Making More Money on Float Charges
To Better Serve Our Customers

To BETTER serve our customers, we have announced plans for a large addition to the First National Bank Building. This addition will practically double the size of our present banking rooms and will enable us to serve you better.

Work on the new addition will start soon, but will not interfere in any way with our banking service. The new banking room will be ready May 1.

The new addition has become necessary because of the steady growth of business. When our present building was erected in 1917, our capital stock was $500,000 and our deposits totaled $15,000,000. Today our capital stock totals $1,250,000 and our deposits are more than $25,000,000.
G. W. BLAIR has been elected comptroller of the Foreman National Corporation of Chicago, Robert B. Whiting, vice president, announced recently. Mr. Blair formerly was associated with Price, Waterhouse & Co. of New York. The Foreman National Corporation is the securities affiliate of the Foreman National Bank of Chicago.

THE STOCKHOLDERS of the Seaboard Bank of the City of New York has ratified the merger agreement between the Seaboard Bank and the Equitable Trust Company. Actual consolidation is to become effective on or about September 16th.

AN OUTGROWTH of the merger of several Seattle banks will result in the largest banking institution west of Chicago, and north of San Francisco. This will be the formation of the Seattle-Dexter-Horton Securities Company. The merger is expected to be completed around November 1, and will bring forth an institution with resources in excess of $120,000,000.

W. L. PIER, former well-known Omaha banker who some time ago went to Fort Worth, Texas, to become a member of the official staff of the Stock Yards National Bank of Fort Worth, has been elected President of that institution.

"BANK Administration" is the title of a new book by H. N. Stronck, Chicago bank administration expert. It is published by Rand McNally & Co. of Chicago. The author is a professional bank management engineer, and for a number of years has analyzed and prepared organization plans for many banks throughout the country.

THE ILLINOIS STATE BANKERS ASSOCIATION has announced a state wide school for the instruction of employees of banks, to be put into operation the first of October. This plan is the largest along educational lines ever promoted by the bankers of Illinois.

ROY A. YOUNG, governor of the Federal Reserve Board, was a recent visitor at the Federal Reserve Bank of Boston. W. P. G. Harding is governor of the Boston Bank.

THE MERGER of the Chase National and the National Park Bank, both of New York into one institution has been approved by the stockholders of both banks at a recent meeting. Capital, surplus, and undivided profits will total around $238,000,000.

T H E S T O C K H O L D E R S of the Chase National and the National Park Bank, both of New York into one institution has been approved by the stockholders of both banks at a recent meeting.

NOMINATIONS recently announced for future officers of the Investment Bankers Association list Trowbridge Callaway, of Callaway, Fish & Co., New York, as president. Many other investment bankers are slated for the several vice-presidencies and on the board of directors.

NEXT year the Bankers Associations of the states of Montana, Wyoming, and Idaho are planning to hold a joint convention instead of the usual separate ones as in the past. The date has not been named, but the place will be in Yellowstone Park.

A WALL Street banking house is reported to soon be ready to launch a new investment corporation to specialize in American, Canadian, and European railroad stocks.

A T A RECENT meeting of the executive committee of the board of trustees of the Equitable Trust Company of New York, William J. Eck was appointed a vice-president of the company. In the past Mr. Eck has been secretary of the trust company, and will retain that position.

THOMAS O'BRIEN, president of the South Dakota Bankers Association, announces legislative committee appointments as follows: W. F. Mailand, Mobridge, chairman; A. C. Flinders, Platte; M. L. Thompson, Vermillion; R. A. H. Brandt, Bison; W. Z. Sharp, Sioux Falls; R. E. Montgomery, Colome; and A. B. Cabalan, Miller.

PLAN to be at the Nebraska Bankers convention in Omaha.

Vol. 24 No. 8 September, 1929

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Central Western Banker, September, 1929
Shall We Forgive Our Debtors—and Loan Them More?

By A. L. Lawrence

Alcester, South Dakota

I

NASMUCH as the topic of this article is not an autobiography of myself, the first person form will be used only as an introductory note to the thought to be conveyed herein.

At the time my parents were interviewed by a banker relative to employing me, a sixteen year old boy, in his bank, I was attending high school and was taking among other studies a course in business bookkeeping. When told of the "golden opportunity," I felt that I was not sufficiently educated to commence work in a bank, but the thought occurred to me that I had my bookkeeping experience as taught in the school, so accepted the offer. However, about one day in the bookkeeping department of the bank proved to me, without a question of doubt, that there was only one thing gleaned from the course of value, and that was, that I knew the difference between debit and credit, consequently I blossomed into a mediocre high chair boy quite rapidly.

Underlying Factors

Since time immemorial the terms debit and credit have been, and are at this time, the underlying factors in all transactions handled through a bank, irrespective of whether or not the specific debit and credit proved advantageous to the bank. Now by certain changes in the spelling of these two terms, we have the two words debtor and creditor, and as we are speaking of banking, we will be obliged to call the bank the creditor and the individual, firm, partnership or corporation borrowing therefrom, the debtor.

For no other reason than that of the fact, that a bank is organized, chartered and opened for the purpose of realizing a margin of profit of its capital stock, it becomes necessary to loan the funds of its trusting depositors, to such risks as operate in the territory in which the bank is located, regardless of their line of endeavor. The only alternative being to invest its rising reserves outside its territory at a lower interest rate and consequently declare no dividends.

As soon as the average country bank is loaning its funds locally, as they are, and that city banks being correspondents of these banks, have by accepting rediscounted paper, a more diversified class of paper to add to their own commercial paper, the task of loaning, collecting and renewing with a minimum of loss, confronts each individual institution. In this regard the country banker is informed as to the conditions existant in his entire district covered.

To a great extent, the depression of the last decade has weakened the average individual's conception of good credit standing, his paying morale is broken, causing him to think lightly, if at all of his obligations. He is not paying so promptly, nor is he so prompt in renewing and in a great many cases has not and does not intend to pay at all. This however, is more true in his dealings with closed banks and obligations incurred under inflated prices, of which a certain amount is still held by going institutions.

A Moral "Tickler"

"Every bank should keep a record which may be called a "Moral Tickler" in which the names of each customer would appear, as a liability ledger and where all information available with regard to his past record be entered, together with a history of the method and manner in which he attended or paid his obligations!"

A. L. Lawrence

Central Western Banker, September, 1929

(Continued on Page 20)
Making More Money on Float Charges

The absence of adequate float charges costs the banks of this country millions of dollars annually and is one of the greatest causes of profit leakage, in the opinion of R. W. Putnam, vice president and cashier of the Security Bank and Trust Company of Red Wing, Minnesota, president, also, of the Minnesota Bankers Association. Banks of that state, however, have gone into the float charge quite thoroughly and their work merits its study and attention.

In a recent special report made to the Clearinghouse Section of the A.B.A., Mr. Putnam brings out these facts:

In Minnesota

Banks in the state of Minnesota have made further progress in the development and general adoption of a system of charges for float items in accounts than those of any other state. The situation in that state, the system of charges established and the actual results so graphically indicate what may be expected in the country at large from a general adoption of an adequate system of float charges that it merits examination in detail. The St. Paul and Minneapolis banks operate under the following schedule:

1. On all checks collectible through the Federal reserve bank charges shall be as follows:

- On all checks of $10 or under—5 cents per item.
- On all checks of over $10 a minimum charge of 15 cents per $100 or fraction thereof.
- Exceptions: When a corporation, firm, or individual deposits a sufficient volume of items so that the total charge thereon is equivalent to $9 per $1,000 or more, it shall be discretionary with the receiving bank to make a flat charge per $1,000; in such event, however, the minimum flat rate to be $9 per $1,000.

2. On checks not collectible through the Federal reserve bank charges shall be as follows:

- On all checks of $25 or under—a minimum charge of 10 cents per item.
- On all checks over $25 up to $100 a minimum charge of 5 cents per item.
- On all checks over $100 up to $200 a minimum charge of 7 cents per item.
- On all checks over $200, as follows:
  - 25 cents per $1,000 on items collectible two days after receipt.
  - 37 cents per $1,000 on items collectible three days after receipt.
  - 50 cents per $1,000 on items collectible four days after receipt.
  - 62 cents per $1,000 on items collectible five days after receipt.
  - $1 per $1,000 on items collectible six days after receipt.
  - $1 per $1,000 on items collectible seven days after receipt.

3. Charges on checks drawn upon Minneapolis, St. Paul, South St. Paul, Chicago and New York shall be discretionary with the collecting bank.

Another Schedule

Seven counties and the Northern Minnesota Clearing House Association and the Northwestern Minnesota Clearing House Association, comprising about twenty banks each, and several other towns in the state, operate under the following schedule:

- On checks and drafts collectible through the Federal reserve bank—
  - On all items of $25 or under—5 cents.
  - On an item over $25 and up to $100—10 cents.
  - On all items over $100 and up to $200—15 cents.

Chicago and New York shall be discretionary with the collecting bank.

On all items over $20 the following schedule shall apply except that the minimum charge shall be 15 cents, 17 cents per $1,000 on items collectible one day after receipt, 34 cents per $1,000 on items collectible two days after receipt, 50 cents per $1,000 on items collectible three days after receipt, 67 cents per $1,000 on items collectible four days after receipt, 83 cents per $1,000 on items collectible five days after receipt.

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

While these charges are specific for each class of item, they are, in fact, based upon interest rates. Disregarding rates on small items, which include a certain amount of margin for the cost of handling such items, it can readily be seen that the rates charged in the Minneapolis and St. Paul banks are, in fact, roughly 4 per cent interest on the items for the time they are in the process of collection, while in the country banks the rate is 6 per cent.

On the basis of the rates scheduled, the St. Paul and Minneapolis banks collect over $500,000 a year in float charges. What these charges mean to the income of country banks can be appreciated from the fact that fifty-eight banks in towns ranging in population from 10,000 to 100,000 population, with a total capital of $1,562,000 and total commercial deposits of $6,287,000, and operating on the country bank schedule above given, collect from float charges $46,545 a year, which amounts to 3 per cent of their total capital and 34 per cent of their total commercial deposits.

As star examples of what can be accomplished by the float charge in rural banks, the Northern National Bank, of Benilde, in a town of 8,000 population, capital $50,000, commercial deposits $325,000, earned in the year ending March 31, last, $3,300 on float charges, which is 6.6 per cent of the bank's capital and over 1 per cent of its total commercial deposits. During the current year the rate of float earnings is running 7.2 per cent of the bank's capital. The First National Bank of Thief River Falls, a town of
only 5,250 population, capital $50,000 and commercial deposits of $165,000, earns $2,750 a year from float, 5.5 per cent on its capital. As above noted, a bank in Parkston, South Dakota, is collecting from 10 per cent to 14 per cent of its capital annually in float charges.

The successful manner in which these and other banks have prevented losses and effectively increased their earnings by the imposition of float charges naturally is exciting the interest, and perhaps the cupidity, of the banking world, and this interest is resulting in a considerable movement among banks generally to adopt some system of float charges. However, it should be noted that all the banks which have so far failed to adopt float charges do not submit to all the losses which that fact might imply. Many individual banks and many groups of banks all over the country, for instance, follow the sound rule of not crediting the proceeds of an out-of-town check until they have actually been collected. This in itself involves extra trouble and expense which properly should be charged for, but it at least removes the factor of an advance of funds. Many individual banks also make a charge for collecting out-of-town checks.

Analysis of the several systems of float charges in operation in various parts of the country indicate two factors. The first is that of a fee or remuneration to a bank for the additional trouble and expense involved in the collection of out-of-town checks; the second is that of interest upon funds advanced a customer-depositor in crediting him with funds before they are actually received by the bank. Extra trouble and expense are involved in every case of the deposit of an out-of-town check for collection. The matter of interest depends upon whether there is any actual advance of funds and several other considerations.

It is possible to claim too much in the matter of float losses. There is a certain amount of "backwash" in the transfer of funds, and while a bank may be "out" a considerable sum in total of out-of-town items credited and not collected, it usually is "in" considerable sums in the way of checks drawn upon it and cashed or deposited in other places and not yet charged to the account of the drawer. Some bankers claim that such cross currents of float cancel each other, and undoubtedly there are some cases in which this is true.

However, the fact remains that in crediting an out-of-town item before it is collected a bank is potentially out the amount of the item; it is really advancing such amount to the depositor for from one to ten days or longer in anticipation of repayment. That is a very definite fact and is a matter which concerns the bank and the customer so favored. On the other hand, the amount of float in checks drawn upon the bank is a matter between this particular bank and other banks which receive them. It involves the trend of local or domestic exchange, keeping up city balances, regional or other clearinghouse charges, and other problems. In giving immediate credit to the account of a depositor of an out-of-town check, a bank advances funds, runs a risk of collection, and grants a real service to the customer which is independent of and separate from its responsibilities to other banks. Whatever advantage there may be to a bank in the float of its own checks cashed or deposited in other places is largely offset by the additional cost of crediting such checks to banks in other places, often in fact involving an actual transfer of currency. Of course much depends upon the trend of local exchange in cross current float. That is the risk of the banker, not the depositor or the drawer of the check. In any event it is evident that wherever there is an advance of funds or other service it should be paid for.

The Whole Question

The entire question as to the charging of loss by float, or, in other words, to charge customers for services thus rendered by a bank rather than to continue to absorb the loss or cost of such service in other operations, as has been the general custom in the past, is merely the question of whether or not banks can afford to continue to give something for fancied good will or to meet competition, and whether or not it is good policy and sound banking to do so. It may be assumed that the cost of receiving or paying out actual currency or perhaps local checks is properly chargeable to ordinary overhead in banking. The reception of any other item over the counter, however, involves other factors. Even in the case of local checks and credits there are certain additional costs involved in the collection of such items through the local clearinghouse or otherwise. In the case of out-of-town checks, these additional costs are increased.

Experts calculate that on an average it costs from three and a half to four cents to receive an out-of-town item over the counter, run it through the transit department, get it into the mails for collection, and get returns. Where such items are at once credited to the depositor’s account, which was once an all but universal practice and is still a quite general practice, the bank potentially loses interest on the amount of the deposit until it is collected. The actual and just basis for a float charge, therefore, is the additional cost of collecting out-of-town items plus the interest on funds placed at the disposition of the depositor before the money has actually been collected. This interest factor is larger than might at first appear. An average float of $10,000 each day, running an average of three days (Sunday included), for collection means an actual outlay of $30,000 each day in the year, or at 6 per cent, a loss of interest of $1,800 per year.

There are a good many banks that advocate a flat charge, say of five (Continued on Page 21)

Wins Advertising Prize

Chicago Trust Company was awarded first prize for having the best mortgage and finance advertising display at the convention of the National Association of Real Estate Boards held at Boston. The prize was a bronze plaque.

The display was submitted by Chester L. Price, in charge of the advertising and new business department of the Chicago Trust Company.
STOCK YARDS NATIONAL BANK
SOUTH OMAHA SAVINGS BANK
Announce Affiliation With
NORTHWEST BANCORPORATION

SOUTH OMAHA, the second largest live stock market in the United States, will profit by the decision of the Stock Yards National Bank, the South Omaha Savings Bank and the Cattle Feeders Loan Company, Inc., to affiliate with thirty other leading banks forming the Northwest Bancorporation group. With the increased resources and facilities coming from this affiliation, these institutions will be able to render even greater service that ever before to South Omaha and the live stock industry as a whole.

The Stock Yards National Bank is a consolidation of the South Omaha National Bank and the Union Stock Yards National Bank, which were established in 1887, largely for the purpose of financing the live stock industry and to provide banking accommodations for Omaha and the trade territory tributary thereto. This institution has enjoyed a healthy growth and, by uniting with this large group of successful financial institutions, brings South Omaha adequate resources for financing future requirements of the live stock and other allied industries.

There will be no change in the directorate of officer personnel, but three directors, Mr. Ford E. Hovey, President of the Stock Yards National Bank, Mr. John E. Wagner, Treasurer of the Cudahy Packing Company, and Mr. J. E. Davidson, President of the Nebraska Power Company, will become Directors of the Northwest Bancorporation.

Officers and Directors

STOCK YARDS NATIONAL BANK
Ford E. Hovey, President
L. K. Moore, Assistant to President
Jas. B. Owen, Vice-President
F. J. Emerson, Vice-President
W. H. Dressler, Cashier
H. C. Miller, Assistant Cashier
C. L. Owen, Assistant Cashier
H. A. Hovey, Assistant Cashier
T. G. Boggs, Auditor
Lester Armour, Vice-Pres., Armour & Co.

E. A. Cudahy, Chairman of the Board, Cudahy Packing Co.
J. E. Davidson, President
Nebroksa Power Co.
E. F. Folda, Banker
R. C. Howe, Capitalist
Geo. W. Johnston, Capitalist
W. H. Schel-Iberz, President
Union Stock Yards Co.
E. S. Waterbury, Manager
Armour & Co., Omaha
John E. Wagner, Treasurer
Cudahy Packing Co.

THE NORTHWEST BANCORPORATION

This greatest of Northwest financial consolidations was formed for the mutual benefit of participating banks and to promote the growth and development of communities which they serve. The banks forming this group are strong, independent, key banks located in leading cities of the West and Northwest.

Under the plan of organization, each affiliated bank operates as a unit under the management of local officers and directors, primarily and always in the interest of its own community, but all are bound together by interlocking stock ownership, and their interests and aims are mutual. By this association, the Northwest Bancorporation and affiliated banks will be able to render a complete and unified service at all points in the Northwest, pooling their resources and man-power to serve the financial needs of the Northwest in a more complete, stable and economical way.

Institutions Affiliated With

NORTHWEST BANCORPORATION

Minneapolis, Minnesota
Northwestern National Bank and Affiliated Banks
Minneapolis, Minnesota
Minnesota Loan & Trust Co.

Minneapolis, Minnesota
The Minnesota Company

Minneapolis, Minnesota
First and American National Bank

Omaha, Nebraska
United States National Bank
Omaha, Nebraska
United States Trust Company

Omaha, Nebraska
Stock Yards National Bank

South Omaha Savings Bank

Mason City, Iowa
First National Bank

Fargo, North Dakota
First National Bank

Sioux Falls, South Dakota
Security National Bank

La Crosse, Wisconsin
National Bank of La Crosse

Aberdeen, South Dakota
First National Bank

Deadwood, South Dakota
First National Bank

Fairbault, Minnesota
Security National Bank & Trust Company

Fergus Falls, Minnesota
Fergus Falls National Bank

Huron, South Dakota
National Bank of Huron

Jamestown, North Dakota
James River National Bank

Leed, South Dakota
First National Bank

Minit, North Dakota
First National Bank

Monarch, Minnesota
First National Bank

Owatonna, Minnesota
Security State Bank

Rapid City, South Dakota
First National Bank

Sturgis, South Dakota
Commercial National Bank

Watertown, North Dakota
Citizens National Bank

Watertown, South Dakota

STOCK YARDS NATIONAL BANK
SOUTH OMAHA, NEBRASKA

AFFILIATED WITH

NORTHWEST BANCORPORATION

COMBINED RESOURCES OVER $267,000,000

Central Western Banker, September, 1929
There are a number of important rulings of vital interest both to
the creditor and the stockholder of a corporation. It is impossible to
summarize all of them but the article on this page covers a number of
interesting points which will well repay the reader.—Editor’s Note.

THE CREDITOR and
stockholder met in the
eastern corner of the
Commercial Club.

"The X corporation’s
in bankruptcy," the credi-
tor suggests, "and they
owe me $10,000."

"And I paid cash for $10,000 worth
of its stock at par that’s a dead loss," the
stockholder declares. "I was lucky,
though, in a way, as I subscribed for
$20,000 worth but only paid for half."

"Yes, and its a lucky thing for us
creditors, too."

"How’s that?"

"Because now you’ve got to hand
over the unpaid balance to the receiver
for the benefit of the creditors."

The point involved in the foregoing
imaginary but plausible conversation
is one of vital interest to both creditor
and stockholders and there
are a number of important
rulings by the American
courts covering various
phases of the question.

An Interesting Situation

At the very outset, an
interesting situation arises
where the stockholder, a
lawyer, for instance, ad-
mits that he owes the cor-
poration on an unpaid sub-
scription, but the corpora-
tion owes him the same or
a larger amount for legal
services, and then the corporation em-
igrates into the popular and populous
state of bankruptcy.

"It’s true that I owe the corporation,
but it owes me, and I’ll just offset one
debt against the other, and call the
thing square," the lawyer suggests.

"Nothing doing—to do so would be
to give you an unjust preference over
other stockholders who have paid for
their stock in full, and, besides, the as-
sets of the corporation, including
claims for unpaid subscriptions consti-
tute a trust fund for the benefit of the
creditors which cannot be impaired by
allowing a setoff," the receiver con-
tends.

On this point the great weight of
authority is against the stockholder’s
setoff.

Such a debt, as we have seen, is
deemed in equity a part of the capital
stock of the company, and is a trust
fund to be devoted to the payment of
stockholder, to the exclusive payment
of his own claim," says a leading legal
textbook on this point.

Another interesting defence which
is sometimes raised by stockholders is
in cases where a plumber, carpenter or
lawyer subscribes for stock on an
agreement that he is to pay for it in
plumbing, carpentry or legal services,
and the corporation goes into bank-
ruptcy before the services are per-
formed.

"There’s my written contract, I’m
ready and willing to perform the serv-
ices, and that relieves me from paying
my subscription," the stockholder ar-
gues.

"No. We don’t need the services
now, but we will take the cash," the
receiver retorts.

The law on this point is not clear,
but there is a South Carolina case
where the stockholder gave a note to
cover his subscription, but on an

agreement that it should
be paid in work, and the
Supreme Court of that
state ruled that the stock-
holders could not escape
liability on the note on
the ground that he was
ready and willing to do
the work which had been rendered
unnecessary on account of the insolvency
of the corporation.

The Practical Effect

"The practical effect of a ruling in
favor of the stockholder would be to
allow him to setoff a claim for serv-
ces, although the claim was never in
existence, as the services were not
rendered. The fact that the rendition
of the services became unnecessary, by
reason of the corporation’s insolvency,
did not absolve the subscriber from
liability on the note, merely because he
was ready and willing to render
them," said the South Carolina Courts.

Cases also arise where
the stockholder practically
sets up his own wrong as
a defence.

"The state law says that
every stockholder shall pay
at least 10 per cent of his
subscription at the time,
and I paid only 5 per cent,
so that lets me out," the
stockholder declares.

There are decisions both
ways on this point, but in a leading
New York case where the stockholder
did not pay the required amount, but
acted as director, pocketed his divi-
dends, and sold his stock for real mon-
ey, the Court of Appeals of that state
ruled he could not escape liability.

"Carefully distinguishing things said
from things decided, the conclusion
that the subscription, if invalid for
want of such payment, may become
enforceable not only by a subsequent
cash payment, but by a course of deal-
ing between corporation and stock-
holder, is entirely reasonable and con-
sistent with the reported cases. To jus-
tify a conclusion that the subscriber
was not a stockholder although he had
taken the stock and agreed to pay for
it, acted as director of the corporation,
received dividends, and sold the stock,
we must resort to legal subtleties, ra-
ther than to natural inferences, and it

(Continued on Page 12)
For
International
Banking Facilities

CONTINENTAL ILLINOIS
BANK AND TRUST
COMPANY
CHICAGO
LEADING MEN OF THE NORTHWEST

On Directorate of Northwest’s Greatest Banking Group

The Northwest Bancorporation has called to its directorate the Northwest’s leaders in business and finance, men who have made outstanding successes in their particular fields. The knowledge and experience of these men are now available to the entire Northwest through this great banking institution, and its affiliated banks and trust companies.

‘Directors of Northwest Bancorporation’

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<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>City</th>
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NORTHWEST BANCORPORATION
MINNEAPOLIS, MINN.

Combined Resources over $255,000,000

Central Western Banker, September, 1929
The Northwest Bancorporation is a group of leading financial institutions located in key cities of the Northwest, affiliated to increase the financial strength and resources of this great empire of 11,000,000 people. These financial institutions, all under able local management, are now affiliated under this great banking institution.

Institutions Affiliated with Northwest Bancorporation

MINNEAPOLIS, MINN.
Northwestern National Bank and affiliated banks in Minneapolis

MINNEAPOLIS, MINN.
Minnesota Loan and Trust Company

MINNEAPOLIS, MINN.
The Minnesota Company

DULUTH, MINN.
First and American National Bank

OMAHA, NEBRASKA
United States National Bank

OMAHA, NEBRASKA
United States Trust Company

MASON CITY, IOWA
First National Bank

FARGO, NORTH DAKOTA
First National Bank & Trust Company

LA CROSSE, WISCONSIN
National Bank of La Crosse

SIOUX FALLS, SOUTH DAKOTA
Security National Bank

ABERDEEN, SOUTH DAKOTA
First National Bank

DEADWOOD, SOUTH DAKOTA
First National Bank

FARIBAULT, MINN.
Security National Bank & Trust Co.

FERGUS FALLS, MINN.
Fergus Falls National Bank

HURON, SOUTH DAKOTA
National Bank of Huron

JAMESTOWN, NORTH DAKOTA
James River National Bank

LEAD, SOUTH DAKOTA
First National Bank

MINOT, NORTH DAKOTA
First National Bank

MOORHEAD, MINNESOTA
First National Bank

OWATONNA, MINNESOTA
Security State Bank

RAPID CITY, SOUTH DAKOTA
First National Bank

STURGIS, SOUTH DAKOTA
Commercial National Bank

WAHPETON, NORTH DAKOTA
Citizens National Bank

WATERTOWN, SOUTH DAKOTA
Citizens National Bank

WATERTOWN, SOUTH DAKOTA
First National Bank
Holding the Stockholder
(Continued from Page 8)

would clash with our established ideas of equity if one in prosperity thus dealt with by the corporation as a stockholder should, in bankruptcy, be able to escape liability on the ground that a statutory provision, useful, if for any purpose, to provide a fund for creditors and to prevent fictitious subscriptions, had not been complied with," said the Court.

The majority of the cases which have been fought out, however, involved instances where stock was issued as fully paid up and non-assessable when in fact it has not been paid in full, and a creditor dealt with the corporation knowing that the stock had been issued at a discount.

"You extended credit with your eyes open, and now you can't come back on us for more than the corporation asked for our stock," the stockholder avers, after the corporation has gone on the rocks.

On this point the weight of authority is that such creditors are not in a position to enforce the stockholders' liability.

A California Case

In a California case one dollar shares were issued as fully paid up and non-assessable for 10 cents per share, and the Supreme Court of that state ruled that creditors who dealt with the corporation with full knowledge of the issue had no remedy as far as the stockholders were concerned.

"Where, however, it appears, as it does in this case, from the pleadings, the uncontradicted proofs, and the clear and positive findings of the court, that the particular creditor at the time the credit was given extended the credit with full knowledge of the difference between the par value of the stock and the value of the property received for it, an exception to the rule exists," said the court, and the same rule has been laid down in Georgia, Indiana, Iowa, Kansas, Michigan, Minnesota, Nebraska, Oregon, Washington, Wisconsin and other states.

On the other hand in a few states, including Delaware, Illinois and Kentucky, the courts have ruled that the knowledge of the creditor will not prevent him from enforcing payment on the part of the stockholder.

In a Delaware case where the creditor not only knew that the stock had not been paid in full, but actually took part in the issuance of it, the Supreme Court of that state ruled that he could still enforce his claim against the stockholders.

"It is a plain case of an issuance of stock by the company and acceptance by the holder without being paid for. Under such circumstances there can be no doubt that the acceptor impliedly agreed, and is equitably bound, to pay for the stock. Then it follows that even if the corporation, because of its agreement, could not enforce payment, the receiver appointed under the Insolvency Statute would have a right, in a court of equity and under the direction of the chancellor, to collect it, there being no other assets out of which the debts of the corporation could be paid. Money or property paid for capital stock are assets liable for the debts of the company, and why should money due but unpaid for such stock not be equally liable? Unpaid subscriptions unquestionably are liable because they are legal assets, and in our opinion the acceptor of stock not paid for or subscribed for, is likewise bound to pay for it, and his liability constitutes an equitable asset which a statutory receiver can enforce. It is admitted that such a receiver has power to collect unpaid subscriptions to the corporation for capital stock because the relation between the stockholder and the company is contractual and the unpaid subscription an asset

(Continued on Page 16)
Europe—and Our Tight Money Market

Our high interest rates are reducing our capacity to finance foreign bonds and are attracting foreign money to be loaned on American call market, says New York Economist

"The lending countries of Europe in the past few years have been England, The Netherlands, Sweden, Switzerland, and, more recently, France. London appears to have little leeway for further loans to the Continent at present. The Netherlands have been withdrawing funds previously lent, New York, and possibly some other foreign money markets, lent the necessary temporary assistance. Confidence is now restored, German funds are returning home, and the Reichsbank's reserve ratio, which had gone up to around 40 per cent, rose to 51.5 per cent by June 22.

"But the essential difficulties remain. Germany, if unable to get large foreign loans, must reverse the direction of her industrial and trade activities, reducing long-time construction and domestic consumption and increasing production for export.

The Position of London

The British banks, in their effort to revive British trade by extending bank credit, have allowed the percentage of their "advances," i.e., customers' loans and overdrafts, to rise to over 56 per cent of their deposits, whereas 50 per cent is looked upon as the normal upper limit. In addition, the drains upon the gold reserve of the Bank of England, particularly those of June and early July, have reduced the reserve ratio of the Banking Department from 35.8 per cent on May 22 to 41.9 per cent on July 10. Britain's capacity to extend loans to the rest of Europe is evidently greatly reduced, and new issues in London have not been going very well.

Central Western Banker, September, 1929
Concern lest our high rates should pull in a great deal of gold from England was a restraining factor in Federal Reserve policy during the whole of 1928. The rise in the discount rate of the Bank of England from 4½ per cent to 5½ per cent early this year released the situation for a time. But the pressure on sterling continued. One contributing factor is presumably the very large holdings by the Bank of France of sterling exchange. The opinion is expressed in London that whenever sterling shows any strength, there is French selling.

But a further very important factor in the persistent weakness in sterling and loss of gold by England has, of course, been the cessation of American loans to Europe, and the steady flow of funds from Europe to New York attracted by the high rates at the New York Stock Exchange. The drain on England's gold has begun much earlier this year than last year.

The foregoing does not mean, of course, that Britain's position is fundamentally weak. Basically, Britain has immense financial strength. If the Bank of England chose to use its discount rate in accordance with pre-war policy, she could undoubtedly protect her position quickly and effectively, just as The Netherlands Bank, by raising its discount rate in the spring, converted an outflow of funds into an inflow of funds. Incidentally, the best Dutch financial opinion in May was that the increased rates of interest in The Netherlands had not interfered with business in The Netherlands.

The Position of France

The French money market is the one money market which has immense strength and great capacity to expand credit. The Bank of France has a gold reserve of 44 per cent against demand liabilities, which is not high, since 40 per cent is looked upon by the financial authorities as the point below which they would not wish to go. But the Bank of France has, in addition, over a billion dollars of gold exchange, the major part of which is probably held in London, though a large part is also in New York.

France has a natural and justifiable desire to convert her foreign exchange into gold. As a first-rate financial center, she is unwilling to carry permanently her reserves in foreign countries. Moreover, France sees clearly the dangers of unsound credit expansion throughout the world when great countries employ the gold-exchange standard rather than the strict gold standard.

But France can bring in gold only by taking it away from other countries, chiefly England, but also the United States. In the present situation, France is moving slowly, cautiously and with special consideration for all the interests involved. She took gold from London in 1927 and 1928, and she took 310 million dollars of gold from New York in these years. Even in 1929, France has been able to add about 182 million dollars to her gold reserves, but she has obtained much of this from Germany, while Germany in turn has taken the gold from London.

France has no wish to disturb the international money market. But those who look forward to very easy money in the near future will do well to have in mind that easy money, in all prob-
ability, would be an immediate signal to France to bring gold from New York and London, with a tightening of rates in New York and London.

**Is Money Getting Easier?**

In gauging the position of the American money market, we must take a world-wide view, and we must have a certain perspective in time—at least enough to allow for seasonal variations. If we compare our position in June and July of 1929 with the same period of last year, it is clear that money is decisively higher than it was a year ago, although we thought then that it was very high.

The “high” for call money in July of last year was 10 per cent as against 15 per cent this year. On July 5 of last year, call money “renewed” at 6 per cent, and the renewal rate stood at 5½ and 6 per cent down to July 11. This year, the renewal rate was 7 per cent on July 5. It rose to 9 per cent on July 9, at which figure it remained unchanged down to July 15. Time money at the New York Stock Exchange was 5½ to 6 per cent in late June and in early July in 1928, whereas it has ranged from 7½ to 8 per cent in the same period in 1929. Commercial paper stood at 4½ to 5½ per cent in this period of 1928 as against a straight 6 per cent in late June and early July in 1929. Acceptances, despite the easing in July of this year, still stand a full 1 per cent above last year’s quotations at the same time.

And if we look at the position of the world at large, it is clear that money is far tighter than it was a year ago, and the financial strain is greater than it was a year ago.

**New Financing**

New stock, bond and note financing in July totalled $882,069,113, according to figures compiled in the monthly investment review of Lawrence Stern and Company, investment bankers of Chicago and New York. This is an increase of 27 per cent over the same month last year but a decrease of approximately 16 per cent from the June volume.

Bond and note financing in July totalled $325,710,814 which is 17 per cent greater than the volume of July 1928, but 27 per cent below the total of June. Stock offerings aggregated $256,385,299, which is 41 per cent larger than the total for July 1928 and 3 per cent greater than last month.

All classifications in the bond list with the exception of foreign and tax exempt offerings, registered substantial gains over June. Foreign issues declined approximately 7½ per cent in volume, and tax exempts were but slightly over half the total of last month.

In stock financing the greatest gain was registered in investment trust and financial company issues which comprised 60 per cent of the total volume for the month as compared to 34 per cent last month and 11 per cent for July 1928. Industrial and public utility issues registered declines from the totals of last month and July a year ago, while real estate and foreign both showed substantial gains.

Of the combined stock and bond total, New York City wrote by far the larger share—53 bond and note issues totalling $271,219,000 and 29 stock issues totalling $158,219,000. Chicago was in second place with 35 bond and note issues totalling $50,648,000 and 7 stock issues totalling $15,190,000. Boston was third with a combined total of $34,510,000 followed by Pittsburgh, Cleveland and St. Louis.

**Modern Service**

Mrs. Nuritch was determined that the world know of her fortunes. “Molly,” she said to the new maid, “You may take the dog out now and give him some air.”

“Yes, ma’am,” acquiesced Molly, “and please, ma’am, where will I find the nearest service station?”

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**American Founders Corporation**

*It is difficult for any man though he is familiar with the activities of American Founders Corporation*

The American Founders Corporation has one of the largest statistical departments in the United States and Europe, and the organization is composed of financial, industrial and economic experts, who are familiar with conditions local and general in all parts of the world.

Few organizations are so well qualified to make investments as the American Founders Corporation, and its remarkable growth during the past seven years clearly shows the results such an organization can accomplish.

**Ask for Complete Details**

**SMITH, LANDERYOU & CO.**

**210 Farnam Building,**

**Omaha, Nebraska**

**Ja. 5065**
Plan New Orleans Convention

Bankers who deal in figures for other folks are now taking time to do some computing on their own account that may revolutionize the mortgage loan business, according to E. E. Murrey, President of the Mortgage Bankers Association of America.

For men who can split pennies in making accurate appraisals of properties up for loan, often cheat themselves in the way they figure their profits, says Mr. Murrey who is vice-president of the American Trust Company of Nashville, Tenn.

Thus, five hundred members of the bankers' association, located in all parts of the country have set to work making elaborate surveys of what it costs to handle all types of loans and the results of this survey will be made public as a feature of the coming convention of the association to be held in New Orleans, October 29 to 31.

Meet in Raton

Group number two of the New Mexico Bankers' Association met recently in Raton, New Mexico. The group includes officers and employees of all banks in Union, Mora, Harding, Taos and Colfax counties, and the next gathering will be held in Taos sometime during the month of October. The following officers were elected: chairman, J. Van Houten; vice chairman, C. R. Keyes; secretary, J. T. Conway. A dinner was held at the Swastika hotel on the evening of the meeting.

Holding the Stockholder

(Continued from Page 12)

of the corporation," said the Delaware Courts in the case referred to.

When X subscribes for stock, does not pay in full, transfers his stock to Y, and then the corporation becomes insolvent, X, of course, takes the ground that Y should pay and Y is equally insistent that X is the victim.

There are a number of states in which laws have been passed providing that the liability of the stockholder for future call shall continue even after he has transferred the stock to a third party, and these laws are liberally construed by the Courts.

"The manifest purpose of the framers of our Constitution was to protect the public against the well-known, deceitful, and fraudulent practice indulged by some corporations of issuing shares of capital stock without receiving the par value therefore either in money or its equivalent. Obviously it was intended to provide that a corporation should receive, and the shareholders to whom the same was issued should be bound for, the full par value of its stock, thus making the assets of the corporation worth the face value of its shares of stock when issued. The liability thus imposed upon one who, by accepting corporate stock as an original shareholder, obligates himself to the corporation therefor in money, labor done, or property, is a continuing one, at least so far as the creditors of the corporation in good faith are concerned, and is not discharged by the mere transfer of such stock to an innocent holder; otherwise one who had contributed little or nothing to the capital stock of a corporation might obtain shares of its stock, dispose thereof profitably, and entirely escape liability to corporate creditors. It is the plain duty of the courts to construe and enforce this provision so as to render it effectively remedial of the evil against which it is directed," says the Oklahoma Court in construing a law along this line.

On the other hand, where there is no law to the contrary, the general rule is that a transfer of stock made in good faith and recorded on the books of the corporation carries with it the liability to future calls.

The foregoing brief paragraphs do not profess to cover and in an article of this type it would be impossible to cover all the minor points which arise in connection with this subject, but it does point out the outstanding features, and will it is hoped, repay at least a casual perusal.

The National City Company

National City Bank Building, New York

BONDS - SHORT TERM NOTES - ACCEPTANCES

Central Western Banker, September, 1929

A NATIONAL CITY MAN CAN HELP YOU

...when you want to adjust your holdings

The National City Company employs a corps of economists, statisticians, and engineers whose duty it is to keep abreast of industrial growth, progress of invention, trade developments and other economic changes which may affect the value of investment holdings. Experienced bond men at our various offices will make available to you the benefits of this constant study and research. It will be worth your while to submit your bond list for an occasional analysis and review.
Investors Lose Billion a Year

More than a billion dollars in savings are lost annually by the American people because they are ignorant of investment principles and because they possess the gambling instinct. Such, in brief, is the message contained in a bulletin recently made public by the National Better Business Bureau, Inc., 383 Madison Avenue, New York, N. Y. The bulletin outlines an intensified national program which the Bureau is launching to expose swindling practices and provide the inexperienced investor with some practical information on how he can protect himself.

Buying fraudulent stock and dealing with fraudulent promoters constitute, according to the bulletin, problems which can only be solved through educating the public to fraudulent schemes. There is, however, the bulletin continues, always need for sound legislation and able law administration aimed to punish those who perpetrate frauds.

Quotes State Commissioners

The bulletin cites statements made by Blue Sky Commissioners from thirty-three states. It quotes those made by commissioners in Arkansas, California, Connecticut, Georgia, Idaho, Kentucky, Mississippi, Nebraska, New Hampshire, North Dakota, Oregon, Pennsylvania, South Dakota, and Wisconsin to show that the victims of fraud come from both the educated and uneducated classes, education in practical financial matters being lacked in both. According to the bulletin this lack of education is astounding and gives the fraudulent promoter a clear advantage over uninformed people who take chances on promises and representations that would be immediately recognized as having the suspicious earmarks of fraud by persons with only a practical elementary knowledge of securities.

The bulletin quotes the commissioners of California, Indiana, Kentucky, Massachusetts, Minnesota, Mississippi, Nebraska, New York, North Dakota, and Tennessee on the need for investment education, while Wisconsin cites several cases which show how easy it is for people to lose money if they do not investigate before investing.

Briefly calling attention to the tremendous public interest in securities and the broad variety of issues which provide ample opportunity for fraudulent promoters to build up schemes to deceive uneducated investors by making them believe that these offerings are bona fide, the bulletin goes on to describe the "tipster sheet" evil and declares that schemes to defraud are countless and law enforcement activity necessarily slow.

The need for investment education is emphasized in quotations made by E. H. H. Simmons, President of the New York Stock Exchange; Horace Donnelly, Solicitor of the United States Post Office Department; the Financial Editor of the New York Evening Post and others.

Better Business Bureaus, the bulletin continues, learned ten years ago that the most successful method of protecting the public is to warn investors of existing fraud and to advise them to investigate before investing. This is a system which is known as the "Before You Invest — Investigate" plan.

In conclusion the bulletin states that the National Better Business Bureau has made plans to intensify its educational program by providing a means by which all legitimate business interests can unite to prevent fraud. The bulletin asks all such interests to give

Who owns the Bell System?

In eight years the number of American Telephone and Telegraph Company stockholders has increased from 140,000 to 450,000 people. Not one of these stockholders owns as much as 1% of the total capital stock. The fact that the ownership is so wide-spread and diffused imposes an unusual obligation on the management to see to it that the savings of these hundreds of thousands of people are secure and remain so.

American Telephone and Telegraph Company Stock

as a Conservative Investment

The Bell System has shown every year a continuous growth both in telephones and plant investment. Back of American Telephone and Telegraph Company stock is a total plant investment of over three and a half billion dollars. The company is spending more than $1000 a minute night and day for plant and equipment.

The Bell System aims to provide a telephone service for the nation more and more free from imperfections, errors or delays and always at a cost as low as is consistent with financial safety.

May we send you a copy of our booklet, "Some Financial Facts?"

BELL TELEPHONE SECURITIES CO. Inc.

195 Broadway New York City

Central Western Banker, September, 1929
serious thought to the possibility of co-operating with the Bureau.

These plans include: the weekly issuance of a series of fifty-two posters designed to protect industrial employees from many types of fraud; the publication of a practical booklet of financial information; the expansion of Better Business Bureau work by extending it to communities which cannot finance organizations the size of the present affiliated Bureaus; the extension of protective work among consumer owner stockholders; and the increasing of co-operation between the National Bureau and other agencies engaged in the business of exposing and suppressing fraud.

**Foreign Investments and Travel**

In our prosperity we invest in foreign bonds and other securities, and as we realize how prosperous we are we travel in foreign countries more freely and more frequently. Our national income is increased by the interest and dividend payments received from abroad, but the expenditures of Americans are also increased by their fondness for foreign travel. During the past nine years our income from foreign investments has increased some 15 times, and oddly enough our expenditures for foreign travel have advanced in not far from equal proportion.

Ten years ago American investments abroad amounted to only about 50 million dollars, while by last year they had advanced to some 733 millions. Tourist expenditures in other countries amounted to about 50 million dollars 10 years ago, and they have increased during most of the period since then almost as rapidly as have the returns from the foreign investments. For 1928 they are estimated as being about 614 millions. These are net figures. The tourist expenditures are those of our tourists abroad minus what foreign tourists spend here. The income from foreign investments is the difference between what we get from these sources abroad, and the amounts we must send abroad on account of investments foreigners have made here.

That the expenditures of American tourists abroad should almost equal our national income from foreign investments is an impressive fact, and particularly so when we remember that the income from foreign investments includes the interest payments on the huge war debts owed us by foreign governments. The sums spent by our tourists abroad greatly aid foreign debtors in paying the interest charges on the sums they owe us, but at the same time the fact that we have such large sums to spend on foreign travel that is mostly for pleasure purposes suggests the thought that we can afford to be generous in our attitude toward foreign governments engaged in repaying war loans. —From Cleveland Trust Company Bulletin.

**Must Have Been Potent**

“Did you get home all right last night, sir?” asked the street car conductor.

“Of course—why not?” came back the passenger.

“Well, when you got up to give your seat to that lady last night, you were the only two people in the car.”

**The Road Hog**

Motorist (to companion as huge truck takes up all the road ahead of them): “Well, I’ve tried everything but I can’t seem to attract that driver’s attention.”

His Companion: “Just leave it to me, Jim. Maybe you didn’t know that I’m the champion hog-caller of the world.”

Corrupted freemen are the worst of slaves.—Garrick.

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**What Is a Bank Investment Account?**

- What is its purpose?
- What is its utility to a bank?
- How large should it be?
- How should it be composed?
- Should it include bonds?
- Should it have no bonds?
- Should it be composed partly of bonds and partly of other assets?
- What kinds of bond should be included there?
- Should it contain short term or long term bonds?

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, September, 1929
Insurance

What Investment Does the Public Prefer

By Henry Niles
Assistant Manager Research Bureau

This is one of a series of articles which appeared in Manager's Magazine, giving results of studies made by the Research Bureau on the value of cooperative advertising. The facts are pertinent to the sale of life insurance and indicate rather definitely the position it occupies in the field of investments.—Ed.

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MUCH has been said about life insurance as an investment and the high standing that it should occupy in the minds of most people, but it is not the most popular form of investment as indicated by a Bureau study of over 1,900 men and over 800 women. The most popular investment among men is bonds, the choice of 29 per cent of all the men interviewed (see chart). Life insurance and real estate tied for second place, each being chosen by 16 per cent. Among the women, savings banks ranked first with 29 per cent, bonds came next with 27 per cent; real estate third with 13 per cent; building and loan associations, 12 per cent; and life insurance came fifth, with only 11 per cent of the women giving it the preferred position. The table indicates in detail the investment preference of both men and women.

A Poor Showing

The relatively poor showing of life insurance as the preferred form of investment is surprising when we realize that most people regard life insurance as a form of saving. Only 18 per cent of the men and 14 per cent of the women said that they did not regard life insurance as a form of saving.

It is interesting to note that although the investigation was made in the spring of 1928 when unusually great interest was shown in the stock market and when many people thought that the country was being undermined by a wave of speculation, only 9 per cent of the men and only 6 per cent of the women stated that they preferred stocks as a form of investment.

A large number of facts were collected about each person interviewed, and by comparing the answers we can find out more about what classes and types of people prefer life insurance and what classes prefer other forms of saving. The business and professional men are more interested in life insurance and less interested in savings bank and building and loan association investments, than any other group. They also show a greater preference for stocks. The group of male clerical workers and teachers has just the average preference for life insurance, and decidedly higher than the average preference for savings bank and building and loan association methods of saving.

Smaller Incomes

Considering the income of the persons interviewed, we find that the smaller the income the stronger the preference for savings banks and building and loan accounts. The preference for life insurance increases as the income increases up to $10,000 per year. The investigation covered too few persons with larger incomes to make definite conclusions possible, but the tendency shows less interest in life insurance as incomes increase above $10,000. The preference for bonds, real estate, and mortgages increases as the income increases.

Conversation

"I've been window shopping."
"Whadda ya mean, window shopping?"
"Why, looking in windows."
"That's silly. Nobody's going to bed this time of night."

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Bonds Most Preferred Investment

The white figures show the proportion of the 2200 men interviewed who preferred the form of savings or investment listed.

<table>
<thead>
<tr>
<th>Investment</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Bonds</td>
<td>29</td>
</tr>
<tr>
<td>Life Insurance</td>
<td>16</td>
</tr>
<tr>
<td>Real Estate</td>
<td>16</td>
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<tr>
<td>Savings Bank</td>
<td>15</td>
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<tr>
<td>Bldg. &amp; Loan</td>
<td>12</td>
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<tr>
<td>Stocks</td>
<td>9</td>
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<td>Mortgages</td>
<td>3</td>
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Central Western Banker, September, 1929
N. Y. Life Investments

An average of $469,450 per day or a total of $171,818,789 was invested by New York Life Insurance Company during each of the 366 days of 1928. Of the total $81,712,682 was invested in city mortgages, $17,958,621 in residence mortgages, $31,493,868 in preferred stocks, and $40,362,399 in the securities of municipalities, railroads, public utilities, and industrial corporations.

The company’s total investments as of January 1, 1929, are subdivided as follows: City building loans $390,433,998, resident loans $104,168,171, stocks and bonds $671,103,570. The law which permits life insurance companies to invest in preferred stocks went into effect during 1928.

Resigns

B. H. Mickey, who has long been cashier of the Wood Lake Bank, handed in his resignation which was accepted. His place was taken by Earl Hanna, who until five years ago had been employed in the bank.

Nebraska Insurance Business

Insurance companies in Nebraska, 132 of which are domestic and 454 foreign, did a steadily increasing business last year, according to a report filed recently by State Insurance Commissioner J. A. Kizer. Premiums totaled $52,021,255, or an increase of $2,608,439. Residents of the state received $19,836,845 in losses, or an increase of $2,608,439 over the previous year.

Shall We Forgive Our Debtors and Loan Them More?

(Continued from Page 4)

investigated before making the loan and with all the bank’s old customers entered with their record, the tickler should be consulted before advancing any money. Then about twice a year this tickler should be reviewed and the borrowers who have not paid or attended their indebtedness promptly on maturity, should be eliminated from the record or in other words placed on the black list, as continued loans to such an individual or firm will ultimately result in a loss.

No Longer Good Risks

My theory is that once a man has avoided payment of his obligations, he is no longer a good credit risk, and the next time a flurry of depression or a year of poor crops comes along, he will again seek to avoid payment. Some cases may be termed victims of circumstances in the past, which is true, nevertheless the act that placed him in that class was poor judgment and shortsightedness, but the manner in which he coped with the situation in bringing himself back on his feet, is the criterion to be used in making further advances to him, as he has or has not a streak of weak backbone in extreme adverse conditions, which fact was brought out during the past depression, and may be used advantageously by a banker in acting upon his application for a loan of money. The moral tickler system referred to, will at least eliminate a large percentage of the risk.

What has caused the public to become lax in the payment of their obligations, making it difficult to collect notes today? For the past six years I have been assisting to liquidate several defunct banks in South Dakota and Iowa, both State and National and give a few reasons, gathered from that experience:

1. Lost moral responsibility.
2. Intentionally avoiding payment to closed banks—soothing their consciences by telling themselves that the bank won’t pay anything anyhow.
3. The urgent need of cash for luxuries and amusements—and how.
4. Discouragement and lost confidence in banks.
5. Having gotten by with continued renewals in the past.
6. Not being bound to pay by the giving of security at the time of incurring the obligation.

Right here I want to ask why the the precentage of reposessed cars sold under conditional sales contracts, is so small? For the reason that the Finance Company has a mortgage and the owner an equity—and besides the mortgagor will not walk.

Banking methods in the Northwest, insofar as loaning funds is concerned must change and have apparently changed in the past two or three years. The taking of a name only as security on a note should be, with few exceptions, done away with in the agricultural portion of the country, otherwise the relationship between debtor and creditor is not established in its true sense. Bankers have been obliged to buy bonds which are backed by a trust mortgage on a city building, railway property or public utility holdings and such investment is an investment in securities. Therefore, why should the same banker loan his bank’s funds locally without securing the note with a marginal mortgage, diversifying his loans and discounts with some capital loans, liquid call loans and longer time paper, all well secured?

This stringent rule of loaning money will never be censored and as the depositing public learns that this policy is being carried out, much of the lost confidence in banks and bankers will be restored and the business again elevated to the plane to which it has heretofore, been its right to enjoy.

Come Again!

Customer: “I want to buy an automobile tire.”

Clerk: “Don’t handle them.”

Customer: “Don’t handle them?”

This is a h—l of a drug store.”
State Banks Show Big Gains

R. N. SIMS, Secretary-Treasurer of the National Association of Supervisors of State Banks, has submitted to the Association a statement which shows in detail by States the capital, surplus and undivided profits, deposits, loans and discounts, stocks, bonds and securities, and total resources of all State Banking Institutions of the continental United States, together with totals of these items of the National Banks, and all covering as of March 27, 1929.

The report of Secretary Sims covers the only available accurate and detailed data of the State Banking Institutions comparable with the report of the Comptroller of the Currency which covers the National Banks.

Mr. Sims said: "The figures given are very gratifying and reflect, as a whole, a healthy condition of the Banking Institutions of our country.

"The capital, the deposits, and the total resources of our banks are larger than ever before."

"On March 27, 1929 there was a total of 25,932 banks of which 18,357 were State Banks and 7,575 National Banks, and in round numbers a total capital, surplus and undivided profits of $9,274,242,341, total deposits of $58,610,581,757, and total resources of $72,666,752,001. Total deposits of all banks were $1,896,064,896 above the previous high record of February 28, 1928, and total resources $3,227,280,777 above resources of that date."

"On March 27, 1929, in round numbers the capital, surplus and undivided profits of the State Banks were $5,573,901,341, and of the National Banks $3,700,341,000 showing the capital resources of the State Banks to be 50 per cent in excess of the National Banks. The deposits of the State Banks were $35,737,701,757, and of the National Banks $22,872,880,000 showing the deposits of the State Banks 56 per cent in excess of the National Banks. The total resources of the State Banks were $43,644,840,001, and of the National Banks $29,021,912,000, showing the resources of the State Banks 50 per cent in excess of the National Banks."

"Between March 27, 1929 and February 28, 1928 deposits of the State Banks increased $1,302,266,896, and deposits of the National Banks increased $593,798,000. During the same period total resources of the State Banks increased $1,779,055,776, and..."
total resources of the National Banks increased $1,448,225,000.

"Since June 30, 1919, which was the date of my first complete statement, capital, surplus and undivided profits of the State Banks have increased $2,674,238,664, and the National Banks $1,336,863,000. The deposits of State Banks have increased $14,104,879,745, and the National Banks $6,948,015,000, Resources of the State Banks increased $17,679,164,165, and the National Banks $8,222,362,000, The deposits of State Banks have increased $14,104,879,745, and the National Banks $6,948,015,000, Resources of the State Banks increased $17,679,164,165, and the National Banks $8,222,362,000, The deposits of State Banks have increased $14,104,879,745, and the National Banks $6,948,015,000, Resources of the State Banks increased $17,679,164,165, and the National Banks $8,222,362,000. The decrease in the number of State Banks totals 210. The decrease in the number of State Banks has increased $14,104,879,745, and the National Banks $6,948,015,000, Resources of the State Banks have increased $17,679,164,165, and the National Banks $8,222,362,000.

"This makes a total increase in all banks of the United States since June 30, 1919 as follows:

- Capital, Surplus and Undivided Profits . . . $ 4,011,101,664 or 76%
- Deposits . . . 21,052,894,745 or 56%
- Resources . . . 25,901,526,165 or 55%

Number of Institutions . . . 2,881 (decrease)

"Both classes of banks perform equally useful and necessary functions and I do not make comparisons for the purpose of disparagement, but to emphasize the colossal size of the two great banking systems and to direct attention to the importance and need of both in the development and handling of our country's business."

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**Honesty**

The cashier of a small movie house was selling tickets as a pal looked on. A customer brought a quarter ticket, threw down a half dollar walked away, leaving his change.

"Does that often happen?" asked the cashier's friend.

"Very often," replied the ticket seller.

"What do you do in a case like that?"

"Oh," says the man in the wicket, "I always rap on the window with a sponge."

---

**He Won His Seat**

A witty political candidate for an agricultural district, after making a speech, announced that he would be glad to answer any questions that might be put to him.

A voice came from the audience.

"You seem to know a lot, sir, about a farmer's difficulties. May I ask a question about a momentous one?"

"Certainly," replied the candidate, nervously.

"How can you tell a bad egg?"

"If I had anything to tell a bad egg, I think I should break it gently."

He was returned at the head of the polls.

---

**As Usual**

NITT: "Once I saved a man's life, but I never got a medal for it."

WITT: "Give particulars, please."

NITT: "A drunkard once came home to his apartment, turned on only the hot water to take a bath. He would have been scalded to death, only I happened to be the janitor of the building and there was no hot water."

---

**Why Worry**

A salesman sold an old colored farmer a tractor. A few days after the machine was delivered the salesman called on his customer for pay.

"Can you pay me for the tractor, Uncle Jim?" he asked.

"Pay fo' de tractor?" he asked in astonishment and wrath. "Why man, yo' done tol' me dat in free weeks de tractor would pay fo' hisself."

"The longer I live the more my mind dwells upon the beauty and the wonder of the world. I hardly know which feeling leads, wonderment or admiration—John Burroughs."
Nebraska News

Move to Alliance

The Potash State Bank, which has been operated at Antioch, Nebraska, erstwhile potash boom city of the war days, has been merged with the First State Bank of Alliance. Records and deposits were moved to Alliance recently. Following the decline of the potash business most of the business houses closed down, but the bank was one of the few remaining.

Savings Department

The National Bank of Ainsworth, Nebraska, in carrying out its purpose to be the largest possible service to Ainsworth and community are planning to open a savings department as allowed by its charter.

Opens in Abie

The Abie State Bank, of Abie, Nebraska, in whose name was brought suit to contest the right of the state to collect the special bank guaranty fund assessment, reopened for business recently after having been closed since June 22.

The bank starts out with new capital and a legal cash reserve. The officers include Charles D. Ocekal, president, W. F. Pavel, vice-president and Ed Birt, cashier.

Hold Meeting

The semi-annual meeting of the stockholders of the Farmers State Bank of Grant, Nebraska was held recently. At this meeting a cash dividend of 10 per cent was declared to stockholders and $8,000 was moved from undivided profits to surplus. This now gives this bank $60,000 capital and surplus.

Reopens

After having been closed since Feb. 8, 1929, the Farmers and Merchants Bank, of Bloomfield, Nebraska, re-opened for business under new management and a new subscribed capital stock of $50,000.

The new officers are William Lamprecht, president; Adolph Gordau, vice-president, and James A Cline, Jr., cashier.

Becomes Cashier

R. M. Herre, former Norforkan, who was secretary of the Nebraska Dairy Development Company, is cashier of the reopened Citizen’s State Bank of Ainsworth.

Mr. Herre was vice-president of the bank before its closing on February 20, last.

Has Birthday

The Chapman State Bank, Chapman, Nebraska, recently celebrated its twenty-seventh anniversary, its organization date being August 18, 1992. Its capital and surplus is $50,000, deposits $346,000, loans $281,000, primary and secondary reserve $105,000 and total resources over $400,000.

Elmer E. Ross is the president, D. E. Magnuson, cashier and J. F. Roubal, assistant cashier. Mr. Ross has been connected with the bank since its organization, Mr. Magnuson since 1906 and Mr. Roubal since 1917.

Banker-Farmer

W. G. Boedeker, president of the Murray State Bank of Murray, Nebraska, who operates one of his farms near Murray in partnership with the tenant, Wm. Wehrbein, have fed during the past feeding season, eleven car load of choice steers which they purchased in the sand hills of Nebraska last fall. A part of these cattle have been sent to the Chicago market, topping that market each time. They have five loads of these cattle yet in their yards and five car load of hogs all to be marketed in the near future.

Reorganizing

The Sutton, Nebraska, State Bank committee reports progress toward re-organization. Some important matters that have caused delay have been definitely determined and work is now being rushed toward re-opening of the bank.

Increase Surplus

At the regular meeting of the directors of the Page State Bank held at Onman, Nebraska, an increase in the surplus account of the bank was made, bringing the bank's capital and surplus up to $24,000. Since May 1, 1928, the bank increased their capital from $15,000 to $20,000 and has increased the surplus account from $3,000 to $4,000, all of which arose from the normal operations of the bank.

Named President

Mrs. Herman Hogrefe was recently named president of the Battle Creek Valley Bank, of Madison, Nebraska, at a meeting of the directors of the bank to succeed her late husband, Herman Hogrefe. Other officers and directors will remain the same.

It is believed that Mrs. Hogrefe is the only woman in Nebraska who has the distinction of being the head of an institution with resources closely approaching the million mark.

Which?

Which is the oldest bank in Nebraska?

Two banks of Omaha claim the honor but their claims are disputed by two Nebraska City institutions. First National of Omaha claims to be 72 years old, being organized as the firm of Kountze Brothers in 1857. U. S. National traces its origin to the old firm of Barrow, Millard & Co., established in 1856, but pioneers say that Barrow, Millard & Co., at first was a real estate company and the bank was not instituted until two years later.

The Merchants National was founded in Nebraska City in 1857, the Nebraska City National in 1859 and the Otoc County National in 1865. All are still in existence.

First record of banking in Nebraska dates from establishing of the Bank of Florence in 1856, according to historical records. Many banks were started in '59 and '58 but most of them folded up during the '58 panic.

Large Nebraska Institution

The First National Bank of Grand Island, Nebraska, originally chartered in 1881 and one of Nebraska’s oldest banks is...
financial institutions, has not only advanced to the position of the largest financial institution in Nebraska, outside of Omaha and Lincoln, but is proud of a continuity of management which is equaled by few banks in the middlewest. S. N. Wolbach having headed the institution since 1881, and at present is chairman of its board of directors, having but recently relinquished the presidency to Emil Wolbach. I. R. Alter, vice-president and cashier, has for thirty years been identified with Grand Island banks and for years past the managing officer of the First National Bank, and F. J. Cleary, vice-president; P. R. Birk, first assistant cashier and T. B. Murray, assistant cashier, are men with years of experience in banking, primarily in this old bank.

The modern banking home erected in 1925 at a cost of a quarter of a million dollars has recently been equipped with years of experience in banking, large it's cage facilities to better handle it's constantly increasing volume of business. With a deposit total of three million four hundred thousand dollars and a cash and second reserve total of one million two hundred fifty thousand dollars, the First National Bank continues in its policy of constructive conservatism, seeking to co-operate with the enterprises of Grand Island in financing not only the local agriculturists, but a large number of live stock producers and finishers—two essential lines of which it has given a close analysis.

Messrs. S. N. Wolbach, capitalist; Emil Wolbach, general merchandise; J. L. Cleary, attorney, V. E. Evans, loans and insurance; Oscar Reimers, ranches and live stock; I. R. Alter and F. J. Cleary constitute the bank's board of directors and have been actively and successfully engaged in their respective lines for years past.

Celebrates Birthday

Cornelius Collins, president of the Hebron State Bank of Hebron, Nebraska, recently celebrated his 45th birthday, and claims to be the oldest banker in his county. He was born in the same building now occupied by the bank.

His father, A. G. Collins, celebrated his 82nd birthday this year, coming to Hebron back in 1882.

Becomes Cashier

A. E. Kopesky has recently succeeded Vernon Rice as cashier of the Farmers State Bank of Chapman, Nebraska. Mr. Kopesky comes to Chapman from Yoakum, Texas, where he was connected with a bank in that city.

Mr. Rice is taking a position with the Commercial State Bank at Lincoln.

Merge at Stratton

The two banks at Stratton, Nebraska merged recently, and are now operating under the name of the Commercial Banking Company. The State Bank of Stratton lost its identity in the merger, but will be well represented in the new organization.

Iowa Shows Increase

A 4 per cent increase in the number of cattle on feed on Iowa farms for market August 1 this year over August 1, 1928, was shown in statistics released by Alfred C. Brittian, federal agricultural statistician.

Shipments of stocker and feeder cattle into Iowa from 12 markets have been heavier this year than last from the period March to August, the report shows.

Reports of feeders as to probable weights of their cattle when marketed indicate that the average weight, while probably below normal, will be above last year.

The demand for feeders this fall, he predicted, will be centered on calves and yearlings with a slight decrease in demand for calves and a corresponding increase in demand for yearlings under 750 pounds.

The Touch System

"My grandfather," said the English boy, "was a very great man. One day, Queen Victoria touched him on the shoulder with a sword and made him a knight."

"Aw, that's nothin'," the American boy replied, "One day an Indian touched my grandfather on the head with a tomahawk and made him an angel."

"They also serve who only stand and wait" would make a nice motto for the waiters' union.
IN addressing our first joint statement since the union of these two great banks was announced, we are constrained to look back a few years into Chicago's financial history.

50 years ago—the State Bank of Chicago was founded. Firmly intrenched in the minds of its founders were these fundamental principles: To counsel with men as neighbors. To meet the problem of the individual with generous understanding. To win—and merit—the lifelong loyalty of its friends.

67 years ago—The Foreman National Bank was founded. Had the charters of these two banks been drawn at the same council table, their ideals could not have paralleled more closely. Through the years—the founders of this bank have lived and worked for an ideal.

"To deal humanly with our clients, to share the common interests of our friends, to serve with generous understanding on a common ground with our patrons, to make this a bank where people feel at home."

For years these two great banks have prospered as neighbors. They have been warm, friendly institutions with constant policies—unvarying ideals. They have grown to recognize in each other the identical principles upon which the success of each has been assured.

It was but a natural sequence—that one day these two banks should unite, in the interests of greater service to their patrons.

The union will result in one bank of greater warmth and friendliness, and greater service to all who enter its doors.

To this end, we jointly pledge to our friends the same personal attention, the same officers to a man, in the new and greater institution.

STATE BANK OF CHICAGO
La Salle and Monroe Streets

THE FOREMAN NATIONAL BANK

THE FOREMAN TRUST AND SAVINGS BANK
La Salle and Washington Streets
26

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

OUR BANKING ROOM
MAIN FLOOR RIGHT

An Account With the Stock Yards National Bank of South Omaha Insures
Quickest possible returns on proceeds of live stock shipments.
Efficient handling of grain drafts through our special facilities.
Instruct Live Stock Proceeds Deposited With Us.
Send Us Grain Drafts in Your Cash Letter.

To Tulsa
Wade H. McDowell, teller at the Miami County National Bank, Paola, Kansas, has resigned to take a commercial position in Tulsa.

Standing Committees
The Executive Council of the Nebraska Bankers Association authorized President P. L. Hall, Jr., and Chairman P. R. Easterday to appoint all standing committees of the association for 1929-1930, which they have done as follows:

Committee on Education, Public Relations and Thrift

Service Charge Committee
Arthur Jensen, chairman, Vice-president Nebraska National Bank, Minden; W. H. Atter, vice-president First National Bank, Grand Island; C. M. Hitchman, vice-president Farmers State Bank, Blair.

County Organization Committee

Agricultural Committee
T. H. Pollock, chairman, President Farmers State Bank, Plattsmouth; H. D. Miller, president First National Bank, Stanton; C. E. Brown, vice-president Fidelity State Bank, Aurora.

Protective Committee
A. L. Coad, chairman, Vice-president Packers National Bank, Omaha; C. F. Gund, president First National Bank, Blue Hill; Julius Pedersen, vice-president Oak Creek Valley Bank, Valparaiso.

Membership Committee
A. J. Jorgenson, chairman, President the American Bank of Sidney; H. M. Link, cashier Exeter National Bank; George H. House, cashier Farmers State Bank, Emerson.

Time Lock Committee
Denman Kountze, chairman, Vice-president First National Bank, Omaha; Ray S. Willey, cashier First National Bank, Fairbury; D. W. Greenleaf, president Farmers State Bank, Tekamah.

District Clearing House Committee
J. M. Sorensen, chairman, Vice-president Fremont State Bank; A. J. Gardner, president Nebraska State Bank, Grand Island; R. J. Stout, president First National Bank, Tekamah.

County Credit Bureau Committee
J. M. Sorensen, chairman, Vice-president Fremont State Bank; J. G. Sawyer, cashier Sibley County Bank, Western; W. E. Minier, cashier Oakland State Bank.

Insurance Committee

Taxation Committee
Elmer Williams, chairman, U. P. Commercial State Bank, Grand Island; C. E. Burnham, president Norfolk National Bank; C. B. Hart, president Prosser State Bank; Geo. W. Holmes, president First Trust Company, Lincoln; J. R. Cahn, Jr., vice-president Peters National Bank, Omaha.

Finance Committee
This committee, by the terms of its creation, is to consist each year of the president, the chairman of the council, and one other member of the council. The president and chairman thought it proper to have the treasurer on the finance committee, so its personnel stands as follows: the president; the chairman; the treasurer.

Publicity Committee
C. J. Claassen, chairman, Vice-president Peters Trust Company, Omaha; Fred D. Stone, cashier of First National Bank, Lincoln; T. L. Green, vice-president Platte Valley State Bank, Scottsbluff.

Legislative Committee
The appointment of this very important committee was deferred for a short time by the president and chairman.

Central Western Banker, September, 1929
News of the Omaha Stock Yards

Affiliates With Northwest Bancorporation

PARTICULAR interest is evidenced by bankers in the Central West, and particularly by those in the great Omaha trade territory, in the announcement made by Ford E. Hovey, president of the Stock Yards National Bank of South Omaha, concerning the affiliation of that institution with the Northwest Bancorporation, and the thirty other institutions identified with the central corporation.

Bankers and business interests in the Nebraska territory have found additional interest in this business transaction because the United States National Bank of Omaha had already in July become affiliated with the Northwest Bancorporation so that this most recent development means that two of Nebraska’s leading financial institutions, one an outstanding commercial bank and trust company, the other long recognized as one of the leading authorities in matters concerning the details involved in handling the marketing and financing of middle western live stock, are now part of the same bank group. This is particularly true in view of the fact that South Omaha is the second largest live stock market in the United States.

It is quite apparent that with the greatly increased facilities and resources resulting from this affiliation that the Stock Yards National Bank and its affiliated institutions, the South Omaha Savings Bank and the Cattle Feeders Loan Company, are now part of the same bank group. This is particularly true in view of the fact that South Omaha is the second largest live stock market in the United States.

Coincident with this announcement it is made known that there would be no changes in the personnel of the official force or the directorate, but that three directors of the Stock Yards National Bank, Ford E. Hovey, President; John E. Wagner, Treasurer of the Cudahy Packing Company, and J. E. Davidson, President of the Nebraska Power Company, will become directors of the Northwest Bancorporation.

The combined resources of the Stock Yards National Bank and its affiliated institutions, the South Omaha Savings Bank and the Cattle Feeders Loan Company, are listed at $13,187,000, with deposits of $9,586,959.

J. C. Thompson said: “The management of the Northwest Bancorporation is enthusiastic over the possibilities offered by the affiliation of the Stock Yards National Bank with other leading banks in the Northwest Bancorporation.

“Livestock is one of the foundation industries of the northwest. This area produces the major portion of the livestock that is marketed in three great livestock centers of the northwest, including South Omaha, which is the second largest livestock market in the United States.

“When such foundation industries so necessary to the prosperity of the northwest, such as livestock, grain and dairying, can be assured of adequate financial support when credit is needed, the northwest as a whole will enjoy a more steady and continuous prosperity.”

President Ford Hovey said: “The Stock Yards National Bank of South Omaha is a consolidation of two banks organized in 1887 to finance the livestock business centering at the South Omaha market and caring for the large financial requirements of the trade territory tributary to Omaha. At the start its organizers associated with them prominent packers such as Armour & Co., Cudahy Packing Co., and these men have continued their interest and association in the bank from date of its organization until the present time.

“The bank and its affiliated institutions have been an important factor in financing the great livestock business in states tributary to this market, which include Nebraska, Iowa, Colorado, South Dakota, Idaho, Wyoming and Montana. It is serving a large number of country banks as their correspondent in Omaha, and through its connection with these banks has been able to keep in very close touch with the livestock and agricultural industry of the territory which it serves.

“The board of directors includes...
many outstanding business men of the middle west and northwest.

"Herbert G. Black, assistant treasurer of Armour & Co. of Chicago, has been actively interested in the growth and development of the bank and is now serving as a member of the board of directors of the Northwest Bancorporation and is also on the advisory board of the National Bank of Huron, South Dakota, which is also a member of the Northwest Bancorporation.

"The South Omaha Savings Bank was organized as an affiliation of the Stock Yards National Bank of South Omaha under the title of the Stock Yards National Bank. In 1911 the South Omaha National Bank consolidated with the Union Stock Yards National Bank at the present time are: Ford E. Hovey, president; L. K. Moore, assistant to president; Jas. B. Owen, vice-president; F. J. Enerson, vice-president; W. H. Dressler, cashier; H. C. Miller, assistant cashier; C. L. Owen, assistant cashier; H. A. Hovey, assistant cashier; T. G. Boggs, auditor; Lester Armour, vice-president Armour & Company; E. A. Cudahy, chairman of the board, Cudahy Packing Co.; J. E. Davidson, president Nebraska Power Co.; E. F. Folda, banker; R. C. Rowe, capitalist; Geo. W. Johnston, capitalist; W. H. Schellberg, president Union Stock Yards Co.; E. S. Waterbury, manager Armour & Co., Omaha; and John E. Wagner, treasurer, Cudahy Packing Co."

### A National Standard for Short Term Investment

GMAC obligations have been purchased by a clientele of nearly 8,000 banks, insurance companies, institutions and individuals, the country over. Their rating, as a national standard for short term investment, reflects established public confidence in GMAC prestige.

*offered at current discount rates*

**General Motors Acceptance Corporation**

**OFFICES IN PRINCIPAL CITIES**

*Executive Office - Broadway at 57th Street - New York City*

**CAPITAL, SURPLUS AND UNDIVIDED PROFITS**

OVER $66,000,000

Central Western Banker, September, 1929

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**Fewer Cattle on Feed**

There are 10 per cent less cattle on feed in Nebraska than a year ago, according to the August 1 estimates of the state and federal division of agricultural statistics and extension service. For the 10 corn belt states there is an increase of 1 per cent.

Corn belt states east of the Missouri river have more cattle on feed than a year ago, but the increases in these states were almost offset by the marked decreases in Nebraska and Kansas.

The number of feeder cattle to be purchased by corn belt feeders during the last five months of this year will be about the same as for the same period in 1928, if the reports from a large number of feeders made August 1 as to their intended purchases this year are typical. However, there is more uncertainty as to purchases this year due to the questionable outcome of the corn crops and less contracting of feeder cattle to date. The development of the corn crops and trends in prices of both fat and feeding cattle will be important factors in determining corn belt purchases of feeder cattle this year.

Estimates in per cent of the number of cattle on feed as compared to last year are as follows:

- Nebraska, 90;
- Kansas, 90;
- South Dakota, 105;
- Missouri, 105;
- Iowa, 104;
- Minnesota, 107;
- Michigan, 102;
- Illinois, 110;
- Indiana, 104, and Ohio, 107.

**Big Money for Calves**

Included in receipts one day last month were a few calves from Panama, 1a., that had been prepared by 4-H club boys for the Iowa State Fair at Des Moines, but crowded out of the card lot.

John C. Muehl got $14.75 for one calf and $16 for another, both well finished Herefords, and Lawrence Olger got $15.25 for one and $16.25 for another of the calves he fed.

The boys were well pleased with the prices their calves brought on the Omaha market.

**Breed Averages Increasing**

In reply to the criticism of one author that the dairy breeds have not improved their production with the present system of selective breeding, Prof. W. W. Yapp of the Illinois College of Agriculture asserts that investigators of genetics (breeding origin) during the past 20 years have formulated basic principles and made specific discoveries which can now be applied and which when followed can increase breed averages as a whole through selection.
Speaking to more than 300 breeders of purebred Holstein-Friesian cattle at the Illinois state association meeting, he asserted that breeding tests with Holsteins and other dairy animals at the University of Illinois and in Wisconsin, Maine and Denmark show that dairy herds can be readily graded up for milk production, for fat percentage, for solids such as ash or protein or for color of milk by keeping to the newly established breeding principles.

Grading up is a 50-50 proposition in many respects, he finds. True, some animals do not pass on their good production qualities to their young, but by mating those that do, the production in the long run will be half way between that of the parents.

Five Sets of Exhibits

The Nebraska Dairy Herd Improvement Association, the Agricultural extension service, and county agents have prepared five sets of similar educational exhibits which will be shown at the county fairs this year. Each set demonstrates some part of successful dairy management. They will circulate in the state and be displayed at nearly all the county fairs.

Counties in which these exhibits will be shown include the following according to L. K. Crowe, secretary of the Nebraska Dairy Herd Improvement Association: Johnson, Adams, Thayer, Cuming, Custer, Valley, Antelope, Saunders, Deuel, Polk, Hamilton and Phelps. Requests from others are expected. A schedule has been arranged and the displays routed to make the fairs with the least possible transportation costs.

County agents, cow testers, and others in charge of arranging county dairy displays have their choice from among the five sets of exhibits. It is expected that additional material will be supplied to supplement these at the various fairs.

One set of exhibits demonstrates feeding and watering dairy calves and cows. Protein requirements for different ages of animals is brought out in this arrangement. Another display points out the advantages of cow testing to determine whether or not the dairy herd is yielding a profit to the owner. “Who carries the load” is the caption on one of these displays.

A Great Cow

Tormentor’s Saucy Meg, high producing pure bred Jersey cow, owned by E. M. Sherman, Charles City, Ia., is the highest 305-day milk producer of the Jersey breed by 2,167 pounds, or more than a ton of milk. She won this world championship with her latest completed official production test record of 18,047 pounds of milk and 818.19 pounds of butterfat in a 305-day test made with calf and starting when she was 7 years and 1 month of age. Her yield of butterfat in this test makes her the sixth highest 305-day butterfat producer of the Jersey breed and won the award of an American Cattle Club Medal of Merit.

In establishing her world’s Jersey record Tormentor’s Saucy Meg in her best month of test produced 98.56 pounds of butterfat and 2,205 pounds of milk. Her production was maintained at a very even rate throughout the 305 days, never falling below 69 pounds of butterfat per month, and for three months she yielded above 2,000 pounds of milk per month.

The victory of success is half won when one gains the habit of work.—Sarah A. Bolton.

Quiet clothing oft bespeaks dependability.
With Bancorporation

Affiliation of the National Bank of Huron, South Dakota, with the Northwest Bancorporation of Minneapolis was announced recently by officials of Huron's largest bank.

The local bank has resources in excess of $3,879,000 and deposits of more than $3,300,000. The combined resources of affiliated banks in the corporation are now more than 243 million dollars.

The affiliation will be accomplished through exchange of stock.

There will be no change in the directoarte or personnel of the Huron bank.

The National Bank of Huron was established in 1895 and is the oldest bank in Huron and the third largest in South Dakota.

Seek New Bank

A representative of the Federal Banking department was in Chamberlain, South Dakota, recently, looking over the ground to determine if the department was justified in granting a charter for a new national bank to be established there. The department representative was getting all information possible.

With Chicago Bank

Eaton R. Johnson, former head of the Brookings County, South Dakota, Bank, has accepted a position with the Continental Illinois Bank and Trust Company of Chicago, and will represent that institution in the state of Missouri, with headquarters at Kansas City.

Dies in Chicago

J. W. Ohlman, 55, president of the American State Bank of Yankton, South Dakota, died in a Chicago hospital recently. Mr. Ohlman, a son of the late M. P. Ohlman, sr., pioneer Yankton business man, succeeded his father as president of the bank.

Affiliate

Affiliation of the First National Bank of Rapid City and the Commercial National Bank of Sturgis, South Dakota, with the twenty-eight other banks in the Northwest Bancorporation, was announced by officials recently. There will be no change in the directorate or officer personnel of the banks, but they will have the benefit of combined resources “in excess of $253,000,000,” the announcement said.

A.B.A. Convention Schedule

A preliminary outline program showing the order of meetings for committees, commissions, sections, divisions, general sessions and other events scheduled for the American Bankers Association convention to be held in San Francisco September 30 to October 3 as issued by W. G. Fitzwilson, Secretary of the association, indicates that all phases in the banking field will be covered. The schedule is as follows:

Monday, September 30 at the Hotel St. Francis: Membership Committee, 8:15 A.M.; Public Relations Committee, 9 A.M.; Insurance Committee, 9 A.M.; State Bank Division Executive Committee, 9:30 A.M.; Savings Bank Division Executive Committee, 9:30 A.M.; National Bank Division General Meeting, 9:30 A.M.; Trust Company Division Executive Committee, 9:30 A.M.; Tax Conference, Special Committee on Section 5219 United States Revised Statutes and Committee on...
Taxation, 9:30 a.m.; Economic Policy Commission, 10:30 a.m.; Commerce and Marine Commission, 12:15 p.m.; Clearinghouse Section Executive Committee, 12:30 p.m.; State Secretaries Section Board of Control, 1:30 p.m.; 50th Anniversary Committee, 2 p.m.; State Legislation Committee and State Legislative Council, 2:15 p.m.; Foundation Trustees, 2:30 p.m.; Clearinghouse Section Managers Conference, 2:30 p.m.; Trust Company Division General Meeting, 2:30 p.m.; Agricultural Commission, 2:30 p.m.; Public Education Commission, 3:00 p.m.; Federal Legislation Committee and Federal Legislative Council, 3:30 p.m.; Executive Council, 9 p.m. On call of chairman the following meetings will be held: Administrative Committee, Finance Committee, National Bank Division Executive Committee; Special Committee on Section 5219 United States Revised Statutes and Resolutions Committee.

Tuesday, October 1 at the Hotel St. Francis; State Secretaries Section General Meeting, 2 p.m.; Examiners Conference Clearinghouse Section, 2:30 p.m.; Savings Bank Division General Meeting, 2:30 p.m.; Nominating Committee, 5 p.m.; Resolutions Committee, call of chairman; subscription dinner, National Alumni Association American Institute of Banking, 6 p.m.

Wednesday, October 2 at the Hotel St. Francis; Auditors Conference, Clearinghouse Section, 2:30 p.m.; State Bank Division General Meeting, 2:30 p.m.; Resolutions Committee, call of chairman; incoming president's dinner to American Bankers Association incoming state vice presidents, 6:30 p.m.

Thursday, October 3, at the Hotel St. Francis; Second Meeting Auditors Conference Clearinghouse Section, 2:30 p.m.; Executive Council Meeting, afternoon or evening, followed by Administrative Committee, Resolutions Committee, on call of chairman.

The sessions of the general convention will be held in the convention hall the mornings of October 1, 2, 3, opening at 9:45 a.m. each day.

Permanent quarters for special activities will be maintained for the entire convention period in the Hotel St. Francis as follows: Press headquarters, rooms 270-72-74; separate State Secretaries, rooms 211, 212, 201, 202, 203, 207, 276, 288, 289; State Secretaries have no separate headquarters, room 210; hotel committee and information bureau, the hotel lobby; bank library exhibit, the mezzanine; officers of the association, registration counters, golf desk, post office, desk for validation of railroad tickets and pullman reservations, hotel lobby.

**But Mandy Wasn't**

Mandy had been troubled with a tooth ache for some time before she got up sufficient courage to go to a dentist. The moment he touched her tooth she screamed.

"What are you making such a noise for?" he demanded. "Don't you know I'm a painless dentist?"

"Well, sah," retorted Mandy, "mebbe yo' is painless, but Ah isn't."

It isn't where you are that counts; it's how far you've progressed.

---

**No Loose Talker**

Two farmers met in town a few days after a cyclone hit the countryside.

"Yes, it did quite a bit of damage out our way," said one reflectively.

"By the way, Hank, was that new barn of yours injured any?"

The other shifted his wad of chewing tobacco.

"I can't say rightly," he answered slowly. "I ain't found it yet."

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**ASSISTING banks and bankers with their investment problems is one of the major activities in our relationship with correspondents. Your bank may wish to avail itself of this service. It is thorough and experienced.**

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**THE NORTHERN TRUST COMPANY**

Northwest Corner LaSalle and Monroe Streets

CHICAGO

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Central Western Banker, September, 1929
Reorganized

In the reorganization of the Russell-Farmers State Bank, of Russell, Kansas, H. M. Laing was elected president and J. W. Blair, L. W. Banker, and John G. Deines were elected directors to succeed M. K. Brundage, C. A. Johnson and E. M. Wentworth, respectively.

With Bond Company

Earl Swofford, for the past five years assistant cashier at the Exchange State Bank, Parsons, Kansas, has taken a position with the Parsons office of W. B. Foshay and Co.

Visits Family

J. H. Sandell, cashier of the Peoples National Bank, Kansas City Kansas, recently visited at Scandia where he attended the meeting of the Bank of Scandia, of which he is a director and also visited his wife and three sons who are spending several weeks with friends in Scandia.

Buys Into Bank

Carth McMillen, cashier of the Peoples State Bank of LeRoy, Kansas, has purchased stock in the Peoples State Bank, Coldwater, Kansas, and become active vice-president there. F. W. Jacks, from whom he purchased the stock will remain president of the bank but devote more time to other interests.

New Loan Company

United Building & Loan is the name of a new loan association of Wichita, Kansas, to be operated under the management of the Fisher-Moore Investment Co.

The Banker's Confidential Market

| JAA | Only bank in southwestern Missouri town about 500 population. Gas, electricity, city water, good schools, three Protestant churches. Salary $2,160.00, very good "side lines." Attractive earnings on stock. Requires $11,500.00 investment. |
| HSI | 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. |
| ERE | Control carrying presidency of only bank in good southwestern Iowa town of around 600 people, offered for about $16,000.00. Bank shows good earning power. Salary and side line earnings about $2,800.00 per year. |
| FMI | Cashiership of small bank, attractively located in suburb of good, small city, having all modern conveniences. Salary $200.00. 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. |
| TPI | Cashiership of good bank, modern, county seat town of more than 5,000 population can be had by acceptable banker through investment of $17,500.00. Salary $200.00 per month. Kansas Location with splendid future. |
| MIP | Only bank, good north Arkansas town of 100 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 185 shares offered at $125—practical "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." |

Resigns

Marion J. Shane, cashier of the First State Bank, of Argentine, Kansas, resigned recently to engage in the real estate business. Mr. Shane was with the bank for over twenty years. Howard Haines, vice-president, will probably handle the cashiership.

An Alfalfa Experiment

To find out whether alfalfa pasture will make cattle bloat or grow fat is one of the reasons why farmers are watching a unique experiment at the agricultural experiment station at North Platte. Pasturing steers and heifers on alfalfa has been practiced by some Nebraska feeders with satisfactory results. Others have not been so successful.

The experimental cattle will remain on the alfalfa pasture twenty-four hours every day during the fattening period regardless of weather conditions. In addition they will receive a full grain fattening ration.

LeDoyt and Sons, cattle feeders near North Platte, Ted Techer of Parks, Nebraska, and J. W. Rice of Wilsonville have used this system of feeding beef cattle. Its greatest advantage is the saving in labor which it makes possible, they say.
Liquidates

Announcement is made by the comptroller of currency in Washington, D. C., of the voluntary liquidation of the First National Bank of Ault, Colo., which has been absorbed by the Farmers National Bank of Ault. The First National had capital of $25,000. B. B. Hemlick and Earl B. McCall of Ault have been announced as the liquidating agents.

To Open Branch

B. I. Barnes, cashier of the Commonwealth Industrial Bank of Boulder, Colorado, was in Longmont recently and announced that this institution would open a branch office in Longmont, the location to be announced later. Robert H. “Bill” Blum, son of Sheriff Robert Blum, will have charge of the Longmont office. The exact date of opening has not been definitely decided upon.

Officers and directors of the company are: Robert V. Blum, president; John R. Wolff, first vice president; H. H. Donnelley, second vice president; B. I. Barnes, cashier; T. A. McHarg, Mrs. Robert V. Blum and John M. White.

Individual Debits

Debits to individual accounts in Colorado Springs, Colorado, totaled $15,605,000 for the four weeks ending June 26, according to the monthly review of the tenth federal reserve district made by the Federal Reserve Bank of Kansas City. For the 26 weeks ending June 26 the total of debits to individual accounts was $97,213,000.

Building permits issued during the four weeks numbered 65, the estimated value being $88,854. The total number of permits for the 26 weeks was 349 and the estimated value $545,336, the report shows.

Heads Loan Department

H. D. Dopf, former active head of the Farmers State Bank of Brule, Nebraska, is now in charge of the loan and discount department of the Citizens State Bank of Holyoke, Colorado. Mr. Dopf has purchased an interest in this growing institution and will be an active vice president.

Clearings

Another large increase in the bank clearings of the five Pueblo, Colorado, banks was reported by R. G. Dun & Co., local finance reporters. An increase in excess of $85,000 over the corresponding period in 1928, was revealed by the report.

Clearings for one week totaled $1,578,062.34 compared with $1,492,000.04 for the corresponding period last year.

Savings Are Large

For the first time in the history of Delta, the savings accounts of the Colorado Bank & Trust Company reached the total of $100,000 recently.

The remark is often heard that people nowadays do not save their money and spend it before they get it. However, the splendid showing of this bank in this department seems to disprove the assertion.

The most remarkable thing about this new record is that it comes during the time of year when least expected. There is less money in circulation now than at any other time of the year, owing to the investments for crops, the returns for which have not been received.

Hold Open House

All Englewood, Colorado, was invited to attend open house at the new home of the Englewood State Bank, which was held recently.

The new bank quarters have just been completed and are up-to-date in every way. Furnishings throughout have been built especially for the bank and are of the most improved construction. Among the principal features will be the large vault with its ventilating system, the adequate safe deposit facilities and other improvements.

Associated with Mr. Bish in the direct management of the bank are Mrs. Clara Cameron, cashier, and Howard Thatcher, assistant cashier. Dr. W. C. Cryser is vice-president. The board of directors includes Mr. Bish, Dr. Cryser, Mrs. Cameron, E. W. Cryser, H. V. Moore and J. J. Mackin.
Wyoming News

State Bank Report
John A. Reed, Wyoming State Bank Examiner has just received from the National Association of Supervisors of State Banks, a report which shows that over all the nation banking institutions generally are in a healthy state.

"The capital, deposits, and total resources of our banks are larger than ever before," the report states, adding:

"On March 27, 1929, there was a total of 25,932 banks, of which 18,357 were state banks and 7,575 national banks, and in round numbers a total capital, surplus and undivided profits of $9,274,341, total deposits of $58,610,581,757, and total resources of $72,666,752,001. Total deposits of all banks were $1,896,064,896 above the previous high record of Feb. 28, 1928, and total resources $3,227,280,777 above resources of that date.

"On March 27, 1929, in round numbers the capital, surplus and undivided profits of the state banks were $5,573,901,341, and of the national banks $3,770,591,000 showing the capital resources of the state banks to be 50 per cent in excess of the national banks. The deposits of the state banks were $35,737,701,758, and of the national banks, $22,827,880,000 showing the deposits of the state banks 56 per cent in excess of the national banks. The total resources of the state banks were $43,644,840,001, and of the national banks, $82,921,912,000, showing the resources of the national banks.

"Between March 27, 1929, and Feb. 28, 1928, deposits of the state banks increased $1,302,266,806, and deposits of the national banks increased $593,789,000. During the same period total resources of the state banks increased $1,779,055,776, and total resources of the national banks increased $1,448,225,000.

"Since June 30, 1919, which was the date of my first complete statement, capital, surplus and undivided profits of the state banks have increased $2,674,238,664, and the national banks $2,336,836,000. The deposits of the state banks have increased $14,104,859,745, and the national banks $6,948,015,000. Resources of the state banks increased $17,679,164,165, and the national banks $8,222,362,000. The decrease in the number of state banks totals 2,671. The decrease in the number of national banks totals 210.

Sells Interest
The major interest of John W. Hay in the First National Bank of Laramie, Wyoming, has been sold to John A. Guthrie of Laramie and George J. Forbes and Mrs. Anna L. Forbes of Cheyenne.

Guthrie became president of the bank, and Forbes succeeded him as vice president. Hay, a Rock Springs man, will remain a director and stockholder in the concern. Forbes has been associated with the Stockholders National Bank in Cheyenne.

Postal Savings Deposit
Cashier A. C. Meloney of the Security State Bank of Basin, Wyoming, calls attention to the fact that the bank has been named as a depository for postal savings funds.

Visits in Rawlins
J. E. Cosgriff, president of the First National Bank of Rawlins, Wyoming, and of the Continental National Bank of Salt Lake City, was a visitor in Rawlins recently. He was accompanied by Mrs. Cosgriff and two children, Marion and Walter. They were en route to Glenwood Springs and Steamboat Springs for a vacation outing.

To California
Mrs. Jack Horrocks and daughter, Edna, have left for Los Angeles, where they expect to spend the next four months. Mrs. Strombaugh has taken Miss Horrocks' position at the First National Bank of Gallup, New Mexico, during her absence.

Deposits Increase
Bank deposits in Clovis, New Mexico, increased from $1,652,974 on June 30, to $2,700,000 on July 16, gain of over $1,000,000 in approximately two weeks.

Great conflagrations from little matches grow!

"Honesty is the best policy" and there are no premiums.

BANK OF NEW SOUTH WALES
ESTABLISHED 1817

(With which is amalgamated THE WESTERN AUSTRALIAN BANK)

PAID-UP CAPITAL $37,500,000
RESERVE FUND 20,200,000
RESERVE LIABILITY OF PROPRIETORS 37,500,000

Aggregate Assets 30th September, 1928, $444,912,925

AGENTS—FIRST NATIONAL BANK, OMAHA, NEBRASKA GEN. MANAGER, ALFRED CHARLES DAVIDSON—HEAD OFFICE, GEORGE ST., SYDNEY LONDON OFFICE, 29 THREADNEEDLE ST., E. C. 2

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Win. H. Marx, 1221 First National Bank Bldg., Chicago, Vice-President Frank P. Symo, 23 West 45th Street, New York, Vice-President

Central Western Banker, September, 1929
Where you can drink of
Nature's Greatest Health Waters
Amid Surroundings of Unsurpassed Comfort and Elegance!

Visitors to this finely appointed, luxurious hotel acclaim it one of the very finest resort hotels in America. Refurnished, redecorated and equipped with unsurpassed elegance, The Elms will appeal to the most fastidious or most critical guest.

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