

The North Loup bank will take over the business at once and will occupy the Farmers State bank building.

In making the merger, the officials of the two banks feel that they are following the policy of the State Department in urging a reduction of overhead expenses in the smaller banks of the smaller communities. One set of officers and one building suffice for the needs of all and in this way banks are enabled to operate with some show of profit, which have not been able to do in the past 6 or 8 years.

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J. C. McCLURE, <i>Vice-President</i>	H. E. ROGERS, <i>Assistant Cashier</i>
T. F. MURPHY, <i>Vice-President</i>	E. E. LANDSTROM, <i>Assistant Cashier</i>
C. F. BRINKMAN, <i>Ass't V.-President</i>	A. L. VICKERY, <i>Assistant Cashier</i>
P. B. HENDRICKS, <i>Ass't Vice-President</i>	V. B. CALDWELL, <i>Assistant Cashier</i>

NATIONAL BANK OF COMMERCE

LINCOLN, NEBRASKA

M. WEIL, *President*

CARL WEIL, *Vice-President*

ERNEST C. FOLSOM, *Vice-President*

BYRON DUNN, *Cashier*

B. G. CLARK, *Ass't Cashier*

Capital \$300,000.00

Surplus \$100,000

Undivided Profits \$100,000

Central Western Banker, December, 1928



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

“**S**TOCK Yards National Service has a significance which is best realized by the many correspondents who have availed themselves of it.

We would appreciate an opportunity to demonstrate it to you.

Stock Yards National Bank of South Omaha

The Only Bank in the Union Stock Yards

THE HARTINGTON NATIONAL BANK, Cedar county's oldest banking institution, went into receivership November 14. W. H. Allen of Kansas City has been appointed receiver. C. M. Jones, sr., president, said slow paper on farm loans had forced the closing of the bank, and he was doubtful whether the bank, whose assets were formerly 500 thousand dollars, could salvage much.

JOHN W. BENDER, who helped organize the First National Bank of Humphrey, Neb., and who was vice president of the bank from its beginning, died, recently. He served two terms in the state legislature.

C. J. CLAASEN of the Peters National Bank and Trust company, and of the publicity committee of the Nebraska Bankers association, has received from Ernest S. Coats, a farmer of Valley county, Nebraska, a letter urging Nebraska to advertise its resources, in order to prevent farms being abandoned, and to stimulate business. He spoke of meeting Nebraska, Iowa and Dakota farmers on a trip to California, all of whom were planning to return to their farms in the spring.

“There must be some prosperity on the farms if a farmer and his wife can spend from five thousand to two thousand dollars on a trip and have possibly the same amount invested in an auto, besides owning a modern residence and up-to-date farm buildings at home,” he writes. “For one, I am proud of my occupation as a farmer, and do not relish being held up as subject to the need of government aid.”

A. E. ANDERSON, state and federal crop and live stock statistician, upon receiving his regular reports from Nebraska bankers, announced at Lincoln that while shipments of stocker and feeder cattle into the state in July, August and September were nearly double what they were in 1927 during those months, the late movement is expected to be below that of a year ago, and winter feeding operations will be reduced.

During the three months named, 132,419 cattle were brought into the state, against 69,000 the previous year. Sixty-five Nebraska bankers reported sufficient corn for all feeding operations and 90 bankers said there was enough hay and forage. Bankers report only 83 per cent as many locally produced cattle were held for grain feeding as compared to a year ago.

News of the Omaha Stock Yards



Attend Chicago Show

South Dakota was represented at the International Live Stock exposition, Chicago, by 50 of its boys and girls, by some of its best live stock and its best crops products, and by two college student judging teams.

Feeds Ensilage

S. F. Whitcomb, veteran stockman of Osage, Ia., who for many years has been coming to the Omaha market every fall to buy feeders, was on the market recently and took out three loads of good quality Hereford yearlings. These young cattle will be wintered on hay, silage and a little corn and fed out next summer on pasture.

Ensilage plays a big part in Mr. Whitcomb's feeding operations. "It is the cheapest feed there is for wintering cattle," he says, "and you can feed any sort of dry roughage with it, even straw. I have two 16x45 silos and should build another one. This year I cut up nearly all my corn and am stacking it so that I can refill my silos later if necessary.

"Not as much feeding is being done as in most former years. We had a good corn crop, and the present price of corn there is not over 55 cents a bushel. There isn't much moving, but that is the price the elevators are paying for what comes in, and they are begging feeders to take it off their hands. Most of the men who are feeding seem to have all the corn they need.

Dairy Meeting at Benson

Mr. M. L. Flack of the State college and H. J. Young of the National Portland Cement association addressed a meeting of dairymen and others at the town hall in Benson in Omaha, Thursday evening, December 6.

Mr. Flack, who made the trip to England last summer with the na-

tional champion dairy judging team, gave an illustrated talk on European dairying. Mr. Young talked on "The Use of Concrete on the Farm."

No Cattle Shortage

"There isn't a cattle shortage in our section of the country from the looks of things at the present time," remarked Jacob Raskob, well known feeder of Sturgis, S. D., and a cousin of John J. Raskob, chairman of the National Democratic committee, who was on the Omaha market last month.

"I would venture to say there are even more cattle being held through this winter than last. We had a splendid hay crop this year and with corn making a fairly good yield for our country most everyone is holding a moderate number of cattle. Besides these there are a good many hogs all through my neighborhood, both fat hogs and pigs. A couple of weeks ago there were 16 loads of hogs shipped out of Sturgis in one day.

"We aren't in a corn raising country, but it seems that farmers are putting in a little more each year. Most of it this year made around 25 bushels to the acre on an average and the quality of it is very good. The cattle I marketed this time were run in the cornfields a couple of months and were doing nicely, but I feel that I would have been far better off if I had shipped them to market the first of October with the rest of my stock."

Acted as Judges

Dr. F. D. Keim and Prof. H. J. Gramlich, both members of the Nebraska University faculty, acted as judges at the world's greatest showing of livestock, hay and grain, the International Live Stock Exposition and the International Hay and Grain Show at Chicago.

Dr. Keim was asked to serve on the corn committee for the International Hay and Grain Show. This committee judged the corn entered in the show.

Corn entered from Nebraska was in division three which included the corn from the western corn belt states.

Prof. Gramlich was asked to judge both fat and breeding classes of Red Polled cattle.

The work of Prof. Gramlich and Dr. Keim, as well as that of the other judges began Saturday, December 1, the opening day of the show, and consumed the major part of the following week.

Dairy Work

Fourteen of the twenty-seven herds in the Douglas county Nebraska dairy herd improvement association now average 300 pounds of butterfat per year for each cow, according to the last monthly dairy herd association letter.

The Douglas association, now through its fifth year has shown a steady improvement in production of the cows. The 300-pound butterfat herds numbered only three the first year, five the second year, and rose to eight during the third year. The number remained the same for the fourth year but increased to 14 during the fifth year.

This remarkable increase is due, probably, not only to the selection of better animals, but also to the fact that the number of members using balanced feeding rations has constantly been on the increase. During the first year only ten of the farmers used balanced rations. Seven additional ones adopted the use of rations during the second year, and within another year 19 farmers were giving their cows properly balanced feeds. This number rose to 20 in the fourth year, and 22 in the fifth; in other words, four out of five of the present 27 members feed balanced rations.

Besides this report, the dairy herd improvement association letter contains other news stories about the various dairy herd improvement associations over the state. It is published monthly by M. L. Flack, state extension agent, dairy husbandry, and J. T. Pierson, assistant to state extension agent. Other features in this number are: "Cow Testers Short Course Successful" "Calf Scours," "Registering Purebred Calves," "Identification for Jersey Cattle," and "Association News."

Oklahoma Wins

The Spoor trophy, a bronze bull, has become the permanent property of the Oklahoma A. & M. college stock judging team.

The five members of the team made a score of 4,567 out of a possible 5,000 in the contest at the International Live Stock Exposition in Chicago. Twenty-three United States and Canadian colleges participated. By winning first place for the third time the trophy now becomes the property of the school. Four other schools had won two legs on the prize—Iowa State, Texas A. & M., Purdue and Nebraska.

Ginevere Francke of Lincoln county, Nebraska, took first place in the room decoration competition.

Sends Boy to Chicago

Arthur Holst of Waterloo, Nebraska, was awarded the trip to the National Club congress and International Live Stock show offered by Walter W. Head, president of the Omaha National bank, for the best record in pig club work in Douglas county this year.

Arthur's record of results and story submitted with his final report was especially well prepared. He has been a member of the Platte Valley

So wand Litter Club for two years and has not missed a single meeting of his club.

Arthur raised a litter of eight Spotted Polands that weighed 2,160 pounds at the end of the 210 days when the project closed.

Madison County Winners

A draft has been received for \$8,583.05 from the Ak-Sar-Ben show in settlement for the sale and premiums on calves from Madison county that were shown and sold at Omaha. This covers sale price, premium winnings and specials. In addition, \$55 in specials was received direct from the Hereford Breeders' association. Arland Schmitt of Madison received the largest check for one steer which was \$484.80 for his 1,250-pound Reserve Grand Champion steer "Tunney." This was a Hereford calf, bred by E. O. Reeves of Battle Creek. Arland bought this calf about a year ago for \$55. Jerome Jacobson of Newman Grove had the second highest check which was \$329.67 for his reserve champion Angus who sold for 33 cents. Neola Nedson of Newman Grove was third with \$254.52 for her Hereford steer that sold for 21 cents. Lorraine Schmitt of Madison was fourth with \$234.56 for one steer and \$234 for another steer. Clyde Fender of Meadow Grove, and Roy Snider, of Tilden, each had calves that were dropped in January, 1928, both sold for \$16.75 cwt. Clyde's calf sold for \$108.87, Roy's calf brought \$92.62.

Live Stock By Truck

For the first time this year, receipts of cattle by truck failed in November to exceed those of the corresponding month of 1927. This was in line with the large decrease noted in total cattle supplies for the month.

However, the truck movement showed a substantial increase, losses in cattle and calves being more than balanced by gains in the truck arrivals of hogs and the number of sheep and lambs trucked and driven in. The increases are all the more

remarkable from the fact that unsurfaced country roads were in bad shape the first half of the month, and indicate to what a large extent the ever widening network of all-weather roads that spreads out of Omaha is making farmers and stockmen independent of weather conditions.

For the year to date truck receipts of cattle are almost 50 per cent heavier than for the first 11 months in 1927, and the gain in truck receipts of hogs over a year ago amounts to almost 60 per cent.

The official receipts by truck for the past month as compared with November a year ago are shown in the following table:

	Cattle	Calves	Hogs	Sheep
Nov., 1928	10,614	3,397	66,856	51,183
Nov., 1927	13,102	3,492	42,659	40,413
Inc.	2,448	95	24,197	10,770
Dec.				

Wants Corn Held

Edward Severs, manager of an elevator at Barneston, Nebraska, who, some weeks ago, started a movement among the corn growers to hold the crop for better prices, reports that he is finding backing from farmers everywhere. He presented his plan at a meeting held in Beatrice, recently, and at one in Lancaster county in Lincoln. H. G. Keeney, head of the Farmers' Union of Omaha, and K. J. C. Knight, head of the equity association at Kansas City, addressed the Beatrice meeting in the evening, and urged support of the movement.

Mr. Severs says that market conditions lend themselves to the plan of holding corn and forcing higher prices. He says he wants the feeders to protect themselves, and that if they know in advance what corn will cost them they can figure whether there is profit in the feeding operations.

His proposal is to put the price of corn at \$1.10 at Chicago or 92 cents at local shipping points, which is the price that about a fourth of last year's crop brought. Mr. Severs says that these county meetings are merely the start of a movement that will

The First National Bank OF LINCOLN, NEBRASKA

Established 1871

OFFICERS

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

CAPITAL & SURPLUS

\$1,050,000.00

ASSETS OVER \$14,000,000.00



CORONA FOUR
Standard Four Bank Keyboard
—Wide Carriage

TYPEWRITERS AND ADDING MACHINES

EVERY MAKE—LARGE OR PORTABLE

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

F. J. WEISS

GEO. F. PINNE

Central Typewriter Exchange, Inc.
1912 FARNAM ST. (Established 1903) OMAHA, NEBR.

extend over the entire corn belt, a state meeting to be the next step following county organization. Government credit will be secured in order that the movement can be made successful.

Short Courses

Several men have entered the dairy manufacturing short course at the Nebraska college of agriculture, the first of the winter short courses outlined for 1928-29. They will spend six weeks in the creamery at the college learning by actual experience.

As in previous years, the auto-tractor short course will be given three times. The first session starts Dec-31, the second Jan. 28, and the third Feb. 25. Each course is complete in itself and four weeks long. Only twenty-five men are allowed to enroll each time. Half that number have already signed up for the first session.

Two other dairy short courses are offered, one for creamerymen, January 14th to 26th, and the other for ice cream makers, January 28 to February 2d. Technical training will be given in the laboratories and the creamery of the dairy department.

The annual poultry short course is scheduled for January 22nd to 25th and will cover the practical problems of the farm and commercial poultry

producer. Selection, management, feeding, equipment, and marketing of chickens and turkeys will be discussed and visits will be made to the practical poultry plant of the college.

Registration is required in each of the courses. Fees are nominal. Those who attend must be over 16 years of age.

Moves to Lincoln

The First State bank of Bethany, Nebraska, moved recently to quarters on the first floor of the Sharp building at Thirteenth and N streets in Lincoln.

For some time preparations for the housing of this bank have rapidly progressed and complete equipment is in place ready to care for the needs of the bank's customers.

Henry Heiliger, president, has been in the banking business for nearly a quarter of a century. For fifteen years he was president of the Bank of Plymouth and for eight years president of the First State bank of Bethany. He also served two terms in the Nebraska legislature.

Resigns

W. O. Larson, assistant cashier of the Rising City, Nebraska, bank for several years, has severed his connection with the bank and is succeeded

by Wayne Drawbaugh, employed in the bank for two years.

Organize Security Company

With an authorized capital stock of \$100,000, the Miller Allied Securities company has been incorporated by a group of prominent Columbus, Nebraska, men to do a general business in real estate, insurance, abstracting, loans, investment banking, guardian, administration, securities and other associated lines.

The new corporation is headed by A. R. Miller, as president, and is, in effect, the outgrowth of the loan and securities business which he established individually after selling out his interests in the First National bank three years ago and in which his son, Leonard S. Miller, has been associated with him since last June.

Use Sound Investments

Eastern investment bankers are advising their customers to put a larger proportion of their funds into sound investments, according to A. C. Potter, senior partner of Burns, Potter & Co., on his return to Omaha from New York City. Mr. Potter attended a meeting of the Omaha & Council Bluffs Street Railway company bondholders protective committee while in New York City.



To All
Our Best Wishes For A
Prosperous New Year

LIVE STOCK NATIONAL BANK

Union Stock Yards

OMAHA

BOND INVESTMENTS

Write for Our Attractive List of Carefully Selected Bonds

South Dakota News

TWENTY-THREE BANKERS from Lincoln County and the towns of Alcester and Beresford in Union County organized the Sioux Valley Bankers Association in a recent meeting in Canton. A pheasant dinner was provided by the Canton bankers. The following officers were elected: President, G. J. Moen, president First National Bank, Canton, and Secretary, E. N. Dean, cashier of the Farmers State Bank of Canton. A second meeting was held later to adopt a definite program to be followed.

THE BROWN COUNTY Bankers Association met recently for a pheasant dinner. The chief subject for discussion was the possibility of calf club work for Brown County girls and boys. Addressess were given by W. S. Given of Britton, chairman of the Agricultural Committee of the S. D. Bankers Association, and by County Agent Nichols of Marshall County, both of whom related the successful experience in calf club work promoted by the Marshall County Bankers Association, in co-operation with the County Agent. The Association voted to request the Executive Council of the S. D. Bankers Association, to investigate the feasibility of offering rewards for bank bandits as one method of preventing future increase in crime against banks.

THE SOUTH DAKOTA Bankers Association has mailed to its member banks a series of six better farming advertisements. Three days after these had been mailed out, returns had been received from country banks in about a dozen counties accepting the series and indicating that they will use them. Most of the banks request that another series be sent early next year.

GEORGE JEFFRIES, who was sentenced from Stanley County in 1925 for the robbery of the Fort Pierre National Bank, was unsuccessful in an application for a pardon from the South Dakota State penitentiary.

R. E. DRISCOLL, president of the S. D. Bankers Association called a joint meeting of the Executive Council and the Legislative Committee to be held in the Marvin Hughitt Hotel at Huron on December 1 and 2. Bank taxation was to be the chief subject for discussion.

THE DECEMBER NUMBER of the S. D. Bankers Bulletin asks member banks whether they favor the Association offering rewards for apprehension and conviction of bank bandits. The publication calls attention to the fact that while up to the present time S. D. has had an enviable

record for its comparatively small number of crimes against banks, future conditions might make it necessary for the Association to adopt more drastic protective measures. The organization does not at this time offer rewards for information leading to the apprehension of bandits. In asking the S. D. bankers for their opinion on the subject, the Bulletin urges them to bear in mind two things: "Your bank may be next,—and the bandit who sticks a gun in your face is a potential murderer." Bankers are also requested to express their opinion on the following question: "If the Association should adopt the system of rewards, would you favor a dual plan—one reward for information leading to arrest and conviction of bank bandits another reward twice as great for bandits taken dead or alive?"

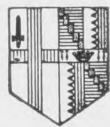
WHETHER or not further litigation seeking to recover tax money paid on capital stock assessments by South Dakota banks will be pressed following the adverse decision of the United States supreme court in the appeal of the Security National Bank of Watertown is a question which must await receipt of the high court's decision. Attorney Perry F. Loucks of Watertown, Chief counsel for the banks, said. The supreme court apparently holds," Mr. Loucks said, "that the banks did not proceed in the right way by filing petitions with the county boards for refunds. If that proves true it is possible further legal action may be necessary," he explained.

The case started two and half years ago in the third circuit court which held that the bank could recover taxes paid on capital stock. An appeal was made to the state supreme court which reversed the lower court, the case went to the United States supreme court on an appeal from the state supreme court.

LENO A. BERG, son of A. L. Berg, president of the Baltic State Bank of Baltic, S. Dak., died recently as the result of injuries received when in the employe of the Northern State Power Company, of which he was superintendent for the Marion branch. He is survived by a widow and five children.

THE CITIZENS STATE Bank at Garden City was destroyed by fire on November 24 with a loss estimated at \$20,000 covered by insurance. The fire started in a garage adjoining the bank.

ARTHUR R. JOHNSON, cashier Brookings County Bank at Brookings, S. Dak., has been appointed secretary



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 *Mauvetania*, and a foreign branch office at 196 Piccadilly, London, specially equipped for the use and convenience of visitors in London.

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

MIDLAND BANK
LIMITED

HEAD OFFICE: 5 THREADNEEDLE STREET, LONDON, E.C.3

of Group 4 of the South Dakota Bankers Association, by President C. H. Lockhart of Watertown. The former secretary-elect, E. R. Johnson resigned his banking position at Brookings to resume work with the Federal Reserve Bank.

CANDEM RAYBURN, vice president of the National Bank of Huron has been elected recently by the South Dakota State Fair Board as treasurer. C. L. Chase, cashier of the Farmers & Merchants State Bank of Willow Lake was named vice president and T. L. Frick, president of the Farmers & Merchants State Bank of Yankton was re-elected president of the Board.

THE FIRST STATE BANK of Volga has taken over the business of the Farmers Security State Bank of Ahnberg, a sound institution but without sufficient business to warrant its continuance.

IRA A. MOORE, vice president of the Minnehaha National Bank of Sioux Falls, and chairman of the Public Relations Committee of the S. D. Bankers Association, gave a radio talk on banking as a business over station WNAX at Yankton recently.

MONT HERRICK, formerly employed by a Crosby, Minn., bank, has accepted the position as bookkeeper with the Farmers State Bank of Faith.

LEGAL DEPARTMENT

(Continued from Page 4)

nor tenable. It amounts to a fraud upon the depositors, stockholders, and the public, to agree that the obligation which the party assumed was, in fact, not an obligation. It amounts to a fraud upon the depositors, creditors and stockholders of a bank and a fraud upon the public, because it gave assurance that the assets of the bank

were sound. Having given the note with the avowed object of having it appear as an asset for purposes of examination, the maker is estopped from asserting a secret understanding that he was not to be held liable. The law will not countenance contracts that are against the public good, and therefore forbidden by public policy.

It is well established that a bank cashier or president has no authority to promise a person executing a note to the bank that the maker will not be required to pay the note, and such a promise, if made, is not binding upon the bank.

GETTING OUT FROM UNDER THE KANSAS GUARANTY LAW

(Continued from Page 8)

against the fund still unpaid, are estimated at anywhere from six to eight million dollars. Thus the Kansas experiment goes into history.

One of the most prophetic utterances made on the Kansas law, which has been borne out by history, was made in 1909 by the president of the Kansas Bankers Association that year, President W. M. Peck, of Concordia, making this comment:

"In Kansas we have had our grasshoppers, our long, unbroken droughts, our bewhiskered Peffer, our Mary Ellen, our Carrie Nation, and now have the latest and greatest of them all, our bank guaranty law.

"With its politics, perhaps, we should not concern ourselves, for we all know that schemes are often concocted by men who know better, simply to get votes for the purpose of maintaining office and power. The name itself is delusive and false. There never was a bolder case of false pretenses perpetrated upon the people of the state than giving the name of guarantee to that act. There is not guarantee or strength enough in the

law to entitle it to be called by that name. We bankers might just as well ask our customers to attach a two cent stamp as collateral to a loan of \$50 as to tolerate this law. That the people think they want it, I hold to be no excuse for their legislators who well know that its final end will be worse for them.

"This law raises no funds to speak of to guarantee any bank only in good times when there are no failures, but does create a perpetual assessment of a small amount that would not pay the interest after a crisis and the fund never would recover from its depletion. While there is a provision in the law which allows a bank to get from under by advertising for six months its intention to do so, providing all losses are paid at that time, a repetition of the experiences of 1893 would involve the banks so deeply that they never could get away from the annual assessments.

"If the law is not checked in its early childhood, great will be the calamity in its downfall which will surely come and to the stockholders who are doubly liable for the debts of their bank it will be a never ending curse."

Talks to Secretaries

Omaha's greatness lies in its agricultural setting and its trade territory, said Walter W. Head, president of the Omaha National Bank, in a recent address before the Nebraska Association of Commercial Organization Secretaries.

Mr. Head said that Omaha was as much dependent on the smaller cities in its trade territory as the smaller cities are on Omaha.

You Tell 'Em

"What's an operetta?"

"Don't be dumb—it's a girl who works for the telephone company."

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.....	\$103,069,600
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

Not a Candidate

Roy L. Bone, Kansas State Bank Commissioner has announced that he is not a candidate for reappointment to the position at the end of his four-year term ending March 31, and that he will not accept an appointment. His decision came as a surprise to many bankers of the state, who had given no thought of a successor for the position.

Retires

The active vice-president of the Downs, Kansas, National Bank, Dr. Monte Gants, has retired from active service. It is reported that Dr. Gants will purchase the business of Dr. Niernberger, but will also retain his financial interests in the bank.

New Cashier

Gene Michie has resigned as cashier of the First State Bank of Cherokee, Kansas, and is planning to move to California. His position will be filled by W. H. Wallace.

Dies at Holton

A death at Holton, Kansas, recently was that of Frank M. Wilson, cashier of the Bank of Soldier. The state bankers were convening in Holton, and Mr. Wilson was in that city attending the convention.

Meet in Neodesha

Members of the Wilson County Association met recently in Neodesha,

Kansas. Officers elected for the coming year are as follows: T. J. Cooper, of the Wilson County Bank at Fredonia, president; G. C. Pitney of the Neodesha National Bank, vice-president; and F. W. Rettig of the Citizens State Bank of Fredonia, secretary-treasurer.

Consolidation

The consolidation was announced recently of two banks in Clearwater, Kansas, the State Bank and the Home State. S. C. Bishop and R. M. McKee remain as president and cashier, respectively.

Merge in Douglass

The State Bank of Douglass, Kansas, and the Exchange Bank of the same city have recently merged. A. G. Steinberf, formerly cashier of the Exchange State will continue as cashier of the combined institutions.

Portion Accounts

The member banks of the Lawrence, Kansas, Clearing House Association have formulated a plan whereby the three large accounts of the city will be apportioned among the three banks of the town.

Dies at Atchison

Frank Millick, president of the State Bank of Lillis, Kansas, and a director of the Citizens Bank of Centralia, died recently at Atchison.

Meet in Altamont

The Labette County Bankers Association held their regular quarterly meeting recently at Altamont, Kansas. The attendance was excellent, and the officers and directors of the Labette County State Bank were the hosts for the occasion.

Elected President

G. C. Pitney, who has been cashier of the Neodesha, Kansas, National Bank for the past sixteen years, was recently chosen president of that institution. Mr. Pitney succeeds the late A. M. Sharp.

Twenty-five Years Young

A celebration commemorating the twenty-fifth anniversary of its founding was held recently by the Home State Bank of McPherson, Kansas. The bank was founded in 1903, and its president, Mr. Harms, has been with the institution since that time.

Adopt Charge

The bankers of Miami County, Kansas, met recently at Louisborg. The principle business transacted was the adoption of a service charge to go into effect January 1, 1929.

Godfrey Schirmer Dies

Godfrey Schirmer, president of the American National bank of Denver, German consul in the Denver district and director in several large business organizations, died recently after an illness lasting twelve days and at first diagnosed as influenza.

He was in his sixty-fifth year and was active in business and appeared in his usual good health. His death came as a great shock to the business community and to the numerous intimate friends he made during more than forty years of business life in Denver.

New Interior

The interior equipment of the new First National bank of Cannon City, Colorado, is fast being installed.

The attractive marble panels and cageless teller's counters have been installed and are now being fitted up.

This equipment is an innovation in the west and is of as much interest to bankers as it is to the general public.

Needless to say that when fully complete this banking institution will be one of the most modern.

Blessed is the man who has the art of making friends, for it is one of God's gifts.—Hughes.

My companion, my guide, and mine own familiar friend.—Psalter.

Why take chances on Daylight Holdups

and losing your securities, besides having you and your customers locked in an air tight vault when this all can be prevented by installing one of the new Yale Day and Night Time Locks

This new type of lock will give you a service that your regular time-lock can not and your reserve cash and other securities can be always had in a few moments should an emergency arise. The large brass disc in your window will warn any holdups that you are fully protected by a Day and Night Timelock.

Day and Night Timelocks installed on Vault Doors protects against burglary attack. Should the combination lock be pried off by yeggs, the Day and Night Timelock will keep them out. No unsightly or cumbersome devices, no door covered with wire or string, nothing to cause trouble or lockouts, and you can not be locked in your vault by holdups. Also installed upon Safes, Reserve Chests and Lockers.

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Colorado News

Mail Xmas Checks

Persons who saved in Christmas savings accounts maintained by three Boulder, Colorado, banks were rewarded when the banks mailed the annual checks.

The Mercantile Bank and Trust company mailed \$18,000 in checks, the Citizens National bank \$8,000, and the Boulder National bank \$5,000.

The three banks now are starting 1929 Christmas savings accounts and invite all to join.

Vice-President

W. C. Kurtz, of the firm of Biggs and Kurtz, and a director of the Grand Valley, Colorado, National bank, was elected vice-president of that institution at a recent meeting of the board of directors. In this capacity Mr. Kurtz will succeed the late Beman C. Fox, who had served the bank as vice-president for a number of years past.

William Weiser is president of the bank, Mr. Kurtz, vice-president, and William J. Moyer, chairman of the board.

Meet in Canon City

Fifty members of the Fremont County Bankers' association met recently at the Strathmore hotel in Canon City, Colorado. Hon. Alva Adams, of Pueblo was the principal speaker of the evening. Other addresses by prominent men were given.

The employees of the member banks and their wives from both Canon City and Florence were guests of the association. A banquet preceded the program.

President Dies

J. N. Steichen, 58 years old, president of the First National bank of Genoa, Colorado, died recently following an operation for appendicitis. Pneumonia is said to have been the cause of death.

Mr. Steichen is survived by his wife and two daughters, Mrs. Charles

Stramp of Genoa and Mrs. A. F. Drulinger of Hickman, Calif.

Million Resources

The resources of the four banks operating in Holyoke and Paoli, Colorado, showed a total of over a million dollars, according to the published statements of the four banking institutions recently. Deposits are on the increase and far exceed the loans.

From the published statements, the total of deposits reaching close to the million mark, or \$959,384.79. To this might be added the value of the various banking houses and fixtures. A total of \$59,590 which would make a grand total of \$1,018,974.79.

Deposits Gain

Pursuant to call of the State Bank Commissioner, The Colorado Bank & Trust Company of Delta has published a statement showing total resources of in excess of one million dollars, which is a gain of one hundred fifty thousand dollars over a year ago at this time.

Change Ownership

Announcement has been made of the change of ownership in the control of The Farmers State Bank of Peyton, Colorado.

The entire interest of Mrs. Emma B. Herzberger, and of a few minority stockholders has been purchased by F. F. Hartman, J. O. Phillips and A. L. Pieper.

Mr. Hartman, who assumes the duties of president of the bank, has long been known in the Peyton and Eastonville communities, as a stockman and rancher.

Mr. Phillips, who becomes vice-president has lived in the Peyton community, as a farmer and rancher, for 22 years.

The active management of the bank will remain in the hands of A. L. Pieper, cashier.

Christmas Savings

It will be a merry Christmas in Denver, Colorado, if one is to judge from the figures announced by the various banks. More than \$903,000 was distributed by nine banks in the city.

And while Denver is receiving nearly a million dollars to spend during the holidays, members of Christmas clubs throughout the nation will get more than 550 million dollars.

The amount each Denver bank will distribute follows:

United States National.....	\$250,000
Colorado National.....	200,000
American National.....	110,000
First National.....	5,000
Denver National.....	90,000
International Trust.....	82,000
West Side National.....	40,000
Central Savings.....	70,000
South Broadway National.....	16,000

The Christmas Savings club is an American institution, established by the American people, and has a membership in excess of 8 million. More than 8,000 banks in the United States have clubs.

It has been estimated that the Christmas club idea has in itself created 10 million permanent savers.



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Resources Exceed
\$450,000,000.00

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Central Western Banker, December, 1928

Capital Values In Farming

(Continued from Page 12)

farm operations and declining capital value of land. The answer lies in the application of the income figures to the investment values for the corresponding periods. Indicated returns on capital value are thereby arrived at as follows:

Crop Year	Return on Total Investment	Return on Operators' Investment
1919-20.....	6.3%	5.7%
1920-21.....	5%	(-)4.2%
1921-22.....	1.2%	(-)2.3%
1922-23.....	3.2%	1.2%
1923-24.....	3.5%	1.6%
1924-25.....	4.4%	3.2%
1925-26.....	5.2%	4.3%
1926-27.....	4.2%	2.7%

The trend has been persistently upward since 1921-22, excepting 1926-27. However, it is not until the high point of the recovery of farm earning power is reached (1925-26) that an adequate rate of return on capital value is found to support a stabilization level. Even here is found a return from farm operations lower than the prevailing rate for mortgage money which means that farms can be bought and mortgaged for part of the price only on the unattractive basis of carrying the interest charges by a contribution from earnings of the equity investment.

What is the situation today? Similarly comprehensive statistics for the period since the 1926 harvest are not at hand. The Department of Agriculture, however, has published the results of its 1927 annual survey of

about 15,000 farms which returns in the past have shown a close relationship in trend to the reports on the whole industry. This report indicates for the 1927 harvest a return to the 1925 peak. For the 1928 harvest studies of volume and price level indicate an increase of about \$500,000,000 in crop values over 1927. Furthermore it is felt that because of the wider use of modern machinery and the continuing liquidation of his indebtedness, the farmers' 1928 income has been bettered more than the increase in crop values would suggest. Without attempting to evaluate this latter consideration, an appropriation of 1928-29 crop year total farm income may be set down as \$500,000,000 in excess of 1925-26 returns. The figures then are:

Crop Year	(In millions of dollars)	
	Net Income for Total Capital Investment Value	Net Income for Operators' Capital Investment Value
1928-29	3,500	1,900

Since there has been apparently no substantial change in capital values, the 1926-27 figures may be used. The 1928 harvest returns on capital values are then:

Return on Total Investment	Return on Operators' Investment
6%	6%

which means a return on capital values, at the levels used, that establishes a profitable, equity investment in the farming industry. The revival of interest in farm lands is accordingly explained. Farm lands in the United States are selling today, in terms of the pre-war dollar, at 80 per cent of their 1912-14 values.

How Safe Is Your Safe?

(Continued from Page 11)

One was a solid gas and the other was a liquid gas of the chlorpirine type that was quite effective but liable to leakage and breakage and at the same time was inclined to be toxic to a greater degree than we felt was safe; therefore, we advised our members as to the results of this inquiry and stated that if they decided to use gas protection we would recommend the solid rather than the liquid gas, all other things being equal.

Later we had an opportunity to test some of this solid gas that had been in our possession for about seven months. *Endeavoring to set it off in the usual way we found that it would not function.* We then lit it with a match and it burned but apparently no tear gas was generated. This evidence of deterioration led us to inquire further and we find that this gas is being sold to police departments, sheriffs' offices, etc., and that the company's laboratories *advise that the cartridges have an "effective life of only one year."*

This statement caused us to think. Many of our banks installed this protective device two years ago or more and we were wondering what amount of protection they had if this gas deteriorates so rapidly. Inquiry among men who are in a position to know, develops the fact that jolting or shaking is one cause of deterioration, and they state that the opening and shutting of vault doors will in time separate the black powder contents of this gas so that it is not in a position to liberate the active element in the gas.

Realizing the possibilities of gas protection and looking for something more substantial in the way of service to our banks we then conferred with the Anakin Company of Chicago, and they are offering a *five-year guarantee on their gas and locks together, backed by a \$500 bond for faithful performance of the function for which these protective devices are sold*, and after the demonstration of the effectiveness of the combination of these two devices in the recent burglary of the post office at Ripon, Wisconsin, we believe

that favorable action can be taken by this department on their devices without danger of incurring unfavorable criticism at a later date. This company is using a very modern product in their gas bomb.

When Locked in Vault

Recent robbery attacks have also created a demand for some means of safety for those who may be imprisoned in a vault by robbers. This demand has been met by the ventilator and vault escape. The vault ventilator has been the choice of some banks, while others prefer to spend a little more to insure their immediate release from the vault. We are quoting Mr. H. P. Michael of the Underwriters Laboratories, Chicago, who states:

"The banker should consider human life, he should not expect his employees to resist the bandit's command if resistance jeopardizes the lives of employees and customers. Do not allow them to be locked in a vault. There are door attachments to prevent just such happenings."

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Hotel Martin

CEDAR RAPIDS

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of the City of New York

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THE BANK STOCK MARKET

BKB—Strong banker, capable of making large investment, can secure presidency of well established bank splendidly located in Mid-western city. Bank old, "clean" and in high standing.

HGB—Investment of around \$50,000.00 secures control, carrying presidency of splendid bank in "two bank" county seat town of 2,500 population. Deposits \$750,000.00. Kansas City territory.

EMA—\$9,000.00 investment purchases fifty shares of bank having \$20,000.00 capital; \$16,000.00 surplus and profits; over \$180,000.00 deposits. Stock carries cashiership at salary of \$200.00 per month. Location—Southern Missouri town of over 2,000 population.

TPB—Bank in modern county seat town of 4,000 population—cashiership at good salary may be had through purchase of 100 shares of stock, reasonably priced.

MMB—Maximum investment of \$20,000.00 will place satisfactory banker of broad experience in leading executive position in bank with good volume and bright future. One of the best of the smaller cities of Kansas.

MCD—Two positions at good salaries can be secured in money making Oklahoma bank in city around 3,000 population. Stock priced at approximately inventory value. Requires investment of about \$25,000.00.

FLC—Investment of approximately \$25,000.00 acquires holdings of largest stockholder in money making Colorado bank in good county seat town in agriculture and live stock territory. Bank has deposits of \$600,000.00. Stock offered carries presidency at annual salary of \$2,700.00.

HGA—Leading bank in Missouri county seat town desires to secure cashier who has necessary ability to warrant his succeeding to presidency in a few years. Deposits over a half-million dollars. Required investment around \$20,000.00.

SMB—Control of National bank in good central Kansas county seat town, carrying managing position, offered at approximately book value.

MRA—Control of only bank in good western Missouri town offered at about invoice value. Bank has deposits seven and one-half times its combined capital and surplus; makes attractive earnings and pays salary of \$200.00 per month. Cashier makes large earnings from "side lines." Requires \$22,500.00. Large Undivided Profits account should be distributed.

HBB—\$20,000.00 acquires 67 of the 100 shares of splendid western Kansas bank, together with modern residence of cashier. This bank has been an especially good money maker for more than 20 years.

HSA—25 shares of stock in only bank in western Missouri town offered at about invoice value. Deposits about \$125,000.00. Good earning power. Salary, \$1,800.00.

GJB—About \$6,000.00 acquires block of stock carrying cashiership of only bank in eastern Kansas town, 15 miles from county seat. Bank earned 17% last year. Salary and side line commissions total around \$3,000.00 per annum.

HBD—Investment of \$9,500.00 secures stock carrying cashiership of profit making bank in central Oklahoma, at salary of \$3,000.00.

HBB—\$13,000.00 buys 61 of the 100 shares of good central Kansas bank in "one bank" town, together with cashier's residence, valued at \$2,500.00. Stock priced about invoice value. Earned 21% last year. Salary \$1,800.00. Annual commissions to cashier about \$1,000.00.

CBA—\$7,700.00 secures stock carrying cashiership of only bank in western Missouri town. Bank earned 12% last year. Salary and commissions about \$1,800.00 per annum.

KOB—\$11,000.00 secures control of only bank in east central Kansas town. Salary \$1,800.00. Commissions about \$600.00. Reasonable return on investment.

For Further Data on Above, as Well as for Information on Many Other Offerings not Here Shown, Address

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