The First National Bank of Omaha, established in August, 1857, as Kountze Brothers, this month celebrates its seventy-second birthday.

When Kountze Brothers was first formed, Omaha was a village of less than 2,000 pioneers. From Omaha started the trail across the prairies to the unknown lands in which thousands sought fortune and adventure.

The founders of this bank had faith in Omaha and in Nebraska. Likewise, the First National Bank of Omaha today has faith in this great state, and it is proud of its record in the progress of Nebraska.

Above all, the First National Bank of Omaha is proud to have served some of its customers for nearly three-fourths of a century.
OPENING last year fourteen offices in this country and Europe, the Chase Securities Company has announced the opening of another office in San Francisco.

PROVING conclusively that a man who knows how to do a job usually gets a chance to keep on doing it, M. Plin Biebe of Ipswich, South Dakota, will again head the protective committee of the South Dakota Bankers Association.

REPORTS from San Francisco indicate that the bankers of that city are making some wonderful plans for the entertainment of members and guests of the A.B.A. Convention there this fall. The California cities certainly know their stuff when it comes to showing visitors a royal good time.

WITH his recent election to the presidency of the New York Trust Company, Artemus L. Gates becomes the youngest bank president in New York City. Mr. Gates is only 34 years old, and a native of Cedar Rapids, Iowa.

BEGINNING his banking career in 1904 as an office boy with the Central Trust Company of Illinois, Edwin L. Read, president of the Sheridan Trust & Savings Bank of Chicago, recently helped that institution celebrate its twentieth birthday. The Sheridan Trust & Savings Bank is the oldest institution in Uptown Chicago. Mr. Read was elected its president in 1926.

SINCE its merger with the Northwest Bancorporation, stock in the United States National Bank of Omaha has risen from $250 per share to $600 per share. The Northwest Bancorporation now has resources of more than $240,000,000.

THE FEDERAL RESERVE Bank announces the appointment of Harris G. Pett as manager of its research and statistics. Mr. Pett succeeds Frank M. Huston, who has resigned because of ill health.

AS AN indication of what good roads can do for transportation investments, motor bus lines in Minnesota during 1928 earned 18 per cent on their invested capital.

WHAT has been characterized as the largest single construction job ever undertaken in Canada is the large-scale building program announced by the Bell Telephone Company. Plans call for a total expenditure of $7,000,000 invested in new long-distance lines between many of the larger cities.

THE FOREMAN NATIONAL BANK of Chicago announces a change of name of its affiliated organization, the Foreman Securities Company. Hereafter the name will be The Foreman National Corporation, and it will begin business with a paid in capital and surplus of $6,000,000, which is trusted for the benefit of Foreman National Bank stockholders.

It is thought this change of name will more closely identify the company with the Foreman National Bank.

JOHN C. EVANS, assistant vice-president of the Union Trust Company of Detroit, has been selected by Governor Green of Michigan as one of five men from that state to go to North Russia to locate and mark the graves of men who lost their lives during the World War. Mr. Evans is treasurer of the Polar Bears Association, comprised of soldiers who served in North Russia during the World War.

JOHN Y. ROBBINS, John J. Greber, Jr., and Harold A. Rich have been made vice-presidents of the Equitable Trust Company of New York and George M. Stoll has been elected assistant vice-president. Messrs. Robbins and Stoll have been with the bank for more than twenty-five years.

C. CARROLL SPEAR, vice-president of the National Surety Company of New York, makes the assertion that each year the American public is fleeced or buncoed, or whatever one wishes to call it, out of approximately $220,000,000. This does not include the thousands of poor investments that are made, but represents only the work of forgers and others.
Essentials of a Well Managed Bank

By W. H. Dressler
Cashier, Stock Yards National Bank, Omaha

The Big Job

The big job in bank management is converting its funds into interest bearing assets. Efficiency in bank management begins at the top and works down, not at the bottom and work up. In the process of conversion there are three fundamental principles to be followed and they should be listed in importance in the order in which I shall name them.

1. Safety.
2. Liquidity.
3. Yield.

If a bank is to repay its depositors, it must make safe investments. If it is to pay its depositors on demand these investments must be liquid, that is, easily and quickly converted into cash. Then if it is to pay interest on the deposits, overhead, and dividends to the stockholders, it must invest in such securities that will bring a fair return on the investment, and ever keeping in mind the fact that it must not sacrifice safety and liquidity for return. If a bank under normal conditions can not follow this plan and pay all expenses, dividends and set aside something for surplus, it should go out of business for there is something wrong.

The note case is the heart of a banking institution. A liquid note case is the basic idea underlying successful bank management. A sound note case means a sound banking institution, and just as surely an unsound, unliquid, frozen note case means an unstable and in most degree an unsafe banking institution. These are statements of fundamental banking principles, the truth of which every experienced bank manager will readily admit; and out of these fundamental truths there naturally and logically develop another truth, more directly applicable to the credit department of every banking institution, namely that proper credit information accurately applied in the granting of credit is the cornerstone in the foundation of the credit department of every commercial bank.

In planning our investment program, through observance of the foregoing principles, we find we have outside matters that must be considered in guiding the course we will follow: Geographical location; character of people; general business conditions, etc. All of which will play a greater or lesser part in the building of our program.

Table 1—Secondary Reserve

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Note: A report on the Mississippi Valley conventions this one climaxed them all so far as real constructive work is concerned. On every hand you heard the same comment. The speakers were largely from country banks, being men who have made an outstanding success, or those who have achieved much along the line of the subject they were discussing.

In the first place there were a good many who expressed themselves as believing that a bank's paramount duty was to the community in which it was located. This is a false conception. Every bank's first duty is to its depositors, to those whose funds it has taken in trust and agreed to return on demand. It requires no argument to convince the layman and even an average banker that depositors should be paid in full whenever they may make demand. However, our present Legislature seems to be having a great deal of trouble to find out how this should be done.

The answer is, "The survivors have exercised better banking judgment." I do not mean to say that the executives and directors in suspended banks deliberately took unwarranted risks. They did not. Every loan when made was probably satisfactory, and as conditions changed and it became a problem it could have still been worked out over a period of years if it had been one of many similarly affected, it forced a crisis.

Your officers have asked me to give a report on the Mississippi Valley Conference on Commercial Bank Management that was given under the auspices of the American Bankers Association, Clearing House Section at Chicago, on March 28 and 29. This two-day conference was conceived in the mind of President Craig Hazelwood. I think the entire twenty states of the Valley were represented. There were more than 1,200 delegates assembled in the Grand Ball Room of the Stevens Hotel.

While I have attended a good many conventions that more climaxed them all so far as real constructive work is concerned, on every hand you heard the same comment. The speakers were largely from country banks, being men who have made an outstanding success, or those who have achieved much along the line of the subject they were discussing.

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First: We must have a primary reserve consisting of cash and exchange in sufficient amount to take care of business needs under normal conditions. The majority of speakers estimated from twenty to thirty per cent of our deposits as the average being a little more than twenty per cent. Our banking laws fix the minimum amount of cash we should carry.

Second: In recent years much more thought has been given to investment that may be used for paying depositors' demands in times which are abnormal. Most bankers call such investments secondary reserves. How much of our deposits should be so invested, and in what securities? A number have given the amount from twenty to thirty per cent of our deposits. To qualify for a secondary reserve a security should be one that can be converted into cash within twenty-four hours. Such a list includes U. S. Government Bonds; municipal bonds; Commercial paper; call loans; bankers' acceptances; and the highest grade listed bonds, distributed among rails, public utilities and industrials. If our reserve covered securities of all of the above classes, they should be about equally divided except that listed bonds should carry about 1/3 per cent times the amount of any other one class.

Government Bonds

U. S. Government bonds, being the highest type of securities available, require no comment. Municipal bonds however, should be those from well established communities and bear a ratio of not more than 5 per cent of debt to assessed valuation. The last statement applies to Nebraska and such other states that assess real estate close to its actual value. Total debt should include not only general indebtedness, but special indebtedness such as school, water works, etc. Special Assessment bonds, such as paving, sewer, road, ditch, etc., have no place in a secondary reserve. Prime commercial paper and Bankers Acceptance can be readily converted into cash and make a splendid secondary reserve. Call loans are considered safe and liquid but for the smaller banks in outlying districts are not easily available. Listed bonds, (raids, etc.) should be of the highest type whose maturities are not longer than ten years, and preferably five. Only in rare cases should a bank carry more than 10 per cent of its capital and surplus in any one name or issue for a secondary reserve.

Not long ago a country banker asked this question: "To whom and where will I go to get bonds for a secondary reserve?" He said, "I am now forced to sell the bonds I have and they have depreciated to such an extent that I will be obliged to forego my profit." In his case they were Government issues and of course intrinsically were just as good now as the day he purchased them. By using them as collateral for a short period last may be able to later sell them for as much or even more than he paid. The higher the type and the shorter the maturity, the better will such a bond be able to withstand market fluctuations. The bond purchaser finds himself in about the same condition as the average depositor when he must choose some bank for his depository.

Having discussed primary and secondary reserves, we now come to the third; those reserves which consist of the credit or note assets of a bank. These are and have a right to be less liquid than either of the other two classes of reserves.

A banker from Oklahoma gave a splendid talk on this subject; and among other things he said that it was his candid opinion that very few bank managers, in country institutions at least, have any very accurate idea of the degree of liquidity which actually exists in the note assets which constitute the credit lines of their banks. Very few bank managers have any accurate idea as to what per cent of the note assets of their bank may be easily and quickly converted into cash. They have a general idea, to be sure, but they should know and have dependable information not occasionally but every day, as to the degree of liquidity of the note assets of their bank. Good banking demands that he know how far he can go in meeting the demands of the depositors if he were required to do so, through liquidating the credit lines in his note case.

Six Classes

Commercial bank note assets naturally divide themselves into six classes.

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Table 2—Average Gross Profit Margin in National Banks

<table>
<thead>
<tr>
<th>Country</th>
<th>1921</th>
<th>1928</th>
</tr>
</thead>
<tbody>
<tr>
<td>Illinois</td>
<td>74.4%</td>
<td>66.7%</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>67.0</td>
<td>61.5</td>
</tr>
<tr>
<td>Michigan</td>
<td>68.1</td>
<td>59.9</td>
</tr>
<tr>
<td>Indiana</td>
<td>73.0</td>
<td>62.5</td>
</tr>
<tr>
<td>Iowa</td>
<td>69.4</td>
<td>55.9</td>
</tr>
<tr>
<td>Nebraska</td>
<td>71.0</td>
<td>65.3</td>
</tr>
<tr>
<td>Kansas</td>
<td>76.0</td>
<td>69.3</td>
</tr>
<tr>
<td>Missouri</td>
<td>78.1</td>
<td>68.2</td>
</tr>
<tr>
<td>Ohio</td>
<td>69.1</td>
<td>61.3</td>
</tr>
<tr>
<td>Oklahoma</td>
<td>73.0</td>
<td>74.7</td>
</tr>
<tr>
<td>Kentucky</td>
<td>75.1</td>
<td>66.7</td>
</tr>
<tr>
<td>Louisiana</td>
<td>79.2</td>
<td>69.0</td>
</tr>
<tr>
<td>Arkansas</td>
<td>81.7</td>
<td>62.9</td>
</tr>
</tbody>
</table>

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Table No. 3—Additional Revenue—Float Charge

<table>
<thead>
<tr>
<th>Description</th>
<th>Rate per $1000</th>
</tr>
</thead>
<tbody>
<tr>
<td>On checks and drafts collectible thru Federal Reserve Bank:</td>
<td></td>
</tr>
<tr>
<td>On all items over $25.00 and up to $100.00</td>
<td>$0.05</td>
</tr>
<tr>
<td>On all items over $100.00 and up to $2000.00</td>
<td>$0.10</td>
</tr>
<tr>
<td>On all items over $2000.00</td>
<td>$0.15</td>
</tr>
<tr>
<td>Except that the minimum charge shall be 15¢:</td>
<td></td>
</tr>
<tr>
<td>17¢ per $1000 on items collectible one day after receipt.</td>
<td></td>
</tr>
<tr>
<td>34¢ per $1000 on items collectible three days after receipt.</td>
<td></td>
</tr>
<tr>
<td>50¢ per $1000 on items collectible four days after receipt.</td>
<td></td>
</tr>
<tr>
<td>67¢ per $1000 on items collectible five days after receipt.</td>
<td></td>
</tr>
<tr>
<td>83¢ per $1000 on items collectible one additional day thereafter.</td>
<td></td>
</tr>
<tr>
<td>for each additional day thereafter.</td>
<td></td>
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</table>

On all checks and drafts not collectible thru the Federal Reserve Bank on which the drawee bank makes an exchange charge, the above rates apply in addition to the exchange charged by drawee bank.

Central Western Banker, August, 1929
In order to determine the degree of liquidity which applies to the note case of a bank, it is first necessary to establish and define these classifications and then take each note one by one, analyze the facts associated with it by an accurate application of proper credit standards and credit information, determine the class to which it rightfully belongs and place it in that classification.

Class 1. This classification includes all notes and credit lines which are collaterally secured, where the collateral is readily marketable and has a value unquestionably sufficient to pay the indebtedness the borrower owes at the maturity of his note, if payment should be demanded.

Class 2. This class includes all notes and credit lines supported by financial statements which show that the borrower is in liquid financial condition, that he can pay the debt he owes without liquidating his business at the maturity of his note, or within a reasonable time thereafter, if demand for payment is made. The financial condition of the borrower must be highly liquid and his current ratio not less than two to one.

Class 3. This classification includes notes and credit lines which are secured by chattel mortgages covering goods for sale. Capital loans are not included in this classification.

Class 4. This classification includes all notes and credit lines secured by first mortgages on real estate where the value of the security is ample for the loan and the financial ability of the borrower to make the interest and principal payments required by his contract are unquestionable. The test of ample security lies in the fact that under foreclosure sale the property will sell for more than the amount due on the loan.

Class 5. This classification includes notes and credit lines of a capital nature which are considered good but slow.

Class 6. This classification includes notes and credit lines that have become undesirable and questionable possibly indicating loss. These should be eliminated from the bank as soon as possible.

In the bank which has adopted the foregoing classification for its standard there are held quarterly meetings of the Board of Directors for the purpose of re-classifying all loans. The Board classifies a note by applying all credit information at its disposal and then has written in the upper right hand corner of the note in red ink, the figures of the class to which it belongs, that is: 1, 2, 3, 4, 5, 6, as the case may be. Every day the officers classify new loans made and add to the respective classes and likewise subtract all loans paid. In this manner a perpetual inventory of the several classes is available at all times. The advantages of such a system are:

First: It requires loan officers to analyze before rather than after the making of a loan.

Second: It helps to establish stable methods and apply fundamental principles.

Third: It brings to light changes in the business of the borrower.

The first four classifications, plus the primary and secondary reserves, make up the bank's liquid assets.

(Continued on Page 28)
CARTOONS OF THE MONTH

THE WORLD: "GO AHEAD AND THROW!"

A FINE WAY TO START A NEIGHBORHOOD FEUD

COMING EVENTS CAST THEIR SHADOWS BEFORE
—Smith in the San Francisco Examiner.

SOME PLANES HAVE TOO MUCH ENDURANCE
—Byck in the Brooklyn Times.

Central Western Banker, August, 1929
In which various legal questions that confront the country banker are discussed briefly under the following heads:

1—THE SUBSTITUTED CASH  
2—THE SERIOUS JOKE  
3—THE GREEDY DIRECTORS  
4—CHARITY BEGINS AT HOME  
5—THE CLOSED ACCOUNT  
6—A NEBRASKA SUIT

“Brain Teasers”---and Every-Day Legal Problems

By The Legal Editor

“SELL these bonds at the market, and deposit the proceeds in my name,” A ordered.

B “booked” the order, sold the bonds, used the money, took the same amount of money out of his safe—and $5,000 additional—deposited the whole amount in his own name, and A—having ascertained that the money still stood to B’s credit—attempted to recover the amount due him from the bank.

“If B had deposited your money you might succeed, but not where he deposited substituted funds,” the bank maintained.

“If my agent collects $100 rent for me, puts it in one pocket, takes from another pocket another $100, deposits it, and notifies me, are my rights gone by the mere change of money?” “I think not,” said the New York Courts, in ruling in A’s favor.

The Greedy Directors

The directors of a Massachusetts bank had voted a 100 per cent increase of capital.

By The Legal Editor

“‘The Greedy Directors’

The directors of a bank were about to vote an increase in capital stock—and decided to subscribe for the entire issue, without ‘peddling’ it among the other stockholders. One of the stockholders objected, however, and the case went to the state supreme court. Read on this page what the court said about the matter.—Editor’s note.

“The bank has no authority to appropriate its funds in paying claims which the bank is under no legal or moral obligation to pay,” says the Minnesota Supreme Court in arriving at the same conclusion, in 100 U. S. 446.

The Closed Account

“We’re closing your account,” the bank telephoned.

“All right I’ll drop in this afternoon and arrange to transfer it to a real bank,” the customer agreed.

“No, you’ll not, if you’re not here in 10 minutes we’ll dump your stuff on the sidewalk.”

“Do it if you dare.”

On this point the law is that while a bank may arbitrarily refuse to open

(Continued on Page 18)
What We Can Do To Make Good Banks Better

By Claude F. Anderson

Assistant to the president, State Bank of Omaha

I RECALL when I was managing officer of a small country bank a number of years ago—before we had automobiles and good roads—I drew what we considered a good salary—$125.00 per month. After I closed the bank for the day I would drive out in the country and write some fire and life insurance on the side; made a few farm loans on commission and really received a fair commission; negotiations on occasional real estate deal as between my customers, and when the year's business closed, I had done very well and was contented and happy. We had practically no losses and the little bank earned a fair dividend. But today the picture has materially changed. The automobile is taking many of our good customers to the larger cities. Losses have crept in; overhead expense has mounted; it costs more to do business. Competition is keen. The Federal Land Banks have come along and taken our farm loans. The full time insurance agent has up-set our insurance business, and there is no such a thing as a real estate commission any more. Some of us have not made expenses the past few years and the few that did make a little profit, the Guaranty Fund took that, so there we are. Now the question is—what can we do about it?

Analyze Our Business

We should check up on our business and see where we stand. Put the spy glass on it and see what is the trouble. Analyze our ledgers and weed out the unprofitable accounts. Reduce interest rates on time money if you are paying more than it is worth. Charge exchange for drafts sold to customers. Cut out unnecessary advertising such as calenders, pencils, gifts, etc. Make a budget of what you expect to spend during the year for public donations and the like and then stay within that limit. Check up your loans and investments and determine your average income rate. If John Jones is borrowing twelve months in the year and never gets out of your debt, check up his ledger account and you will most likely find his balance far below the usual percentage to the amount of his loan; possibly you may find his ac-

Let us check up on our business, eliminate free service, reduce our overhead, build up a good secondary reserve, and profits will take care of themselves.

Claude F. Anderson

count in the “red.” Call Jones in and have a talk with him. Show him his ledger sheets and insist that he maintain at least a balance of 20 per cent of his average borrowings. This is the rule universally followed by the city banks. Why not you country banks follow the same rule? Your money is worth as much as the other fellows. To be a choice risk, every borrower should clean up his line once a year and get entirely out of your debt; otherwise, it is classified by the examiners as a slow loan and what is called a “capital” loan. Insist that Jones pay you a rate of interest in keeping with the service you are rendering to him.

Treat credit the same as merchandise for that is what it is—a commodity. Your customer will take no offense if you properly explain the situation to him. If he does, let the other fellow have his business. Too many bankers have allowed the customer to dictate to him. Remember that your depositors are not going to get peeved when they know you are strict with the fellow who is borrowing their money. On the other hand, they will feel that you are the safe custodian for their funds.

Free Service

I am strongly opposed to a lot of this so-called “free service.” A good customer wants to pay for what he receives. You pay for what you buy from him and pay his price, and why not he do the same with you? We bankers are entirely to blame for this “free” service habit. We have cod­dled our customers for years by acting as their lawyer, banker, notary public and what not—all without charge for fear our competitor might steal his business, and now it is up to us to re­educate him.

Losses

That word “Losses”—it makes us shudder. A small word but my, what it does mean. Reducing overhead, establishing fixed service charges and all that is good business and by all means should be continued. However, the most important of all is keeping out losses. What have we gained if we adopt all of these things and then stub our toe by making some foolish loan and lose two or three thousand dollars during the year. All of our hard work gone in a flash. Gentlemen—we must watch our loans more closely and avoid these losses. Remember we are not loaning our money but our de­positors’ money and it must be returned when they want it.

Borrowing From Correspondents

If you have been a continuous borrower from your city correspondent over a period of several months—one to two years in some cases—by all means pay them off and get out of their debt. Remember that your de­positors are putting the spy glass on your published statements as they never done before and if they find you borrowing money at every published call and compare your statement with that of your neighboring bank across the street or in the adjoining town, who owes nothing and has good re­serves, it is quite likely you may lose that fellow’s business. Do not hope to pay off your borrowed money by in­creased deposits but you better dig right in your note case—practically sleep with it, until you get out of debt. It is mighty poor banking to borrow to reloan. I do not believe any bank should borrow except in extreme em­ergencies or during a period of mov-

Central Western Banker, August, 1929
ing and marketing crops and then only with purely self liquidating paper such as secured feed lot loans or paper which has a self liquidating value and which will be paid when due.

**Keep Local Loans at Home**

Keep your local loans at home where they belong. An unsecured farmer's or local merchant's note which is not represented by livestock in the feed lot or on the range, or secured by property of a self liquidating nature, has no business in the hands of your city correspondent. Do not loan to any one by accepting security, which if sold or foreclosed at maturity of loan, will put the borrower out of business and his wife and babies out in the road. If you do, you are unfair to his family and also courting a loss to your bank. Of course, if you have a weak loan, take all the security you can get; but I am speaking of new loans. Do not loan to a non-custom­er. It is poor business and some day may result in a loss. Select your customers carefully. Pass on a loan before it is made and not at the monthly board meeting after the loan has been made.

Drive out at least once a year and visit with such of your customers who are frequent borrowers. See what kind of a lay-out they have and that they actually have the property covered by your chattel mortgage or which they show in their financial statements. The farmer is always glad to have you come out and see him. Never make a loan without an up to date financial statement properly checked, except where you take marketable collateral such as bonds, etc. Even then a statement should be obtained where possible.

**Secondary Reserve**

Never be content until you have a secondary reserve of good high grade bonds, commercial paper, etc. Every bank should have a secondary reserve in amount of not less than their capital and surplus; then if an emergency arises, you have a security that you can sell any day or pledge with your city correspondent as collateral. Any city correspondent is always glad to loan you if you have good security.

Consult with your city correspondent before you buy your bonds for your secondary reserve. Have your correspondent check your holdings once or twice a year. He will gladly do it and charge you nothing. Buying bonds is a specialized business and requires judgment of an expert. Be careful and do not buy from every Tom, Dick and Harry salesman who

**How We Became a Creditor Nation**

**BEFORE** the World War the United States was the greatest debtor nation in all history. Since that time the United States has become the greatest creditor nation in all history. No exact census of indebtedness has been made, and the estimates are therefore surrounded with uncertainty; but it seems reasonable to conclude that before the War foreign investments in this country totalled some five or six billions of dollars. That is we "owed" foreigners this amount on capital account.

By 1928 this amount had shrunk to about 3.7 billion dollars. During this same period foreign governments became indebted to our government in the amount of about 12 billions of dollars, while private investments of Americans made abroad mounted from negligible quantities to about 13 billion dollars. From a six billion debtor nation total we have become a 21 billion creditor.

Foreign governments and people now "owe" us something like $200 for every man, woman, and child in the United States.

**A Great Change**

This great change in our financial economy was brought about through a vast excess of exports over imports during and succeeding the World War. We have generally thought of ourselves as an exporting nation, but this has not always been so. During the 85 years preceding 1875 there were only 13 years in which our merchandise exports exceeded our imports. Our net imports were especially heavy during the period of the

**Our Responsibility**

Our responsibility is, of course, to make feasible the payment of the debts incurred. These debts will have to be paid in goods or services. There is not enough gold in the world to pay them. The alternatives seem to be either that we become an importing nation of goods or services, or that the debts be cancelled or repudiated.
"A Sound Loan Policy for the Country Bank"
By Calvin F. Schwenk
Wisconsin Bank Commissioner

There are about 27,000 banks in the United States and of these at least two-thirds are in small communities of five thousand population or less and have a capitalization of $25,000 or less. They are the country banks. Since 1920 there have been suspensions of more than 15 per cent of all banks and it is probably safe to assume that of such suspensions at least 85 per cent were in the ranks of these country banks and raises the question of why they are the more vulnerable.

There seems to be a very prevalent idea among the directors of country banks—first, that they have a mission to develop their respective communities at any cost. Second, that every application for a loan made locally by any person or reasonable responsibility and character must be granted. Third, that all deposits received must remain in the community for investment. Fourth, that such local loans remain in the community for investment. First, that they have a mission of why they are the more vulnerable.

Assuming that the local loans do not exceed 60 per cent of deposits, how much can safely be invested on real estate security? Most farm mortgages run from three to five years and while some of the loans on city and village properties are for shorter periods, it is safe to say that the average life will be all of three years and they constitute a long time investment. Certainly it is not sound to make long term loans for demand deposits so the basis for such investment should be the time deposits. They are usually on a yearly basis and with the real estate loans averaging three years, we conclude that the maximum investment in time loans should not exceed from 30 per cent to 40 per cent of the time deposits.

Every unsecured line should be supported by a current financial statement if the amount is $500 or more. The Comptroller of the Currency and many of the state departments make this requirement and in passing upon credit not only the current statement should be considered but also those of former years. It is not sufficient that the assets exceed liabilities but it must be evident that the quick assets warrant the loan and that the operations of the applicant show progress.

It seems to be considered by some bankers that if there are two names on the paper it is enough to class a loan as proper. The endorsement of a second name means nothing if he is not called on for payment when the maker fails to pay. The work of the endorser should be as carefully considered as that of the maker and no loan should be placed in the note case and kept there because the banker is afraid that the endorser would be offended if the paper was refused.

The loans secured by quick and slow collateral constitute the balance of the note case or about 20 per cent of deposits. By quick collateral is meant loans secured by collateral having a known and active market and may be stocks, bonds, and in some cases, possibly chattel mortgages and bills of sale. The test is the practical and quick value of the security. The slow collateral, such as chattel mortgages on live stock, equipment, stocks of goods and the like are generally capital in their nature and a forced liquidation of the security is tantamount to the elimination of the borrower from the community and such credits should be carefully weighed before being extended and the aggregate kept low.

The loan policy to officers and directors of a country bank is one requiring discretion. By reason of their favored position to make use of the bank for the personal ends it is quite in keeping that the aggregate loans to them and to their enterprises should not exceed the amount of invested capital.

In establishing a loan policy it is necessary that the directors participate actively in the extension of credits, directly or indirectly. It is their duty and one which cannot be delegated to the executive officer. In fact, the authority of the active president or cashier in a country bank should not permit him to make loans beyond $500 alone. Any application for a.
greater amount should be acted upon by the loan or finance committee up to 5 per cent of capital and surplus and if the amount sought is in excess of such figure it should be passed upon by the entire board of directors. Their duty does not end with the approval of the loans after they are made. It extends throughout the entire life.

The matter of overdue paper is one requiring the constant attention of the officers and when it becomes apparent that such paper must be renewed again and again, it is a good and sound policy to require such borrowers to go upon an installment basis with periodic payments within their ability to meet. Any loan which is renewed without reduction twice should be considered to be unsatisfactory because it is an indication of a frozen condition and prompt steps taken. The whole note case should be in constant flux through additions and reductions. A stationary note case is pretty sure to set like concrete.

What We Can Do To Make Good Banks Better
(Continued from Page 10)

happens along. It costs good money for a salesman to travel the country and they are all out to sell bonds. Some of them sell good bonds, and some—not so good. The average country banker has no facilities to pass judgment on bonds except through his correspondent banks. If your correspondent does not have the information you want, he will promptly get it for you. You trust him with your daily balances, why not trust him to help you select your bonds? He wants you to make money and has your interests and welfare at heart.

Deposits

Now just a word about deposits. Do not take on business out of your territory and do not buy your business, just to build up totals. Totals does not make money. Net profits is what count. Pay what the business is worth and no more. Many of our banks are getting top-heavy with interest bearing deposits—more like investment banks. The radio is becoming a big factor in educating the people how to invest in securities. Every day some leading bond house is on the air, telling the people what bonds to buy and all about it. The public is rapidly learning that they can buy high grade bonds and securities that will net them from five to six per cent which are just as safe and sound as a deposit in your bank at 3½ to 4 per cent. Therefore, it is useless for us to hope to hold all of this business. We may just as well reconcile ourselves to the fact that we are going to lose some of this business and I am of the opinion that some of us will be better off when it goes. Push your savings department and not so much on C/Os. Keep a few choice bonds in your note cases and when a customer wants a bond, sell him one and charge him the usual brokerage fee to which you are entitled. Sell him nothing but a high grade bond that he can take out and check anywhere. Another suggestion—do not accept too large single deposits. I would say that a deposit of about 20 per cent of your capital and surplus is plenty large to come from one individual or concern. If there is more than one bank in your town, I would suggest that you get closer to them. Get together and talk over your local problems. Both of you are in the same boat perhaps. In other words—lay aside any unfriendly feeling which may exist and get together. If your town is over banked and neither of you making the money you should, get together and try and work out a consolidation. Your depositors are just as smart as you are and they have a pretty good idea whether you are getting ahead or just drifting. We all naturally want to be with a winner and unless we can make a fair profit and some headway, our customers will sooner or later find it out and are likely to become dissatisfied and move their business elsewhere.

Central Western Banker, August, 1929
Balancing the Investment Program

By W. F. Gephart
Vice president, First National Bank of St. Louis

Security vs. Yield.
While there may be considerable difference of opinion among bankers as to how high a degree of security they should seek, deviations in this respect from sound principles can vary.

W. F. Gephart

only in minor degree. Furthermore, where a banker takes it upon himself to deliberately seek a high yield, by accepting a somewhat greater risk, he must assume greater responsibilities as a judge of the investment merit of different securities. Consequently, such a policy for an investment specialist is one thing, while it is an entirely different matter for the ordinary commercial banker who does not pretend to be a bond expert. Hence the safer policy for most bankers is to restrict purchases largely to high grade issues. In the long run this policy will probably prove the better, notwithstanding the lower yield.

It is especially important that the banker also give consideration to the relative liquidity or ready marketability of a considerable portion of the securities in his bond account. This factor is particularly significant where it is not the custom to restrict purchases largely to high grade bonds having a stock market listing. In such cases care should be taken not to accumulate too large a portion of issues whose market depends almost entirely upon some of the smaller houses of issue. Every well managed bond account should have a reasonable proportion of listed bonds.

The real problem connected with the handling of a bond account begins only after the banker has thoroughly saturated himself with the essential fundamentals such as, care in selection of each individual security, diversification, and marketability. After mastering these fundamentals his really important task begins—namely, that of developing a policy with respect to the time when long term bonds should be purchased and when they should not be purchased. The development of, and adherence to, a policy in this respect is perhaps the most important of all in the proper handling of the investment account, and it is in this connection that the question of balancing the account with short term paper arises. It should also be realized that as a general rule bankers have been rather unfortunate bond buyers. When the investment account has proven particularly profitable it has more often been due to certain fortuitous circumstances rather than as a result of care and skill in the handling of the bond account. This is but natural since banks have seldom viewed their investments as a primary source of profit and because, as a general rule, they have varied their bond holdings accordingly as money was scarce and plentiful.

Central Western Banker, August, 1929
Money Supply and Interest Rates

When money is scarce and interest rates are high, bond prices are most attractive, but at such times banks seldom have the money or feel justified in making purchases, unless their previous policy provided a back log of short term paper. On the other hand, when money is plentiful and interest rates are low and bond prices are high, investment in this field usually appears as most attractive because bond yields are then usually above short term rates. Consequently, banks normally purchase most of their security holdings at relatively high prices and usually dispose of them on a declining market or at least suffer a depreciation on them when the demand for commercial funds is greatest and commercial rates are highest. This was forcibly illustrated in 1920 and 1921 by the heavy depreciation banks suffered in their investment holdings and again during the last year. This statement is not made as a criticism of bank policy in this respect but rather to illustrate the underlying influences that play so important a part, normally, in the handling of this secondary reserve.

Practical consideration in the past called for no specific investment policy. Securities were purchased primarily with the idea of holding them to maturity. The investments represented but a small portion of total earning assets and it was generally felt that as long as the investment was sound all other considerations regarding the relation of bonds to the money market could be ignored. This position could be maintained without great loss as long as the investment account was small.

Why Problem is Not Easy

The investment problem of the commercial banker is not an easy one, partly because he has such heavy demand obligations, and partly because his business is subjected to so much supervision. These factors prevent the bond account from being profitably handled in the same manner as the investments of an individual. The banker must not only give more careful consideration to the intrinsic soundness of his securities, but must make his purchases and sales in the light of present and prospective conditions in the money market. It is not always the course of wisdom for a bank to follow the policy of purchasing long term securities, put them away and forget them as can the individual investor; nor should a bank, during periods of high bond prices, write up its bond holdings to the market price. Either policy is likely to require a writing down of the value of this asset at not very opportune times because the banker must carry his investment account at cost or the market whichever is lower. A sound rule for the banker is to take bond profits only on actual sales and not to count paper profits before they have been realized.

In substance, at such times when interest rates are unusually low and bond prices are high, it is far safer to sacrifice, if necessary, yield for liquidity, so as to avoid too heavy a depreciation in investment holdings on the next upturn in money rates. Notwith-
standing that a period of low money rates may persist for some considerable time, such a policy of restricting investments to short term paper will almost always prove the most profitable in the long run. Furthermore, after bond prices have risen, during any period, to unusually high levels, and there are indications that money rates are likely to tighten, it is sound policy, under those conditions, to make a careful analysis of the bond account with the purpose of taking into consideration the advisability of disposing of such long term bond holdings as are selling on a basis to give an unusually small yield. A good signal to watch, for the purpose of determining when such an analysis should be made, is when short time money rates, after making allowance for seasonal trend, rise very considerably above the yield on long term bonds.

It may be concluded, therefore, that the problem of properly balancing the investment program of a bank, with reference to commercial paper, call loans or other short term paper, is largely one of developing a definite policy with respect to the bank's investment account. Fundamentally this policy is based upon the assumption that fluctuations in interest rates move through cycles; that is, from low rates to high rates and from high rates back to low rates. The period of these movements varies in practically every individual instance. The banker, who should be something of a judge of money conditions, should determine a policy which will enable him to determine for himself whenever we are approaching a fundamental change in the trend of money rates. At such times he should adjust his policy with respect to long term investments accordingly. While in the very nature of the thing, it is not to be expected that he can definitely call the turn on each and every fundamental swing in money rates, he should, at least, make every effort possible to profit, or to protect himself against loss, by these changes. Unless he can succeed in adjusting his bond policy in accordance with these principles he cannot hope to secure the full benefit available to him from his investment account.——From address before Mississippi State Bankers Association.

Agreeable Mate

"The man who gives in when he is wrong," said the orator, "is a wise man, but the man who gives in when he is right is——"

"Married," said a weak voice in the audience.

Aviation Securities

In the gradual development of private flying in addition to the regular commercial air transport operations, the aircraft business faces an enormous potential market in which the soundly organized manufacturer will profitably participate, according to an article by Frazier Jelke of Frazier Jelke & Company published in "The Spur."

"As a transportation service, the main advantage of the airplane is, of course, speed. It is a curious and seldom realized fact that we have made practically no advance in the speed of transportation services in the past quarter century. This seems hard to believe in the face of the constant references to the rapidity with which our civilization moves, but the fastest transatlantic steamer afloat today is the same ship that held the same record for speed back in 1907, and the average ocean crossing still requires just as many days as it did twenty-five years ago.

"Similarly, in railroad transportation the express schedules in the United States, as in Great Britain, are not as fast as twenty-eight years ago. An estimate by a British railroad authority shows that in 1900 the British speed for express trains averaged 42.5 miles an hour and the American forty miles an hour. Last year the British average declined to 41.9 miles an hour and the American rose to 41.3 miles an hour.

What Is a Bank Secondary Reserve?

What is its purpose? How is it used? Should all banks have one? What should be its size? Of what assets should it be composed? Should it include bonds? Should it have no bonds? Should it be made up entirely of bonds? Should it be composed partly of bonds and part of other assets?

These and other similar questions are discussed in a brochure prepared by our economist, Dr. Paul M. Atkins, entitled: Bank Secondary Reserves and Investments. We shall be glad to send any bank a copy upon request.

Ames, Emerich & Co.

105 South La Salle Street, Chicago

ROBERT G. INGWerson, Representative
826 City National Bank Bldg., Omaha

New York Philadelphia St. Louis Milwaukee San Francisco Los Angeles

Central Western Banker, August, 1929
Before the war the country's two crack trains, the Broadway Limited and the Twentieth Century Limited, both completed the journey to Chicago in two hours less than the time required today.

"The greater weight of trains and the fear of collisions are the principal factors in this lack of progress in railroad speed. It is evident, however, that if we are to achieve the advance in rapidity of transportation which has saved so much money to business and which, properly used, can add to the richness of human contact, we must turn to the airplane. That is the reason for the expansion in the regular passenger-carrying services throughout the United States, and this expansion is a step toward that development which is basic to the ultimate prosperity of the industry—the use of the airplane in private flying.

"The leaders in the aircraft industry are counting upon a development which would be similar to that which took place in automotive manufacture. The latter industry would be of second-rate importance today if it produced only the motor bus and the motor truck; and the airplane industry will remain of second-rate importance if it is only able to produce plans for freight carrying or for established passenger services. When the average person flies as casually as he rides, the future of the industry is secure.

"These are the reasons why I feel optimistic about the aviation industry. Ultimately, it seems to me, it has an enormous future market, and the answer to the question: Who will buy airplanes? will be found among thousands of private individuals as well as among the regular transport companies. Last year the number of persons receiving pilot licenses increased from fifteen hundred to more than eleven thousand. During the year the Department of Commerce listed nearly five thousand planes as either licenced or with licenses pending, and of that number approximately three thousand were privately owned.

Undoubtedly the market is there; it is a question of who is going to capture it. As in any new industry, there are a large number of small and weakly financed companies in aviation accounting for a limited and scattered production. Many of these will be absorbed or will drop out of existence, and the investor in aviation securities should consider very carefully the character, the backing and the prospects of the company with which he is think of placing his funds."

Becomes Vice-President

Anan Raymond, member of the law firm of Brogan, Ellick & Raymond, has been elected vice president and counsel of the State Bank of Chicago.

Mr. Raymond will assume his new duties September 10. In his new position he will have charge of the legal work of the State Bank of Chicago and will have an active part in the administration of the bank's Trust Department.

Mr. Raymond has practiced law in Omaha since 1913. He was Secretary of the Nebraska State Bar Association for a number of years and was elected President in 1925 when the Omaha Post No. 1 American Legion was graduated or with licenses pending, and of that number approximately three thousand were privately owned.

Undoubtedly the market is there; it is a question of who is going to capture it. As in any new industry, there are a large number of small and weakly financed companies in aviation accounting for a limited and scattered production. Many of these will be absorbed or will drop out of existence, and the investor in aviation securities should consider very carefully the character, the backing and the prospects of the company with which he is think of placing his funds."

The National City Company

National City Bank Building, New York

BONDS - SHORT TERM NOTES - ACCEPTANCES

Central Western Banker, August, 1929
trustee of the First Central Congregational Church and a Director of the University Club.

**Becomes General Sales Manager**

John (Jack) G. Gallaher of the Bancamerica-Blair Corporation is receiving congratulations from his numerous banking friends throughout the middle west, due to the announcement that he has been promoted to the position of general sales manager of the Chicago office. This new work will include supervision over the company sales organization of the Chicago office.

With Prince & Whitney

John J. O'Brien, formerly associated with Brokaw & Company, has been appointed manager of the statistical department of Prince & Whitney, Chicago office. He has been connected with the banking business since 1921 when he was graduated from Beloit College. His first bank job was in Beloit, Wis., his home town, and from there he joined the staff of the Second Ward Group of banks in Milwaukee which later was consolidated with the First Wisconsin National Bank, later coming to Chicago.

Among his outside activities, Mr. O'Brien is secretary of the Investment Analysts Club of Chicago and has been chairman of the Investment Research Committee of the Financial Advertisers Association.

**“On to San Francisco”**

For the second time in three years the Association of Bank Women are to hold their annual Convention in California. This year the slogan is “On to San Francisco” where they will meet from September 30 to October 3.

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**Federal Land Bank Bonds**

Federal Land Bank Bonds issued under an act of Congress July 17, 1916, have from the first, taken a position with the other high grade investment bonds available for purchase in the United States.

The Federal Farm Loan Act provides that every Federal Land Bank is primarily liable for its own bonds and is also liable for the bonds of any other Federal Land Bank in case of default. This provision places the assets of all Federal Land Banks behind the bonds of any one of the twelve banks of issue.

Federal Land Bank bonds are entirely free from personal property and federal income taxes, and at present prices are selling in line with a number of railroad bonds that are subject to taxes and in consequence offer a much lower net yield.

During the past few months Federal Land Bank bonds have been selling at low prices which have been caused in part by the present high cost of money and in part by the low market on Joint Stock Land Bank bonds, whose securities are oftentimes confused with the bonds of the Federal Land Banks.

We can offer subject to prior sale and change in price:

- $25,000 Fed. Land Bank 4 1/2% Due 1933-1943 to yield 4.90%
- $25,000 Fed. Land Bank 4 1/2% due 1933-1953 to yield 4.90%
- $15,000 Fed. Land Bank 5% due 1931-1941 to yield 5.00%

Requests for bonds may be wired at our expense.

**SMITH, LANDERYOU & CO.**

210 Farnam Building,
Omaha, Nebraska
Ja. 5065

Central Western Banker, August, 1929
Their Official Headquarters will be at the Sir Francis Drake Hotel with Residential Headquarters at the Western Woman’s Club.

The following committee chairmen have been appointed:
- General convention chairman, Mrs. Edward Dexter Knight, director Women’s Banking Department, Bank of Italy, N. T. & S. A., San Francisco.
- Program committee chairman, Miss Nina Y. Carter, manager Women’s Department, People’s Trust & Savings Bank, Chicago.
- Publicity committee chairman, Miss Mary E. Stetson, manager Women’s Department, Fifty-seventh street Branch Chase National Bank, New York City, N. Y.
- Local chairman, Miss Margaret Daily, Assistant Director Women’s Banking Department, Bank of Italy, N. T. & S. A., 1 Powell Street, San Francisco.
- Exhibits committee chairman, Miss N. Viola Musgrove, Assistant Cashier and Chief Clerk, Bank of Italy, N. T. & S. A., 1 Powell Street, San Francisco.

A Big Producer

A MAN who has combined life insurance with a military career and has succeeded in both is L. E. Rolfe of Lincoln, Nebraska, who represents H. O. Wilhelm & Co., state agents in Nebraska for the Northwestern National Life of Minneapolis. Mr. Rolfe, who commanded several hundred men in active war service when he was only 21 years old, has just been promoted to the rank of major in the reserve at the age of 32, the youngest age at which this rank is conferred.

Mr. Rolfe enlisted as a private in the regular army as soon as the United States entered the war and was promoted successively to corporal, sergeant, top sergeant, second lieutenant, and first lieutenant. In 1922 he was made a captain, and on June 28 became a major. After the war, he was at one time president of the Reserve Officers’ Association at Lincoln.

Mr. Rolfe produced over $200,000 in the first six months of 1929, rounding out his sixth year with the Northwestern National Life, and his production for the year is expected to go over $400,000.

“Brain Teasers” and Every-Day Legal Problems

(Continued from Page 8)

an account with any particular customer, it cannot close an account once opened without giving the customer reasonable notice.

A Nebraska Suit

“I gave John Brown a check on your bank for $93.74, and here’s the exact amount. Hold the money till the check comes in, and then pay it,” the customer ordered, the Nebraska bank accepted the money, failed to pay the check—and the customer sued for damages.

“We did not accept the check,” the bank contended.

“You accepted my money,” the customer pointed out.

“A bank can accept a check only in writing.”

“I’m not suing on the check—I’m suing for not applying the money to my orders,” the customer persisted, and the Nebraska Supreme Court ruled in his favor.

Even Exchange

Health: “How did you make all of your money?”
Wealth: “I formed a partnership with a rich man.”
Health: “How did you do it?”
Wealth: “He had the money and I had the experience.”
Health: “And was it a successful business for you?”
Wealth: “Immensely so. When we dissolved a year later, I had the money and he had the experience.”
Those Who Fail to Pass

By Eugene Lyman Fisk, M.D.

Medial Director
Life Extension Institute

blooming idiot, but knew his profession, as evidenced by similar judgments received from other insurance offices, he may become really worried and seek medical supervision. Not infrequently the medical consultant differs with the insurance sectionist and

The Public Health Education

Human health, human life—these are the commodities that life insurance companies are dealing with and they cannot afford to ignore anything that affects these companies. On the other hand, it is highly important that the lessons to be drawn from life insurance experience should be carried over into public health work and into public health education!

The one who is chiefly concerned in this matter is the active, supposedly robust business man with a clear future ahead of him, who comes to the life insurance examiner and receives, what the French call, a coup de poing—which, translated, means a "sock on the jaw"—in the nature of a message placing him in the rejected class because of some established organic trouble or some danger sign of approaching organic trouble.

In an experience of many years in the insurance field, as medical examiner and medical director, I was rather astonished at the sang-froid of the average man who receives such a message. His first reaction is one of unbelief. Later, when he finds that the doctor who examined him was not a

There is another phase to this question, however, which I think should be very seriously considered by the insuring public—indeed, by the public at large and by the insurance profession. It is perhaps best illustrated by a case in point. Some years ago a middle-aged business man who had taken out a million dollars in life insurance came up for a health examination. He had

they had some disqualifying disability which, if discovered in time and properly treated, might have been corrected. This is one serious phase of the rejection problem. It is regrettable not only on account of the Agent and the company because of loss of the business, but on account of the man who loses a certain amount of his longevity because he has waited for a life insurance examination to disclose to him the fact that there is something wrong in his organism—something which has been neglected and which might have been either prevented or cured if the same concern had been taken with regard to his health and the future of his body, and had been taken with regard to his business.

This principle is applicable in any walk of life, but perhaps it is more spectacular when exemplified in the class of men applying for large policies. Successfully building up a great business, carrying heavy responsibilities, and with the interests of many people depending upon them, these men are often convicted of gross neglect and even gross stupidity in the guiding of their own lives.

The records of any life insurance company will disclose that the principal cause of rejection lies among the organic troubles or disabilities that point toward organic troubles, such as albuminuria, glycosuria, overweight, underweight, high blood pressure, heart defects, lung defects, and the like.

I have already referred to the importance of this matter as bearing upon the personal interest of individuals in the population who seek insurance. The fact that a man cannot secure life insurance is a comparatively unimportant matter compared with the fact that he is in danger of a shortened working existence.

Feel Pulse Early

Those who deal daily with these problems and have any imagination at all must be impressed, as was the medical director of one of the so-called "giant" companies, who stated in a public address about fifteen years ago that he had been appalled by the number of apparently healthy people who came up for life insurance only to find

Central Western Banker, August, 1929
The public is not sufficiently informed as to the technique of life insurance selection to understand this. The average man who secures a life insurance policy usually slaps his chest with it and congratulates himself as being "all hunk" for a long existence. This is particularly true of men who receive large policies. They figure from the point of view of business, that no insurance company would issue a hundred thousand dollar policy, let us say, on a life about which they had any doubts. Yet, as all insurance offices know, these large policies are frequently issued on lives about which there is considerable doubt but happily they fall within the class that insurance companies are accustomed to regard as acceptable. There are insurance offices that accept standard risks up to 130 per cent of the expected mortality, striking their balance at a favorable point through accumulation of risks varying all the way down to 40 per cent of the expected.

Here is a wide and fertile field for some good work in the public interest and in the interest of better and cheaper life insurance. In almost every other branch of human activity, consideration has been given to sources of waste and to the utilization of by-products—by-products that were formally carried off by sewers and waterways and are now turned into important commercial products.

When a man is accepted for life insurance, nothing magical happens to him. He is really no safer than he was before so far as his physical future is concerned, except in the degree that possession of a life insurance policy brings a certain contentment of mind and freedom from worry, thus exerting a good psychic influence. The average man who is accepted for life insurance has many physical defects the correction of which would add to his length of life.

It is not rational for a life insurance company to cling to the methods of the past simply because they are methods of the past. To regard the mortality that arises among standard risks as necessary and inescapable, is to set one's face against the known facts of science. For this reason life insurance companies are more and more giving emphasis to the conservation of health and life among insurance policyholders. This is a natural, legitimate field for life insurance companies to work in because they are vitally interested in it. It is impossible to say how much harm has been done through the psychic influence arising from acceptance for life insurance. The interpretation of this fact as constituting almost a guarantee of a safe health future, has deterred many men from seeking early medical attention either in the way of health examinations for the prevention of disease, or clinical consultation to probe more deeply into the cause of some symptom. It is a fairly common practice for one to seek a life insurance examination more for the purpose of assuring himself as to his physical condition, than for any special desire for life insurance.

Sorting Out the Goats

Without in the least discrediting or calling into question the scientific standards of life insurance examiners in any line of business, it is important for us to consider that these standards reflect merely the efforts of life insurance companies to separate the sheep from the goats, as it were. They are not seeking perfect men but men who fall within a certain mortality class, and, as I have pointed out, in that class there is a wide variation of condition. Until the day comes when there is a multiplicity of classes and men are charged according to their mortality rate, this rough division into the acceptable and unacceptable must obtain. Among the acceptable there will necessarily be included a very large number who, from the standpoint of hygiene and preventive medicine, are way below a possible condition of physical soundness and physical efficiency.

The question of disability insurance is one of growing importance. It emphasizes the need for the co-operation of life insurance companies, not only in the health conservation of policyholders, but in health conservation for the general public. Human health, human life—these are the commodities that life insurance companies are dealing with and they cannot afford to ignore anything that affects these commodities. On the other hand, it is highly important that the lessons to be drawn from life insurance experience should be carried over into public health work and into public health education.

Address Iowa Field Men

The Honorable Fred R. Smith, banking commissioner of South Dakota, was the guest speaker at a recent meeting of the Iowa Pond of the Blue Goose, speaking on the importance of insurance to the nation's business. He was introduced by Most Loyal Gander James P. Fellows.

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<table>
<thead>
<tr>
<th>Total Admitted Assets</th>
<th>Standard Business in Force</th>
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</thead>
<tbody>
<tr>
<td>$1,013,048.00 Dec. 31, 1928</td>
<td>$15,506,000</td>
</tr>
<tr>
<td>$767,380.73 Dec. 31, 1927</td>
<td>$13,071,662</td>
</tr>
<tr>
<td>$522,557.86 Dec. 31, 1926</td>
<td>$10,829,700</td>
</tr>
<tr>
<td>$303,734.87 Dec. 31, 1925</td>
<td>$7,058,600</td>
</tr>
<tr>
<td>$140,737.86 Dec. 31, 1924</td>
<td>$3,142,500</td>
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<tr>
<td>$522,557.94 Dec. 31, 1923</td>
<td>$1,250,628.93</td>
</tr>
<tr>
<td>$10,737.36 Dec. 31, 1922</td>
<td>$196,000</td>
</tr>
</tbody>
</table>

Central Western Banker, August, 1929
Changes In Inheritance Tax Loans

IN A RECENT issue of "Estate and Tax News," a brief review was made of the inheritance tax law changes in a number of states, including Arizona, Colorado, Iowa, Kansas, Nebraska, and Montana. Briefly the changes are:

ARIZONA—A minor amendment was passed concerning the appointment of special appraisers.

COLORADO—The provisions concerning the taxation of Life insurance proceeds were amended to exempt from taxation the proceeds of insurance payable to named beneficiaries, other than the insured's estate or his executor or administrator as such, whether payable immediately or at future dates, and whether payable directly or through a trustee.

IOWA—An estate tax was added, applicable to the estates of resident and non-resident decedents dying after February 26, 1926. The tax, at rates equal to 80 per cent of the Federal estate tax, is based upon the net value of the estate as shown by the Federal estate tax return, duplicates of which must be filed by the executor within twelve months after the death of the decedent. The purpose is to absorb the 80 per cent credit allowed under the Federal estate tax law, and in no case may it exceed the difference between that credit and all taxes paid to Iowa and any other state or territory. Provision was made for reciprocal exemption from taxation upon the transfer of intangible personal property owned by non-residents.

KANSAS—A minor amendment to clarify the law by repealing certain obsolete sections was enacted.

MONTANA—A minor amendment was enacted to reinstate the clause pro-rating exemptions, which by inadvertence had been omitted in the amendments passed in 1927, and to make certain provisions as to transfer of assets and apportionment of debts and exemptions retroactive and applicable to estates of decedents dying on or after June 1, 1924, where estates were undisturbed on the date that the amendment became effective.

NEBRASKA—An estate tax is now imposed upon resident estates equal to the amount by which 80 per cent of the Federal estate tax exceeds the aggregate amount of all estate, inheritance, legacy and succession taxes actually paid to the states.

Wind Velocity

A SIMPLE guide for judging wind speeds has been worked out by the forest section of the Department of Agriculture. In forest fires, the number of men needed on the fighting line is often in direct proportion to the strength of the wind that is blowing. To help men in the field, who have no instruments to measure the speed of the wind, these rules are given:

A light wind, up to seven miles an hour, is felt lightly on the face, and rustles leaves.

A gentle breeze, eight to 12 miles an hour, keeps leaves and small twigs in constant motion and lifts a light flag.

Moderate winds, 13 to 18 miles an hour, raise dust and sway small branches.

Fresh winds, 19 to 24 miles an hour, sway small trees in leaf and cause crested wavelets to form on inland waters.

Strong winds, 25 to 38 miles an hour, break twigs off trees and often inflicts slight structural damage to buildings.

A whole gale, 55 to 75 miles an hour, uproots trees. Any wind with a velocity of more than 75 miles an hour is classed as a hurricane.

Health Insurance

Health insurance was first successfully issued in the nineties, when industrial companies started where the younger companies left off in the sixties. They insured working men at a premium of $1 a month against loss by disability due either to accident or sickness.

Heads Omaha Office

Kenneth R. Webb has been appointed manager, casualty lines, of the Traveler's branch office at Omaha, Nebraska. In taking up his duties in that city, Mr. Webb returns to the territory where he first began his service with the Travelers. Mr. Webb was manager, casualty lines, at Denver, Colorado, before his appointment at Omaha.

For Administrators and Executors

The Nebraska-Iowa department of the United States Fidelity and Guaranty Company, has recently

The Time, The Contract And The Man

We might aid you in bringing about the proper combination of these three elements.

OMAHA LIFE INSURANCE COMPANY
Omaha, Nebraska

H. E. WORRELL, Sec.-Treas.
mailed to all its Nebraska agents, attorneys, banks and trust companies, a 48 page booklet entitled, “Synopsis and Suggestions of Probate Laws for the State of Nebraska.” It was prepared by A. J. Rhodes, who is now with the insurance department of the Omaha National Company. In connection with the booklet is a page written by Judge Crawford of Douglas county, Nebraska, in which he stresses the value of a corporate surety bond as follows:

“One appointed to the trust of an administrator, executor, or guardian should realize the sacred obligations imposed on him by virtue of such appointment.

“Promptness in the filing of inventories and reports is essential. These are requirements imposed by law and one unwilling to comply with such requirements should not accept the office. Due diligence must be exercised at all times in the handling of the affairs of the estate or guardianship, and the investment of funds should only after application has been made to the Probate Court and order of that Court obtained authorizing same. Failure to secure the approval of the Probate Court for the investment of funds may make the party personally responsible in the event of a loss through a bad investment.

“A careful and complete record should be kept as to all transactions had with respect to the assets of the estate or guardianship, especially as to receipts and disbursements of funds. In the case of disbursements a proper receipt should be taken at the time in each case. If this is done a great many difficulties encountered in the making of accountings may be avoided and the filing of accurate reports will be made much easier.

“Failure to comply with the requirements of the law and in the performance of the duties imposed by law usually results in removal from office and the appointment of a successor. This often results in a claim by the successor under the bond and always means embarrassment to the one removed.

“In this connection a corporate surety bond furnished by a responsible surety company is always advisable, both from the standpoint of the security given to the estate or ward and the assistance which such bonding company can give to the one for whom the bond is furnished.”

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**Banks** who use us as a Chicago correspondent have available to them the investment advice and counsel of an organization which has devoted nearly forty years to the investment of millions of dollars of its own funds and those of its customers.

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**The Northern Trust Company**

Northwest Corner LaSalle and Monroe Streets

CHICAGO

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*Central Western Banker, August, 1929*

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Darwin P. Kingsley, president of the New York Life Insurance Co., in paying tribute to Ambassador Herrick, said recently:

“Ambassador Herrick had been, at the time of his death, a director in the New York Life Insurance Company for over twelve years. He was a useful director. He helped particularly in solving the complex problems that confronted us after the World War. We had known most of his associate directors for many years before he became a director. All honored him, all mourn his heroic death—for it was heroic.

“I met his son in New York in January when the ambassador was ill in Cleveland. He said: ‘Father sails for France tomorrow.’ In answer to my expression of surprise he said further: ‘Yes, father is a sick man. I don’t know whether he will live to get to France, but he is going back to Paris.’

“He had a useful, honorable, distinguished career. He was what we like to call a ‘typical American.’ Unaided he achieved distinction at home and fame abroad.”

Health lies in labor, and there is no royal road to it but through toil.—*Phillips.*
On Vacation

Laurence Williams, cashier of the Prosser, Nebraska, State Bank, left recently for a vacation in the mountains of Colorado.

Convention Arrangements

It having been decided by the Executive Council of the Nebraska Bankers Association that the next convention will be held in Omaha, preliminary arrangements for the convention are being made.

The first step is appointment of convention committees, and the Omaha banks have appointed the following chairmen:

J. F. Coad, President Packers National Bank, Chairman General Committee on Arrangements.

Dennman Kountze, Vice President First National Bank, Chairman Reception Committee.

O. T. Alvison, Cashier Omaha National Bank, Chairman Entertainment Committee.

Each local bank and trust company is naming a member to serve on each of these three committees and these committees will have charge of the various arrangements for the convention.

Two speakers have already been secured as follows:

Thomas B. Paton, Jr., Assistant General Counsel of the American Bankers Association, who will speak on the subject of the Collection Code which was adopted for Nebraska by the recent Legislature and is considered to be an outstanding piece of bank legislation of great benefit to all banks.

Samuel P. Arnot, President Chicago Board of Trade. Mr. Arnot has not yet furnished his subject.

Succeeds Woods

The vacancy on the Executive Council of the Nebraska Bankers Association, caused by the resignation of George W. Woods when he took the position of Commissioner of Banks, was filled by the Executive Council at its recent meeting by the appointment of W. A. Selleck, President Lincoln National Bank & Trust Company, who will serve during the remainder of Mr. Woods' term, running for two years from the convention this fall.

To Reorganize

The depositors of the Abie, Nebraska, State Bank held a meeting recently, at which time reorganization plans were discussed. State Bank Commissioner, George Woods of Lincoln was present.

A committee composed of E. J. Mashek, W. J. Franta, Edward Krenk, and Charles Docekal was chosen to make further investigation, and to endeavor to enlist support in the reorganization plan.

New Location

The Plainview, Nebraska, State Bank has moved its records and fixtures from their temporary location, the old Security State Bank building, to the old Citizens State Bank building where it will make its future home. The bank promises better services in the future. The building has been redecorated.

Charter Issued

A new charter has been issued to the Security State Bank of Superior, Nebraska, by the department of trade and commerce.

The new bank opens with a capital stock of $50,000.

Officers of the new bank are T. D. Griffin, president; Frank Worden, vice president; Paul E. Schmeling, cashier; George Powell and C. P. Griffin, directors.

Others interested in the organization as stockholders are H. C. Aurand, O. C. Holson and Rosalind M. Griffin of Hardy and E. J. Griffin of Omaha.

Dies in Omaha

John Clipston, 60, president of the Farmers' State Bank of Albion, Nebraska, and president of the Boone County Fair Association died in the Methodist hospital at Omaha, recently.

Clipston had been ill health for the past two years.

Opens in Cozad

Permission of the Nebraska banking department was granted the Farmers State Bank of Cozad, to open its doors for business.

The reorganization was effected by a 50 percent waiver on part of depositors, and the replacement of capital and surplus by stockholders.

Officers of the new organization are: G. A. Matz, president; T. F. S. Rasmussen, vice president; and H. A. Thiessen of Fairbury, cashier. Most of the old stockholders retained their holdings. Mr. Thiessen being a newcomer among the stockholders.

Remodeling

In the remodeling of the First National Bank of Alliance, Nebraska, a new vault was built in and the old one was taken out by a force of men working about three weeks both night and day. The vault walls, several inches thick and steel bars running through the concrete which made it a very difficult as well as a hard job to remove.

Now that this out the work of remodeling will be completed within a short time and the bank will have much needed room.

Is Optimistic

George W. Woods, Nebraska banking commissioner, is optimistic concerning the welfare of banks, other business activities and individuals when the farmers start unloading their grain crop this month.

Prosperity, he admits, may be noticeable earlier in the South Platte country than the North Platte territory, but the season, he contends, promises well. When the farmer starts unloading his crop banks will first feel the benefits, but the commissioner points out that such benefits are bound to spread and affect all activities.

Central Western Banker, August, 1929
The United States National Bank of Omaha, the oldest bank in Nebraska, completed a merger, July 9, whereby it became a part of the Northwest Bancorporation, with 17 other banks and trust companies, and combined resources of more than 240 million dollars.

The name and officers of the Omaha member remain the same. There will be no change in control.

Robert P. Morsman, president of the United States National Bank, becomes a vice president of the Northwest Bancorporation. W. B. T. Belt, president of the Northwestern Bell Telephone company and a director of the United States National Bank, will become a director of the Bancorporation, with Gwyer H. Yates, vice president of the United States National bank, Edgar M. Morsman, jr., attorney for the bank, and H. M. Bushnell, vice president of the United States Trust company.

The other banks and trust companies associated in the Northwest Bancorporation, are:

- Northwest National and affiliated banks, Minneapolis; Minnesota Loan and Trust company, Minneapolis;

Negotiations for the union with the Omaha bank were completed by E. W. Decker, president of the Northwest Bancorporationand of the Northwest National Bank of Minneapolis. He said:

"Banking, like every other business, has to become national in character. Closer relationships in this northwest territory will tie us closer together, make us better bankers and enable us to render a greater financial service to our communities and to the entire territory."

"The importance of Omaha as a railway and trade center is rapidly increasing. Omaha has always been awake to the needs for development and of increasing the importance of its business contacts with other parts of the country."

The United States National Bank and Trust company, with resources of 35 millions and deposits of 20 millions, was established in 1856 as Barrows, Millard and Co. It was operated as a private banking house until 1883 when it became the United States National bank. Milton T. Barlow, now chairman of the board and the dean of Omaha bankers, was the bank's first assistant cashier.

The merger represented a considerable profit in increased value of stock, to the shareholders in the United States National bank. The stock, which had sold at $250 previous to the merger, brought the privilege of sale to the corporations at $425 a share cash. The majority of stockholders, however, are accepting, instead, the privilege of exchanging one share of United States National bank stock for eight shares of Bancorporation stock, of a par value of $50 and selling at $75 a share. They are not, under the agreement, to sell any of the new stock before February 1, 1930, unless it is first offered to the corporation at $53.125 share.

Because of the merger and enlarged capital, the Omaha bank will be enabled to make local loans of $1,500,000.

The Northwest Bancorporation will have a capital of approximately $40,000,000 and resources in excess of $240,000,000.
Reopened

The town of Oakdale, Neb., which was without banking facilities since last October, now is served by the First National Bank of Oakdale, which has reopened after a receivership. D. L. Shenefelt, formerly of the Farmers Union Exchange of Omaha, is president of the reorganized bank, with J. M. Hopley, Tekamah, vice president; and W. H. Morris, Oakdale, cashier. The new bank has a capital of $2,500,000 on March 27. Loans June 29 is president of the reorganized bank, D. L. Shenefelt, formerly of the United States National Bank.

Reorganized

The Home Bank of Kennard, Neb., closed by the state May 16, has been reorganized and reopened, with the transfer to a depositors committee of doubtful assets of $65,584. The new bank has a capital of 15 thousand dollars and surplus of $1,500. J. B. Gibson is president; George T. Hedelund, cashier; F. W. Thomas, G. T. Hedelund, V. E. Hedelund and J. B. Gibson, directors.

Omaha Deposits

A slight drop in deposits was noted in Omaha banks, when reports were made following the call of the comptroller of the currency, at the close of business, June 29. The total deposits were $110,712,794 compared to $114,659,221 on March 27. Loans June 29 were $67,106,713.

The figures for individual banks:

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<thead>
<tr>
<th>Bank</th>
<th>Deposits</th>
<th>Loans</th>
</tr>
</thead>
<tbody>
<tr>
<td>First National Bank</td>
<td>24,796,814</td>
<td>11,923,951</td>
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<tr>
<td>United States National Bank</td>
<td>20,299,947</td>
<td>9,200,766</td>
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<tr>
<td>Stock Yards National Bank</td>
<td>8,567,282</td>
<td>7,899,317</td>
</tr>
<tr>
<td>Live Stock National Bank</td>
<td>5,900,277</td>
<td>4,626,990</td>
</tr>
<tr>
<td>State Bank of Omaha</td>
<td>5,217,213</td>
<td>2,978,469</td>
</tr>
<tr>
<td>Farmers and Merchants Bank</td>
<td>2,618,327</td>
<td>1,248,211</td>
</tr>
<tr>
<td>South Omaha State Bank</td>
<td>1,532,311</td>
<td>1,052,273</td>
</tr>
<tr>
<td>South Omaha Savings Bank</td>
<td>1,052,177</td>
<td>1,034,189</td>
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<tr>
<td>Farmers and Merchants Bank</td>
<td>719,264</td>
<td>622,946</td>
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<tr>
<td>Bank of Florence</td>
<td>482,097</td>
<td>359,218</td>
</tr>
</tbody>
</table>

Attend Celebration

Numbered among the several thousand people who attended the silver anniversary celebration of the Fremont State Bank were a number of bankers from over Nebraska who drove there especially for the occasion. Among them were the following:

W. Dale Clark, president Omaha National Bank, Omaha.
A. L. Schantz, president State Bank of Omaha.
C. F. Anderson, Assistant to the president of State Bank of Omaha.
A. A. Nelson, cashier, State Bank of Omaha.
Mr. Kirkpatrick, bond department, Omaha National Bank.
E. J. Moser, manager bond department, United States Trust Co., Omaha.

E. N. Van Horne, president, Continental National Bank, Lincoln.
R. C. Johnson, assistant vice president, Continental National Bank, Lincoln.
E. A. Becker, cashier Continental National Bank, Lincoln.
Emil Wolfe, vice president Bank of Morse Bluffs, Neb.
L. R. Coural, vice president Howells State Bank, Howells, Neb.
Gus Schlichting, president Bank of Cedar Bluffs.
J. M. Mackprang, cashier Bank of Cedar Bluffs.
G. A. Pestal, assistant cashier, Bank of Cedar Bluffs.
H. N. Koyen, vice president, Farmers State Bank, Nickerson.
J. T. Baumann, president, West Point National Bank, West Point and three directors.
T. F. Green, cashier, Farmers State Bank, Valley.
A. Kapperaad, second vice president, Federal Land Bank, Omaha.

The Continental National Bank

LINCOLN, NEBRASKA

"A Bank for Bankers"

Our consistent growth and progress, contributed to largely by our correspondents throughout Nebraska, is indicative of the careful service and prompt attention rendered them.

We solicit the accounts of Banks and Bankers, offering every facility and service.

OFFICERS

CHAIRMAN: T. KNAPP, Chairman of the Board.
EDWIN N. VAN HORN, President
E. V. S. PATTERSON, Asst. Vice-President
T. H. STRAIN, Vice-President
EDWARD A. BECKER, Cashier
WHEATON BATTEY, Asst. Cashier.

OMAHA

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

OFFICERS:

M. T. BARLOW, President of the Board
R. P. MORSEMAN, President

G. H. YATES, Vice-President
J. C. McCLURE, Vice-President
T. F. MURPHY, Vice-President
C. F. BRINKMAN, Asst. V. -President
P. B. HENDRICKS, Asst. Vice-President
R. K. KAINER, Cashier
H. B. ROGERS, Assistant Cashier
E. E. LANDERS, Assistant Cashier
A. L. VICKERY, Assistant Cashier
V. B. CALDWELL, Assistant Cashier

Central Western Banker, August, 1929
The Personal Service

That we render to our customers in connection with their live stock business is of inestimable value.

It is made possible by our years of experience in this business, and our constant touch with market conditions due to our location in the Stock Yards.

We urge you to take advantage of it.

Stock Yards National Bank of South Omaha

The Only Bank in the Union Stock Yards

Becomes Cashier

Carl W. Spacht of Hemingford has taken a position as cashier of the First National Bank of Gordon, Nebraska. Mr. Berkheimer, who for the past seven years has held that position, has been made vice president and will continue to have active charge of the bank. The volume of the business required the addition of another experienced official.

Spring Pig Crop

The Nebraska spring pig crop is 3 per cent smaller this year than last, that of all corn-belt states is 6 per cent smaller, and for the whole United States there are 8 per cent fewer spring pigs than a year ago, says the state and federal division of agricultural statistics.

This year Nebraska farmers saved approximately 4,949,000 pigs, or 158,000 less than a year ago. (Last year's spring crop was 5,102,000 head.) This reduction is slightly less than was predicted by the December survey but the difference is due to a larger average sized litter; the number of sows farrowed this spring as compared to 1928 is in accord with the December prediction.

The stated intention to breed 114.3 per cent as many sows for farrowing as actually farrowed last fall indicates a fall pig crop in Nebraska from the same size as last year down to as much as 5 per cent smaller, depending upon whether the difference between intentions to breed and actual farrowing is average or as large as the largest year since surveys were made. The fall pig crop in Nebraska last year totaled 1,362,000 head.

According to the survey the spring pig crop in the corn belt is 2,500,000 head less than last year and the fall pig crop will be about 3 per cent less than last year. This is the smallest pig crop since 1925 and according to the farmers' own reports, that pig crop brought an average price of $11.63 per hundred, the highest average price of any year from 1920 to date.

Further, there are 3,300,000 fewer pigs in the United States than a year ago, and intentions to breed point to a fall crop 5 per cent smaller than in 1928.

The Heavy Fantastic

"You don't mean to tell me a fellow choked a woman to death in a crowded cafe and no one interfered?"
"Yes. They all thought it was some new dance."
Nebraska University Ahead

The University of Nebraska dairy herd has the edge on other state colleges and universities in milk and butterfat production according to a point system devised by the Holstein-Friesian World, an official breed publication. Nebraska leads its nearest rival, Cornell University at Ithaca, New York, by 238 points. The North Platte substation and the Curtis herds are included in this calculation.

Six university dairy cows now literally have their names in the Holstein-Friesian "Hall of Fame." These six animals have made eight records of over 1000 pounds butterfat. Two of them are from the herd at Lincoln, two from North Platte, and one from Curtis. Only two other breeding establishments in the United States have exceeded this record.

During the past year, university cows at Lincoln, North Platte, and Curtis made a total of 347 points according to the World and ranked sixth highest among all dairy owners doing official testing.

Beauty Girl Gerben Re Becky, a North Platte cow holding the world's record for three successive years butterfat production, recently suffered an attack of blood poisoning. Infection arose from an injury to her foot. The eleven year old animal is one of two cows in the world to produce 1000 pounds of butterfat each of three successive years.

A New Record

During the first six months of 1929, truck-in live stock to the Omaha market set a new record with receipts of 777,238 hogs by motor trucks. During the first six months of 1928, hogs brought by truck totalled 619,259 head. The figures are on authority of the Union Stock Yards company.

Cattle receipts by truck this year were 152,746 head, compared to 123,519 last year. Calves were 26,742 compared to 22,115 a year ago.

Receipts of sheep amounted to 178,716 head this year, for the six months period, compared to 144,558 for the same period in 1928.

On July 2 the value of all live stock trucked into the Omaha market was approximately $520 thousand dollars, setting a record for a single day on the South Omaha Live Stock Exchange.

Lazy Feeding

A lazy man's way of fattening steers is approved by an experiment reported at the University of Wisconsin. Steers fed once a day grew slightly faster and produced cheaper beef than two other groups, one of which was fed twice a day and the other given free access to corn.

Results of the feeding trial were announced before farmers from all sections of the state who were attending the annual field day at the college of agriculture.

Three uniform groups of Hereford steers, of 10 head each, were entered in the experiment which continued for 168 days. All of the lots received similar amounts of the same feed, except the self fed group which consumed slightly more corn than the others.

Steers fed once a day made a daily gain of 2.56 pounds of live weight and produced 100 pounds of gain at a feed cost of $11. In both of these particulars, the group excelled the other steers.

Feeding steers but once a day, according to the university report, offers a distinct advantage to dairymen who fatten in conjunction with other winter work. The feeding can be done at a time so that it does not conflict with other chores. The results support the theory of the conservation of energy, which would infer that cattle fed but once a day might be benefited if they were not roused for a second feeding.

The experiment was supervised by J. G. Fuller, G. Bohstedt and P. H. Roche, members of the department of animal husbandry. So far as is known, the experiment is considered the first ever attempted to compare the efficiency of various methods of fattening beef cattle.

Popularizing Meat

With the co-ordination of live stock producers' effort to popularize meat and increase its consumption as their aim, representatives of the committees which were appointed at regional meetings held by stockmen in Iowa and Nebraska in recent months met with R. C. Pollock of the National Live Stock and Meat board in Omaha last month and in an all day session perfected a temporary organization.

The Interstate Live Stock Producers' committee was the name selected for this central group which is expected to be backed by various producers' organizations in the most important live stock producing states in this territory. Temporary officers selected were Harry Hooley, Atlantic, la., chairman; Dan Hildebrand, Seward, Neb., vice-chairman, and O. O. Wagoner, Lincoln, Neb., secretary. Among others present was Prof. H. J. Gramlich of the Nebraska College of Agriculture.

Call Meeting for August

As the outgrowth of this conference, it is planned to hold on Friday, August 9, a general meeting of representatives of all the different live stock growers and feeders groups in Nebraska, Iowa, Missouri, Kansas, Colorado, Wyoming, and South Dakota. Montana stockmen in all these states have already expressed a desire to cooperate in the campaign and it is felt that a unified program is essential if results are to be obtained.

In addition, invitations to this session will be extended to the American National Live Stock association, the National Wool Growers' association, and any and all other producers' organizations interested in the move.
Better Understanding

In this so-called "machine age," banking is one business where the human element still plays an important part. Service can never be fully standardized. On occasion, sound judgment must supersede the established system. Decisions must be governed by reason rather than by rule.

The personal nature of this bank's service enables it to handle the business of correspondents with better understanding. Even the details that are entrusted to this old progressive institution are lifted above the plane of mere routine.

Oscar H. Haugen
Chairman of the Board

Leroy A. Goddard
Vice-Chairman

Walter W. Head
President

Walter J. Cox
Executive Vice-President

State Bank
of Chicago

A Trust Company

LA SALLE AND MONROE STREETS

Member Federal Reserve System

Capital, Surplus and Undivided Profits Over $13,000,000

Central Western Banker, August, 1929

Iowa Crops

Increases in barley and winter wheat acreage and a decrease in the production of timothy seed were recorded in Iowa during 1928, statistics compiled by the Weather and Crop Bureau of the state department of agriculture revealed.

The total acreage of barley in Iowa in 1928 was 802,230, which is an increase of 347,760 acres of 76.5 per cent over 1927. The average yield was 32.2 bushels to an acre, 4.2 bushels above the average of the last 10 years. Some 25,792,482, bushels of barley were produced, by far the greatest production of the grain ever recorded in the state.

Winter wheat acreage in the state during 1928 was 411,228, an increase of 11,204 acres over 1927. The average yield per acre was lower last year, however, for in 1927 19.3 bushels were produced to an acre while in 1928 it was 18.5 bushels.

Only 104,371 acres of timothy were cut for seed last year, a decrease of about 24.7 per cent over the 1927 figure, the statistics showed. This decrease was believed to have been caused by the heavy over-production of the seed in 1927.

Off Guard

Mistress: "Can you explain why it is, Mary, that every time I come into the kitchen I find you reading?"

New Maid: "It must be those rubber heels of yours, mum!"

Essentials of a Well Managed Bank

(Continued from Page 6)

Classes 5 and 6 should never exceed the bank's capital structure.

Real Estate Loans

May I say just an additional word about real estate loans? There were a number who would classify them as a part of a secondary reserve. This might be alright in Wisconsin where the banking department requires the mortization of all real estate loans at the rate of 5 per cent each six months. The average three to five year real estate loan has no place in a secondary reserve. An Illinois banker so classified some of his real estate loans on Chicago properties, until one day he was offered some bonds on some prop-
erty that he was personally interested in. One piece of property cost $137,000.00 and was bonded for $135,000.00; the other cost $165,000.00 and was bonded for $150,000.00. From that time on he refrained from making any further investments in apartment house securities.

The third factor in an investment program has to do with yield or income. The gross income for a bank is the amount of interest and discount received less the amount of interest and discount paid, as shown by the foregoing table. The average gross profit margin from national banks for thirteen states was in 1921, 73 9/10 per cent, seven years later, 64 6/10 per cent, a decrease of 9 3/10 per cent. To illustrate: Suppose a bank receive interest in the sum of $60,000.00 and suppose it pays interest on deposits in the sum of $20,000.00. This leaves $40,000.00, which is 66 2/3 per cent of $60,000.00, and this percentage of 66 2/3 per cent represents the total gross margin of profit. By applying these figures to your own bank, you may be able to learn about in what position your institution stands in relation to the average. To offset the loss in revenue from interest, banks necessarily must look to other sources. This is being done and quite an amount is now being realized from service charges of one kind or another.

Many of the banks in Minnesota have evolved a new scheme, or at least one new to most banks, and adopted what they call a "Float Charge." This scheme is working out very satisfactorily and adds considerable revenue. I have letters in my possession from a score or more banks in Minnesota, highly commending the plan. On the outside checks and drafts deposited or cashed over the counter and collectible through the Federal Reserve Bank a per item charge is as shown in Table 3.

On all checks and drafts not collectible through the Federal Reserve Bank, on which the drawee bank makes an exchange charge, the above rates apply in addition to the exchange charged by the drawee bank.

Wisconsin has gone in pretty heavy for Credit Work. What is a Credit Bureau? It is an organization of the banks in one or more counties through which credit information may be interchanged and for the purpose of eliminating unworthy borrowers. To join, a bank must have the approval of its Board of Directors and must pledge itself not to take advantage of its member banks when duplications are discovered. Member banks report all loans on separate cards specially prepared for such purposes, but give no amounts of loans. The Bureau Manager sorts and classifies these cards and when duplications are discovered he reports by symbols or keys to the interested banks. The banks affected can then consult with each other and determine what course they will follow. Retired lines are likewise reported in the same manner and thus the Bureau is able to keep its files up to date. Again the real value lies in the fact that a banker may call upon the Bureau before he makes a loan and perhaps save himself much embarrassment and worry. It is reported that banks in Wisconsin have saved themselves many thousands of dollars through use of these Credit Bureaus. These Bureaus handle not only credit information but endeavor to set up uniform rates of interest on deposits, service charges, etc. Legal counsel has approved their methods of operation. In 1927 there were only two bureaus in Wisconsin and in 1928 there were twenty-four in twenty-eight counties. The annual cost runs about 10 cents per $1,000.00 on loans, or 10 cents per name. During the last ten years Wisconsin has had only sixty one failures out of a total deposit of $521,000,000.00.
A Good Record

A creditable record is being made by the reorganized Citizens’ State Bank of Irene, South Dakota, in the payment of certificates issued when the bank was reorganized. It is officially announced by the officers of the bank that a group of these certificates which were not due until December 15, 1930, will be paid at once, the financial condition of the reorganized bank being such that these certificates can be taken up at this time. This is the fourth issue of trust certificates issued by the bank, and all have been paid a considerable time before they were due. The deposits of the bank have shown a steady increase since the reorganization was effected, it is shown by the bank’s statements.

Million Dollar Bank

Brookings, South Dakota, has a million dollar bank again, after a period of several years in which depression in banking circles seemed to be the rule. On June 30 the report of the Security National Bank shows total deposits of $1,024,811.23. Last March the deposits were $862,947.09. The Security National was opened on November 2, 1925, being organized by the late Horace Fishback, Sr., pioneer banker of the community. His sons, Van Dusen and Horace, Jr., are in charge of the institution their father founded.

The Brookings County Bank, considerably younger than the Security, is also showing steady gains in deposits and total resources. The banking business in Brookings is on a thoroughly sound footing and complete confidence in both institutions is felt.

Change Officers

A change in the cashiership of the Bank of Gann Valley, South Dakota, was effected recently, when W. E. Lane, cashier since the local bank was organized in 1926, goes to Oldham where he will serve as assistant cashier in the National Bank of Oldham. Robert Johnson, a banker from Buffalo, S. D., will take Mr. Lane’s place as cashier of the Bank of Gann Valley.

Merger Completed

The final work of merging the Vermilion National and the First National banks into the First National Bank & Trust Company, both of Vermilion, South Dakota, was completed recently when the books and resources of the Vermilion National were moved across the street to the First National Bank building, where the business is now being conducted.

With California Bank

H. F. Haroldson, formerly of Brookings, South Dakota, but who has been in California for some time, is again in the banking business, being connected with the First National Bank of Baldwin Park, Calif. He is with the loans department. Geo. Mayland, also well known in Brookings, is also connected with the same bank.

Consolidated

The South Dakota banking department gives out the fact of the consolidation of the Red Valley Bank and the Orient State Bank, both of Orient. The opening for business of the Union Savings Bank at Sioux Falls, on that date, and the liquidation of the Union Savings Association, of Sioux Falls, were on the same date.
National Bank building will be built on in the near future, providing more vault facilities, after which the First National Bank & Trust Company will move into that building while the First National Bank building is being enlarged and remodeled to become the permanent home of the institution.

Every effort will be made to provide for the convenience of patrons of the institution while the work of remodeling the First National Bank building is being carried on, bank officials declared.

**Receive Charter**

The charter of the Union Savings bank, formerly operating as the Union Savings association, of Sioux Falls, South Dakota, has been received and the formality of changing to the new name, has been completed, according to an announcement made by J. C. Vandagrift, president of the bank.

The bank has a capital and surplus of $300,000, the stock being owned by permanent stockholders of the association, said Mr. Vandagrift. The bank will receive no checking or commercial accounts and will make no commercial loans, according to the announcement made relative to the policy of the bank.

M. W. Sheafe and William C. Duffey are vice presidents of the institution, while H. G. Hodgins is cashier and H. O. Engen is assistant cashier.

**Appoint Committees**

Thomas O'Brien, president of the South Dakota Bankers Association, has made the following committee appointments.

- **Protective Committee**: M. Plin Beebe, Ipswich, S. D., chairman; O. V. Meyhaus, Sioux Falls; Ed A. Porter, Aberdeen.

- **Committee on Public Relations**: Ira A. Moore, Sioux Falls, chairman; C. H. Barrett, Vermillion; T. W. Delicate, Custer; M. Plin Beebe, Ipswich; Fred B. Stiles, Watertown; D. H. Lightner, Aberdeen; Harry M. Griff, Gettysburg; R. E. Driscoll, Lead.

With the exception of the chairman, the committee members above are resident past presidents of the association.

**Bankers at Picnic**

The officials and employes of four Wyoming banks of which C. J. Williams of Billings is president—the Security State Bank of Basin, the First National Bank of Greybull, the First National Bank of Lovell and the Park County State Bank—enjoyed a picnic and a blizzard recently. There were fifteen carloads there, all told fifty-six people, and they thoroughly enjoyed a fine picnic dinner, parts of which, fortunately because of the cold weather of which they were victims, were hot coffee, hot rolls and twenty fried chickens. After the dinner all repaired to the lodge rooms at Lovell, where the afternoon was spent with many interesting talks.

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**Guaranty Trust Company of New York**

140 Broadway

**Condensed Statement, June 29, 1929**

<table>
<thead>
<tr>
<th>RESOURCES</th>
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</thead>
<tbody>
<tr>
<td><strong>Cash on Hand, in Federal Reserve Bank, and Due from Banks and Bankers</strong></td>
<td>$253,834,141.63</td>
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<tr>
<td><strong>U. S. Government Bonds and Certificates</strong></td>
<td>124,157,315.00</td>
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<tr>
<td><strong>Public Securities</strong></td>
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<td><strong>Other Securities</strong></td>
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<td><strong>Loans and Bills Purchased</strong></td>
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<tr>
<td><strong>Real Estate Bonds and Mortgages</strong></td>
<td>404,039.99</td>
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<td><strong>Items in Transit with Foreign Branches</strong></td>
<td>6,299,154.41</td>
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<tr>
<td><strong>Credits Granted on Acceptances</strong></td>
<td>110,542,967.14</td>
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<tr>
<td><strong>Real Estate</strong></td>
<td>13,627,237.75</td>
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<td><strong>Accrued Interest and Accounts Receivable</strong></td>
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<tr>
<td><strong>Total</strong></td>
<td>$1,556,010,960.33</td>
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<table>
<thead>
<tr>
<th>LIABILITIES</th>
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<tbody>
<tr>
<td><strong>Capital</strong></td>
<td>$70,000,000.00</td>
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<td><strong>Surplus</strong></td>
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<td><strong>Undivided Profits</strong></td>
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<td><strong>Outstanding Bills</strong></td>
<td>$186,418,067.72</td>
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<td><strong>Bills Payable</strong></td>
<td>375,840.00</td>
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<td><strong>Accrued Interest, Reserve for Taxes, etc.</strong></td>
<td>84,000,000.00</td>
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<tr>
<td><strong>Agreements to Repurchase United States Securities Sold</strong></td>
<td>18,627,219.18</td>
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<tr>
<td><strong>Acceptances</strong></td>
<td>375,840.00</td>
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<tr>
<td><strong>Liability as Endorser on Acceptances and Foreign Bills</strong></td>
<td>110,542,967.14</td>
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<tr>
<td><strong>Deposits</strong></td>
<td>112,841,314.99</td>
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<td><strong>Outstanding Checks</strong></td>
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<tr>
<td><strong>Total</strong></td>
<td>60,715,463.63</td>
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<tr>
<td><strong>Total</strong></td>
<td>1,041,909,263.10</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$1,556,010,960.33</td>
</tr>
</tbody>
</table>

Central Western Banker, August, 1929
Kansas News

New in Scottville

The Farmers State Bank has recently opened in Scottville, Kansas, with a capital of $20,000, and a surplus of $2,000. Officers are B. C. Culp, president, Ira Keeler, vice-president, and Lester Shanberg, cashier.

Granted Charters

Investment companies seem to offer unusual possibilities in Wichita, Kansas, inasmuch as there were three of them recently chartered to operate in that city. The companies are the Wright Investment Company, the Amortiobane Investment Company, and the Paramount Investment Company.

County Bankers Meet

The bankers of Donophan County, Kansas, gathered recently for their annual meeting. Plenty to eat, speeches, entertainment, and bridge, were the most outstanding program features. St. Joseph, Missouri, and Atchison, Kansas, bank officials were in attendance.

Merge in Cherokee

The First State Bank of Cherokee, Kansas, merged recently with the First National Bank of the same city. Combined deposits of the consolidated institutions are now in the neighborhood of $240,000.

Resigns

George Conner, assistant cashier of the Baxter State Bank of Baxter Springs, Kansas, has resigned his position because of ill health. Mr. B. C. Chambers, who has been with the bank for the past two years, succeeds Mr. Conner to the position of assistant cashier.

Neodesha Merger

The Union National Bank and the First National Bank, of Neodesha, Kansas, have merged under the name of the latter institution. Officers of the combined banks are W. J. Small, president; C. M. Kimball and E. L. Chapman, vice-presidents; J. G. Kimball, cashier; and Edwin Smith, Mary Adell, Maude Dart, assistant cashiers.

Want Federal Branch

Bankers and business men of Wichita, Kansas, are making every effort to have a branch of the Federal Reserve Bank established in their city. The branch, if established, will be under the supervision of the Federal Reserve Bank at Kansas City, its parent institution.

On Vacation

Glenn Swogger, vice-president of the Kansas Reserve State Bank of Topeka, is on a vacation trip with his family through the Yellowstone Park and parts of Canada. Mr. Swogger expects to spend about a month on the trip.

Scotch Joke No. 2,000,002

It seems they were a couple of Scotch aviators. 

"And what did ye give your navigator for helping you win the race?" inquired Sandy.

"Why," said Angus in surprise, "I gave him the ride."

First Tipper: "Say—that was some party last night. How did you find yourself this morning?"

Second Tipper: "Easy. I looked under the table—and there I was!"

The Banker's Confidential Market

JAA—Only bank in southwestern Missouri town about 500 population. Gas, electricity, city water, good schools, thrifty people. Excellent location. Stock priced about $2,160.00, very good "side lines." Attractive earnings on stock. Requires $11,500.00 investment.

HBD—Splendid opening for two men, northern Oklahoma city of over two thousand population, not overbanked. Good salary and earning power. Stock reasonably priced. Requires $35,500.00.

EBE—Control carrying presidency of only bank in good southwestern town of around 600 people offered for about $12,000.00. Bank shows good earning power. Salary and side line earnings about $2,800.00 per year.

BMB—Cashiership of small bank, attractively located in suburb of good, small city, having all modern conveniences. Salary $260.00. Requires investment of $4,500.00.

HGA—Leading bank, western Missouri county seat town desires to secure cashier who has the ability necessary to succeed president in a few years. Bank's deposits well over half-million mark. Requires investment of $21,500.00.

TPB—Cashiership of good bank, modern, county seat town of more than 3,000 population can be had by acceptable banker through investment of $17,000.00. Salary $290.00 per month. Kansas Location with splendid future.

MIR—Only bank, good north Arkansas town of 1,000 population. Good schools and churches and considerable industrial pay roll. Bank has $25,000 capital, unusually strong board of directors, and earned 20% last year. 125 to 165 shares offered at $155—practically "invoice value." Conservative banker can be substantially "financed" on this purchase.

WPA—$11,250 secures 75 shares out of 350, conservatively managed bank in Western Missouri town of 700 to 800 population. Carries managing position at salary of $1,800. Bank capable of earning materially more than the 12½% dividend declared in 1928. Price about "book value."

For Further Data On These Or Other Offerings, Address

BANKERS BROKERAGE COMPANY

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

919 Baltimore Avenue

Kansas City, Missouri

Central Western Banker, August, 1929
Colorado News

Good in Denver

Business is good in Denver.

It has been that way throughout the past six-month period, and all available figures indicate that the stride business assumed with the beginning of the new year has been maintained and is a little in advance of the 1928 period.

When business is good in Denver there is little question about its status in Colorado. This city reflects the state, which is growing crops that may establish a new record for production as harvest time rolls around.

A review of business activities for the six months beginning Jan. 1 shows this satisfactory state of affairs.

Closed Saturdays

The First National Bank and the Eaton National Bank, of Eaton, Colorado, will close Saturday afternoons through the months of July and August.

Denver in 1930

The next convention of the American Bankers’ Association will be held in Denver in 1930, which assures, according to estimates of officials, thousands of visitors to the region during the convention.

Statements

The statements of the five Denver clearing house banks, as of June 29, issued in response to a call from the comptroller of currency, reveals aggregate deposits of $147,699,967, and total loans and discounts of $78,695,062. None of the local banks had any rediscouts with the federal reserve bank at the time of the call.

The banks have a combined capital of $5,550,000.

Changes at Durango

Effective last month, M. E. Skaggs, teller at the First National Bank, of Durango, Colorado, became assistant cashier in charge of notes. Arthur Weinig became paying teller, and H. W. DeLaney stepped into the cage as exchange teller.

Mr. Skaggs has been connected with the First National since 1915, previous to which time he was an instructor in the Durango High School.

Banker’s Son Killed

Mahlon D. Thatcher, Jr., 15 year old son of M. D. Thatcher, head of the First National Bank of Pueblo, Colorado, and one of the best known bankers in the west, was killed, when a pony he was riding became frightened and fell on the boy. The accident occurred near Rye, 35 miles from Pueblo, where the Thatcher summer home is located.

Large Figures

Bank deposits in the seven Colorado Springs banks on June 29 were reported in response to the midsummer call of the comptroller, and total $18,206,107.84, one of the largest figures for the period in many years. Base on a population of 40,000, the total shows $455 for every man, woman and child living here. The figures by the banks:

First National ...................$6,374,568.63
Exchange National............. 5,217,970.72
Colorado Savings.............. 2,094,198.27
C. S. National................ 1,894,938.15
Title and Trust................ 1,842,688.90
City National.................. 397,216.26
State Savings.................... 384,481.91

Total........................................$18,206,107.84

Elected Vice-President

Keith S. Rucker, cashier of the First National Bank of Durango, was elected vice-president of the Colorado Bankers Association, at the twenty-seventh annual convention of the association, held at Colorado Springs.

Heads Colorado Bankers

Alonzo Petteys, cashier of the Farmers State Bank at Brush, was honored at the twenty-seventh annual convention of the Colorado Bankers Association at Colorado Springs by being elected its president to succeed W. R. Armstrong, president of the Colorado Springs National Bank.

Mr. Petteys was vice president of the executive council of the association last year and by virtue of his election as head of the state organization he becomes president of that council for the ensuing year. Previous to serving as vice president of the executive council he was chairman of group 1 of the association and for several years has been a most active member of the organization.

An Angel

"What is an angel, mother?" asked a six-year-old.

"Why, dear, it is a beautiful lady with wings, who flies. But why do you ask?"

"Because I heard father call my governess an angel," replied the little boy.

"Oh," said the mother, "Well, dear, you watch her and you will see her fly tomorrow."

The Symptoms

Husband (after first round of the holiday): "Absolutely putrid course. Wish we’d never come to this rotten hole."

Wife: "How many did you lose by, dear?"

The evidence of nature is worth more than the arguments of learning. —St. Ambrose.

CALIFORNIA GROWS CLOSER to the REST of the COUNTRY

AIR MAIL and air passenger service, faster train service, improved transit service through the Federal Reserve System, a great movement of population here from all over the Atlantic and Middle Western States—all these have made Southern California closer, more familiar and more important to the rest of the United States.

SECURITY-FIRST NATIONAL BANK of LOS ANGELES

Resources over 600 million dollars

The great regional bank of the southern part of California, with a branch system in principal cities from Fresno and San Luis Obispo south to the Mexican boundary.

24-HOUR TRANSIT SERVICE with speeded-up communications over the Bank’s system.

The Logical Southern California Banking Connection.

Central Western Banker, August, 1929
Wyoming News

Good Condition

Pursuant to the call of the comptroller of the currency for a statement of condition of National banks as of June 29, the First National Bank of Lander, Wyoming, publishes a report. This condensed statement shows the bank to have made substantial gains since the previous call of the comptroller, and reflects an excellent financial condition in the various departments of its operations.

Show increase

According to the quarterly statement prepared for the Wyoming banking department the combined assets of the two banks in Newcastle are now nearly three-quarter of a million dollars, showing a net gain of over $277,000.00 since the statement of March 27, 1929.

Quitting Business

The Powell National bank, located at Powell, Wyoming, is closing up its affairs. All note holders and others, creditors of said association have been notified to present the notes and other claims against the association for payment.

On Vacation

H. H. Hime, of the Stockgrowers bank of Lander, Wyoming, accompanied by his son left recently by automoblie for the west coast where they will join Mrs. Hime. Mr. Hime is taking a vacation and will make the trip by easy stages, stopping enroute to visit business acquaintances and friends.

Healthy Condition

Bank statements published recently reveal a healthy condition of business in Campbell county, Wyoming, and register a substantial growth in assets for the second quarter of this year. The combined capitalization of Gillette banks is $75,000. The combined surplus accounts total $73,000, and the undivided profits amount to $17,000, making an actual working capital fund of $165,000.

Loans and discounts as reported by the banks aggregate $1,331,444, which is an increase of $648,095 since the previous statement of three months ago. The demand deposits likewise show a healthy growth. The figures on the statements published were $693,978. This is an increase of $61,060 over the previous statement of three months ago.

Bright but Dumb!

He: "How is that back tire on your side dear?"
She (looking over the side of the car): "Oh, it's all right. It's flat on the bottom, but it's round on top."

Electrically Speaking

"What's the trouble, son?" solicitously asked the electric lineman of his three-year-old boy.
"Daddy," answered the child, "I picked up a little bug and one end wasn't insulated."

Either Way

Mrs. Brown (at resort): "Doesn't it worry you to write to your husband for more money?"
Mrs. Jones: "Not at all. If he's having a good time he owes it to me, and if he isn't having a good time, he has saved it."

Too Many

First Yegg: "And when you held up the bank, did you lock all the personnel in the vault?"
Second Yegg: "Naw, there wasn't room enough for eleven vice-presidents."

Guessed What He Saw

Husband (noticing pretty girl with her aunt)—Her niece is rather nice, eh?
Wife—Don't say "knees is"—say "knees are!"

The Modest Hero

"So you were at the battle of Is-sur-Tille!" she enthused. "And did your company lose heavily?"
"Yes'm, they did," assented the bashful vet. "That is, they did until they caught me with them loaded dice."
HERE'S HOW---

to

— Build small unprofitable savings into profitable accounts
— Revive dormant savings accounts
— Establish a Real Estate Loan Department
— Advertise for large construction loans
— Advertise for small housing loans
— Solicit correspondent bank accounts
— Sell commercial banking to business men
— Sell the checking account as a financial service
— Inaugurate and announce the service charge on checking accounts
— Meet trust objections in selling
— Fit trust advertising into a general campaign
— Analyze the trust department
— Prepare institutional copy for investment houses
— Develop sales promotion for investment houses
— Coordinate sales, buying, advertising and sales promotion for investment houses

TO FIND OUT—ATTEND THE

Fourteenth Annual Convention
FINANCIAL ADVERTISERS ASSOCIATION
HOTEL BILTMORE
OCTOBER 30 TO NOVEMBER 2
ATLANTA - GEORGIA
THE Service we render to correspondent banks is worthy of your immediate consideration.

The Omaha National Bank