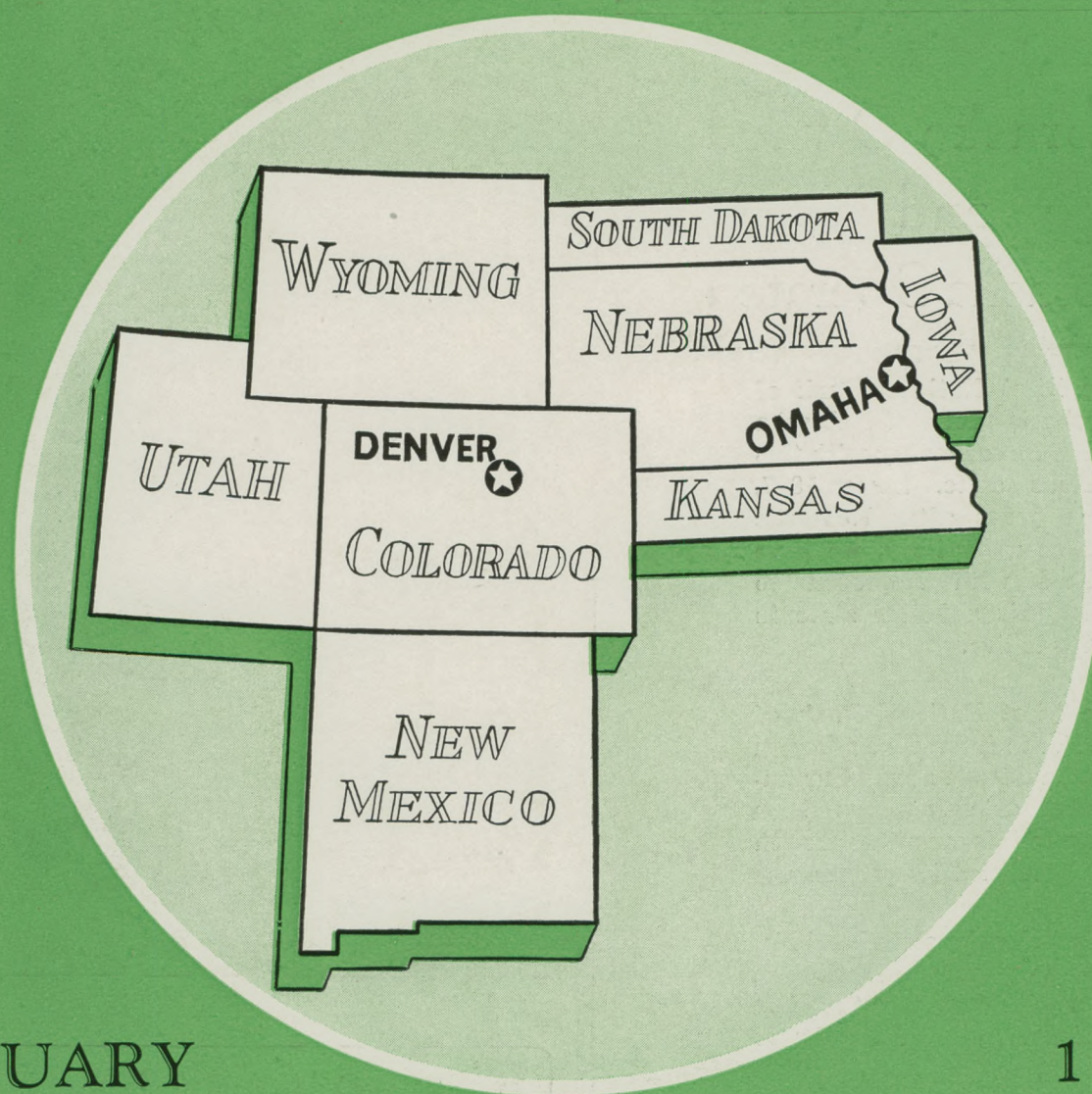


CENTRAL WESTERN BANKER

Omaha



FEBRUARY

1930

Common Sense in Investing for 1930

Page 6

Nebraska Owned and Nebraska Operated

The First National Bank of Omaha is proud of Nebraska and of its connection with this glorious state. Since 1857, three years after Nebraska became a territory, we have worked with Nebraska to make this a better state in which to live.

The First National Bank of Omaha is interested solely in Omaha's trade area. Our undivided attention has been given to this area. Our growth has paralleled its progress.

This Nebraska-owned and Nebraska-operated institution notes with pride that the First National Bank of Omaha is

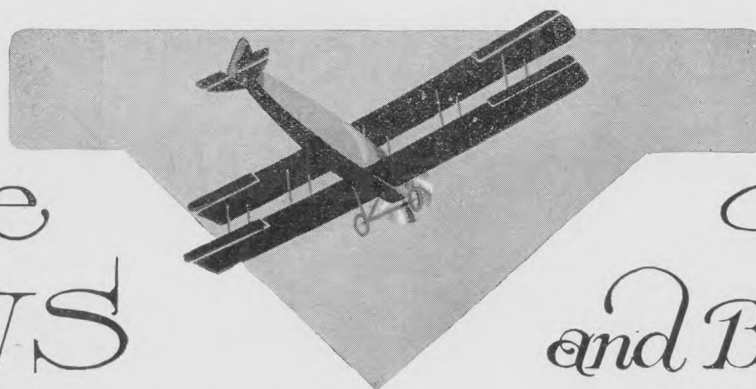
Nebraska's Oldest Bank



First National Bank of Omaha

FIRST TRUST COMPANY

Last minute NEWS



of Banks and Bankers

NET EARNINGS of the Continental Illinois Bank and Trust Company, Chicago, for the calendar year 1929 were reported by Arthur Reynolds, chairman of the board, to be considerably in excess of the combined 1928 earnings of the two banks which were consolidated in March, 1929, giving Chicago a billion dollar bank.

After setting aside \$5,500,000 for taxes and providing amply for losses, actual and anticipated, net earnings for 1929 were \$20,443,167.83 compared with \$16,527,845.50 for both banks in 1928. These earnings are equivalent to 27.3 per cent on the capital stock of the bank, or 12.5 per cent of the total invested capital.

Dividends in 1929 amounted to \$12,000,000, leaving \$8,443,167.83 to be added to the undivided profits account.

FOUR regional savings conferences will be held during the spring of 1930 under the sponsorship of the Savings Bank Division, American Bankers Association. The dates for the three are scheduled as follows: Tulsa, Oklahoma, March 5-6; New York City, March 20-21; Detroit, Michigan, March 27-28. At Salt Lake City, Utah, a conference will be held at a time to be announced later.

These conferences have been a feature in the savings banking field for the last six years, with increasing interest and attendance. The meetings this year are expected to prove of exceptional interest because of the recession of savings deposits in savings departments of banks experienced during the past year.

LOUISVILLE, Kentucky, has been selected for the 1930 meeting of the Financial Ad-

vertisers Association, to be held December 17-20 inclusive. A. E. Bryson of Chicago, is president of the association.

IN HIS address before the National Shoe Retailers Association annual convention in St. Louis, John G. Lonsdale, president of the American Bankers Association made the statement that "there is ample credit available to meet all worthy demands."

While predicting low money rates, Mr. Lonsdale did not anticipate "excessively cheap money."

"When credit is too easy," he said, "there always is a tendency toward encouragement of its unwise use. Easy credit when wisely used is not a hindrance but a constructive force."

ANNOUNCEMENT of the Bank of America, New York, and Murray Hill Trust Company merger is expected soon. It is understood that the terms are two shares of Bank of America for one Murray Hill.

ALARGE majority of Michigan bankers are opposed to the legislation of any changes in the Federal Reserve System at this time, it is indicated by replies to a questionnaire sent by Senator Vandenberg to every bank president in that state.

Mr. Vandenberg conducted the inquiry as a means of sounding out banking sentiment in advance of the agitation for reserve banking reform, which he feels inevitably will develop as an aftermath of the Wall Street debacle.

Forty-five out of 77 Michigan bankers were against any change, though many expressed a desire for greater liberality as to eligible discount collateral and in sharing of profits with member banks.

IN A SERIES of advertisements started in December, the Northern Trust Company of Chicago has sounded a new note in trust advertising.

Through human interest appeal, a hint at romance and a touch of drama, it outlines most effectively its trust service through actual events as brought to light by a study of the past history of the institution.

Amplly and effectively illustrated, the advertisement is a new vehicle for carrying a trust message. A consistent use of the same principles should bring the Northern Trust Company a decided increase in its trust business.

AT THE annual meeting of the stockholders of the Foreman-State National Bank and the Foreman-State Trust and Savings Bank Chicago, all directors of both banks were reelected.

VOL. 25, No. 2

FEBRUARY, 1930

In This Issue

Last Minute News	3
Where Do We Go from Here?	4
Cartoons of the Month	5
Common Sense in Investment	6
Just a Little Matter of \$4500	7
Bonds and Investments	9
Insurance	15
Nebraska News	19
News of the Omaha Stock Yards	24
South Dakota News	27
Utah News	27
Kansas News	28
Colorado News	29
Wyoming News	30

THE CENTRAL WESTERN BANKER, OMAHA
Published monthly at 410 Arthur Bldg., Omaha, Nebraska
Subscription, 25 cents per copy; \$2.00 per year.
Entered as second-class matter at the Omaha postoffice.

Where Do National Banks GO *from* HERE?

If the national banking system is to be preserved and strengthened, national bankers must act as a unit in securing Congressional action which will insure its continuance under favorable conditions.

NO LONGER do national banks lead in resources in New York, Chicago, St. Louis, Detroit, Cleveland and many other cities. In a brief period just prior to the passage of the McFadden Bill, national bank resources shrank and state banks gained in excess of two and one-fourth billions of dollars. The McFadden act for a time stopped the flow of this tide, but apparently it was only temporary, for during the few months of the present year, national banks with resources of approximately three billions of dollars have surrendered their charters. While this enormous loss to the national banking system was largely caused by the merger of some of the oldest and proudest names in the national bank directory, yet the defection is not limited to the largest cities. There has recently been formed a group of banks in one of our southern states where seven national banks changed to state charter, and hardly a day passes that the newspapers do not record a similar change somewhere in the United States.

There are several contributing causes to this defection. State courts have rendered decisions, later confirmed by the United States Supreme Court, each of which, though not intentionally, has been a direct slap at the national banking system. In Massachusetts, in the Macallen case, the court decided that an excise tax measured by income was unconstitutional where part of the income was used as a measuring stick was the income from tax exempt bonds. Throughout the whole country, national bankers and their brothers in the state banks have been urging their state legislatures to pass a law taxing the banks on a reasonable excise basis, in order to escape the unjust and bur-

(From address before A. B. A. Convention, San Francisco)

By George H. Hamilton

Vice president, Fourth National Bank, Wichita, Kansas

densome taxes that have been heaped upon them in the past. The decision in the Macallen case has paralyzed their efforts and has resulted in an intolerable tax situation in many of our states. The odium for this situation and for the overthrow of some of the old taxing systems has fallen on the national banks, and Section 5219 is as familiar to many tax commissioners as their own telephone numbers.

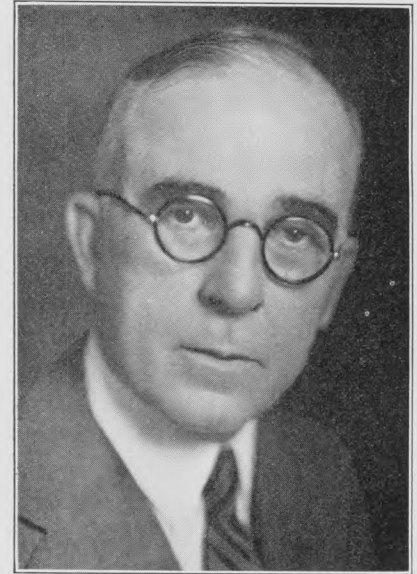
It does not seem possible that the

"Let us be sure, therefore, that our house is in order and through active cooperation with the banks of our county and district and through better banking practices and management we can withstand the onslaughts of the group banks and can preserve a solid front to maintain the individuality and prestige which national banks now enjoy throughout the country."

Federal Government will stand idly by and watch the disintegration of the National Banking System to its ultimate elimination without making some heroic effort to prevent this catastrophe. In view of past experiences, the Government could not afford to witness the elimination of the national banking system, leaving as that would only one financial instrumentality over which the Government has control—namely the Federal Reserve Bank and leaving to change or the voluntary support of state banks the perpetuation of that system.

The Federal Reserve Angle

It is not reasonable to believe that the government would be willing to



GEORGE H. HAMILTON

depend upon this arrangement for the Federal Reserve Bank, the latter having only supervisory authority over a few of the larger state banks in the larger cities with the rank and file of the banks scattered throughout the country being non-members. This would result in forty-eight distinct banking systems throughout the coun-

try, subject to the whim of forty-eight legislatures and with as many different kinds of regulation and control through local bank Commissioners. In times of stress it is inevitable that there would be conflict of authority and conflict of policy between the Federal government, as represented through the Federal Reserve Bank, and the state bank authorities. Voluntary membership in the Federal Reserve

System would undoubtedly prove inadequate to maintain that system at anything like its present standard and the Federal Government would eventually find itself in the same position that it faced prior to the Revolution and the War of 1812.

Many remedies have been suggested to curb this trend of national banks to desert the ranks of the national banking system. Many of them are far-fetched and some have merit, but I do not feel that it is required of me in the scope of this address to make any recommendations concerning them. Conditions as they are today are somewhat different from those that prevailed in the past. The change

(Continued on Page 23)

CARTOONS OF THE MONTH



AT THE WAILING WALL
—Fitzpatrick in the St. Louis Post-Dispatch.



THE LONG AND THE SHORT OF IT
—Thiele in the Kankakee (Ill.) News.



IT'S THE ONLY LANGUAGE THEY SPEAK—IT MUST
BE THE ONLY ONE THEY CAN UNDERSTAND
—Westerman in the Columbus Ohio State Journal.



THE NEXT CANDIDATE FOR ELIMINATION
—Hanny in the Philadelphia Inquirer.

Common Sense in Investing for 1930

By Leroy D. Peavey
*President, Babson Statistical
Organization*



LEROY D. PEAVEY

DURING the past few years common stocks were bought by people 90 years old because they thought they had a future that would show them a nice profit in their old age. Stocks were bought in the name of new-born infants — who naturally had a much better prospect than the venerable ones referred to. Such was the set-up in the remarkable period through which we have just passed.

Meanwhile good old bonds were almost forgotten. Bonds were held in such low esteem that they became antique. I heard of one ignorant investor who threw away his bond after he had cashed all his coupons. He thought the bond itself was like a postage-stamp book, and worthless when the coupons had been used. Bond houses found their merchandise so unpopular and unsalable that they were driven to desperation and added lines of stocks to keep the business going, somewhat as a drug store would take on groceries when the prescription business got dull.

The rising prices piled up paper profits for the happy holders, who then boasted to their friends how much money had been made. These friends, in turn, rushed out and bought stocks, also made some paper profits and loudly spread the news. Then both bought more on their paper profits, and this is where the margin danger came in. Investors tossed caution overboard. They threw away brains and common sense in order to buy common stocks. The public seized upon sound doctrines and distorted them into the dangerous fallacy that the stock market had been equipped with some sort of ratchet mechanism, so that it must always go up and could never drop down. They looked forward three years, then five, then ten, and finally fifteen years!

Neither Best Nor Worst

The truth is that common stocks are neither the best investments on earth nor the worst investments on earth. Both extremes of thought are about equally wrong, and in 1930 let me urge my readers to follow a balanced investment program. Everything has its true place. The best investment plan, and the only safe and successful investment program, is one which has proper and adequate balance. Such a program is solidly planted and proof against being upset and overturned, because it rests upon a broad foundation.

Your 1930 program should provide

for a liberal portion of good, sound bonds. Certain issues can always be selected to give a fine yield, and yet in 1930 they can be held with complete assurance. No investment plan is worthy of the name which does not have this ballast of bonds, chosen for safety of principal and certainty of income, to yield a maximum rate consistent with safety. Good mortgage bonds are an absolute call on the earnings and assets of the company, and you do not have to scan the mails anxiously to see whether your dividend is paid or passed. You sit calmly in your office or home, cut off the good old coupons, and snap your fingers at the markets.

The monetary situation in 1930 will be the reverse of last year. For several months the present trends should show little change. The federal reserve system is in a very comfortable position, and Washington policy suggests that even if the exportation of gold continues, the system will increase its holdings of bills and government securities. The idea is to keep money easy for business purposes.

The interior banks are not in so good condition. The speculative craze caught them with their affairs rather poorly adjusted, and it will take time to work the situation out. Brokers' loans in the big centres are radically down, but the total bank credit has increased since the first of October about \$100,000,-

000! Even the building and loan associations, and the savings banks, have been temporarily heavily drawn upon to patch up the deficiencies due to the market crash. All this means that although money will have occasional firming periods in the next few months, there will be a general, gradual tendency toward ease, especially for business purposes.

A Better Market

An easier monetary situation and the lessons of the stock market debacle will make a better bond market in 1930. Of course there will be periods when bonds will not advance very rapidly, but the tone should be better and demand for good bond business will be far ahead of anything we have seen for months. Incidentally, let me mention convertible bonds and bonds with stock purchase warrants. Many of them, it is true, are debentures, but carefully selected issues in this field have a good degree of safety, and in addition have future possibilities as their companies progress and the stocks advance. The investor at this time should study such issues.

What about stocks in 1930? Well, what stocks are bought in the next few months should be only certain good common stocks, representing expanding industries, purchased with the idea of growing up with the industry and the country, regardless of intermediate fluctuations. Such stocks, of course, should be purchased outright and not on margin or borrowed money. In the light of 1929 events, there is but one safe margin, and that is an absolute full cash purchase, with the stocks actually delivered and locked in your own safe deposit box. Moreover, at present stocks should not be purchased at all unless the investor is able and willing to hold them for their gradual growth possibilities and without regard to temporary ups and downs of prices. Earnings and dividend yields are the thing to watch now.

(Continued on Page 14)

Just a Little Matter

of
\$4500

*Cashier Holt was on vacation—
but his observing eye saved the
bank from a substantial loss,
however.*

**By the Central Western
Banker Legal Department**

Angle Lake with a doubtful frown bisecting his broad brow. Holt had certainly been acting strange, and the director frankly admitted to himself that he was puzzled, as well as slightly dis-

"When the adjuster came down to adjust the loss, Mallory stood right by him with a bottle of whiskey through the whole proceedings and got the adjuster to send in his report without mentioning the bank and with the help of some pals in the insurance office, they arranged the thing so that the check'll come through in Mallory's name, alone. Then, all he's got to do is cash the check, float with the money and let the bank take the land and mill site which is worth only about \$150."

CASHIER EMERY HOLT of the Elmdale Bank unrolled a large state map on the top of his desk, and put his finger on a spot in the northwest corner.

"That's the ideal place for a two weeks' vacation," he declared, "and if all goes well, I'll pack my grip in the morning for two weeks' of absolute and unadulterated rest. I don't want to see a depositor or a bank ledger nor anything that reminds me of banking in the slightest degree. The only drawback is that the river has banks, but the fishing will offset that disadvantage."

"That's up in the Topaz River country, isn't it?" suggested Raymond Doherty, director, after a hasty glance at the map.

"Yes, and the situation's certainly unique," Holt explained as enthusiastically as the atmosphere would permit. "You see I get on the train here, go north about ninety miles to here, drive in eight miles on the Juniper road, and I'm right on the headwaters of the Topaz River. A good canoe will carry all the implements that a fellow needs and a hundred miles run down river takes him to Angle Lake. There's first class fishing, and when I get through, all I have to do is to pack my stuff in the canoe, and keep right on floating down river until I come out at Duketown. There I get a train on the B & A Railway, and a fifty mile run brings me back to the place of beginning, refreshed and ready for work again."

Director Doherty wiped his damp brow with an ample handkerchief.

"I wouldn't mind getting where I wouldn't see a log, or a piece of deal, or a scale rule, or anything that would remind a fellow of the lumber business, for a couple of weeks, myself," he suggested, wearily.

"By George, it would be great if you could come along too," exclaimed Holt. "It's mighty short notice, but couldn't you manage to get away, so as to go up with me tomorrow morning?"

A Sudden Decision

"Sudden decisions are the best ones, and I'm with you," Doherty replied.

Two weeks later director Doherty sat in the little tent on the shore of

Holt smiled the covert smile of a movie conspirator, but did not have time to reply. Doherty held up a warning hand, cupped his other behind his ear, and listened intently.

"I haven't the hearing or eyesight of an Indian yet," he remarked, "but unless I miss my guess there's a canoe coming down the Lake."

Holt sprang to his feet and gazed up the river.

"There certainly is, and I can see it as plain as the wart on Will Wharton's nose, and I'm mighty glad to—"

"See somebody from the outside world, I suppose you were going to say," averred Doherty.

"Well, that wasn't far from my idea," admitted the cashier. "Whoever he is he's certainly coming along like a house afire, and if I mistake not he's headed for our domicile."

A Visitor

Ten minutes later the canoe pulled up to the little beach in front of the tent, a rather rough looking stranger alighted therefrom, and approached the vacationists.

"I didn't expect to find human beings in this part of the woods, and I'm certainly glad," the stranger began. "You fellows got anything to drink?"

Holt waved his hand in the general direction of the Lake.

"Good old Adam's Ale, lots of it, and free to all comers," he remarked.

The stranger gazed at the broad expanse of water with an undisguised expression of disgust.

"Have you got anything to smoke?" he demanded. "I used up the last scrap of tobacco five miles back, and I'd like to 'bum' something off you fellows."

Holt handed over an unfinished package of cigarettes and "set out" a box of "Home Trade" cigars.

"Help yourself, and you're welcome as the flowers of May."

"But I don't want to rob you fellows," demurred the stranger, diving into the box of cigars as if he had no other intention in his mind.

"Go to it, and don't consider us, for I think we've both been smoking a little too much, and a few days of tobacco prohibition at the end of our vacation won't do us any hurt."

(Continued on Next Page)

Central Western Banker, February, 1930

"Well, thanks very much for the weed, but I must be moving along," the stranger decided.

"Any news from outside parts?" asked Doherty.

"I haven't been in the outside world enough to keep up with the news," the stranger replied. "The fellow who came down with me a few miles into the woods with the idea of fishing back was telling me a piece of local gossip in which you fellows wouldn't likely be interested."

"I guess we're interested in anything."

"Well, this chap was telling me about Pete Mallory who lumbers in a small way on Johnson's Brook," the stranger began. "It seems that the mill was burned five or six days ago, together with all the sawed lumber piled in the yard."

"You don't say," exclaimed Doherty. "I used to work with him on old Pete Keswick's drive when we were just boys."

"It seems that Mallory's borrowed some money from a bank down country somewhere and the fire insurance policy was made payable to the bank."

"Banks generally protect themselves that way," Doherty remarked.

"This bank thought they was protecting themselves, but they reckoned without their host when they did business with Mallory," averred the stranger.

"But, if the loss was made payable to the bank, then when the insurance company made out a check they would make it payable to the bank and him, and he couldn't get the money without the bank's endorsement, so he couldn't put anything over them that way," Holt suggested.

"You haven't reckoned on the power of a bottle of real whiskey in these days," retorted the stranger. "When the adjuster, 'digester' as the fellow who told me the story called him, came down to adjust the loss, Mallory stood right by him with a bottle of whiskey through the whole proceedings, and got the adjuster to send in his report without mentioning the bank and with the help of some pals in the insurance office, they arranged the thing so that the check'll come through in Mallory's name alone. Then, all that he's got to do is to cash the check, float with the money, and let the bank take the land and mill site, which is worth about \$150."

Holt yawned, and stretched his brawny arms above his head.

"If the bank gets wise to the scheme they'll wire head office to put an at-

tachment on the check, or something like that, that'll spoil Mallory's game," he protested languidly.

"They ain't much danger of that," was the positive reply, "but, just the same, the fellow told me that Mallory's mighty anxious to have the matter closed up, and ain't sleeping very sound till the check comes along and he actually gets his fingers on the cash and boards a westbound train."

"Rather an interesting little bit of news, and thank you very much for the telling thereof," Holt suggested.

"Well, I must be going, and thanks awfully for the tobacco," replied the stranger as he strolled down to the beach.

The Elmdale Banks

Holt watched their visitor push off, and then turned to the silent Doherty.

"That bank's the Elmdale Bank," Holt stated.

Doherty sprang to his feet.

"The Elmdale Bank!" he exclaimed, "and what's the face of the policy?"

"As I remember it, the policy's for \$5,000, but Mallory doesn't owe us that much, say \$4,500," was the careless reply.

"Only forty-five hundred" cried the excited Doherty, "and if that thing goes through, the bank makes a dead loss. We've simply got to get word to the bank somehow, but just how is more than I can figure 'at present time of speaking,' as Pete Brewer says. If we'd known at the time we might have tried to get that fellow to take a message out."

"No, it's useless," declared Holt. "He'll be in the woods longer than we, likely."

"And by that time the damage is done, and Mallory's gone west with our money," urged Doherty.

"Well, what can't be helped is helpless," suggested Holt, "and we might as well make the best of a bad bargain; besides, we came up here for a vacation, and with the positive understanding that we wouldn't think about bank matters or lumbering till we got back to civilization."

"But that is a special case."

"And an impossible one, as far as doing anything is concerned."

"Well, you're the cashier, and if you feel that way about it, why—" Doherty suggested stiffly.

(Continued on Page 30)

What of the Outlook for 1930?



W. DALE CLARK

THE prosperity of 1930 will be largely in the hands of its makers, in the opinion of W. Dale Clark, president of the Omaha National Bank, who says:

"The line drawn at the beginning of the New Year is an imaginary and psychological division. As a matter of fact, railroad trains do not stop or

change their course at midnight on December 31st, nor is there any actual change in the trend of business in general. Business in 1930 will continue the trends developed in 1929—trends which for the most part point toward a steady improvement in real productive activity.

"New things are naturally attractive. Unconsciously we look upon the New Year with a certain degree of hope and expectation which feelings are not so strong during the closing weeks of an old year.

"Omaha and its trade territory have many reasons to look to the New Year with increased enthusiasm and confidence. Agricultural conditions in the main are improving. The increase in bank clearings in recent months, contrary to the general trend, reflect increased business activity in this territory. Generally our people are busy both on the farms and in industry. Inasmuch as the business achievement of Omaha and its trade territory is the direct result of productive effort, the success of 1930 will be proportionate to the time, energy and intelligence expended.

"Individually and collectively the degree of prosperity in 1930 will be largely of our own making.

BONDS AND INVESTMENTS

WITH PLANS now being laid for large amounts of new construction in various basic industries, and with the inflation removed from the security markets, the coming year should prove to be a very active one for the investment banking fraternity.

Investment Outlook for 1930

Lower interest rates should pave the way for issuance of senior securities.

By Rollin C. Bortle
*President, Chatham Phenix Corporation
New York City*

The credit situation of the country is materially improved. As of December 24th the Federal Reserve banks reported a reduction in total bills and securities amounting to \$287,000,000 as compared with 1928. The Reserve ratio stood at 67.6 as compared with 61.6 last year. Time money rules around 5 per cent as compared with 7¾ per cent. The Bank of England has lowered its rate from 6 per cent to 4½ per cent. The export movement of gold which may build up to some \$200,000,000 should stimulate trade abroad to our eventual advantage.

The Federal Reserve Bank reports brokers loans reduced from \$6,804,000,000 on October 2nd to \$3,328,000,000 on December 24th. Domestic and foreign credit conditions have improved to a point which promises recovery of industrial activity.

The key to the industrial situation depends upon the extent to which buying power has been contracted through stock market losses, unemployment and pessimism. There will be a test of time payment methods of sales; recession in business activity at hand but easier credit conditions are expected to bring improvement in building within a few months. Steel industries should gradually pick up as anticipated public utility, municipal and railroad construction get under way.

Decline in Rates

The decline in interest rates, fostered by reductions in the Federal Reserve rediscount rate, is one of the best indices to the present state of business and will unquestionably pave the way for much financing through the issuance of senior securities such as bonds and preferred stocks, as well as a better class of junior issues representative of real and growing earning power.

The plethora of new stock issues, which resulted in a congestion of the

principal markets of the country, was a natural sequel to the nation-wide enthusiasm for speculation. But now that is ancient history, and the situation itself prompted a violent corrective, as noted by the recent deflation in stock values.

The conservative investment bankers, whose policy it is to issue new securities based upon the progress and earnings of a given industry, has nothing to fear from the recent shakeout. On the other hand, this situation has

.....
"Our belief that 1930 will be a profitable banking year is based upon the fact that we have been laying the foundation for improvement in general conditions. Liquidation has battered the domestic and foreign credit situation. A reasonably ample credit supply seems assured. The severity of the recession in business augurs well for its brief duration."
.....

been greatly improved by what has happened, if for no other reason than that all such drastic movements tend to eliminate fly-by-night promotions and promoters, of which the country has seen entirely too many in the last few years.

The function of the investment banker today is the same as it has always been, except that his operations are on a much broader scale and represent a higher degree of diversity than ever applied before. Without the investment banker to investigate and underwrite capital issue for various industries, there would be a sorry situation, indeed.

He must assume responsibility, in large measure, of seeing that the corporation which he is instrumental in

financing continues to pay dividends, increases its markets, and conserves its resources, while at the

same time enabling it to expand and increase its earnings. The investment banker's reputation is gauged by the success of the companies for which he sells securities to the public. Let one of these companies fail for any reason whatsoever, and his reputation is at once impaired.

No one is possessed of a greater and finer sense of responsibility than this conscientious type of investment banker. I wonder if the fact is generally appreciated that because of this responsibility for the success of a given industry the investment banker is actually taking a longer chance than the public in raising new capital for worthy business and industries. It may also be pointed out that in a declining market his business suffers even more acutely than that of the industry which has benefitted through the sale by the investment banker of its securities.

What Wall Street Does

There is still a great deal of misunderstanding on the part of many persons throughout the country regarding the function of Wall Street in the economic scheme of things. We hear reverberations suggestive of this misunderstanding in the halls of our legislative councils every day. But let a man once understand that

without new capital, provided in the main by Wall Street, there could be no such thing as national business progress or prosperity, and he will quickly change his views.

As a general rule, the small speculator knows little or nothing about the intrinsic merit of the security purchased nor the underlying reasons governing its value, such as prospects of the industry represented. The investor, on the other hand, wants to know all those things and when he does he is able to judge for himself which is the better purchase and the better investment.

When and only when the public becomes educated up to the matter of finance and investments as it should be educated will there prevail the desired

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stability of our financial markets. Even then there will be some speculation, which is highly desirable notwithstanding. The element of chance or speculation is responsible for all of the great industries we have today, such as steel, railroads, privately owned public utilities, etc. Men of capital studied these things out, saw the possibilities and made an investment. Many of these investments were called rank speculations at the time they were made, but they have since proved to be not merely well-judged speculations but the soundest kind of investments as well.

Our belief that 1930 will be a profitable banking year is based upon the

fact that we have been laying the foundation for improvement in general conditions. Liquidation has bettered the domestic and foreign credit situation. A reasonably ample credit supply seems assured. The severity of the recession in business augurs well for its brief duration. We believe that the next clearly defined trend of investment buying will include:

Carefully selected high grade stocks yielding in actual dividends from 5 to 6 per cent and earning from 8 per cent to 10 per cent.

Seasoned preferred stock yielding 6 per cent to 7 per cent and showing for 1929 earning available for preferred

dividends equal at least to 4 times the requirements.

Bonds of the investment type yielding from 5 per cent to 6 per cent without the warrant or conversion privileges which have lead the investor from sound investment securities into paths of fanciful speculation.

Investment Bankers Meet

Optimism for increased general business activity and improved conditions in the bond market during 1930 prevailed the discussions at the sixty-eighth meeting of the board of governors of the Investment Bankers Association of America, held at the Seaview Golf Club, Absecon, New Jersey, January 24 to 26. About 40 officers and governors, representing the larger investment centers of the United States and Canada, attended.

The late stock market collapse, investment bankers point out, has brought about a healthier investment philosophy, which is finding expression in a renewed appreciation of safety of principal and a very marked desire on the part of erstwhile prodigal investors to return to more conservative ways. Other factors interpreted optimistically are the fundamental soundness of investment banking houses, a predicted period of moderate and stable interest rates, and the continuing capacity of the general public to invest.

While no one believes that investors will shun equities in the future, belief is general that this year's investment buying will be better balanced between stocks and bonds than for some time past, and that fixed-interest securities will be readily absorbed in a volume sufficient to meet all normal requirements, provided that offerings are not forced on the market in too great a volume.

All in a Week

Monday bought some stock,
Tuesday ten points up,
Wednesday doubled it,
Thursday quit my job,
Friday bought a yacht,
Saturday stock went blooie,
Sunday sang as follows:
"Over the hills, over the hills—"

Accident Prevention

"Statistics show," declared the bespectacled woman lecturer, "that the modern, common-sense style of woman's dress has reduced accidents on the street cars by 50 per cent."

"Why not do away with accidents altogether?" piped a masculine voice from the rear of the hall.

COURAGE vs. CAUTION

Upon what basis will your investment policy for the new year rest?

There are times when caution is the most desirable thing in the world—for instance, when everyone is speculative minded and "the market's going to the moon." And there are times, also, when caution is merely the prerogative of the unthinking — when courage is the unique, the desirable quality.

Today's such a time. When pessimism is rampant, when the baseless rumor is the fashion of the moment, then is the time to purchase sound investment securities. Such securities comprise our current investment offering. Fortunes are founded at such moments as these—through courageous purchase.

SMITH, LANDERYOU & CO.

210 Farnam Building,

Omaha, Nebraska

Phone Ja. 5065

Gas and Electric Expansion Plans

By John J. O'Brien
President, Standard Gas and
Electric Company

THERE is every reason to believe that the electric and gas industries will continue to expand and increase earnings at a substantial rate during 1930. Construction programs, as already planned and announced, are large, and were made to serve increasing public demands of a fundamental character. Major projects, so far as I know, will be carried out as planned in 1930 in the absence of anything in the present situation to warrant lack of confidence in the growth and prosperity of the United States.

So far as can be ascertained there is nothing approaching an over extension or over production of electric and gas facilities or service. The facts point to the contrary, and this is why expansion will continue on a reasonable earning basis. Large additional fields of service await development. Much remains to be done to further interconnect electric systems, and in the long distance transmission of gas. Due to decreased rainfall there is a shortage of hydro-electric power in the north and west. Even without such shortage additional steam-electric capacities are needed and will be provided.

Few if any other industries are in better position to finance construction than the utilities. First is their exceptionally strong cash position; second, the increased equities built up by junior financing, and third, the customer-ownership method of financing, which the utilities developed in a manner most beneficial to the public and their own progress.

Customer Ownership

Customer ownership with most companies has meant the wide distribution of preferred stocks, which have fluctuated but comparatively little in price and none in return to the investor during the recent speculative readjustment. The speculative wave decreased customer ownership activities, but this method represents a financing reserve of immense potential strength in periods when older forms of financing are difficult and thereby expensive.

The extremes of speculative activity in 1929 were unfortunate in many ways, including giving the public the erroneous impression that the earnings

of utility companies were exorbitantly high. Electric and gas companies, as a whole, had a reasonably successful year in 1929, but during this period probably reduced rates in greater volume than ever before. Stock market prices were, and are, beyond the control of utility operators. Anything that serves to give the public false ideas cannot be said to be helpful in the long run.

One important phase of electric and gas development deserves careful consideration by the public and its lawmakers. This is the sharply increasing

degree of competition which both these industries face in their future progress. Electric power from central stations now has to fight its way against higher efficiencies than formerly obtained in isolated plants, both steam and internal combustion engines. Over production of coal and oil cause lower prices of fuel. These conditions extend to the household, where the largest potential uses of electricity and gas are for cooking and heating. The introduction of electric refrigeration is distinctly competitive and so is the extension of electric service to the farms.

FOR INDIVIDUAL AND INSTITUTIONAL INVESTORS

Every investment account, whether made up entirely of fixed interest-bearing securities or including a proportion of equity issues, should have a foundation of high-grade bonds. Government, State, Municipal and the best Corporation bonds are the recognized media for the conservation of capital, and are just as suitable investments for individuals as for savings banks, insurance companies and other institutions.

The National City Company provides conveniently located investment offices in the following cities where recommendations for the employment of current surplus funds will gladly be made:

Albany, N. Y.	Indianapolis, Ind.	Portland, Ore.
Atlanta, Ga.	Kansas City, Mo.	Providence, R. I.
Atlantic City, N. J.	Los Angeles, Calif.	Rochester, N. Y.
Baltimore, Md.	Louisville, Ky.	St. Louis, Mo.
Birmingham, Ala.	Memphis, Tenn.	St. Paul, Minn.
Boston, Mass.	Miami, Fla.	San Diego, Calif.
Buffalo, N. Y.	Milwaukee, Wis.	San Francisco, Calif.
Chicago, Ill.	Minneapolis, Minn.	Scranton, Pa.
Cincinnati, Ohio	Newark, N. J.	Seattle, Wash.
Cleveland, Ohio	New Orleans, La.	Spokane, Wash.
Dallas, Texas	Oakland, Calif.	Tacoma, Wash.
Davenport, Iowa	Omaha, Neb.	Toledo, Ohio
Denver, Colo.	Pasadena, Calif.	Washington, D. C.
Detroit, Mich.	Philadelphia, Pa.	Wilkes-Barre, Pa.
Hartford, Conn.	Pittsburgh, Pa.	Montreal, Canada
Houston, Texas	Portland, Me.	Toronto, Canada

The National City Company

National City Bank Building, New York

INVESTMENT SECURITIES



Central Western Banker, February, 1930

Without going into further detail, it may be said that our problems are really the same as other industries; that is, production cost, distribution expense, selling price and salesmanship.

We believe that we can more than hold our own in the competitive struggle as long as the American idea persists of constant improvement individually and collectively, provided we are not unduly or unequally burdened by legal restrictions.

Saving Money for Investors

It is announced by the National Better Business Bureau, 383 Madison Avenue, New York, N. Y., that with the inauguration of its nation-wide weekly display of posters in industries, there was recently instituted a program to educate the public regarding swindling schemes that will save many thousands of dollars for inexperienced purchasers. There are 138 companies displaying about 7,000 posters each week where they will be seen by over 350,000 industrial employes.

The posters expose the principles of schemes which are known to be operated successfully by swindlers and the Bureau expects to continue the program for more than a year. During that time the number of companies displaying them to their employes will probably materially increase.

A recent poster on exhibit demonstrates how true facts will at once expose the man who would try to work his swindling scheme on unsuspecting people. A burglar at work in the act of breaking open a safe is lost when a

ray of incandescent light is thrust suddenly on him. The Bureau cautions that facts will have the same effect on the business burglar who by stealth tries to force his way into his victim's confidence and thence to his pocket-book.

The Bureau's weekly bulletin to Personnel Managers reads:

"The scheming swindler is lost and outwitted in the light of the real truth. If he is permitted to work in the dark, ignorance on the part of his victims enables him to pilfer with amazing success.

"No one knowingly becomes a victim of fraud. We have laws designed to punish perpetrators of fraud but these do not necessarily prevent fraudulent acts. Often the crook goes without punishment for some reason or another.

"No laws are needed to punish a vendor of obviously worthless merchandise or property because its worthlessness is at once apparent; just ordinary common sense dictates against the purchase.

"If the worthlessness of the swindlers schemes were as apparent to the average person as in the case of material which can be judged at sight, there would be no swindlers.

"The inexperienced purchaser of securities or other property must know the danger which may be involved in buying something with which he is not familiar if he is to use the same judgment that he would use in buying something about which he is already informed.

"A Better Business Bureau will assist him to turn the light of 'Facts'

on an offering about which he is not fully informed. This is one sure way of exposing the crook."

Nineteen Billion Securities

Almost nineteen billion dollars of railroad stocks and bonds are in the hands of the public, General W. W. Atterbury, president of the Pennsylvania Railroad Company said recently in a radio address made during Halsey, Stuart and Company radio hour. In part General Atterbury said:

"It is difficult to picture in a few words the magnitude and importance of our railroad transportation system. It represents an investment of capital of approximately \$25,000,000,000, with stocks and bonds outstanding in the hands of the public amounting to about \$18,750,000,000.

"The railroads employ about 1,700,000 people and pay them annually \$3,000,000,000 in wages. Their national and state taxes amount to more than \$375,000,000.

"Obviously, the railroads are among the most important contributors to the prosperity of the country's industries generally. For instance, the operating revenues of the railroads in the last few years have averaged something over \$6,000,000,000 annually. Approximately 25 per cent of this total—namely, one and one-half billion dollars a year, is directly and immediately returned to industry in the form of purchases of material and supplies.

"This large sum, together with the \$3,000,000,000 paid in wages and the large expenditures on account of railroad construction work, constitutes an enormous buying power, which is reflected in the wages paid to those engaged in outside industries. It is, therefore, of primary importance to every one whose individual prosperity nowadays is so completely interwoven with the prosperity of the country as a whole, that this huge railroad buying power be sustained.

"It is estimated that American railroads buy annually about one-quarter of all the bituminous coal mined in the United States; from 20 to 25 per cent of the fuel oil output; 17 per cent of the timber cut, and approximately 20 per cent of the total iron and steel production. In other words, American railroads not only haul the raw materials and finished products of farmers and manufacturers, but also are among the latter's best and most valuable customers.

"To complete the picture, let me add that participation of the public in the ownership of railroad securities is more widespread today than ever before, and is rapidly increasing. We

Month after month we please more
banks and bankers and through
them serve their clients.

RUFUS E. LEE & COMPANY

Investment Bankers

1116-1122 City National Bank Bldg.

Omaha

have public ownership in a very real sense. The Pennsylvania Railroad, for instance, which is more widely owned than any other, pays its dividends not to an exclusive few but to more than 185,000 stockholders, a large number of whom are officers and employes. In addition, many other officers and employes are buying stock in the company on monthly installments.

"It is evident, therefore, that the public has a real and substantial interest in our railroads' affairs. This interest is two-fold: First, as consumers of transportation service, the public is concerned in the continued adequacy of the railroads to meet their present and future requirements. And, second, as investors, the public is interested in what the railroads pay for the use of the public money. The latter interest extends not merely to their ownership of railroad securities but to securities in other companies whose success is so vitally affected in one way or another by the success of the transportation system. Whether it is in service or in securities, however, the public interest in railroads is inevitably bound up in one factor more than any other; that is, adequate railroad credit—namely, the ability to earn enough to pay a fair return on the money already invested in them and to attract new capital for expansion and improvement."

Looking Out for Herself

The occupants of the parlor car of the Limited were startled by the abrupt entrance of two masked bandits.

"T'row up your hands," commanded the bigger of the two. "We're gonna rob all the gents and kiss all the gals."

"No, pardner," remonstrated the smaller one gallantly. "We'll rob the gents but we'll leave the ladies alone."

"Mind your own business, young fellow," snapped a female passenger of uncertain age. "The big man is robbing this train."

Perfect Alibi

One of the distinguished members of the visiting firemen's delegation was highly wroth when he looked at his watch to discover it was already eleven o'clock and that his train for his home town had long since departed. He strode to the telephone and called the hotel clerk.

"Why didn't you call me at seven-thirty this morning?" he demanded.

"Because," returned the affable clerk, "you didn't go to bed till eight."

CORPORATE TRUST SHARES

A FIXED INVESTMENT TRUST

underlying which are stocks of the 28 companies listed below, plus a Cash Reserve Fund (interest on which is paid to shareholders) designed to insure a minimum annual distribution of 70c per Corporate Trust Share.

No. of Shares	UTILITIES AND QUASI-UTILITIES	Moody Rating	Shares	RAILROADS	Rating
4	American Telephone & Telegraph	Aa	4	Atchison, Topeka and Santa Fe	Aa
4	Consolidated Gas of New York	A	4	Illinois Central	A
4	General Electric	Aa	4	Louisville & Nashville	Aa
4	Westinghouse Electric	A	4	New York Central	A
4	Western Union Telegraph	A	4	Pennsylvania Railroad	A
INDUSTRIALS					
4	American Radiator & Standard Sanitary	Baa	4	Southern Pacific	A
4	American Tobacco (Class B)	A	4	Union Pacific	A
4	du Pont	A			
4	Eastman Kodak	A			
4	Ingersoll-Rand	A			
4	International Harvester	A			
4	National Biscuit	Aa	4	Standard Oil Company of California	A
4	Otis Elevator	A	4	Standard Oil Company of Indiana	Aa
4	United Fruit	A	4	Standard Oil Company (New Jersey)	Aaa
4	United States Steel	A	4	Standard Oil Company of New York	Aa
4	Woolworth	A	4	Texas Corporation	A
No. of		Moody			

Outstanding Features and Earnings Record

1. Semi-annual distributions are paid on June 30th and December 31st against coupons attached to certificate.
2. Cash distributions for 1929 were as follows:

	June 30, 1929 (for 6 mos.)	Dec. 31, 1929 (for 6 mos.)	Total for 1929
Regular coupon rate.....	\$8.35	\$0.35	\$0.78
EXTRA DISTRIBUTION.....	.81½	.45	1.26½
Total distribution.....	\$1.16½	\$0.80	\$1.96½

3. 17-year average annual distribution (1913 to 1929 inclusive) has been \$1.53 per share, equal to 14.8 per cent return on the annual average price of the shares during this 17-year period (assuming existence of the shares during this period).
4. Moody's rating "A."
5. Issued by THE EQUITABLE TRUST COMPANY OF NEW YORK, TRUSTEE, and countersigned by American Depositor Corporation, Depositor.
6. Denominations: 10, 25, 50, 100, 250, 500, 1,000, 2,000 and 10,000 shares.
7. Rights are issued semi-annually permitting reinvestment of part of distributions.

SMITH BURRIS & COMPANY

Syndicate Managers—Central United States
120 South La Salle Street, CHICAGO

LLOYD PHILLIPS & COMPANY

Wholesale Representatives for Smith, Burris & Co.
Union National Bank Bldg., FREMONT, NEB.

Corporate Trust Shares are distributed at retail by over 200 banks and investment houses in principal cities.

Preparedness

An Irishman lay dying when the odor of cooking assailed his nostrils. Summoning his weeping daughter to his bedside, he said:

"Nora, darlin't, ain't it doughnuts that I smell?"

"Right for ye, faither," the girl replied.

"And would ye be asking your mith-er if I can have one before I die?"

The daughter delivered the message to mother in the kitchen and brought back this answer:

"Mither says ye cannot have one of them doughnuts; they're for the wake."

Common Sense In Investing for 1930

(Continued from Page 6)

During recent weeks every effort has been made to restore public confidence, which was so badly shattered by the stock market break. President Hoover's conferences, reassurances by bankers and leading industrialists, income tax reduction—these and other like measures have served to stabilize the situation temporarily. However, it is going to take time to heal the wounds incident to the 1929 collapse. Chart No. 2 on this page is another argument for a cautious policy now. No-

tice how high was the yield of stocks, compared with bonds, in 1920-21 and in 1923-24.

It is true that as this article is being written, the average yield is immeasurably better than for the first nine months of this year, but yields are not yet particularly attractive. A study of the diagram suggests two things—(1) Stocks are distinctly not a purchase on the rallies. Plenty of bargains will reward the patient buyer. (2) The only stocks to buy in the period just ahead are carefully selected issues which are preferable to the average list as shown by the full line in the diagram below. On rallies such as we have seen since the lows of November, the bargains quickly fade away.

Confusing Trends Likely

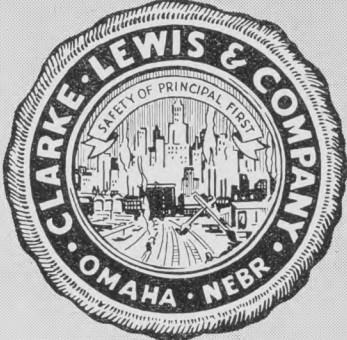
So we are likely to be treated to confusing trends in the next few months. The general market is at times pretty balanced, so that a good amount of buying pushes it upward, and a wave of selling sends it down. The character of the news will tend to cause this same effect. Any bad news above referred to will discourage the average investor and a weak market will then result. Moreover, a good supply of cash and liquid in short time notes, acceptances and similar forms is essential to take advantage of the bargains when they come. After some months of irregularity, a foundation for a better stock market will be laid. The latter part of 1930 may look better to all of us.

Investors who plant themselves upon such a foundation as the foregoing will find themselves in 1930 ready to take advantage of conditions, whichever way they turn. However, success in investment depends upon being prepared. It is possible to set up and operate an investment plan so that whatever turn the stock market, bond market and money market take, you will be safeguarded from losses and will be in a position to make real profits.

The great mass of investors do not use *common-sense*. The temptation is to follow the crowd, but this will never get you anywhere. As in other things, investment success depends on independent thinking. As conditions change, the investor must change his attitude. Bonds without stocks are perhaps unprofitable; stocks without bonds are unstable; but both bonds and stocks without *common-sense* are unforgiveable. Remember this is 1930.

MADGE: "How are you getting along with your automobile lessons?"

MIDGE: "Wonderfully! Today I learned how to aim the thing."



Investment Counsel
and
Conservative Bond Issues

CLARKE, LEWIS & CO.
318 SOUTH NINETEENTH STREET
OMAHA

OUR NATIONAL wealth has grown to some four hundred billion as against two hundred and ten billions for England.

We have a total national income of some ninety billions of dollars, which it is estimated has given us at least twenty-five billions of dollars annually to reinvest in new enterprise.

We have twenty-five billion invested in our railroads and at least fifty billion in industry.

Our railroads alone expend five billion annually in wages and in needed purchases.

We produce fifty-eight million tons of iron and steel ingots per annum.

Sixty-five millions of our people are carrying life insurance in the enormous total of one hundred billion dollars, and our insurance companies are busy on a program of a second one hundred billion of insurance.

Bank Deposits

We have at least an equal amount deposited in our national banks. We have the world's largest banking institution with resources in the enormous sum of two billion three hundred and eighty-six million as compared with two billion three hundred million dollars for the largest bank in England, and we have two others a very close second.

We spend seven billion two hundred and thirty million dollars per year to maintain our twenty-five million automobiles.

The citizens of these United States contribute two billion three hundred and thirty million dollars per year to benevolence of all kinds, a world's record.

We maintain twenty million telephones to do the business of the nation out of a total of thirty-four million in all the world.

Seventeen million of our citizens are financially interested in our corporate institutions.

Our international turnover in goods and in a service of all kinds amounts to about twenty-two billions of dollars annually.

Our foreign investments total some fourteen and a half billion and there is

"Back of It Stands Insurance"

By George Verity

President American Rolling Mill Co.

no country of any size where American money is not invested, and the rest of the world not only wants our products, but they want the machinery that has made our marvelous production possible.

It is the general impression that the farmer is far behind in his adoption of modern methods, but in 1928 he made use of forty-seven million horsepower of energy, through the use of gasoline engines and electric motors.

"Dr. Julius Klein of the Department of Commerce says that America's development during the past twenty-five years has not only made us the strongest and wealthiest nation in the world, but it has also raised the economic levels of the entire world!"

The dramatic mechanization of industry, which has been moving steadily forward for the past twenty-five years has not only brought into life mass production, which has so reduced the cost of things as to place them within the grasp of the many, but it has meant the emancipation of labor and not its dethroning as many are led to believe. Brains and skill are now required where brute force was formerly necessary.

We have in ten years reduced our national debt in the enormous sum of eight billion five hundred and fifty-one million dollars.

Dr. Julius Klein of the Department of Commerce says that America's development during the past twenty-five years has not only made us the strongest and wealthiest nation in the world, but it has also raised the economic lev-

els of the entire world.

This enormous economic development has been influenced by the following factors:

Through the application of great energy and the display of an indomitable courage and great resourcefulness on the part of our people.

Through mass production and public ownership of the established units of commerce, industry and finance.

Through an enormous increase in our productivity and efficiency.

Through the strength and stability of our national financial system, the Federal Reserve.

Through better coöperation between government and business.

The country can congratulate itself that in spite of the great commercial and industrial activity of the past four years, basic business conditions were never sounder than they are now.

Economic laws have been served in that period as never before. Such prosperity as we have enjoyed has been due to a sound consistent and insistent demand, to a steady decrease in the cost of production, a marked increase in the quality of product and in the giving of increasingly better values to the consumer.

As a result there has been and is no inflation in either prices or in inventories, while the average earning capacity of the worker has gradually increased and living conditions have been the best ever known.

It would be absurd to believe or to argue that business, sensitive to all influences as it is known to be, will not show some decrease in volume for at least a time.

Just how long it will take to get things going fully normally again is all a matter of individual opinion, but of this we can be assured: supported by our unlimited human, material, scientific and financial resources and by the well-known fact that the wants and the consuming and buying power of the people have been developed as never before; that each time we emerge from a temporary recession of business we go ahead stronger, more sure-

ly and more efficiently than we did before. Whatever the cause and effect it always represents a period of practical readjustment of general housecleaning, of refinement in organization and of improvement in all of the material things that affect efficient operation.

Our business structure as a whole is a mighty giant and the ebb and flow of its tides cannot be stopped.

Enters Group Accident Field

The Business Men's Assurance of Kansas City has started writing group accident and health insurance. Group

life and salary investment insurance has been written in the past, but this is the first time it has issued group accident and health policies.

Farmers & Bankers Life Meet

Dr. Charles J. Rockwell of Chicago conducted a life insurance school before the annual winter agency convention of the Farmers & Bankers Life in Wichita last month. Representatives from nine states attended. President H. K. Lindsley and Secretary Frank B. Jacobshagen were in charge of the meetings.

Leavell Is Promoted

At the annual meeting of the stockholders of the Continental Illinois Bank and Trust Company, Sewell L. Avery, president U. S. Gypsum Company, and D. A. Crawford, president The Pullman Company, were elected to the directorate of the bank.

James R. Leavell, executive vice president of the Continental Illinois Company, was elected assistant to the chairman of the board of the Continental Illinois Bank and assistant to



JAMES R. LEAVELL

the chairman of the company, two new offices created today at meetings of the boards of directors of the two institutions. He will continue as vice president of the Continental Chicago Corporation.

Mr. Leavell came to Chicago in 1920 as a vice president of the Continental and Commercial National Bank. After that bank was consolidated with its affiliated state bank and the name was changed to Continental National Bank and Trust Company of Chicago, he was elected executive vice president of the Continental National Company, the affiliated investment organization. He retained that title when in March, 1929, the company was united with the bond department of the Illinois Merchants Trust Company as the Continental Illinois Company. His election today places him in an important executive position in the bank, the company and the corporation.

The Saddest

Of all the words of tongue and pen, The saddest are, "I'm broke again!"



**Casualty Insurance?
Yes!**

**Surety Bonds?
Certainly!**

**Service?
Absolutely!**

WRITE TO

Federal Surety Company

W. L. TAYLOR
President

Home Office Davenport, Iowa

Central Western Banker, February, 1930

Banks Adopt New Methods

CERTAIN banking practices considered sound in the past are now unsound and impractical under present day conditions of bank management and the era of mergers and branch or chain banking systems, H. N. Stronck, consultant in bank administration, Chicago, told the American Bankers Association convention at its opening general session. He said that new policies must be developed through intensive research and analysis. Mr. Stronck said in part:

"The internal problems of bank management, prior to 1900, were not considered of national importance, but today, with the sad experience of the 'era of bank failures' and the knowledge that many banking institutions are still subnormal either in financial or net profits position, the problem of bank management has come to the fore. Bankers now are thinking along lines of bank management and realize the great importance of the problem. The era of bank mergers, and the creation of branch or chain banking have created new problems.

An Undeveloped Field

"Bankers have come to the realization that practices which were thought to be sound in the past, are today both impractical and unsound. Sound policies must be adopted by banks in order for them to survive and prosper. These sound policies must be developed thru intensive research and analysis, a phase which is relatively undeveloped in the banking field.

"Sound policies are the foundation upon which successful management rests. In the past, too many policies have been formulated based upon opinion when they should be based upon facts. The substitution of facts for opinions is the basis of all modern administration and management progress, and the rate of this progress is controlled by the extent to which the methods of scientific investigation supplant the debating society methods in determining a basis for action.

"Sound policies must be developed in respect to the financial program of a bank. Bankers must realize that a sound financial program is a prime requisite for a good banking institution. In this program the proper diversification of the earning assets, and a proper balance between the different types of earning assets is made. It is management of financial position for both liquidity and profits.

"Sound and definite loan policies must be developed and adopted and be made certain that these policies are ad-

hered to by all the loaning officers of the bank.

"In addition to sound policies of financial program and loan administration, a bank should have definite operating policies. These policies have

to do with the procuring of the 'raw material' in the form of deposits, the accurate handling and recording of transactions at as low a cost as possible, and the checking and verifying of assets and liabilities.

The Time, The Contract And The Man

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

OMAHA LIFE INSURANCE COMPANY
Omaha, Nebraska

H. E. WORRELL, Sec.-Treas.

The SERVICE LIFE INSURANCE COMPANY of Lincoln, Nebraska

B. R. BAYS, President

The Service Life is known as a company of Service,
Ideals and Aggressive Principles

WE STAND ON OUR RECORD
STARTED BUSINESS SEPTEMBER 20, 1923

Total Admitted Assets		Standard Business in Force
\$125,682.73	Dec. 31, 1923	\$196,000
\$140,737.36	Dec. 31, 1924	\$3,142,500
\$303,724.87	Dec. 31, 1925	\$7,058,600
\$522,557.94	Dec. 31, 1926	\$10,829,700
\$767,380.73	Dec. 31, 1927	\$13,071,662
\$1,013,048.00	Dec. 31, 1928	\$15,506,000

"The payment of interest on demand deposits is a problem which the banker must face in metropolitan areas. The country banker faces the problem of small checking accounts. In order to meet this problem service fees have been introduced, but they are of a very elementary character since they apply to all accounts below a certain size regardless of activity. Instead of this elementary way of treating unprofitable checking accounts, a new viewpoint should be adopted. It should be realized that there is no connection between the funds on deposit and the service rendered to the account. The bank should pay interest to obtain the money and the rate of interest should

fluctuate with the money market rates. If the customer then desires to 'purchase' a service from the bank in the form of the convenience to draw checks or collect items deposited, he should pay the bank for the cost of this service and a commensurate profit thereon. When checking accounts are treated in this way, the banks will have an equitable basis for interest paid and charges on checking accounts. A policy must be sound; must be understood; must be applied.

Problem of Research

"The determination of sound policies is a problem of research and analysis; the problem of making these policies understood is one of educa-

tion. Bankers as a class, have been among the greatest supporters of educational and research movements in other more general fields and I believe the time has arrived when they should think seriously in applying that old adage 'Charity should begin at home.'

"To insure that sound policies be applied—this is the most difficult problem of all. Even on such an elementary change as the application of service charges, but relatively little progress has been made. Many bankers must admit that the only real reason for their non-adoption is a lack of courage. In order to create an impetus towards the application of sound policies, those who come periodically in direct contact with banks should make this one of their major activities. By these, I mean the representatives of the regulating bodies—national and state bank examiners. I believe that the personnel of these organizations should be intensively trained in sound policies, applicable to all functions of banking so they can perform a most constructive piece of work in encouraging the bankers to actually apply them."

The Bank's Investment Account

Safety and profit in the bank's investment account is the subject of a booklet recently issued by the Savings Bank Division, American Bankers Association. The study refers particularly to methods employed by smaller banks in the management of their investment accounts and suggests means for banks to increase their earnings from this source.

Some of the points dealt with in the booklet are: "Interest Rate an Indicator," "Lack of Sound Investment Policy," "Do You Buy Securities or Are They Sold to You?" "An Investment Program," "Diversification," "Use Correspondent Banks," "Familiarity with Law," "Study Interest Trends," "Eliminate Losses," "Exchange May be Advantageous," "No Holidays for Bank Funds," "Keep Standards in Mind."

The special committee of the Savings Bank Division which made the study consists of A. C. Robinson, president Peoples-Pittsburgh Trust Company, Pittsburgh, Pennsylvania, chairman; Myron F. Converse, president Worchester Five Cents Savings Bank, Worchester, Massachusetts; Austin McLanahan, president Savings Bank of Baltimore, Maryland.

STATEMENT OF CONDITION

At the Close of Business, December 31st, 1929

Foreman-State National Bank Foreman-State Trust And Savings Bank

Combined Resources . \$240,021,389.11

Combined Deposits, \$181,293,146.39 Special Deposits, \$15,967,355.47

Combined Capital, Surplus and Undivided Profits, \$30,033,354.07

Foreman-State National Bank

Resources

Loans and Discounts.....	\$134,783,663.06
Overdrafts	50,795.33
U. S. Treasury Bonds.....	5,133,485.63
Bonds and Securities.....	2,293,269.24
Stock in Federal Reserve Bank.....	660,000.00
Investment—Foreman-State National Bank Building.....	} 11,500,000.00
State Bank Building.....	
Customers' Liability on Letters of Credit and Travelers' Checks.....	1,529,424.74
Customers' Liability on Acceptances.....	6,572,108.79
Cash on Hand and in Banks.....	40,978,013.81
Total.....	\$203,500,760.60

Liabilities

Capital.....	\$ 11,000,000.00
Surplus	11,000,000.00
Undivided Profits	2,508,538.71
Unearned Interest	690,852.10
Reserves, Including Taxes and Interest.....	2,443,200.82
Letters of Credit and Travelers' Checks.....	1,529,424.74
Acceptances Executed for Customers.....	7,065,089.52
Special Deposits	15,967,355.47
Deposits.....	151,296,299.24
Total.....	\$203,500,760.60

Foreman-State Trust And Savings Bank

Resources

Loans and Discounts.....	\$ 24,891,385.53
Bonds and Securities.....	3,740,744.93
Bonds Reserved for Interim Certificates Outstanding.....	514,782.49
Cash on Hand and in Banks.....	7,373,715.56
Total.....	\$36,520,628.51

Liabilities

Capital.....	\$ 2,500,000.00
Surplus	2,500,000.00
Undivided Profits	524,815.36
Unearned Interest	73,765.25
Reserves, Including Taxes and Interest.....	410,418.26
Interim Certificates	514,782.49
Deposits.....	29,996,847.15
Total.....	\$36,520,628.51

Nebraska News



A. N. MATHERS
President, Nebraska Bankers Association



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

Omaha Deposits Decrease

Total deposits of \$112,183,550 and loans and discounts of \$63,355,599 were reported by Omaha state and national banks at the close of business December 31, 1929, at the time of a call of the comptroller of the currency for a statement of the condition of national banks.

The totals compare with deposits of \$115,135,557 and loans of \$66,151,718 on December 31, 1928.

The figures for the various banks, for December 31, 1929, follow:

	DEPOSITS	LOANS
Omaha National	\$36,573,054	\$22,409,590
First National	26,289,948	11,716,770
United States National	21,729,346	11,401,062
Stock Yards National	9,096,189	6,374,024
Live Stock National	5,676,981	3,512,452
State Bank of Omaha	4,077,780	2,154,590
Packers National	3,171,067	1,758,026
Union State	2,058,957	1,038,830
South Omaha State	1,373,209	1,064,057
South Omaha Savings	969,002	988,388
Farmers & Merchants	725,124	593,577
Bank of Florence	442,899	339,233

Elected President

L. P. Wirt was chosen as president by the stockholders of the Falls City, Nebraska, State Bank in annual session recently. W. L. Redwood was named first vice president; J. R. Biles, second vice president; C. W. Thornton, cashier, and Dan J. Riley, Dawson, counsellor.

Take Over Bank

Clyde D. Ray and Otto Uhrig, cashier and assistant cashier respectively of the Farmers State Bank at Hemingford, Nebraska, have taken over the interests of Charles Brittan, James Thomas and Dr. H. A. Copey in the bank and are now heading the institu-

tion as president and vice president. They plan to nationalize the bank as soon as possible.

The bank was consolidated with the Citizens National at Hemingford a year ago and has been in a healthy condition since that time. It has a capital and surplus of \$35,000 and deposits of \$470,000.

Banker Drops Dead

Frank Barnhard, Shelton, Nebraska, banker, dropped dead in his home recently. He was director of the First State Bank at Shelton, vice president of the First State at Kenesaw and had other interests there and at Hastings. He is survived by his wife, a son and daughter, at home; and two sisters and three brothers.

Deposits Increase

Bank deposits in Alliance, Nebraska, are the largest in the history of the city and total over five millions. At the beginning of the new year the exact total was \$5,165,959, as compared to \$4,812,471 a year ago and \$4,545,882 two years ago. The total bank assets are \$5,683,950.

Cashier Resigns

Mr. Carl W. Spacht, who for the past six months has been cashier of the First National Bank of Gordon, Nebraska, has resigned his position to take charge of the Ranchers State Bank of Cody, which is being liquidated by the state banking department.

Elect Officials

Former Senator Gilbert M. Hitchcock, and Walter B. Roberts, vice president of the First Trust Company, were elected to the board of directors of the First National Bank of Omaha, at the annual meeting January 14. Mr. Hitchcock is the publisher of the Omaha World-Herald.

Ford Hovey, president of the Stock Yards National Bank of Omaha, and the executive officer in Omaha for the Northwest Bancorporation, was elected to the board of the United States National Bank. Both the Stock Yards National and the United States National banks are members of the Northwest Bancorporation group.

Frank B. Johnson, president of the Omaha Printing Company, was also elected a director of the United States National Bank. This bank elected as chairman of its board, W. B. T. Belt, a

director, who is president of the Northwestern Bell Telephone Company.

Mr. Belt succeeds Milton T. Barlow, as chairman. Mr. Barlow is the dean of Omaha bankers, but has been inactive for several years. His eighty-fourth birthday was celebrated in January. He continues as a member of the board of the bank of which he is the former president.

Clifford Wolfe Smith, the head of George Warren Smith, Inc., retired from the board of the bank at the time of its affiliation with the Northwest Bancorporation, when the Smith interests sold their stock, it was announced.

John P. Jones, formerly of DeKalb, Mo., and for eight years in the mortgage department of the Omaha National Company, and Harold F. Jones, who came to Omaha from Maryville, Mo., and has been land appraiser for the company, were elected assistant secretaries.

Edward N. VanHorne, president of the Continental National Bank of Lincoln, Neb., a member of the Bancorporation, was added to the board of the Stock Yards National Bank.

The South Omaha Savings Bank elected Harold A. Morrison, former teller, as assistant cashier.

The Farmers and Merchants Bank of Benson elected A. O. Nelson, cashier, a director.

The State Bank of Omaha and the Union State Bank of Omaha reelected their officers and directors.

GWYER YATES, vice president of the United States National Bank of Omaha, and a director of the Northwest Bancorporation of Minneapolis, was elected to the executive committee of the Bancorporation directors, at the meeting in Minneapolis in January. Ford Hovey, of the Stock Yards National Bank of Omaha, also attended the Bancorporation meeting.

W. J. DEARTH, president of the Omaha Live Stock Exchange, was reelected to that office at the annual meeting in January. A. D. Majors, former director of the exchange, was elected vice president.

Three directors were reelected. They are A. E. Rogers and A. E. Anderson, for terms of three years; and Win Davidson, for a one year term. B. B. Blanchard was elected to fill Mr. Majors' three-year term on the board of directors.

The following were named to the committees:

Arbitration: C. J. Horn, W. B. Engdahl, George E. Smith, R. W. Hanley, David Rosenstock; appeals, N. R. Bryson, Irwin Vaughan, W. B. Cheek, R. J. Colina and Roy B. Greer.

CONSOLIDATION of the Normal State Bank of College View, Neb., with the recently organized State Bank of College View, January 10, marked the passing of what was known as the smallest state bank in Nebraska. The Normal bank occupied the smallest banking quarters of any in the state—a frame structure of one room.

The officers of the joint institution are W. E. Barkley, president; George Frampton, vice president; R. Unzicker, cashier.

The bank has deposits of \$107,577. The capital stock is \$25,000.

“Needed It”

JIMMY: “Watcha paintin’, mister?”
 ARTIST: “That old house over there.”
 JIMMY: “Gosh, it sure needs it.”

Walter Head Views 1930

Confidence in 1930 as a business year was expressed by Walter W. Head, president of the Foreman-State National Bank and the Foreman-State and Savings Bank, in an address before the Chicago Association of Commerce recently, on “What of 1930?”

“The Department of Commerce shows that 1929 was the best in the history of the United States in all lines except in building construction,” Mr. Head pointed out.

“The tremendous decline in stocks which took place from the last part of October to the middle of November, 1929, was the most drastic decline in such a short time in the history of the United States, the average drop being forty-seven per cent. In 1907 during the panic, stocks declined over a period of several months forty-two per cent and in the financial depression of 1920 and 1921, over a period of one and a half years, fifty-two per cent.

“The decline, however, has not affected in any large measure the buying power of the people of the United States which is shown by the fact that

the mail order houses for 1929, even the last part thereof, showed the biggest increase in sales of any previous years and raised the peak of turnover in this kind of business. The Christmas trade of 1929 was recorded as being



WALTER W. HEAD

better than previous years and although slowed down after the break in stocks—rested on the oars as it were—no appreciable business depression has been noted since that time.”

Mr. Head reviewed the nation’s basic industries and described the outlook for each.

Guilty, Your Honor

The young husband had sneaked in noiselessly some time during the wee hours and believed he had slipped into bed undetected, but an unpleasant air of constraint hung over the breakfast table. At last the wife broke the silence.

“You didn’t get home till 3 o’clock this morning,” she accused.

“H-how do you know?” he stammered.

“Because when I came in your hat was still warm.”

All Alike

OLD MAN: “That chorus girl needn’t sing at me. I can see right through her.”

YOUNG SON: “I know, Dad, but they all dress that way now.”

The Man Pays

BRIDE: “I’ve tried several recipes in that cook book, but they all have mistakes in them.”

HUBBY: “I know. I’ve tasted them.”

ALLEN-WALES CORPORATION

ANNOUNCES A COMPLETE LINE OF THE MOST UP-TO-DATE, HEAVY DUTY ADDING AND BOOKKEEPING MACHINES EVER OFFERED. DIRECT SUBTRACTION, VISIBLE TOTALS AND EVERY FEATURE MAKING FOR EASE OF OPERATION AND SPEED.

NEBRASKA DISTRIBUTORS

Central Typewriter Exchange, Inc.

1912 Farnam St. (Established 1903) OMAHA, NEBR.

ENDEAVORING AT ALL TIMES TO SERVE
 NEBRASKA BANKS AND BANKERS
 IN THEIR INVESTMENT NEEDS

The First Trust Company
 of
LINCOLN, NEBRASKA

“Complete Investment Banking and Trust Service”

What About the Service Charge?

By Paul K. Brown

Secretary North Carolina Bankers Association, Raleigh, N. C.

TIME makes rapid changes in the opinions of mankind. Four or five years ago we were trying to find out what was meant by a service charge and most of us felt that it was something that might be good for the other fellow's bank, but not for ours. Today it is in use in probably every state in the Union, and the inquiry now is regarding the best method for installing it.

Frank Simmonds has asked me to tell you in ten minutes how the banks of the country may save for their stockholders, officers and employees at least three million dollars a year through the service charge on unprofitable checking accounts. Making a million dollars a minute for other people is a job worth tackling, even by a state secretary.

Before the service charge on unprofitable checking accounts can be successfully placed in operation in any community, the bankers themselves must first be sold on the idea. A classification of checking accounts should be made and this will reveal in nearly every instance that from one-half to two-thirds of the accounts carry less than 5 per cent of the total deposits, but issue 40 per cent or more of the checks. When the banker realizes that this is true in his own institution and sees the enormous loss these accounts are causing it is easy to make him realize that a charge at least sufficient to cover the expense is correct and just.

Proper Publicity

When the banker himself is convinced, he must then present his case to his customers. There is an almost universal belief in the minds of the people that, in some strange and unknown way a bank always makes a profit on the customer's account, regardless of its size or activity. We have built up this feeling of mystery regarding bank transactions which we must now help to tear down. To do this we must use the proper publicity. If the charge has been adopted by clearinghouse action, each piece of publicity should indicate this fact. If there is no clearinghouse, then the names of all of the banks should be used. Letters to the customers should be carefully worded, explaining condi-

tions so that the small customer may know he is not being singled out, but that there are hundreds who are also causing losses to the bank. Show him how many accounts there are in the banks of the town, how many are below \$100 and that as a rule it costs as much more to handle small ones as larger ones. Tell him of the increased costs and reduced earnings of banks and the constant necessity for the

charge. Stress especially that the new policy is not for the purpose of discouraging the small depositor, but that it is the desire of the bank that no account be closed. Show him how he can escape the charge through an increased balance of fewer checks. Dwell on the convenience and safety of a bank account and the importance of a banking connection, and invite him to call on the officers for a more

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

OMAHA

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

OFFICERS:

M. T. BARLOW, *President of the Board*

R. P. MORSMAN, *President*

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

The Continental National Bank

LINCOLN, NEBRASKA

"A Bank for Bankers"

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

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

OFFICERS

CHAS. T. KNAPP, <i>Chairman of the Board.</i>	
EDWIN N. VAN HORNE, <i>President</i>	W. S. BATTEY, <i>Asst. Vice-Pres.</i>
T. B. STRAIN, <i>Vice-President</i>	RAY C. JOHNSON, <i>Asst. Vice-Pres.</i>
EDWARD A. BECKER, <i>Cashier</i>	WHEATON BATTEY, <i>Asst. Cashier.</i>

Where Do National Banks Go From Here?

(Continued from Page 4)

in commercial banking trend which has led to the dilemma confronting us is of somewhat recent origin and will require different remedies for its correction than did changes of policy in the past. The position of the national banks of the country was so well established and so well assured that such changes as have been in national banking laws were made for the purpose of placing national banks on an equal footing or thereabouts with those operating under state charter. Since the passage of the McFadden Bill there has not been a great deal of difference between the powers enjoyed by national banks and those under which a state bank operates. In spite of that near equality and whether or not is because of the liberal policies of the Federal Reserve Banks towards state chartered institutions, or whether it is because of the fear of state legislation, and court decisions favoring state banks over national banks, the fact remains that the drift is from national to state charters.

To maintain the national banking system at its present high standard and to increase its power and usefulness throughout the country, it will be necessary to enact legislation granting national banks privileges which would make a national charter so attractive that not only would the desertions from the ranks cease but new recruits be added from every side. You cannot sell merchandise by offering something almost as good. That is the reason that the increased powers granted to national banks in the McFadden Bill fell short of their purpose. This act stemmed the tide temporarily but after it had been in operation for a time it was found that the advantages gained did not measure up with those already existing under trust company charter, and the tide flows on apace.

Another Remedy

One of the first and most discussed remedies suggested by many bankers and even by men in high authority in Washington, is the granting of the privilege to national banks of operating branches, not only in the city where the parent bank is located but farther afield. Some would limit the branches to the boundary of the county; others would make them state-wide and the limits of the Federal Reserve

District is the goal of others. Those who would save the System at any cost would make it nation-wide. I do not propose to enter into a discussion of branch or group banking as compared with unit banking, other than as this proposed remedy has a bearing on the subject I have under consideration.

Let us suppose that Congress in its wisdom grants to national banks the privilege of operating branches in the state where the parent bank is located. This undoubtedly would create an immediate advantage to those operating

under a national charter. It would, however, be but temporary for one who can doubt that this advantage, in most states, would be limited only to the time necessary to convene the legislature and grant the same privilege to state banks. In fact, in many states it would probably result in the calling of a special session and the legislature, declaring that an emergency existed, would put into immediate operation the machinery enabling the state banks to establish state-wide branches. Should Congress decide that the limits

(Continued on Page 26)

OUR OFFERING LIST
WILL BE MAILED REGULARLY UPON REQUEST

G M A C obligations

enjoy the protective background of highly liquid assets, with credit factors widely diversified in region and enterprise. Long regarded as a national standard for short term investment, they have been purchased by thousands of banks, institutions and individuals the country over.

available in convenient maturities and denominations 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, February, 1930



OUR BANKING ROOM
MAIN FLOOR RIGHT

OFFICERS

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

The Slightest Delay

In the transmission of funds is the source of great annoyance and inconvenience. Our location in the Stock Yards enables us to give prompt attention to the handling of live stock proceeds. Let us convince you.

Stock Yards National Bank

of
South Omaha



Affiliated with the
Northwest Bancorporation

The Only Bank in the Union Stock Yards

detailed explanation, if desired. You will find that the majority of your customers will not only see your position but will uphold it to their friends as well.

In my opinion, the campaign of education should not last over two or three months and should be conducted almost entirely between the bank and its customers. Newspaper advertising of the service charge has, in my experience, proved unsatisfactory and in many instances, detrimental. Those who have no dealings with banks know nothing of ordinary bank transactions, but feel that they have the ability to cuss and discuss the service charge on the streets with everyone that will listen. And newspaper advertising of the charge gives them both the material and the opportunity.

Make Few Exceptions

Finally, select the plan best suited for your locality, and make few, if any exceptions. There are no iron-clad rules for the operation of the service charge. In many larger communities \$1 per month with a minimum average balance of \$100 or more is ideal, in others 50 cents and \$50, while in some small communities 25c and \$25 may be best. Find the right amounts for your community and use them, remembering, however, that more communities make the mistake of having the charge too small than too great.

Make the charge on the average monthly balance rather than on the lowest amount at any time during the month. It is not fair to penalize a man whose account drops below the minimum for one or two days when his average for the month exceeds the required balance. Enter the charge during the last week of the month so that the customer may make the proper entry upon receipt of his state. Either allow no free checks or not over four before the charge becomes effective, then have few, if any, exceptions. Make each account stand on its own bottom regardless of the balances carried in some related account. Do not except your own employees if you expect them to explain matters satisfactorily to your customers. Raise their salaries by the amount of the charge, if necessary, but charge them if they do not keep the required balance.

A profitable account is one that pays its own way and earns a surplus for dividends and to make the bank more secure. An unprofitable account is not only an expense to the bank, but earns nothing for its stockholders and thus helps to weaken it. The service charge on unprofitable accounts increases deposits, decreases work and expense in stationery and supplies and gives the bank a revenue.

News of the Omaha Stock Yards



Exchange Elects Officers

At the regular annual election of the Omaha Live Stock Exchange last month Walter J. Dearth was re-elected president for the ensuing year. A. D. Majors was elected vice president.

Directors elected for the three-year term were A. E. Rogers, A. E. Anderson and B. B. Blanchard. W. S. Davidson was elected director for one year to fill out the unexpired term of A. D. Majors.

For the committee on arbitration the selections were C. J. Horn, George E. Smith, R. W. Hanley, Dave Roschstock and W. B. Engdahl.

For the committee on appeals the selections were N. R. Bryson, Irwin Vaughn, W. H. Cheek, R. J. Colina and Roy D. Greer.

On Friday afternoon at the meeting of the board of directors the secretary and treasurer will be selected. Fred S. Rickard was secretary for the past year and C. C. Clifton, treasurer.

Co-operation in Marketing Stressed

Coöperation by farmers in the marketing of their crops was stressed by S. R. McKelvie, member of the farm board, and Governor Arthur Weaver in addresses at the banquet of the Nebraska Farm Bureau federation in Lincoln, last month.

One of the plans of the farm board is to minimize speculation and place farm marketing in the hands of the farmers, McKelvie said. With a farm owned and farm controlled marketing system throughout the whole country, he said, speculation would be impossible.

Competition between the 12,000 so-called farm coöperatives in the country has been the real stumbling block in the progress of the work of the farm board, McKelvie said. With the coöperation of all classes, this problem can be solved.

Governor Weaver recommended that the farmers work side by side in the

coöperative marketing of their products so as to minimize the power of the gambler.

The governor endorsed Nebraska's road policy of "paying as we go" and declared that other states have gone "hog wild" on the paving question, causing unnecessary expenditures of millions of dollars.

Lamb Campaign

Plans for the expenditure of \$26,000 for the educational advertising of lamb products by the Colorado-Nebraska Lamb Feeders' association between January 1 and July 1 were approved at a meeting of the association in Greeley, Colorado.

It is planned to conduct the advertising campaign through the National Live Stock and Meat Board. The program will include a series of radio programs, to be broadcast over national chain systems.

An arrangement has been made by the Colorado association, devoted to advertising that state, whereby the association has agreed to reach 52,200,000 readers over the United States without cost to the lamb feeders organization, it was announced.

Nebraska was represented at the meeting by T. C. Halley, Scottsbluff; S. C. Clarke, Gering; Fred Klink, jr., Denver, and S. K. Warrick, secretary of the North Platte and Colorado-Nebraska Feeders' associations.

BANCORPORATION HOLDS SECOND ANNUAL MEETING

DIRECTORS of the Northwest Bancorporation in Minneapolis January 10th held their first annual meeting since the organization of the Corporation, January 8, 1929.

Eight states served by the Bancorporation were represented. There are 113 directors who also are officers or on the Boards of 91 banks and trust companies and eight investment organizations located in 78 cities of Minne-

sota, North Dakota, South Dakota, Wisconsin, Nebraska, Iowa, Montana and Washington.

W. B. Castle, vice president, Interlake Iron Corporation, Duluth, and Carl A. Luster, president, Clyde Iron Works, Duluth, were elected to the board. George P. Tweed, prominent in the iron ore industry of Duluth and G. H. Yates, Vice President, United States National Bank, Omaha, were made members of the executive committee. Other members of the executive committee are: E. W. Decker, chairman, W. G. C. Bagley and Hanford MacNider, Mason City, Ia.; Clyde E. Brenton, Des Moines, Ia.; G. W. Burton, La Crosse, Wisconsin; Ford E. Hovey, Omaha, Neb.; E. J. Weiser and F. A. Irish, Fargo, N. D.; Isaac S. Moore and David Williams, Duluth; W. Z. Sharp, Sioux Falls, S. D., and W. A. Durst, Alex. Highland, R. E. Macgregor, J. Cameron Thomson, H. D. Thrall and Theodore Wold, Minneapolis. David R. West, Minneapolis, was renamed executive committee secretary.

The annual report, presented by J. C. Thomson, Vice President and General Manager said earnings of the banks and trust companies affiliated in the Northwest Bancorporation group for the year ended December 31, 1929, were at a rate in excess of \$4.50 per share on approximately 1,600,000 shares of stock outstanding. In the Corporation's estimated earnings report published November 1, earnings were running at the rate of \$4.40 per share.

Northwest Bancorporation has an authorized capital stock of \$300,000,000, divided into 6,000,000 shares with a par value of \$50 per share. During 1929, the Corporation paid four quarterly dividends at the rate of \$1.80 per share annually. Bancorporation stock is quoted on the Chicago Stock Exchange and the Minneapolis-St. Paul Stock Exchange.

Combined Resources

The report showed that average deposits of affiliated banks had gained substantially over the preceding year and that combined resources were in excess of \$478,000,000.

Vice President Thomson said that the earnings report did not adequately reflect the earning capacity of affiliated banks under centralized management, since a great majority of the member banks have been in the group less than six months.

"When consideration is given the result of economies effected through group management—the increased profits possible through the purchase and sale of investment securities on a volume basis, the additional banking business which will come through organized efforts, the addition of trust departments to affiliated banks, and the development of fiduciary business—the outlook for the Northwest Bancorporation becomes exceedingly bright," said Mr. Thomson.

As a part of the Bancorporation's first annual report, analysis tables were presented which showed that while the Corporation owns but 91 of some 5,000 banks and trust companies located in eight states served, 9.3 per cent of the

total resources of these banks are in Northwest Bancorporation banks.

"Bancorporation banks are located in the larger towns and cities of the Northwest. Of the 65 cities in the Ninth Federal Reserve District with a population of over 5,000, Bancorporation banks are located in 28. Altogether, 79 of the affiliated banks are located in the Ninth Federal Reserve District.

"Affiliated banks in the Northwest Bancorporation have a total of over 500,000 customers, or one in every twenty people who reside in the eight states served transact business with a Bancorporation bank. Counting five persons to each family, every fourth family has banking connections with the affiliated banks. Northwest Bancorporation is owned by 12,000 stockholders, the majority of whom reside in the territory served."

President E. W. Decker, in a brief message, reviewed the activities of the Corporation and pointed out the satisfactory growth made by the individual banks during the past year and predicted a continuation of growth and progress for the year 1930.

"Abundant evidence is available to show that group banking as developed

by the Northwest Bancorporation is gaining favor and indications are that, in the absence of legalized branch banking, this development will likely continue," said Mr. Decker.

President Decker expressed himself in accord with the announced plan of President Hoover and Secretary Mellon that a joint Federal and Congressional Commission take under advisement the revision of national banking laws to provide for a system of banking that will enable strong metropolitan banks to extend their services to rural communities.

"The Congress of the United States and the Federal Government will find the management of the Corporation eager to cooperate in the revision of laws that will encourage some form of group banking, under such supervision as national banks now have, that will prevent the recurrence of bank failures such as have occurred in the past," said Mr. Decker.

Absolutely!

In these days, boys and girls are quite free,

What they say to each other—Oh, gee!

And the girl who can blush

When they hand out such slush,

Must be clever, just take it from me.



LIVE STOCK NATIONAL BANK

OMAHA, NEBRASKA

RESOURCES

Loans and Discounts - - -	\$3,512,452.28
Marketable Bonds and Securities	371,302.03
U. S. Government Securities -	495,363.39
Stock in Federal Reserve Bank	16,500.00
Banking House and Fixtures -	59,000.00
Other Real Estate - - -	1.00
Cash and Sight Exchange -	1,929,870.73
	<hr/>
	\$6,384,489.43

LIABILITIES

Capital - - - - -	\$ 450,000.00
Surplus - - - - -	100,000.00
Undivided Profits, Net - - -	60,521.28
Unearned Discount - - -	53,611.08
Reserved for Taxes, Interest, etc.	34,375.49
Reserved for Dividends - - -	9,000.00
Borrowed Money - - - - -	None
Deposits - - - - -	5,676,981.58
	<hr/>
	\$6,384,489.43

OFFICERS

W. P. ADKINS, President

ALVIN E. JOHNSON, Vice-President

HOWARD O. WILSON, Cashier

R. H. KROEGER, Asst. Cashier

L. V. PULLIAM, Asst. Cashier

W. S. HOGUE, Asst. Cashier

Where Do National Banks Go from Here

(Continued from Page 23)

within which national banks could establish branches would be the boundary of the Federal Reserve District, this would indeed give a more lasting advantage to national charters and an increased advantage would be given should no limit be put on the territory where branches might be located.

There is no doubt but that Federal Reserve District branch banking and more especially nation-wide branch banking, would save the national bank-

ing system but there is grave doubt in the minds of most of us if it would save the national banker. Even though nation-wide branch banking were permitted it would not overcome competition for any appreciable time, nor would it relieve us of the menace of the Worcester County National Bank decision.

Other remedies have been suggested, varying somewhat according to the degree of alarm that has been created in the minds of the proponent. When any of these remedies are mentioned, it should be borne in mind that it required nearly fifty years to induce

Congress to make rather moderate changes in the national banking laws, and it is probable that suggested changes that are too radical would be given little consideration by our Federal law makers.

Tax Relief

It has been proposed by a good friend of mine in a neighboring state, and the same idea suggested by a member of Congress ranking very high in his influence with that body, that national banks should be relieved of all taxation by the states. This, of course, would be of tremendous advantage to national banks, but I would hate to be running a national bank in a community where we paid no taxes. There is no reason that I can think of why national banks, operating in any community, should not bear their just burden of the expenses of government, but I do think that Congress might further safeguard national banks by placing a reasonable limit to which taxing authorities could go.

It has been suggested, and there is real merit in this, that the Federal Reserve Act could be amended so that member banks may be permitted to participate in the net earnings, beyond the amount required to pay six per cent dividend on members' stock. This privilege, however, should not be coupled with the surrender of the right of national banks to issue circulation for this is an advantage, though possibly a slight one, over operating under state charter. The powers of national banks could be liberalized more on a parity with those granted under a trust company charter, but none of us would care to see this liberality extend to the permitting of any act that would be contrary to the laws of safety and sound banking policies.

It has been recommended that in segregated departments interest bearing deposits be subject to withdrawal at the convenience of the bank rather than at the convenience of the depositor, and that such deposits could be invested in mortgage and other slow loans.

Another suggestion that arises in an influential source is that inasmuch as Congress can and does regulate interstate commerce and trade it might have authority to limit interstate banking transactions to national banks.

In all these proposed remedies, however, there is nothing that would overcome the handicap of the Supreme Court decision in the Worcester County National Bank case. This handicap is ever present and is the one consideration that was common to all the recent large mergers wherein national banks surrendered their charters.

Guaranty Trust Company of New York

140 Broadway

LONDON PARIS BRUSSELS LIVERPOOL HAVRE ANTWERP

Condensed Statement, December 31, 1929

RESOURCES

Cash on Hand, in Federal Reserve Bank, and due from Banks and Bankers.....	\$ 430,004,522.35
U. S. Government Bonds and Certificates.....	170,535,098.93
Public Securities.....	32,134,571.76
Stock of the Federal Reserve Bank.....	7,800,000.00
Other Securities.....	49,231,298.14
Loans and Bills Purchased.....	1,105,394,234.05
Real Estate Bonds and Mortgages.....	971,139.99
Items in Transit with Foreign Branches.....	7,504,444.90
Credits Granted on Acceptances.....	192,624,587.30
Real Estate.....	13,537,529.75
Accrued Interest and Accounts Receivable.....	7,381,904.44
	<u>\$2,017,119,331.61</u>

LIABILITIES

Capital.....	\$ 90,000,000.00
Surplus Fund.....	170,000,000.00
Undivided Profits.....	32,636,023.50
	<u>\$ 292,636,023.50</u>
Accrued Interest, Miscellaneous Accounts Payable, Reserve for Taxes, etc.....	13,310,983.57
Agreements to Repurchase United States Securities Sold.....	53,709,635.61
Acceptances.....	192,624,587.30
Liability as Endorser on Acceptances and Foreign Bills.....	155,548,545.34
Deposits.....	\$1,224,551,049.63
Outstanding Checks.....	84,738,503.66
	<u>\$2,017,119,331.61</u>

South Dakota News

Cashier Resigns

After having for 12 years served as a bank cashier and as an active officer of the Farmers and Merchants Bank of Willow Lake, South Dakota, L. J. Warkenthein has tendered his resignation and retired from the banking business in Willow Lake. He was cashier of the old Security State Bank until it was consolidated with the Farmers and Merchants Bank in 1929 and was elected vice president of the latter institution. During his residence in Willow Lake he served as an alderman and was active in the work of fraternal organizations.

Langford Banks Merge

The Langford State Bank and the Commercial State Bank of Langford, South Dakota, consolidated recently under the name of the Langford State Bank. The new institution will have capital stock of \$35,000 and deposits of approximately \$450,000. A. J. Anderson is president.

Named President

W. S. Given, Britton, will be president of the Farmers and Merchants National Bank at Milburn, South Dakota. This bank was recently organized to take over the deposits of the old Farmers and Merchants National Bank of Milburn and, at the same time, it became affiliated with Northwest Bancorporation.

To Aid Farmers

As its major community development project for 1930 the Security State Bank of Canova, South Dakota, has announced that it has set aside a fund of \$25,000 to be loaned to farmers of the Canova territory at 6 per cent interest for the purpose of enlarging their dairy herds. Loans from this fund will be made to farmers who have adequate shelter and feed to care for the additional cows they wish to purchase, one requirement being that the cows so purchased must come from without the Canova territory as the bank's plan is to increase the number of dairy cows in the community as one means of increasing the prosperity of the community. Quite a number of farmers have applied for loans from this fund and it is likely that a large number of new dairy cows will come into the community as a result of the bank's campaign.

Declare Seven Percent Dividend

The new First National bank of Dell Rapids, South Dakota, has just sent out dividend checks to its stockholders representing a 7 per cent dividend on the capital stock of 1929. This

is the third consecutive dividend given stockholders since the reorganization of the bank in 1926.

Deposits Gain

The statement of the Corn Exchange Bank, Elkton, South Dakota, at the close of business December 31 shows an increase of \$39,319.41 in deposits during the past year, with a material increase in all business.

Utah News

Clearings Over Billion

Clearings of Salt Lake, Utah, banks in 1929 totaled \$1,035,196,762, according to a statement issued by the Salt Lake Clearing House Association. This is the first time in history that the clearings have passed the billion dollar mark. Clearings in 1928 were \$955,142,654. The clearings represent the business done by the thirteen Salt Lake banks and trust companies.

Reappointed Directors

Reappointment of Lafayette Hanchett, chairman of the board of the Utah Power and Light Company, Salt Lake, Utah, and Charles H. Barton, president of the National Bank of Commerce, Ogden, to directorship in the Salt Lake branch of the federal reserve bank, was announced recently by the federal reserve board at Washington, D. C.

Both directors will serve two-year terms beginning January 1, 1930, it was announced. While Hanchett's ap-

pointment was made directly by the federal reserve board, Barton was named to his post by the federal reserve bank at San Francisco.

Sells Interest

M. W. Turner, president of the State Bank of Lyons, Colorado, and connected with the bank for 21 years has sold his controlling interest to John Moody, Hygiene merchant and Mr. and Mrs. O. J. Ramey of Lyons.

Mr. Turner was one of the organizers of the State Bank of Lyons and has seen the institution grow from a small beginning to one of the influential banks of northern Colorado.

Mr. Ramey has been connected with the bank for the past 12 years, a large part of the time as cashier.

Knowledge is essential to conquest; only according to our ignorance areter. Character can dominate conditions. Will creates circumstances and environment.—*Anne Besant.*

STATE BANK in Oklahoma town of about 12,000 population; only two other banks; Capital and Surplus \$75,000.00; Deposits \$600,000.00; Cash and Bonds about \$400,000.00; Splendid earning capacity; Clean, and no Real Estate; Reasonably priced. Refer to No. SLD.

WANTED: We have a client, an A-1 experienced Banker, with cash to handle a good sized deal, wanting to buy a bank in Central or Eastern Kansas or Western Missouri, in a good sized town, preferably a county seat. Must have good schools or College.

CONSOLIDATIONS: Is your town over-banked? Would you consolidate with a competitor, under a fair and reasonable plan, were it not for giving him information which he should not know, unless you are sure, before hand, that a deal will be closed? We, as agents for both banks, can handle the matter to the entire satisfaction of both sides. Write us if you have a problem of this nature.

We have a number of young and middle-aged bankers, with the very highest reputation and ability, experienced from Bookkeeper to Executive Management. Some can make substantial investments. Write us when in need of clerical or executive help. No charge for this service.

For over 20 years this office has handled the confidential sale of banks with entire satisfaction to sellers and buyers alike

BANKERS BROKERAGE COMPANY

(Successor to C. C. Jones Investment Co.)

210 WEST 8th STREET KANSAS CITY, MO.

Kansas News

Kansas Banks Gain

According to officials of Hays, Kansas, banks, conditions in Hays and western Kansas generally are much improved over what they were a year ago. Indebtedness has been reduced with margins of surplus increased. Discovery of oil in the vicinity is one contributing cause, with much money paid for royalties and leases. High market prices for cattle is also helping the situation. Farmers long in debt are getting out from under.

Increase Dividend

The First National Bank of Tucumcari, New Mexico, has been paying its stockholders a semi-annual dividend of 5 per cent for the past few years and for the six month period just ending it is doubling its usual rate and is declaring a 10 per cent dividend, and in addition is adding \$5,000 to its \$20,000 surplus, bringing its capital and surplus to \$125,000.

Why Require Statements

By W. R. McGughey

Vice-President, Citizens National Bank, Decatur, Illinois

A BANK, like every commercial institution worth while, is intended to perform a useful economic function in society. It may be said that there are two primary functions of a bank. First—to furnish the public a SAFE place to deposit their funds until such a time as they are needed. Second, to loan a certain per cent of the deposits to customers, out of the returns from which the overhead and dividends must come. One is absolutely dependent on the other. It is obvious that a bank could not operate by merely accepting deposits and holding them intact, without making loans, nor could there be a sufficient

amount of loans to operate profitably without deposits.

The point I wish to make at the outset is, the thing we should all strive for is *safer banking*, and any practice which we can put into effect that will assist in bringing this about, should go unquestioned.

This leads me to the subject "Why Should Statements be Required." I will not consider the moral risk nor the business ability of the borrower, assuming that the first is good and the second at least of the average, but discuss the matter largely from a financial viewpoint. In the light of what I have already said, permit me to answer the question in this way. The purpose of a financial statement is to put before you a correct picture of all the assets and liabilities of the borrower, for the purpose of analyzing them to determine the safety of the loan and the ability of the borrower to pay. In other words, a financial statement should be taken to assist in passing judgment on loans and thus aid in putting into your note case the kind of loans that will make your bank a *safer* and more *profitable* bank.

It hasn't been many years since very few, if any, financial statements were to be found in banks outside of cities. The old time banker prided himself in the intimate knowledge he possessed of his customers' business and domestic affairs, all of which he carried in his head, and the matter of extending credit depended largely on his personal knowledge of, and acquaintance with the borrower. Bank credit was granted largely on the basis of personal appreciation or on what might be called credit sense.

It may be said that in the past it was successful, which probably accounts for the inertia on the part of the banker in seeing the need of adopting a more analytical practice. Many bankers in smaller communities still maintain that there is no particular reason for their getting financial statements from their customers, as they are thoroughly familiar with their affairs. This may have been true a few decades ago, because business was conducted then on a different basis. Individuals were not so inclined to over-extend. Business and professional men, the owners of real estate and the most successful tenant farmers were about the only ones using the bank. The time payment plan of financing purchases was unheard of. A man bought what he could pay for in cash, or on a short time basis. A standard of high living was not so prevalent in those days.

That day is gone forever, even with the smallest country banker. With the advent of the automobile and the

The Chase National Bank

of the City of New York

Pine Street corner of Nassau

Capital.....\$ 105,000,000.00
Surplus and Profits..... 136,364,145.14
Deposits (Dec. 31, 1929)..... 1,248,218,351.70

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Chairman of the Board

John McHugh
Chairman of the Executive Committee

Charles S. McCain
President

Robert L. Clarkson
Vice-Chairman of the Board

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Vice-President and Cashier
William P. Holly

hard road, there has been a breaking down of the smaller community as a center, and there is a tendency on the part of most everyone to reach out farther, which makes it impossible for the banker in the small town to have the same intimate knowledge of his customers' affairs which he once had.

The mere taking of a statement is not sufficient. The statement should be analyzed, and with it before you, you have a much better opportunity of intelligently discussing with the borrower, his financial condition. In analyzing an individual's statement, you are of course interested in what his assets consist of. If in real estate, what is the status of it, clear or encumbered? Is it in the borrower's name and has he a fee simple title? Where is it located and what is the present market value? Is it income property? If so, what is the annual income? If in chattels, what are their worth and how stable are they? Have they a market value? Regarding the liabilities, you are concerned as to the total amount of his indebtedness, to whom owed and whether current or long standing. You should know, also, the amount of his contingent liability, whether he is on the notes of others and if so, the exact amount. From his statement, you are endeavoring to determine first of all, whether the loan will be safe, and second, what is the borrower's ability to pay in a reasonable length of time.

In conclusion, permit me to add this thought, a bank to measure up to its fullest responsibility and endure through economic changes, over which it has no control, must adopt a sound and thorough loan policy, and in my judgment, the requirement of financial statements in the manner in which I have attempted to outline, will do much to further such a policy, and be the means of helping to solve one of the greatest problems in the conduct of a bank, namely, that of making *safe loans*.

Denver Clearings Increase

Bank clearings in Colorado have never been definitely estimated, but for Denver alone bank clearings totaled \$1,863,000,000 and salaries for the wholesale trade were estimated at 24 million dollars.

In addition to the Colorado-earned dollar, the federal government has expended approximately 24 millions in the state and a new appropriation has been passed by the house at Washington for 1930.

A record year is the forecast for 1930 in view of the sustained increase over production for 1929, the survey indicates.

Colorado News

Buys Olney Springs Bank

Purchase of the Olney Springs State Bank, of Olney Springs, Colorado, by Joe Bernstein has been consummated. The purchase was made from John H. Cowden, who is retiring. Mr. Bernstein, who has moved to Olney Springs, has taken active charge of the establishment.

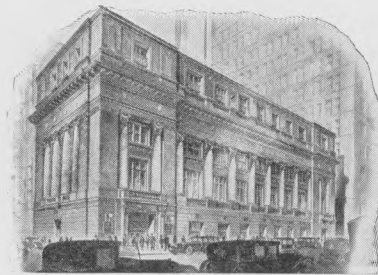
The Olney Springs Bank was established in 1910, and has enjoyed a pros-

perous business with the farmers of the Olney Springs region. Its capital and surplus now exceeds \$30,000.

A Real Bargain

BLUFF: "How come, you call dat a quarter seegar?"

BLUFF: "Well, de boss smokes three quarters, and Ah smoke de udder quarter."



WHEN customers of your bank prepare for travel; when clients require Commercial Letters of Credit; when customers wish to purchase or sell foreign exchange—our Foreign Department can act as a department of your own bank.

You are cordially invited to take up with us any problems regarding foreign travel, exports, imports, foreign markets or exchange.

THE NORTHERN TRUST COMPANY

Northwest Corner LaSalle and Monroe Streets

CHICAGO

Wyoming News

New President at Lusk

C. Frank Bautch was elected president of the Lusk State Bank, Lusk, Wyoming, at the annual stockholders' meeting and Glen Willson was selected as vice president of the institution.

C. W. Erwin was again elected as cashier and Otto Klemke as assistant cashier. Wm. E. Hogan of Lance Creek and H. J. Templeton were again elected on the Board of Directors.

The condition of the bank was a source of much satisfaction to the directors and stockholders. The annual cash dividend was paid to all stockholders, and the surplus was increased to \$10,500.

The year was the most prosperous year in the history of the bank, and the officials look forward to an even better year for 1930.

Just a Little Matter of \$4,500.00

(Continued from Page 8)

"I certainly do," agreed Holt, "and I'll certainly testify, if necessary, that you were mightily interested and wanted to do something if we could. Well—"

"Well, what?"

"Well, I guess I'll take another stroll up in the woods," suggested

Holt, as he sauntered off in the direction from whence he came.

"That's the limit," mused Doherty, "and if a fortune teller had told me before we left that this would happen, I would have set it down as a thundering big lie. The idea of Holt, of all fellows, talking as if a loss of \$4,500 by our own bank didn't interest him any more than a package of popcorn."

An hour later Holt wandered back.

"Well, I suppose the bank's got the word by this time," he suggested, after an uneasy pause.

"What word?"

"About the Mallory insurance."

"What do you mean?" demanded Doherty.

"I might as well own up, first as last," Holt admitted, ruefully. "To tell the plain truth, I hadn't been here two days before fishing got to be a threadbare story and I was homesick to get back to the bank."

"And that's the key to the mystery?"

"Yes, I didn't want to own up to you, but I struck one of the forest wardens back there in the woods a couple of miles," Holt explained. "He's got a big wooden tower nearly a hundred feet high, and he sits up in the top with a high geared telescope and sweeps the country for forest fires."

"So there's where you have been taking these solitary walks?"

"Yes," was the grudging admission. "I hated to bring you up here on what is supposed to be an absolutely care-free vacation and then go back on you this way, but the fire warden fellow used to work in a bank in Dakota, and—"

"And you fellows have been talking banking 'shop'?"

"Yes—I'm afraid that quite a fire could start up sometimes without his noticing it."

"But what does he do when he really sees a fire?"

"Oh, yes, that's what I started to tell you about. He's got a wireless outfit on top of his tower, an he can call anywhere within 500 miles."

"And you got him to 'deadhead' a message to the Elmdale Bank telling them to nail that Mallory check, exclaimed Doherty.

"Yes, he's got a chum at the government station down at the capital. I dictated the message and the fellow at the other end'll telephone it to the Bank," Holt explained.

"Well, that's certainly great news."

"And now that our vacation's half done and partly spoiled, suppose we pack up and start out," Holt suggested timidly.

"Not on your life," declared Doherty, "for our vacation's just really beginning. You go right on chumming with that bank fellow, and I don't mind saying that I've been equally guilty—while you've been back in the woods with him and thinking I was fishing, I've been cruising the woods up river and sizing up the lumber possibilities."

AUSTRALIA BANK OF NEW SOUTH WALES

ESTABLISHED 1817

(With which is amalgamated THE WESTERN AUSTRALIAN BANK)

PAID-UP CAPITAL.....	\$37,500,000
RESERVE FUND.....	30,750,000
RESERVE LIABILITY OF PROPRIETORS.....	37,500,000
	\$105,750,000



Aggregate Assets 30th September, 1929, \$454,031,485

AGENTS—FIRST NATIONAL BANK, OMAHA, NEBRASKA

GENERAL MANAGER, ALFRED CHARLES DAVIDSON

HEAD OFFICE, GEORGE ST., SYDNEY LONDON OFFICE, 29 THREADNEEDLE ST., E. C. 2

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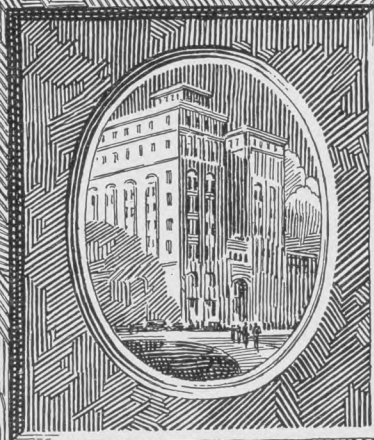
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134 North LaSalle Street

CHICAGO, ILL.

The Omaha National Bank



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