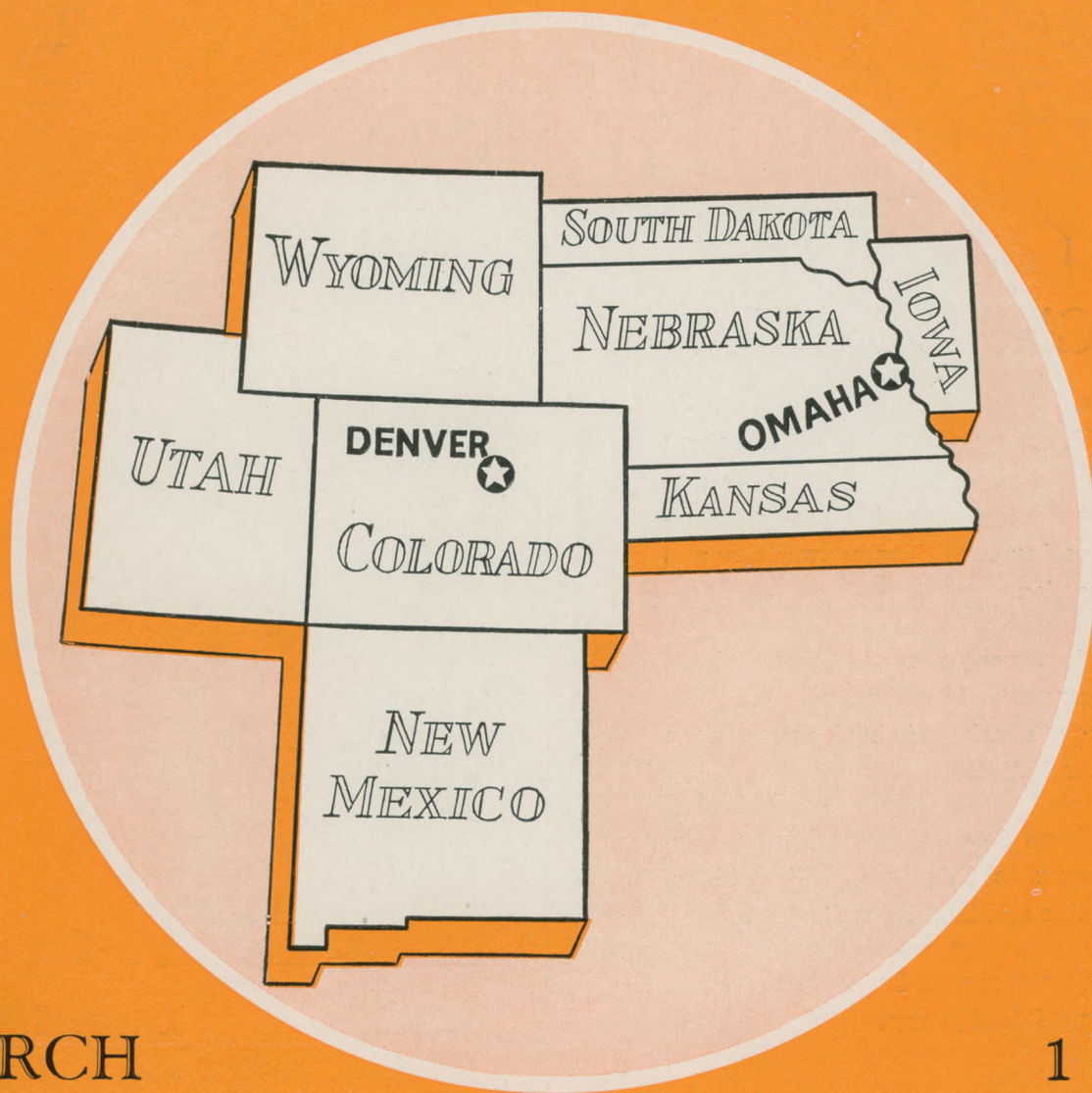


CENTRAL WESTERN BANKER

Omaha

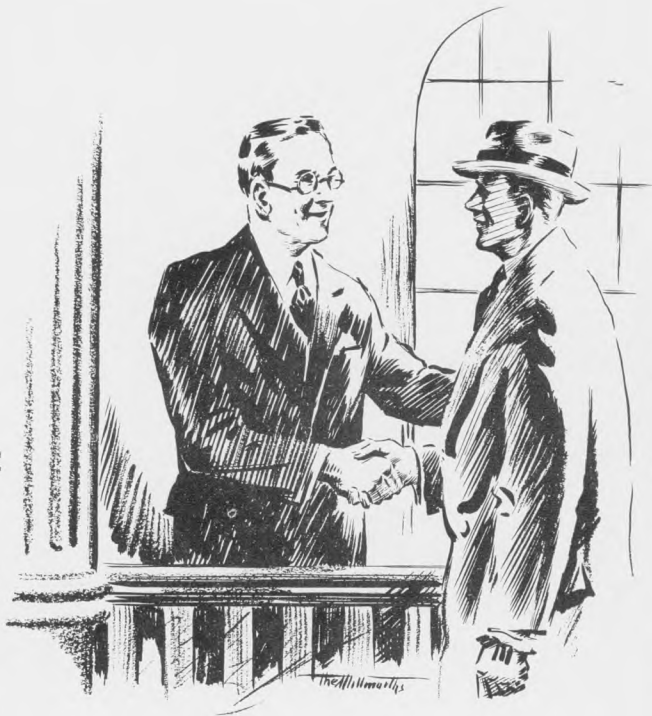


MARCH

1930

Should the Federal Reserve Examine Its Members?

Page 4



“Glad to See You”

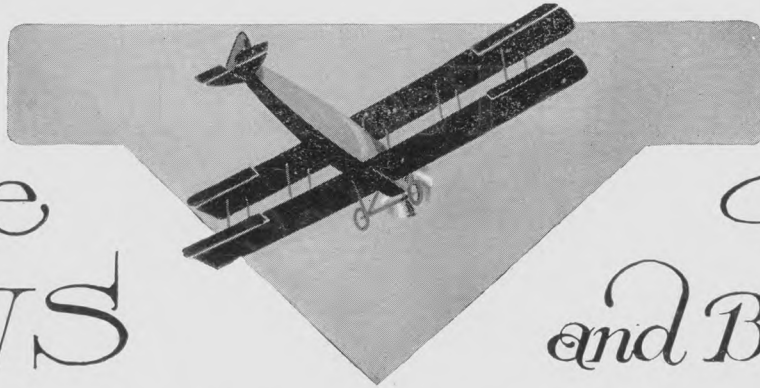
- ¶ We are genuinely happy to see you in Omaha. We find pleasure and knowledge in talking to you, in discussing conditions in your city and section.
- ¶ Whenever you are in Omaha, please remember to call on us. We want you to make this bank your Omaha headquarters.
- ¶ Please forward your Omaha messages to this bank. We will receive and hold them for you.
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Nebraska's Oldest Bank



**First National
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FIRST TRUST COMPANY

Last minute NEWS



of Banks and Bankers

CHARLES H. SABIN, chairman of the Guaranty Trust Company, and David Dwight Douglas, president of the First National Bank of Detroit, have been elected directors of the United States Rubber Company. Mr. Sabin also was elected a member of the finance committee.

THE PENNSYLVANIA Company for Insurance on Lives and Granting Annuities and the Colonial Trust Company are to merge under the name of the former company, according to authentic reports.

GEORGE F. BAKER, New York financier, has made a new donation of \$1,000,000 to Dartmouth College for the maintenance and operation of the Baker Memorial library. Mr. Baker provided \$1,100,000 several years ago for the construction of the library in Hanover, N. H., as a memorial to his uncle, Fisher Ames Baker, Dartmouth, '59.

THE 1930 ANNUAL convention of the Investment Bankers Association of America will be held in New Orleans, it was announced by the board of governors through the association's offices in Chicago. Although definite dates have not been set, it is expected that the meeting, following custom, will be scheduled for the latter part of October.

THE SEVENTH Annual Mid-West Conference of the Savings Bank Division of the American Bankers Association, will be held in Detroit on Thursday and Friday, March 27 and 28. The principal theme of the conference will

deal primarily primarily with preserving the stability of savings bank deposits and the solutions of those problems which now face every banker.

CLINTON F. BERRY, vice-president, Union Trust Company, Detroit, in charge of advertising, has been appointed program chairman for the metropolitan banking section at the Financial Advertisers Association convention to be held at Louisville, Ky., September 17-20, according to an announcement by A. E. Bryson, president of the association.

THE STOCKHOLDERS of the Central-Illinois Company, Chicago, affiliate of the Central Group, have voted to increase the directorate from eleven to fifteen to include three executives of the company, and Edward N. Hurley, who is also a director of Central Trust Company of Illinois. The officers of the investment company elected to the Board are: Louis H. Schroeder, Vice-Chairman, Car-

roll E. Gray, Jr., Executive Vice-President; Newton P. Frye, Vice-President. Mr. Gray and Mr. Frye were executives of the Federal Securities Corporation which united with the Central-Illinois Company last July.

THE APPOINTMENT of Henry E. Sargent as Deputy Manager of the American Bankers Association and Secretary of its Trust Company Division, has been announced by F. N. Shepherd, Executive Manager.

Mr. Sargent has been with the American Bankers Association since July, 1928, as associate editor of the American Bankers Association Journal. He is a native of Washington, D. C., where he was engaged in newspaper work, serving as chief correspondent of the New York Journal of Commerce. Mr. Sargent was educated at Princeton University and the law school of the University of Virginia.

He succeeds Reuben A. Lewis, Jr., who has resigned to become Second Vice-President of the Continental Illinois Bank and Trust Company, Chicago. Mr. Lewis will assume his duties in Chicago March 1st.

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ELECTION of three governors to fill vacancies on the board of governors of the Investment Bankers Association of America was announced last month by Trowbridge Callaway, president. The new governors are Frank McNair, Harris Trust & Savings Bank, Chicago; Ralph Fordon, Guardian Detroit Company Inc., Detroit; and Canton O'Donnell, O'Donnell-Owen & Company, Denver.

Should the Federal Reserve

Examine its Members?

By Walter W. Head

President, Foreman-State National Bank, Chicago

NO one recognizes more fully than do bankers the increasing importance of a careful and accurate analysis of the trend of business by men who would be successful in their chosen fields of endeavor. The operating date embodied in the financial report of a corporation is today as significant as the figures in the balance sheet—frequently much more so. Changes occur so fast and so often that the balance sheet constitutes valuable information only in-so-far as, subject to modifications and adjustments warranted by the trend of business, it enables business executives to forecast what the next balance sheet will show.

What, then, is the trend of business today?

The answer must be the result of a somewhat complex analysis. The trend of business represents the sum of these factors and many more, plus a fair consideration of the resilient optimism of the American people, their capacity to engage in productive and profitable undertakings, their demonstrated willingness and ability to make progress in the face of handicaps and even in the face of adversity.

Farm Conditions

The general condition of agriculture, one of our great fundamental industries, continues to show steady improvement, which gives promise of increased purchasing power in 1930. The railroads, employing 1,700,000 people, may not enjoy quite as much traffic in 1930 as they did in 1929. The great improvement in their position in recent years has made it possible for them to undertake a constructive program, which means the employment of many thousands of workmen in 1930, with resultant continued buying power by the 8,500,000 people dependent upon their activity. The public utilities expanded their business materially in 1928 and 1929. Even though there may be a declining volume in certain specific instances, the use of electric power, particularly, is certain to increase in general during 1930, and this



WALTER W. HEAD

means continued or greater prosperity for the hundreds of thousands of individuals engaged in, or dependent upon this industry. The motor industry, including the servicing, as well as the manufacture of cars, engages the attention of approximately 4,300,000 workers. Present indications are that this industry will not touch the peak

.....
 "There is pending in Congress a bill which would authorize the Comptroller of Currency to examine every institution which is a member of the Federal Reserve System and every affiliate thereof at least twice in each calendar year—extending the National Bank examination system to all members of the Federal Reserve System and their affiliated institutions."

figures of 1929, but it appears quite certain at this time, that 1930 figures will at least equal those of 1928—which was not an unsatisfactory year, by any means.

These few key industries, with the subsidiary lines which they directly affect, provide the wages and salaries

and personal income upon which approximately one-half of our 120,000,000 people depend. If these industries continue upon a profitable basis—which can reasonably be assumed—we have every reason to believe that although the present indications point to a recession from the high points of 1929, business in 1930 should equal the records established in 1928. With this prospective achievement, we have good reason to be satisfied.

Business cannot always continue upon an unbroken upward sweep. It must, at times, pause to consolidate its position, exactly as a victorious army pauses in its advance against the enemy. We have reason to congratulate ourselves that the hesitation in business today is no more severe than it is, that fundamental economic conditions are sound, that we have no great accumulated stocks of unsalable merchandise, that credit is available in sufficient amounts for productive enterprises and at reasonable rates. The indications are that there will be a little more work and a little less play in 1930, but there exists a fine and wonderful opportunity for those who are willing to work and who have the courage to act.

Affecting the Banker

The rapidity with which business moves in this day and age has affected banking—has affected it very materially. Bankers no longer are mere custodians of deposits and loaners of money. Banking, instead of standing aloof, exerting an important but indirect influence upon business activity, today is an integral part of the business structure. Bankers today, in order to safeguard, properly, their funds loaned to customers should, and in most instances do know as much about the customer's business as if they (the bankers) were partners with the customer.

(Continued on Page 24)

When there is an account stated there is what the lawyers call a "prima facie" presumption that it is correct, and that the creditor can collect thereon in the absence of fraud, omission or mistake, but the courts have several things to say on the question.

Is an "Account Stated" Conclusive?

"I AM enclosing herewith itemized statement of your account, showing a debit balance of \$20,000, which I would be glad for you to examine carefully, and trust that you will find the same correct," A writes.

"Your account received, and the same is correct in every detail," B writes back.

This is a simple illustration of what is called in law an "account stated," on the strength of which A may sue B for the amount of the account, and rely upon the letters quoted as evidence in support of his claim.

Suppose, however, that A sues, B defends the suit and claims that he does not owe the amount of the account. Can he do so, after writing the letter admitting its correctness? In other words, is the "account stated" conclusive?

The "Prima Facie" Rule

When there is an account stated there is what the lawyers call a "prima facie" presumption that it is correct, and that the creditor can collect thereon, in the absence of fraud or mistake.

"When parties, having mutual matters of account between them growing out of a contract, deliberately account together and state a balance, and the party who, on such accounting, is found indebted to the other, pays the debt or gives a written obligation for its payment, this settlement is so far conclusive between the parties that it cannot be reopened or gone into, either at law or in equity, except upon clear proof of fraud, or mistake, or of an express understanding that certain matters were left open for future adjustment," is a clear statement of the rule from the Missouri courts, and the same principle has been laid down by the Alabama, Arkansas, California, Colorado, Florida, Georgia, Idaho, Illinois, Indiana, Iowa, Kansas, Louisi-

By the Legal Department

ana, Maine, Maryland, Michigan, New Jersey, New York, North Carolina, Oregon, Rhode Island, Utah, Vermont and Virginia courts.

Fraud, Omission or Mistake

At the same time, the law is equally well settled that an account stated may be impeached by evidence of fraud, omission or mistake.

"It is well settled, both at law and in equity, that a stated account may be opened or falsified on proof of mistake. Such an account is only prima

~~~~~  
 "In another case involving dealings between principal and agent, there was only an account stated but the principal had given a release, the evidence showed that he had been overreached by the improper conduct of the agent who did not render a faithful account and the court ruled that the account was not conclusive!"  
 ~~~~~

facie evidence of its correctness, and may be impeached by clear, precise, and satisfactory evidence, either of unfairness or mistake. Relief will be granted both at law and in equity, as the circumstances may require, by setting aside the settlement, or permitting the party to surcharge or falsify," says a leading authority, in stating the general rule.

Cases frequently arise where partners settle the partnership accounts between them, and the same rule applies.

"But if there has been any mistake, or omission, or accident or fraud, or undue advantage, by which the account stated is in truth cited, and the balance is incorrectly fixed, a court of equity will not suffer it to be conclusive upon the parties, but will allow it to be opened and reexamined," says a leading American court in dealing with a partnership account.

When a bank delivers a pass-book and the cancelled checks to the depositor, and the latter makes no objection for a reasonable time, an account stated may arise, subject to the foregoing exceptions.

"A balance struck in a pass-book is in effect an account stated between the bank and its depositor, which it is true may be impeached for fraud or error, but unless so impeached the bank is estopped from delaying its liability as shown by the account so stated by it. This doctrine is of universal application. Whether a bank is or is not estopped from denying its liability for a balance stated by reason of fraud or error depends upon the facts, which are for the jury. In such a case the burden is on the bank attempting to evade responsibility, because the presumption is that the balance stated by its own officers is correct and truly represents the account between the parties," says the Pennsylvania courts in stating the general rule.

"But a stated account is liable to be opened by evidence of fraud or mistake; and where the payments represented by the checks in question were sworn by the depositor not to have been made to him, or by his order or authority, the proof of payment afforded by the stated account was overthrown, and his right to the money remained unaffected," is the reasoning of the New York courts.

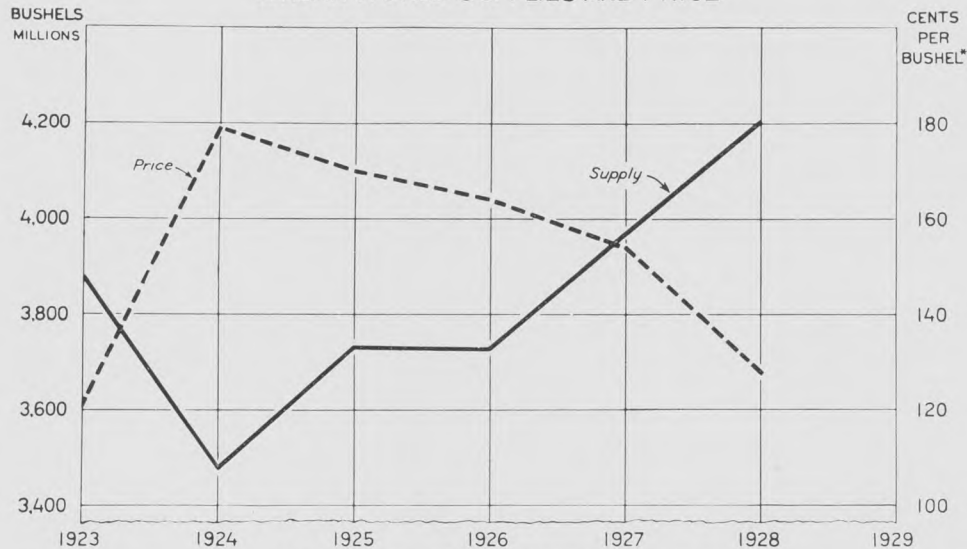
In "Fiduciary" Cases

When the parties occupy a fiduciary relation to each other, the rules are relaxed, and such accounts may be opened up under circumstances where it would not be allowed if the parties had been dealing "at arm's length."

In a California case on the point the evidence showed that A was em-

(Continued on Page 14)

WHEAT: WORLD SUPPLIES AND PRICE



The chart above shows that when the world supply of wheat decreased from 1923 to 1924, the price increased great in 1924 over 1923. Since 1924 the world supply has been steadily increasing each year, with a steadily decreasing price prevailing. The comparatively high prices for wheat prevailing in August, 1929, were due mainly to forecasts of a decreased world supply for the crop year 1929. The price which prevails for wheat in any country is directly affected by the production of wheat in all other countries.

The Farm Forecast for 1930

THE ups and downs in the constantly changing agricultural situation are watched with no less interest by those who lend money for farming purposes than by those who borrow it. Bankers know that the rise and fall of the mercury of the agricultural price thermometer not only register the current temperature of agriculture, but in many instances indicate future trends, for high prices one season are usually followed by overproduction the next with consequent lowering of prices.

The annual agricultural outlook report, says Arthur M. Hyde, Secretary of Agriculture, is the best guide the United States Department of Agriculture can offer on the production side to promote a national farm merchandising program by holding the volume of production to manageable size. The plea of the Secretary of Agriculture for intelligent and informed utilization of this economic evidence is one which will find favor with bankers.

In the preparation of the 1930 report, specialists of the Bureau of Agricultural Economics and the assistance of other officials of the Department of Agriculture, and of the Federal Farm Board as well as the cooperation of representatives of agricultural colleges and extension services of 45 states who came to Washington for the outlook conferences during the latter part of January. The practical experience and first-hand acquaintance with economic facts relating to each commodity that are thus brought to bear on the preparation of these re-

Central Western Banker, March, 1930

By
Catherine M. Viehmann
Assistant in Market Information
U. S. Department of Agriculture

ports account in large measure for their accuracy.

An Accurate Forecast

Last February in the outlook for 1929, it was stated that wheat probably would sell for more in 1929 than in 1928; that flax would be more profitable than wheat in certain areas; and that potatoes would pay better than in 1928. In each of these cases the situation developed just as the outlook report anticipated. A careful check of the last six outlook reports shows that conditions as to individual products worked out just as the Department said they were likely to do nearly nine times out of ten. Although right nine times out of ten means wrong one time out of ten, no one will deny that 87% is a high batting average and is much better than most individuals would be able to do if they did not have the information the outlook reports contain as a basis to work on.

Salient points in the report for 1930 of particular interest to central western bankers are:

IMMEDIATE OUTLOOK—The income from the farm products of 1930 does not now appear likely to exceed that from the products of 1929. Although

the volume of agricultural production in 1930 can not now be indicated with a great deal of certainty, crop yields are likely to be larger than in 1929, when they were generally below average, whereas livestock production, in the aggregate, is likely to show little change. Larger production in itself would ordinarily tend to lower the level of prices received by producers, but improvement in business conditions over the present may tend to offset in part the influence of increased output.

LONG-TIME OUTLOOK—No material change from recent levels of total farm income seems in prospect in the next few years. However, the long-time tendency for prices of agricultural products to advance in relation to prices of nonagricultural products will probably continue. During the period 1921 to 1925 prices of farm products advanced, while prices of nonagricultural products have tended to decline throughout the period since 1922. During the next five years, however, increased production of livestock and livestock products, and increasing foreign competition, will tend to check temporarily the long-time tendency.

CORN BELT AREA—The mechanization of agriculture will undoubtedly make substantial progress in the Corn Belt area of this country during the next decade or two. The increased use of the general purpose tractor, combine-harvester, and corn picker will tend to concentrate the production of corn on the more level land and in larger fields. Land less favor-

ABILITY

TO MEET FINANCIAL

REQUIREMENTS OF INDUSTRIES

OPERATING IN THE NORTHWEST

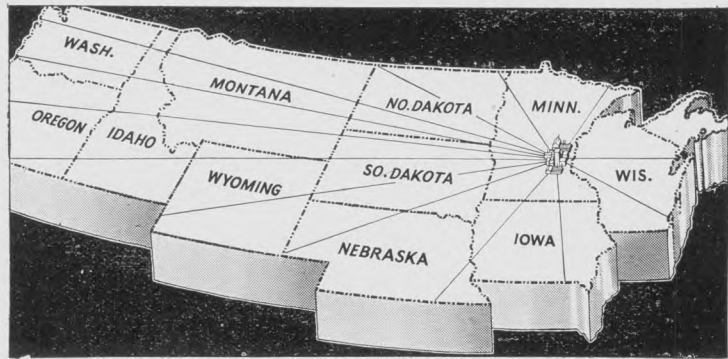
MODERN banking is dependent for success upon its ability to serve business. It requires a knowledge of conditions and a vision of trends.

With this in mind, financial leaders of the Northwest organized the Northwest Bancorporation. They sought to concentrate banking experience and adequate resources, into an organization that could render complete banking service to all executives of business enterprises operating in the Middle Northwest.

Today leading banks in practically every center of this great territory have become affiliated with the Northwest Bancorporation. The combined resources of these 95 banks and trust companies are over \$478,000,000.

The officers of these leading banks and trust companies now offer their intimate knowledge of business conditions in the Northwest and the resources of this institution to meet your financial requirements. By doing business with one bank of this group of banks you obtain the service of all.

To interested executives we will be glad to send the Northwest Bancorporation booklet, "Blazing a New Financial Trail." Write the Northwest Bancorporation, Minneapolis, Minnesota.



Territory Served by the Northwest Bancorporation



NORTHWEST BANCORPORATION

Combined Resources over \$478,000,000
MINNEAPOLIS, MINNESOTA



ably situated will be devoted more and more to the use of pasture, and high class forage crops, and may suffer in value in comparison with the more level lands. The further reduction in horses and mules during the next 10 years will release from 20 to 30 million acres of crop land in this country for uses other than growing feed for work animals. Continued low prices for oats and a material decrease in oats acreage may be expected in the Corn Belt area. The spread of the corn borer will tend to limit the growing of corn to such land as can be operated advantageously by mechanical power and expand the use of corn stalks for manufactured products. The increase in high class pasture and forage will lay the foundation for expansion in cattle numbers. The immediate effect of present high prices of beef and low prices of butter will be to encourage production of beef cattle rather than dairy. Within the next decade, however, lower prices for beef will induce many farmers to milk cows instead of raising calves and the dairy output will expand. The mechanization of agriculture and the increase in cattle raising will result in larger farming units and fewer farmers especially in those sections which are not favorably located for the production of fluid milk or truck crops.

WHEAT—There is little in the wheat situation in the United States and other countries at present to indicate that prices for the 1930 crop of the United States will be much different from those prevailing for the 1929 crop, unless fall-sown wheat suffers severe winter damage or the spring wheat acreage is reduced. World stocks will be somewhat reduced on July 1, 1930, from those on hand July 1, 1929, but the world acreage will probably not be materially changed and yields per acre are not likely to be so low as in 1929, when they were below average. World demand for wheat appears to be increasing although the annual increase may be checked occasionally by unfavorable financial growth of population and to the tendency to shift, in consumption, from other breadstuffs to wheat. World production of wheat, however, is keeping pace with the increasing demand, so that there is little prospect for a general upward trend in prices for some years to come. Farmers of the United States, therefore, must expect to meet continued keen competition in export markets from Canada, Australia, Argentina, and later on, possibly Russia.

Oats Production

OATS—Oats production for market during the 1930 crop year is not likely to bring better returns to producers than during the past crop year. No material improvement in either domestic or export demand is in prospect while more active competition from larger supplies of other feed grains appears probable.

FLAX—Present prospects indicate higher returns are to be expected from flax in 1930 than from wheat and other small grains grown in the same area and under the same conditions. Some further expansion in flax acreage is therefore warranted where land is free

from weeds or otherwise suitable for flax or on which yields greater than the average of the region may be expected. An increase in acreage of one-third could be made without fear of reducing domestic prices to the world level. Such an increase in acreage with average yields would produce a flax crop of approximately 32,000,000 bushels, or about 11,500,000 bushels below domestic consumption of the past two years.

BARLEY—No material improvement in demand for United States barley is in prospect for the crop year beginning August 1, 1930. Prospective num-

(Continued on Page 13)

Stock Prices Still High

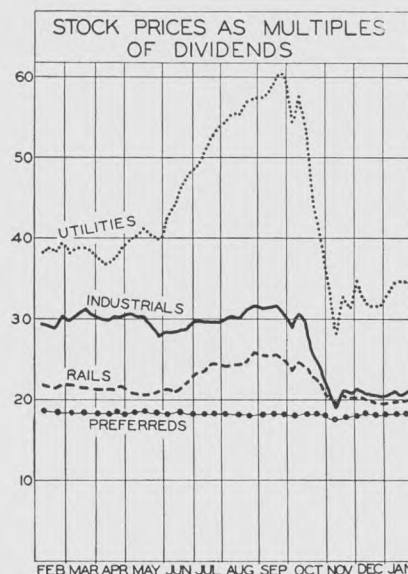


Chart from Cleveland Trust Company "Bulletin"

PRICES of the more popular common stocks are still discounting the future a long way ahead, despite the radical mark-downs of last October and November. Perhaps this is not to be wondered at, for the stocks most eagerly bought by speculators and investors almost always sell at levels which result in relatively low yields, except during times of prolonged business depression. In the diagram the lines represent the changing prices of four groups of stock each week during the past 12 months. The prices are not in dollars, but in multiples of the dividends paid. Thus the utility stocks were selling at the end of January for 35 times their dividends. In order to get 10 dollars of dividend income from these stocks the investor would have to buy \$350 worth of the stocks, and the yield would have been less than three per cent.

All the lines are based on the compilations of the Standard Statistics Company. The utility stocks comprise a group of 20 issues. A year ago they were selling for 38 times their dividends, and yielding 2.6 per cent. In September they were selling for almost 61 times, and yielding less than 1.7 per cent. They are now back nearly to their prices of a year ago, and are selling for 35 times their dividends.

There are 50 issues included in the industrial group. These stocks have recovered less than the utility issues, and are selling at distinctly more reasonable prices than they were at this time last year. They were then selling for nearly 30 times their dividends, and yielding about 3.4 per cent. Now they are selling for about 22 times, and their yield is about 4.6 per cent.

A year ago the industrial stocks were priced much higher than the rail issues, but now the two groups are close together in market valuation. The stocks making up the rail group are 20 in number. They sell for about 20 times their dividends, and yield about five per cent. At the end of August they were selling for 26 times their dividends, and the yield was 3.8 per cent.

The group of preferred stocks is made up of 20 issues of high grade industrials. They did not participate in the bull move of last summer, and their prices suffered hardly at all in the crash of the autumn. During the entire past year they have been selling for about 18 times their dividends, and their yield is about 5.6 per cent. They neither promise future enhancement, nor threaten present hazard.—From Cleveland Trust Co. "Bulletin."

BONDS AND INVESTMENTS

When Secondary Reserves Are Too Large---or Too Small

IT is very interesting to observe that most banks tend toward one extreme or the other in the development of their secondary reserves. Either they do not pay enough attention to the creation of an adequate secondary reserve and hence the position of their bank is not sufficiently liquid or else they aggregate an excessive volume of highly liquid assets as a secondary reserve and suffer as a result because of a reduced earning power. Both extremes are unsatisfactory from the standpoint of sound bank administration.

The majority of banks belong to the group which fail to build up adequate secondary reserves and hence endure the dangers which result from lack of liquidity. There are various reasons why banks follow such a policy. Some bankers do not appreciate the value of a secondary reserve and hence neglect the possibilities of creating one. Many more bankers, however, fail in this respect because of a mistaken view-

By Dr. Paul M. Atkins

*Engineer-Economist
Ames-Emerich and Co.*

point in regard to their responsibilities as bankers. While endeavoring to supply the demands for their local community for funds—a task which it is perfectly proper and desirable, within limits, for a banker to perform—they overlook their primary responsibility, their duty to the depositors. This major responsibility necessitates that the bank shall be kept in a liquid condition at all times, ready to pay out deposits when requested in accord with the rules and regulations governing the payment of demand and time deposits respectively.

Many bankers lay undue stress upon the importance of large primary reserves, apparently feeling that if their primary reserves are ample there is no necessity for building up substan-

tial secondary reserves. Unfortunately, the policy of possessing large primary reserves but of neglecting secondary reserves is unsound in two respects. In the first place, for a primary reserve to give a bank ample liquidity to meet all possible contingencies, it is necessary to immobilize a very large proportion of the funds of the bank for long periods uselessly, and during these periods the income therefrom is very small, and the earning power of the bank is unfavorably affected. On the other hand, a substantial secondary reserve but one which is not unusually large, unless it is reinforced by a secondary reserve will not give adequate liquidity under pressure.

The bank whose position is represented in Chart I is one of those banks which neglected its secondary reserve and tried to get along with a substantial but not unusually large primary reserve. This chart shows the position of the bank a few weeks before it

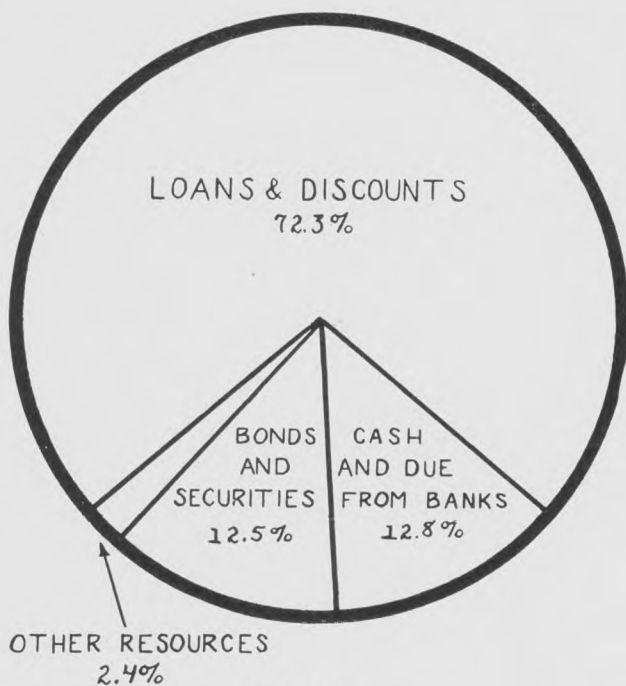


CHART I.

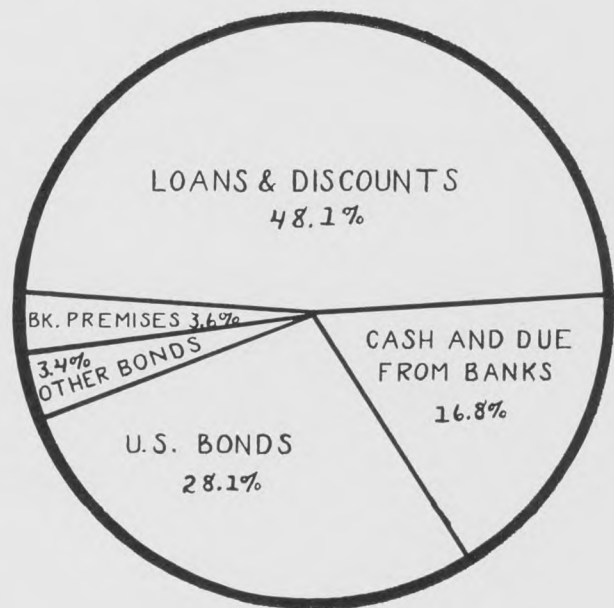


CHART II.

Central Western Banker, March, 1930

failed. It will be observed that the primary reserve of this bank amounted to 12.8 per cent of its total resources or 14.5 per cent of its total deposits. According to sound banking standards, this primary reserve should have more than amply *provided* the bank had it possessed a satisfactory secondary reserve. Unfortunately, however, this was not the case and, as a result, the bank closed its doors.

A further examination disclosed the pitiable insufficiency of its secondary reserve. Practically all of its bonds and securities were long term bonds possessing relatively limited marketability. Their quality was on the

whole, satisfactory and these securities would have been suitable for the investment account of the bank but practically none of them, except for a very limited amount of United States Government security, were adapted to a secondary reserve account. At the time the bank failed, all of the United States Government securities owned by the bank were pledged with the Federal Reserve Bank to secure loans from that institution.


An analysis of the loans and discounts shows that, with very few exceptions, the assets so classed were not appropriate for a secondary reserve account. There were no bankers' ac-

ceptances, only a very limited amount of commercial paper, and only an insignificant proportion of the local loans and discounts were rediscountable. A secondary reserve in the true sense of the word was almost non-existent. The disastrous effect of this lack is now being felt by the stockholders and depositors. The depositors may, perhaps, in the long run recover most of their funds although this is not absolutely certain. The stockholders have probably lost their entire investment and may even be obliged to pay an assessment. So much for the possible results of inadequate secondary reserves.

Excessive secondary reserves are also undesirable for a bank. In such a case, of course, the stockholders of the bank receive adequate protection but the interests of the stockholders are sacrificed. It is true that the sacrifice is not as severe as in the case just mentioned, but still it is one which is unnecessary and unfair to the stockholders who are entitled to an adequate return on the funds which they have invested in the bank. The banker owes a duty not alone to the depositor to safeguard his deposit, and to the community, to supply it with an appropriate amount of funds, but also to the stockholder, to pay him a reasonable return on his capital. If the earning power of the bank is not maintained it is impossible to pay this return. An excessive secondary reserve, especially when it is composed of the most highly liquid type of assets does not sufficiently add to the earning power of the bank to justify its continued existence. Few banks err in this sense compared with number which err in the direction of lacking adequate reserves but they are far from being unknown.

The position of a bank of this kind is shown in Chart II. A distribution of assets of this kind might be appropriate for some large bank in a central reserve city which was the correspondent of a large number of country banks and banks in reserve cities as well and which was obliged, therefore, to keep itself in a highly liquid position. A large bank of this kind has opportunities for increasing its earnings from the use of its funds in ways which bring it income of a sort which might be classed as commissions rather than as interest. It not only needs to maintain a degree of liquidity which is unnecessary for the country bank but it can afford to do so.

The bank under consideration is not of this type, however. It is a fairly representative of a large number of banks for its total resources were less



*Investment Counsel
and
Conservative Bond Issues*

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Capital · 20 million dollars

than six million dollars and is carried only a small amount of the deposits of other banks. The chart shows that 16.8 per cent of its assets were in the form of cash and due from banks. This amounts to almost 19 per cent of the total deposits; it is a primary reserve greatly in excess of its requirements.

Added to its excessive primary reserve is an equally excessive secondary reserve. Moreover the secondary reserve is unbalanced from the standpoint of sound composition. The proportion of United States Government securities is much too large. An analysis of its loans and discounts shows that a substantial percentage is made up of bankers' acceptances and com-

mercial paper. The item of "other bonds" was composed largely of long term bonds, of considerable marketability, but unadapted, because of their long maturity, to a secondary reserve account.

The results on the earning power of the bank are evident. A relatively large part of the primary reserve was kept in the form of cash in the vault of the bank. The deposits with other banks were scattered among a larger number of institutions than the volume and character of the business of the bank in question demanded. As interest is paid on such balances on amounts in excess of a certain given figure, a return of 1 per cent on the total primary reserve is probably a

liberal allowance. The average yield of United States Government securities, bankers' acceptances and commercial paper during recent weeks would certainly not be above $4\frac{1}{2}$ per cent. Even though losses are practically all on such assets and the cost of administering funds in this form are very small, the net yield to the bank cannot help but be insufficient to pay satisfactory dividends.

If the cases discussed in this article illustrate instances when the secondary reserve of bank have been inadequate and excessive, is it possible to give an idea of the proper size of a secondary reserve? Destructive criticism has its proper place in clearing the ground for constructive suggestions. It is impossible in this brief article to discuss the various factors which need consideration in determining the proper size of such account. It can be said, however, that, as the result of analyzing a large number of banks from the standpoint of organizing sound secondary reserves for them, the following basic percentages have been determined: For both country banks and reserve city banks a secondary reserve equal to 35 per cent of the demand deposits plus 10 per cent of the time deposits is satisfactory in most cases. An excessive or sub-normal ebb and flow of funds, an abnormal distribution of the size of deposit accounts or other exceptional circumstances require a modification of these basic percentages. A difference in the composition of the secondary reserve account will provide greater liquidity for the reserve city bank than for the country banks. The secondary reserve of central reserve city banks require special treatment.

The determination of the proper size and composition of a bank secondary reserve is not the easiest of problems to solve. On the other hand, it is by no means an impossible question to answer, for many banks are doing it in a scientific yet practical manner. The solution can be obtained best—and it might be said, only—by the application of the principle of scientific analysis of the position and needs of a bank which should reveal its situation and the resources from which a secondary reserve may be developed. With the knowledge resulting from such an analysis it is perfectly possible to apply sound secondary reserve standards which have been developed by a thorough study of the underlying theory and patient experimenting with practical cases. If a banker is not equipped to make such a study for himself, competent counsel can be obtained to aid him.

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OVER \$66,000,000

THE FARM FORECAST

FOR 1930

(Continued from Page 8)

bers of livestock indicate no expansion in domestic requirements while European prospects suggest only a slight increase in foreign demand. Some increase in hog numbers in several European countries and the likelihood that such bountiful crops of feed grains as were produced in 1929 will not be repeated in 1930, promise of feed grains than during the past season. Such an increase in European demand for feed grains may be reflected in greater takings of United States barley, although increased competition may be expected from Canada and Argentina where acreage is expanding. Barley is being substituted in increasing amounts for oats and corn in hog and cattle rations and giving larger per acre returns than oats. In many areas barley produces more pounds of feed per acre than oats; in such areas barley will probably continue to be worth more per acre than oats in years of average yields even should barley production continue to increase.

CORN—With normal planting conditions, an increase in corn acreage in 1930 of nearly 2 per cent might be expected. Should an average yield per acre be obtained corn production would be about 5 per cent larger than in 1929. With the possibility of lower feeding requirements and no material improvement in commercial or European demand for American corn, prices for the 1930 corn crop are likely to be lower than for either the 1928 or 1929 crops. Some improvement in cash corn prices is possible between January, 1930, and the period when new crop prospects begin to affect the market. With an increase in cattle numbers definitely underway, the long-time outlook is in corn prices to be somewhat more favorable relative to livestock prices than in recent years.

HOGS—Hog prices in 1930 are expected to average at least as high as in 1929, and possibly higher. A reduction in slaughter supplies is indicated but this probably will be partially offset by a decrease in foreign and domestic demand for hog products. There are no indications as yet that the 1930 pig crop will result in slaughter supplies in the marketing year beginning with October, 1930, greatly different from those expected during the current marketing year. If, however, the relationship between hog and corn prices becomes increasingly favorable during the next few months some increase in the fall pig crop of 1930 will probably occur.

Corn Belt hog production during the past three years apparently has shown only moderate changes and has been at a level which is well adjusted to corn production. Prospects for a better domestic demand, even with a less favorable foreign outlet for American hog products during the marketing year beginning next October indicates that a pig crop in 1930 about equal to that of the last three years would probably result in returns to hog producers equal to the average of these years.

Beef Cattle

BEEF CATTLE—The outlook for beef cattle in 1930 appears less favorable than conditions which characterized the industry in 1929. Slaughter probably will be about the same as in 1929

and demand is expected to be slightly less. The high phase of the beef cattle price cycle which has prevailed since the latter part of 1927 is expected to continue during 1930. However, average prices for all grades for the entire year may be somewhat lower than those of 1929. Beef cattle raisers who contemplate expanding production are faced with a general tendency to increase cattle numbers and with a downward trend in prices over the next decade. Cattle feeders, also, will need to exercise great caution during the period of a declining price level.

POULTRY AND EGGS—Any increase in production of chickens in 1930 for the country as a whole over the production in 1929, either for eggs or meat, will tend to reduce prices of

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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, March, 1930

poultry and eggs to below the level of recent years.

The volume of egg production during the year 1930 promises to exceed that of last year by an amount corresponding somewhat to the increase of about 5% in the number of chickens. Larger prospective egg production indicates that prices lower than last year are probable, although the demand for storage should be good and the volume of spring consumption should be fully as large as last year.

A Great Industry

The automobile and motor vehicle industry employs directly 3,800,000 workers.

IS AN "ACCOUNT STATED" CONCLUSIVE

(Continued from Page 5)

ployed by B as an organizer on a percentage basis of the fees collected from B's organization. While acting as an organizer A received a statement each month from the secretary of the organization showing the amounts due him, sued for additional fees, and the court held that while the statements furnished by B were an account stated, they were not conclusive as to A, on account of the confidential relationship existing between the parties.

"Necessarily, A was obliged to rely upon the records kept by B for his information as to what commissions he was entitled to on account of as-

sessments collected. He might, it is true, as the evidence shows, have examined the books himself, but he was not required so to do, because B proposed by his action in that regard taken to, and he did pretend to furnish him statements of what its books showed, and these statements A undoubtedly had the right to assume correctly represented the facts. The case presented is not one where the parties are to be considered as dealing at arm's length, but one where, because of the existence of a confidential relationship, neither party could, without incurring liability therefor, misrepresent to the other any condition which it was important for the other party to be advised of," the court said.

The courts have also ruled that accounts will be opened between principal and agent where the agent has taken any advantage of the principal.

"Now a stated account is liable to be impeached; and in a fit case the party is admitted to surcharge and falsify it. If errors and mistakes are apparent on the face of it, or the party comes with a strong case, *re-centi facto*, courts dealing in equities are in the constant habit of affording relief. And, what presses with more force on the present occasion, there are situations of peculiar influence and confidence between the parties, in which the opening of settled accounts is very reluctantly refused, and very easily permitted," is a concise statement of the rule from the Federal courts.

In another case involving dealings between principal and agent, there was not only an account stated, but the principal had given a release, the evidence showed that he had been overreached by the improper conduct of the agent who did not render a faithful account, and the court ruled that the account was not conclusive.

"I hold that the principal is not estopped by reason of his acceptance of the money and signing the release, from now requiring the agent to so account. I find that the parties were not on equal terms when the settlement was obtained, that the principal was at a disadvantage through breach of the agent's duty and was overreached and overborne by the oppressive, wrongful and improper conduct of the agent and at a time when he owed a clear duty to the principal to have faithfully accounted to him for the moneys received before requiring any such discharge. It would be against equity and good conscience to permit the agent to protect himself against a discharge of this duty through a release obtained under such circumstances," the court said.

The Analytical Investor Is Buying

Associated Gas and Electric Company 5% Convertible Gold Debentures

These bonds are followed by a stock with a market value in excess of \$400,000,000, and the conversion privilege permits the holder of the bonds to profit when the Class A Stock goes above 50. This stock has sold at 72.

The Associated Gas and Electric Company is one of the largest utility companies in the United States; having a gross operating revenue of over \$89,000,000.

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Insurance

AS a nation, we are now experiencing one of the greatest spending "jags" that has ever been

known to exist in this country. Thousands upon thousands of families, young couples especially, are engulfed in the mad delirium of "a dollar down, a dollar-a-week" existence and are struggling against heavy odds in an endeavor to meet installment payments on high priced homes, automobiles, radios, and miscellaneous items. The exciting game of "keeping up with the Smiths" is shortening more lives and darkening more homes than any dread plague which has ever befallen the country.

In the majority of cases, the reply is, "I should be bothered; everybody's doing it." True enough, but we must not disregard the fact that, sooner or later, "everybody" is due for a ride on the financial toboggan.

The First Step

It would seem, therefore, that the *first step* to be taken in planning the family budget would be to summon the necessary courage to face the facts. If outgo is greater than income, disaster is inevitable unless one puts a watchdog on income and home finances by the adoption of a budget. It is well to realize at the start that budgeting is not difficult. It is merely "honest estimating and careful spending."

The *second step* in building a successful budget is a consideration of past expenditures. If accurate accounts have not been kept, estimates can be made from checkbook stubs, receipted bills, etc., and a fair estimate can be made as a guide. Then the total expenditures should be arranged in groups and analyzed.

The *third step* is the preparation of a statement of the actual income anticipated during the ensuing twelve months from all sources, such as salary, investments, rentals, bonuses, etc. Ordinarily, it is possible to state the

(The article above was the third prize essay in the Kirk Memorial Contest held by the Equitable of Iowa, and was published in a recent issue of "The Equivwa.")

Helping Your Customer PLAN HIS BUDGET

By Lester S. Roscoe

*Los Angeles Agency,
Equitable Life of Iowa*

exact amount of income at the beginning of the year, but in the case of lawyers, doctors, merchants and farmers, for example, it is obvious that exact income cannot be determined so easily in advance. By being conservative, however, and using as a basis the minimum income anticipated, these people can reasonably expect to be on the healthy side of the ledger at the end of the year.



LESTER S. ROSCOE

The *final step* is the division of this definite or estimated income into five or six major groups which form the structural framework of the budget. Although some economists differ slightly as to the classification of expenditures, we can, for all practical purposes, use the following arrangement: *food, shelter, household, clothing, development, and savings* (investments and insurance).

Let us consider the last item first. Success or failure in home finances depends largely upon a careful analysis of one's ability to save. Ten per cent of the income is usually the amount suggested and, if that percentage can be saved without affecting the health or efficiency of the members of the family, then ten per cent is a safe

starting point. In many instances, however, we find families facing legitimate monthly expenses that

make the saving of ten per cent prohibitive, but in the majority of cases as much as fifteen to thirty per cent of the income could be saved without resulting in hardship or reduced efficiency.

Consulting the Underwriter

An experienced life underwriter should then be consulted. His suggestions will be invaluable in the preparation of an efficient life insurance and savings program. The creation and conservation of an estate is one of the major problems that confront every home. Without life insurance, an estate must be created by degrees, and the successful fulfillment of the plan is contingent upon the survival of the income earner. On the other hand, a wisely selected life insurance contract will immediately eliminate this very serious hazard and, at the same time, offer the same advantages to be found in any other savings plan.

The trained underwriter will recommend and convincingly prove the value of a plan of insurance which, in the event of the death of the insured, will provide a monthly income to his beneficiaries. From the modern viewpoint, life insurance is worth only what the proceeds, invested at a *safe* rate of interest will return. Therefore, it behooves a man to own enough insurance so that, in the case of his death, the face amount invested at six per cent, for example, would provide his dependents with an income sufficient to maintain the standard of living to which they are accustomed. If a twenty thousand dollar insurance contract, payable under this plan, will return one hundred dollars per month, one can readily arrive at the amount of insurance needed.

Complete protection against death, total disability, and old age can be had in the average American home by building a budget calling for a monthly deposit of from twenty-five to fifty dollars, depending upon age and plan of insurance desired. The more progressive companies have arranged monthly payment plans for the con-

Central Western Banker, March, 1930

venience of the "budgeteer."

Ingenuity on the part of the housewife will result in a marked saving in the *food* expense. Women's magazines suggest many palatable and deli-

cious combinations, and usually the necessary ingredients are inexpensive. The percentage to be set aside for food depends, of course, upon such factors as climate, number and age of

persons in family, but, as a basis, we can use twenty-five per cent.

The question of *shelter* does not disturb sensible people, as a rule. Cleanliness, fresh air and accessibility to school, markets and transportation are the important factors. Twenty-five per cent of the income can be used here.

Fifteen per cent of income can be used as a basis for *household* expenditures. Under this heading, many items such as heat, light, and ice represent a small burden to many families because of wastefulness. Care taken, however, in the use of these utilities enables one to make a considerable saving.

The other two divisions are *development* and *clothing*. Houswives, who show ability in dressmaking, can reduce the clothing item considerably. Recreation, automobile, medical attention, and miscellaneous items will absorb the balance of the income.

All Records Broken

With total assets of \$3,010,560,051 and more than one-sixth of all of the life insurance outstanding in the three hundred American companies, the Metropolitan Life Insurance Company at the end of last year had surpassed all previous life insurance records, Frederick H. Ecker, president of the company, announced in making public the Metropolitan annual statement for 1929.

"The insurance written by the Metropolitan last year totalled \$3,374,600,626, which was more than 17 per cent of the total written by all companies," Mr. Ecker said, "while the total in force at the end of the year was \$17,933,600,452, or 17.3 per cent of the amount in force in all American companies.

"The Company wrote during the year \$1,416,638,094 of Industrial insurance; \$1,571,637,600 of Ordinary and \$386,324,932 of Group. The insurance in force with the company at the end of 1929 was: Industrial \$6,729,181,723, or 37 per cent of the total Industrial; Ordinary \$8,649,002,429, or 11 1/3 per cent of the total Ordinary, and Group \$2,555,416,300 or 27 per cent of the total Group.

"The Metropolitan's income for the year amounted to \$818,682,520, a gain over 1928 of more than \$75,000,000. During each week of the year approximately \$6,000,000 was received in the form of small premiums from Industrial policyholders.

"Payments to policyholders during the year totalled \$335,275,296. The Company's surplus was increased by \$17,365,032 and now stands at \$177,-

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

441,032. The dividends declared for payment to policyholders during the current year are the largest ever declared by any life insurance company —\$82,264,509, of which \$43,265,710 will be paid to Ordinary policyholders, \$37,970,999 to Industrial, and \$1,027,800 to Accident and Health.

"The daily average of the company's business in 1929 was 2,233 in number of claims paid, 20,674 in number of life insurance policies issued and revived; \$11,137,296 in amount of life insurance issued, revived and increased; \$2,026,714 in payments to policyholders and additions to reserve and \$1,039,881 to increase of assets.

Buy Federal Surety Stock

Thirty-five thousand shares of stock of the Federal Surety company have been purchased by a syndicate of six New York men from Charles D. Robbins & Company, New York bankers for the Federal Surety.

The six men who become new directors of the Federal Surety company are Ira A. Schiller, Frank Cohen, Carl Sherman, elected for three years; James Gibbs and James A. Stack, for two years; and Walter B. Adams, for one year.

Mr. Cohen becomes a vice president and Mr. Schiller treasurer of the company, Mr. Robbins, head of the New York concern which is banker for the Federal Surety Company, retains his interest, the announcement said, and remains as chairman of the finance committee.

Old directors of the company and the officers headed by W. L. Taylor, president and general manager, were all reelected.

An Insurance Center

Of the total assessed valuation of Hartford, Conn., amounting to \$380,206,115, the insurance companies having home offices in the city are assessed for more than \$29,000,000, or nearly 8 per cent of the total. The Travelers Insurance Company again heads the list of corporations, being assessed at \$13,390,000.

NEBRASKA'S BANKING AND FINANCIAL STRENGTH

By A. N. MATHERS,
President, Nebraska Bankers
Association

The total financial and banking business of the state is built upon the total agricultural and industrial resources of the state. Banking is a legitimate and integral part of Nebraska's entire business structure. The

banks of Nebraska, as a whole, will not rise above the state's growth and prosperity. Neither will the banks of Nebraska, as a whole, drop below that general average. Individual farmers, business, or professional men, fail, many of them. Yet the great productive wealth of the state goes forward. Likewise, some individual banks have, and will, fail, yet the great financial structure of the state will remain sound, and measured as a whole, will continue to reflect the general average condition of the state.

Visionary politicians, unworkable laws, too many banks, drastic deflation, dishonesty and incompetency, as

serious and threatening as they may appear at times, can no more destroy the great sound banking and financial structure of the state, than periodical hail, drouth, or frost, can destroy Nebraska's growing agricultural and industrial progress.

Speaking generally, for the entire state, the truth is, the banks of Nebraska are being better and closer supervised and conducted, than ever before. Less politics and incompetency, and far better bank supervision and direction. With the result, that measured by sound banking practice, conservative management, intelligent and methods, and requirements.



**Casualty Insurance?
Yes!**

**Surety Bonds?
Certainly!**

**Service?
Absolutely!**

WRITE TO

Federal Surety Company

W. L. TAYLOR
President

Home Office Davenport, Iowa

Central Western Banker, March, 1930

GLOBE & RUTGERS

FIRE INSURANCE COMPANY

111 William Street

NEW YORK CITY

 January 1, 1930

ASSETS		LIABILITIES	
Bonds and Mortgages.....	\$ 139,609.90	Capital	\$ 7,000,000.00
U. S. Liberty Bonds.....	509,100.00	Surplus	44,315,436.03
Government, City, Railroad and other Bonds and Stocks.....	93,855,135.00	Reinsurance Reserve.....	26,803,146.42
Cash in Banks and Office.....	3,784,621.70	Losses in course of Adjustment	12,122,958.00
Premiums in Course of Collec- tion	7,216,343.66	Commission and other Items.....	10,750,000.00
Interest Accrued.....	446,013.79	Reserve for Taxes and Deprecia- tion.....	5,000,000.00
Reinsurance Recoverable on Paid Losses.....	40,716.40		
	<hr/>		<hr/>
	\$105,991,540.45		\$105,991,540.45

SURPLUS TO POLICY HOLDERS.....	\$ 51,315,436.03
Losses settled and paid since organization.....	over 259,000,000.00
Losses settled and paid 1929.....	17,513,631.10

ISSUES POLICIES AGAINST

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motion, Sprinkler Leakage, Inland Marine Transportation, Parcel Post,
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A. H. WITTHOLN, Secretary

A. G. CASSIN, Secretary

J. L. HAHN, Ass't. Sec'y.

SCOTT COLEMAN, Ass't. Sec'y.

PROGRESS SINCE CONSOLIDATION IN 1899

	Assets	Reinsurance Reserve	Surplus
Dec. 31, 1899	\$ 529,282.59	\$ 26,832.54	\$ 3,038.94
Dec. 31, 1905	3,932,447.83	1,753,038.09	1,256,146.92
Dec. 31, 1910	5,255,362.12	1,936,224.86	2,365,363.37
Dec. 31, 1915	10,178,345.13	3,532,023.67	4,769,648.89
Dec. 31, 1920	42,765,374.55	16,593,764.16	11,361,311.89
Dec. 31, 1925	67,922,096.58	20,265,572.73	24,161,943.85
Dec. 31, 1926	71,740,996.88	21,162,599.90	25,610,575.98
Dec. 31, 1927	80,193,738.67	21,794,727.64	29,514,599.03
Dec. 31, 1928	98,190,644.96	24,332,695.62	37,252,917.34
Dec. 31, 1929	105,991,540.45	26,803,146.42	44,315,436.03

MORRISON & COMPANY

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OMAHA, NEBRASKA

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Nebraska News



A. N. MATHERS,
President, Nebraska Bankers Association



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

Consolidate at Beatrice

The First National Bank of Beatrice, on February 8, announced the purchase of the Union State bank of Beatrice.

The purchase gives the First National loans of approximately \$450,000 and cash, sight exchange and bonds of \$785,000. Deposits exceed one million dollars. F. H. Howey is president of the bank.

The First National bank, organized in 1877, is the oldest in Beatrice. For more than 33 years three of the present directors, F. H. Howey, Samuel Rinaker and C. B. Dempster have had a part in guiding its business. Other directors are W. C. Black, C. L. Aller, H. S. Reeves, E. T. Howey and S. F. Nichols.

Buys Grand Island National

The First National bank of Grand Island on February 10 announced the purchase of the Grand Island National bank, the First taking over all deposits of the Grand Island. Stockholders of the latter will liquidate assets and then share the proceeds.

The quarters of the Grand Island National bank were recently destroyed by fire, and since then it had occupied temporary quarters.

By the purchase, the First National became the largest bank in the state outside of Omaha and Lincoln, ranking seventh in the state among all banks.

The First National bank was organized in 1880 by C. F. Bentley, S. N. Wolbach joined him two years later,

when the bank was nationalized, and Mr. Wolbach became president. He retained this post until 1926, when he became chairman of the board and Emil Wolbach was made president.

The Grand Island National bank was organized in 1879. It nationalized upon passage of the state bank guaranty law.

In 1925, the First National took over the State Bank of Grand Island, with assets of \$700,000.

With \$285,000 of deposits of the Grand Island National, now added to its own, the First National Bank has deposits of more than 4 million dollars, and total resources of nearly 5 million dollars.

George Munson, assistant cashier of the Grand Island National, will be among its employes retained by the First National.

Granted Charter

The Nebraska National bank, successor to the Nebraska State bank, began business at noon Saturday, February 8, at Grand Island, Nebraska. The national bank charter was granted after a check by National Bank Examiner Nelson and his assistants.

The bank's resources, according to a statement in January, are \$1,804,733. Deposits were approximately \$1,300,000. It had long been regarded as one of the strong state banks in central Nebraska. A. J. Guendel is president and A. E. Cady and C. A. Viereg, vice-presidents.

THE LINCOLN public schools are installing a school bank-thrift program in co-operation with the Lincoln banks. Savings clubs are being established in every classroom. The school board approved the extension of a savings plan already in operation in the Whittier junior high school and a few of the other buildings.

The board's program provides for the formation of school savings clubs in all elementary grades from the third to the sixth, but with membership to be entirely voluntary on the part of the pupils. No records will be kept in the schools of the amounts deposited, but the number of deposits will be recorded on the back of the enrollment card. The local banks indicated their willingness to co-operate with the plan, carrying the savings accounts of the children because of the value of

encouraging thrift and training the coming generation to bank usages.

The choice of the bank in which the child deposits will be left to the child's parents.

OMAHA bank clearings for January, according to the statement of the clearing house association, were \$192,591,571, a gain of \$6,949,635 over December clearings, and also an increase of \$1,135,034 over January, 1929. Clearings for December were \$185,641,936 and for January, 1929, \$191,456,537.

Although there have been drastic reductions in bank clearings in most cities, the figures for Omaha have shown a consistent gain in recent months. Richmond, Va., and Philadelphia are virtually the only other cities which have shown gains.

Ford Hovey, president of the Stock Yarks National Bank of Omaha, has been elected president of the Omaha Clearing House Association. W. Dale Clark, president of the Omaha National Bank, was made vice-president and William R. Hughes was re-elected secretary-treasurer.

THE NEBRASKA State Bank building at Norfolk was badly damaged by fire, February 12. Pending reconstruction, the bank has made temporary quarters in a vacant store building, keeping records and funds in the Norfolk National Bank vaults.

T. C. BYRNE of Omaha has resigned his position as a member of the board of directors of the Kansas City branch of the Federal Reserve bank. Willard D. Hosford was recommended by the Omaha Clearing House association, to succeed him.

Mr. Byrne was a director of the parent bank for the Tenth federal reserve district since its organization. He is now in California and is suffering from a breakdown of health.

Mr. Hosford is vice-president of the John Deere Plow Company, in charge of the Omaha branch.

THOMAS WOLFE, president of the First National Bank of David City, Nebraska, died February 10. A former Omahan, he had been connected with the bank since 1877.

Central Western Banker, March, 1930

Claim Repeal of Law is Certainty

THE REPEAL of the bank guaranty law that has existed in Nebraska since 1911 is certain at the special session of the Nebraska legislature, called by Governor Weaver to meet in March.

In a message to the legislators, the middle of February, the governor announced his plan to remedy the banking situation in the state.

It proposes, in order to make 16 million dollars of the deficit in the bank guaranty fund for depositors of failed banks, to tax the state for half of the amount, and assess the state banks for the remainder. Both payments would be extended over a period of years.

The second proposal by Governor Weaver, is a guaranty plan for the future by which each bank would create its own guaranty fund. To raise this amount he would levy on the average daily deposits until there was deposited with the state, a sum equal at least to the capital of the banks.

That the legislative fight over the governor's plan will be a hard one, is indicated by preliminary views from bankers and legislators. Especially will the proposal for attempting to repay the depositors of failed state banks be fought.

The plan for future guaranties by each bank of its own deposits, similar to the South Dakota plan, has won more friends.

Dan V. Stephens, former leader among the state bankers of Nebraska,

who nationalized the Fremont State Bank into the Stephens National bank of Fremont the first of the year, declared the governor's proposals for repaying the guaranty deficit were impractical and made too late.

A. L. Schantz, president of the State Bank of Omaha, largest State bank in Nebraska, was equally positive in opposition to future assessments to cover past losses.

Among the significant paragraphs of the governor's statement of his banking views are given the following:

"The people of the state whose business is now retarded and jeopardized by existing conditions, are asking immediate constructive and remedial legislation. It is a just demand in the public interests.

"According to the best information available at this time there is an undetermined deficit of at least 20 million dollars, and the final amount will not be definitely disclosed until the assets of all failed banks are liquidated.

"There is no enforceable legal obligation on either the public or the state banks to pay the deficit. This conclusion is supported by the settled law as to liability of states and by an opinion of the attorney general in response to my inquiry in 1929 as to the legal liability. He held that where a state bank has paid to date, the assessment limited by law annually to six-tenths of one per cent of its average daily deposits, it can without further legal liability nationalize or liquidate. Furthermore, it is equally true that as

long as a state bank remains in the state bank system, it is liable for the annual assessment fixed by the legislature.

"That while there is no enforceable legal obligation on either the state or the state banks to contribute to the past deficit where they either liquidate or nationalize, there is a moral obligation for contribution, on a fair basis, by both.

"The moral obligation of the state rests on the following undisputed facts:

The state established the guarantee fund system against the objections and over the protests of the state banks, comprising a system which, as a whole, had, prior to that time, been prosperous and successful.

"The state failed to protect the new system by not authorizing the banking department to refuse new bank charters. This defect has been remedied since, but not until after the supreme court had held that the banking department had no discretion in the matter and not until hundreds of bank charters had been granted, and in many communities where not needed.

"No power was vested in the banking department as to licensing bankers or as to cancellation of banker's licenses. This defect has since been remedied, but not until many of the bankers who are responsible for bank failures, had received charters and become bank officials.

"The bank guarantee law in specific language authorized the banks to advertise that the depositors were protected by the depositors guarantee fund of the state of Nebraska. By the use of this ambiguous phrase authorized by the state, people were misled as to the scope of the guaranty fund. Many depositors thought that the state was liable for deposits.

"The state, by specific legislation, was responsible for the policy of operation by the agents of the state of going banks under the guarantee fund commission, without regard to their solvency. The result was that the deficit was materially decreased by new deposits.

"The moral obligation of the banks rests upon the following undisputed facts:

"Even though the state banks accepted with reluctance the guarantee system, almost without exception they have heralded the system as a panacea for all, advertised it extensively and contributed in misleading the people as to its limitations and scope. At different times a large number of state bankers inserted advertisements in the leading papers of Nebraska, proclaim-

United States National Co.

OMAHA

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

OFFICERS :

W. B. T. BELT, *Chairman of the Board*

ROBERT P. MORSMAN, *President*

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AUSTIN L. VICKERY, *Assistant Cashier*

VICTOR B. CALDWELL, *Assistant Cashier*

H. W. YATES, *Assistant Trust Officer*

Central Western Banker, March, 1930

ing the results of the system as beneficial and pledging their loyalty and collective responsibility for the future.

The record of all assessments paid and levied under the guarantee fund law since 1911 is shown by the following table:

635 existing banks	
paid assessment	\$11,982,720.38
Uncollected assessments	
levied	2,912,326.95
Total	\$14,895,047.33
Assessments levied on	
all closed, national-	
ized and liquidated	
banks	5,031,483.46

Total assessments levied	-
on all banks since	
1911	\$19,926,530.79

After this summary of the banking situation and obligation, the governor proposed:

"One of the indispensable factors in this restoration of our banking system will be found in continuing an assessment of three-tenths of one per cent of the average daily deposits in state banks, not under the involuntary partnership of the past but on the basis that assessments to this amount be paid by each bank from and after January 1, 1931, shall be represented by Nebraska securities such as are eligible by law for investments of the permanent school fund, to be deposited by each bank to the amount of the assessment with the state treasurer for the protection only of the depositors of the contributing bank (we find a striking parallel in the Nebraska Legal requirement for insurance companies to make a deposit of securities with the department of trade and commerce for additional protection to policyholders); that assessments for this purpose shall continue until the amount of such reserve equals at least the amount of the capital stock of the contributing bank; that each bank shall have the option of paying more than three-tenth assessment and up to the full amount at any time; that all interest accruing from this reserve go to the contributing bank; that the securities shall not be used as a basis of loans and may be used only for the protection of the depositors of the bank making the contribution, unless the bank liquidates without loss to the depositors, in which event it is returned to the bank creating the reserve fund; that all such securities shall be approved by the bank commissioner and the state treasurer; and that duplicate receipts be issued, one to the bank and one to the state bank commissioner.

"Legislation is needed requiring all bank officials to furnish bonds which should be deposited with the state banking department. This would afford additional protection to depositors. I recommend as an additional protection to the banks and the business of a community a further amendment to the banking laws which will make all persons criminally liable for false utterance or circulation of false statements regarding banks or bank officers.

"To insure adequate capital for the transaction of business, I suggest the adoption by the legislature of an amendment providing that the average

deposits on a yearly basis, or any bank shall not exceed fifteen times the amount of the capital and surplus. This means that banking capital must be increased when needed.

"The people should adopt the constitutional amendment submitted by the last legislature under which the double liability of the stockholders will accrue at the time of the failure of a bank. Under existing laws this liability accrues only after the final liquidation of a bank and the stockholders' property at that late date is in many cases dissipated or converted in order to defeat recovery.

"Because of the moral obligation as

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.

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EDWARD A. BECKER, Cashier	WHEATON BATTEY, Asst. Cashier.

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NEBRASKA BANKS AND BANKERS
IN THEIR INVESTMENT NEEDS

The First Trust Company

of
LINCOLN, NEBRASKA

"Complete Investment Banking and Trust Service"



OUR BANKING ROOM
MAIN FLOOR RIGHT

OFFICERS

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

It has been wisely stated that "words must owe their power to association," and following this line of reasoning, it is only logical for you to associate with this bank, live stock and stock yards transactions.

We also render a complete banking service.

Stock Yards National Bank of South Omaha



Affiliated with the
Northwest Bancorporation

The Only Bank in the Union Stock Yards

hereinbefore set forth, I deem it just that some contribution over a period of ten years to help pay the deficit, should be required of the state banks of Nebraska. The legislature should not impose conditions that are punitive or which will impair present or future solvency of state banks. An assessment of two-tenths of one per cent, over a period of ten years, with a privilege given to banks to discount within that period on the basis of five per cent annual interest for any unexpired time, is not unreasonable. The amount of this assessment for this period, when we value the advantages of state bank services to depositors in an agricultural community, is no more than the cost which is imposed on the national banks for the service rendered by the Federal Reserve system. Obviously it would be an unsound policy for the state in dealing with this problem, to deny our state bankers a fair and competitive field in the banking business.

"The assessments of two-tenths of one per cent in a period of ten years should amount to approximately five million dollars, or the equivalent of five million dollars in value to the depositors, if discounted. This, with the approximate of three million dollars now due and payment of which has been deferred by reason of the injunction litigation, would make a contribution of eight million dollars by the state banks on the old deficit.

"The people will vote on a constitutional amendment at the coming election, which if adopted will give the legislative authority to appropriate eight million dollars for the relief of depositors of failed banks. This does not mean that the money must be appropriated at one time or that it will add to the normal state property tax which under present valuations of property and the needs of the state will average between two and two and one-half mills."

The legislature will be summoned after seven vacancies have been filled by special election.

Utahans to Speak

O. W. Adams, president of the Utah State Bankers' association; W. H. Hadlock of Salt Lake, state bank commissioner and George S. Eccles, vice-president of the First National bank of Odgen, will be speakers on the program of the Pacific northwest bank management conference at Portland, Ore., March 5 and 6, it was announced by Mr. Adams.

Bankers from most of the western states will attend.

News of the Omaha Stock Yards



Baby Beef Contest

In North Dakota's second carlot baby beef contest, with the four top carlots making an exceptionally good showing, Otis Nelson of near Mapleton won first place in keep competition on a carlot of 15 fat Hereford calves which averaged 995 pounds each at fourteen and one-half months of age. W. L. Davis of Page, who produced the champion carlot last year, pushed Mr. Nelson for a very close second. Mr. Davis this year produced an average of 931 pounds of beef on a carlot of 15 grade Angus calves at slightly less than fifteen months of age. Frank Markow of near Pretty Rock, in Grant county, demonstrated that high-quality baby beef can be finished west of the Missouri river and won a close third by putting an average of 836 pounds on 15 high-quality Hereford calves at less than 14 months of age. Hertsgaard Brothers at Kindred, who had the second prize carlot last year, made a very creditable showing again this year, winning fourth place on 15 of their good Shorthorn calves. These calves made an average of 784 pounds at a little less than thirteen and one-half months of age.

The state carlot baby beef contest is conducted by the extension department with the assistance of the county agents and with the coöperation of the North Dakota Livestock Breeders' association and other livestock interests. Each man entered is allowed to feed and manage his baby beef in any way he sees fit.

Herd Test for Guernsey Cattle

Cow Testing Association records will become official and will admit pure bred Guernseys to the Advanced Register of the American Guernsey Cattle Club.

All animals in the herd must be started on test including both grades and pure bred. The fee will be only

one dollar per cow instead of ten dollars as in the regular division and the records will be published in the Guernsey Breeders' Journal as well as the Advanced Register Volume.

All animals will be entered in a new classification with a letter A to G depending on the age of the animal and the suffix "H-I." Three special check tests may be run but any additional check tests will be at the expense of the American Guernsey Cattle Club.

The test is retroactive to January 1, 1930.

According to Karl B. Musser, secretary of the American Guernsey Cattle Club it is expected that a very large number of breeders will avail themselves of this very inexpensive method of getting their animals into the Advance Register.

To Handle Wheat

A coöperative marketing association for Wyoming and Nebraska farmers to operate under the plans of the federal farm board was launched last month with the hope that the organization would be completed in time to handle the 1930 wheat crop.

The association will be known as the Farmers West Central Grain Coöperative, Inc., which will be a regional association of the Farmers National Grain corporation, sponsored by the federal farm board.

C. B. Steward of Lincoln was elected president of the first board of directors of the association at a meeting held last month, and other officers of the board are: Ernest Peterson of Axtell, vice president; J. W. Short-hill, Omaha, secretary-treasurer. Members of the executive committee are Frank Cogsdill, Manville, Wyo.; J. M. McNally, Bellwood, Neb., and P. P. Cedar, Genoa, Neb.

The seventeen representatives of the coöperative marketing associations that were appointed at a meeting

at Grand Island January 23 to draft a constitution and by-laws will serve as the first board of directors until October, when a meeting of the stockholders will be held to elect a board of directors.

THE STATE BANK of Cairo, Nebraska, formed by a consolidation of the Cairo State Bank and the Farmers' State Bank, opened for business February 6. Both the former banks had failed last November.

Depositors of the Farmers State bank accepted a slash of 60 per cent and those of the Cairo State bank of 70 per cent of their accounts, in order to effect a reorganization. New stock of 16 thousand dollars for the Cairo bank and of 15 thousand dollars for the Farmers bank was subscribed. Undesirable assets were disposed of.

The combined institution began business with total assets of 156 thousand dollars. W. L. Heupel is president of the new bank, S. R. Benton, vice-president, G. C. Raven, cashier, and W. E. Sorensen, assistant cashier.

The reopening was the twenty-third in Nebraska under the provisions of the reorganization plan formulated by the last legislature.

THE NEBRASKA state banks who joined in court action resisting the special guaranty fund assessments, have taken to the supreme court of the United States their appeal from the decision of the Nebraska supreme court, upholding the assessments. The banks had won in district court, but the state supreme court reversed the district court decision.

C. T. KOUNTZE, vice-president and chairman of the board of the First National bank of Omaha, was confined in a hospital for a few days following an infection of his finger, due to a scratch from a rusty pen point.

Central Western Banker, March, 1930

DAVIDSON NAMED "MOST DISTINGUISHED CITIZEN"

James E. Davidson, president of the Nebraska Power Company, Member of the Board of Directors of the Northwest Bancorporation, and a Director of the Stock Yards National Bank of Omaha, was last month named Omaha's "most distinguished citizen" for 1929.

Mr. Davidson has taken an active interest in banking affairs of Omaha because of his connection with the two banking institutions. He is also Vice-President of the Occidental Building & Loan Association.

Mr. Davidson was awarded the fourth annual citation of community service given by the Omaha Post of

the American Legion before a large crowd that filled the Council Chamber of the City Hall.

The Mayor, Richard L. Metcalfe, paid a high tribute to the high standards of citizenship displayed by Mr. Davidson's civic record for the past year.

Mr. Davidson, since coming to Omaha thirteen years ago, has taken an active interest in community and civic affairs and has won for himself and his Company friends through the City.

The Omaha Post of the American Legion picks each year the citizen of the City that has done the most for Omaha during the past year.

In connection with the award to Mr. Davidson, the citation read:

"As a Leader in patriotic, social, philanthropic and civic work who seeks rather than avoids opportunity to serve his City, and by unstinted personal effort inspires those who follow his leadership;

"As a Worker whose civic activities are never tainted with jealousy of others who may incidentally obtain personal aggrandizement or advantage from his efforts;

"As a Pioneer in all activities, looking to the future progress and development of his community and the welfare and prosperity of its citizens;



JAMES E. DAVIDSON

"As a Builder of civic consciousness, confidence and pride;

"As an Optimist who meets civic reverses with constructive programs for progress and development;

"And in consideration of the inspiration resulting from his example and the accomplishments resulting from his works, cites and publishes him as the resident of Greater Omaha who during the year 1929 contributed the most to the City of Omaha in disinterested and unselfish service, unassociated with his vocation or personal interests."

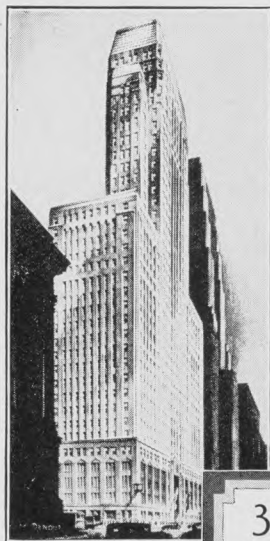
Should the Federal Reserve Examine Its Members?

(Continued from Page 4)

Under these conditions, banking has expanded the scope of its activity. The modern bank necessarily, either directly or through affiliated corporations, undertakes to furnish every financial service which its customers require.

It is because of this broader viewpoint that we have grouped many financial activities together in one institution, which we still operate as a bank, and which we are pleased to call a complete banking service. It is be-

A Correspondent Service



developed
from 68 years'
experience

FOREMAN-STATE NATIONAL BANK
FOREMAN-STATE TRUST AND SAVINGS BANK
CHICAGO

Resources exceed 200 million dollars

cause of this same tendency that we find many banks grouped together, either as branches of a single corporation or as separate corporate entities under a single controlling ownership. Hence, branch banking, group banking and chain banking.

This newer organization of banking activity—new, at least to the United States—has come to stay. If it has certain weaknesses, it also has elements of strength. There is said to be a lack of personal responsibility to and personal interest in the local community which is served by a branch or chain bank. To what extent this may be theoretical and to what extent it may be real, only time and experience will tell. There is, to a certain degree at least, a lack of that driving force of individual ambition which is inherent in a business owned by the individual or individuals who are directly responsible for its conduct. To determine to what extent this may be an actually deterrent force, we must await the answer from actual experience. On the other hand, proponents of the newer system assert that it brings executive direction, greater mobility of loanable funds, more economical merchandising of securities, more

profitable exchange of business contacts.

Management

As in other forms of activity, the dominance of conflicting elements—some of strength and some of weakness—will vary in particular institutions, will depend upon the strength and foresight of each particular management.

The tendency toward group and branch banking has, however, certain specific aspects in which we all have a vital interest—bankers, businessmen, citizens. There is necessity for federal regulation of affiliated banking institutions—whether they be subsidiaries of a single unit operating in a limited territory or subsidiaries of a holding company serving a wide area. There is pending before Congress a bill which would authorize the Comptroller of the Currency to examine every institution which is a member of the Federal Reserve System and every affiliate thereof at least twice in each calendar—extending the National Bank examination system to all members of the Federal Reserve System and their affiliated institutions.

While I am by no means ready to

recommend that the Federal Reserve Banks be deprived of the privilege which they now enjoy, of examining their members, yet I am convinced that the Comptroller's Office should have, and should exercise authority to examine all members of the Federal Reserve Bank and of their affiliated banking institutions. There is a wide diversity of opinion as to the extension of such authority to affiliated institutions which do not receive deposits or accept public trusts. In most, if not all cases where difficulties overtake affiliated institutions, the same trouble would effect the parent organization.

Interlocking relationships necessarily affect all members of such banking combinations. In the case of holding companies owning a number of banks, state authorities frequently do not have the facilities for thorough and complete examination and, more important, as such chains extend beyond state limits, therefore, no single state has the necessary authority. A lack of Federal regulation and examination in such cases results in a lack of adequate regulation, a condition to which we, as bankers and business men cannot subscribe.



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Collection Proceeds Live Stock Shipments
Collection your Omaha items
also

IF YOU WANT—

Careful Selection of Bonds for your
Secondary Reserve

TRY THE

LIVE STOCK NATIONAL BANK OF SOUTH OMAHA

Union Stock Yards
O M A H A

W. P. ADKINS, President	ALVIN E. JOHNSON, Vice-President
HOWARD O. WILSON, Cashier	L. V. PULLIAM, Assistant Cashier
R. H. KROEGER, Assistant Cashier	W. S. HOGUE, Assistant Cashier

The Elms Hotel

**EXCELSIOR SPRINGS
MISSOURI**



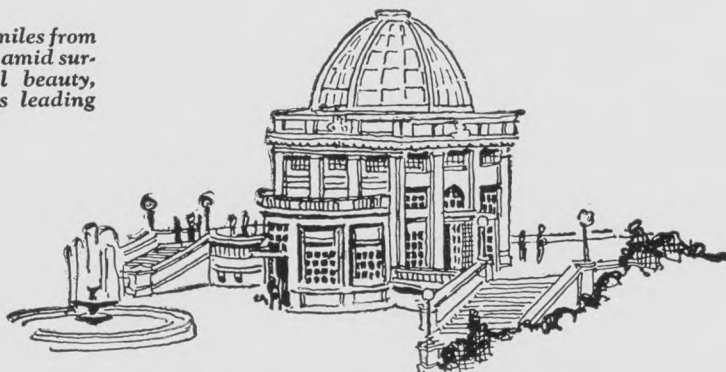
Where you can drink of Nature's Greatest Health Waters

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

Here you can tone up your system, regain your health with our world famous mineral waters and baths and if you wish, enjoy all the pleasures of resort life, golfing, swimming, horse-back riding, boating, tennis, etc. For reservations or beautifully done book, fully illustrating the beauties of The Elms and Excelsior Springs, write, wire or phone F. F. Hagel, Managing Director.

*The Elms is only 28 miles from
Kansas City, nestling amid sur-
roundings of natural beauty,
with paved highways leading
in all directions.*



One of the World's Most Famous Mineral Springs Resorts

South Dakota News

Bank Elects Officers

At the regular annual meeting of the stockholders in the Farmers and Merchants National Bank in Milbank, South Dakota, the following directors were elected:

N. J. Bleser, K. E. Bleser, Jos. H. Holden, W. S. Given and Alex Highland.

The directors met for their regular annual meeting and elected officers as follows: W. S. Given, president; E. H. Benedict, assistant to the president; N. J. Bleser, vice-president; O. B. Schneck, cashier; A. R. Allen, assistant cashier; H. H. Allen, assistant cashier.

Annual Meeting

At the annual meeting of the stockholders of the Citizens Bank & Trust Company, Vermilion, South Dakota, all of the officers were re-elected for another year. They are: M. J. Chaney, president; C. E. Prentis, vice-president; M. A. Chaney, cashier; C. L. Lloyd, and Maud Sloan, assistant cashiers. The directors are M. J. Chaney, C. E. Prentis, M. A. Chaney, Maud Sloan, H. G. Taylor, Peter Olson and W. R. Cleland.

Elk Point Election

Officers of the Union county bank at Elk Point, South Dakota, elected for the coming years at a recent business meeting included the re-election as president of W. A. Schaetzel.

Other officers include J. G. Schaetzel, vice-president; George C. Kimmel, cashier; Iver Hayhomme, assistant cashier; W. A. Schaetzel, J. G. Schaetzel, M. E. Schaetzel, L. Bihlmeyer and George C. Kimmel, directors.

Bank Interest Sold

An important business transaction at Wilmot, South Dakota, was the purchase by Paul J. Carstens of the shares which Samuel C. Jones held in the First National bank of Wilmot. Mr. Carstens has been affiliated with the bank several months, and now will take a more active part than ever in maintaining the bank as one of the strong financial institutions of this part of the state.

Third President in Family

M. P. Ohlman, jr., was elected president of the American State bank at

Yankton, South Dakota, at its regular meeting. The bank was founded by his father in 1891 and until his death in 1928 he was its president. The next president was another son, J. W. Ohlman, who held the presidency until his death last summer. Other officers of the bank are: J. M. Lloyd, vice-president; H. E. Edmunds, cashier; and H. C. Nyberg, assistant cashier. Mrs. Emilie Ohlman was elected to the board of directors, the other members being the officers as named above.

Elected to Board

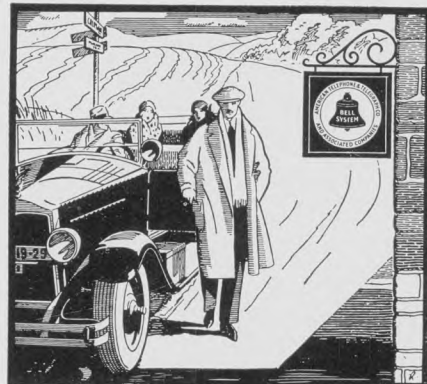
Samuel A. Koenig was elected to the board of directors of the Rubey National bank, Golden, Colorado, at a meeting of the stockholders and directors of the institution. The following officers were elected for another term: J. C. Burger, vice-president of the Denver National Bank, chairman of the board; E. A. Phinney, president; H. W. Pratt, vice-president; H. R. Greene, cashier; R. J. Kell, assistant cashier. In addition to Mr. Koenig, the directors of the bank are: J. C. Burger, E. A. Phinney, H. W. Pratt and H. R. Greene.

Making telephone service easy to buy

MARKED by the familiar blue Bell System seal, hundreds of thousands of coin box pay stations and public telephones in charge of operators put Bell System communication at the disposal of the travelling public.

Always ready for use and within easy reach almost everywhere, these telephones render a valuable public service and contribute their share to the revenues of the System.

The Bell System has grown and is growing with the nation—and faster than the growth in population. Back of its securities is a total plant investment of more than \$3,500,000,000 and more than \$500,000,000 is being



spent yearly for new and improved plant.

Through far-sighted management, the Bell System maintains the best possible telephone service at the lowest cost consistent with financial safety. Its funded debt is only 25% of its total assets. Its net earnings are more than four times interest charges.

May we send you a copy of our booklet, "Bell Telephone Securities"?

BELL TELEPHONE SECURITIES CO. Inc.

195 Broadway, New York City



Central Western Banker, March, 1930

Colorado News

New Assistant Cashier

Mrs. F. A. Betts has succeeded Mrs. James Wood as assistant cashier of the First National Bank of Wellington, Colorado. Mrs. Wood (Mildred Piatt) retires as she and her husband expect to leave Wellington this week for Kansas City, Mo.

Obtains National Charter

The Farmers State Bank of Grant Colorado, has become a national insti-

tution and is now operating as The Farmers National Bank of Grant. The change had been contemplated by the management for some time, but it was not until recently that the comptroller of the currency issued a national charter which made the change possible.

The Farmers National bank, is a member of the Federal Reserve system and will operate under surveillance in the future. M. D. Keller will continue as president with E. E. Jackson as cashier.

Election at North Fork

The stockholders of the North Fork, Colorado, State Bank, at their annual meeting elected the following officers and directors to manage the affairs of the bank during 1930. President, Albert Smith; Vice-president, H. B. Fetz; Cashier, Harry H. Addams; Assistant Cashier, Chas. R. Neill.

Besides the above, O. G. Taylor and Glenn Ellington were reelected as directors.

Elect New Officers

At the annual meeting of the stockholders of the First National Bank of Hotchkiss, Colorado, the following officers were elected for the ensuing year: President, J. Ed. Hanson; Vice-presidents, S. A. Sylvester, J. Myers, and Geo. Gunther; Cashier, Charles Myers; Assistant Cashier, Arley H. Sylvester; Directors, S. A. Sylvester, J. T. Myers, Geo. Gunther, J. Ed. Hanson, Carl F. Karlen, and Charles Myers.

Mr. Hanson was elected to the presidency of the bank, succeeding H. A. Sylvester, whose continued ill health has forced his temporary retirement from active business.

Renews Charter

The Colorado Bank & Trust company at its annual meeting in Delta, Colorado, voted to extend its charter for another twenty years and elected officers for this year. The bank has been in business for twenty-one years, completing the period of time and the allowable extra year of its charter. The charter is filed with the secretary of state.

The officers of the bank now are: Melvin Springer, president; L. W. Sweitzer, vice-president; R. C. Raber, vice-president; Charles E. Parker, cashier; I. C. Hall, C. A. Carlson, A. E. Penley, L. W. Sweitzer, C. E. Parker, R. C. Raber and Melvin Springer, directors.

New Trust Department

Organization of a Trust Department for the Yampa Valley Bank at Hayden, Colorado, was started recently. This step was taken after two years of study in which it was decided that the community was in need of such a service.

This department will take the work of administrators and trustees of minors and estates away from the bank officials and put it in the hands of the bank as an institution. Thus the death of a bank officer will not affect the administration of an estate or of any like legal proceedings for the bank as an institution will continue.

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.

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

OFFICERS

Albert H. Wiggin,
Chairman of the Board

John McHugh
Chairman of the Executive Committee

Charles S. McCain
President

Robert L. Clarkson
Vice-Chairman of the Board

Vice-Presidents

Carl J. Schmidlapp	Hugh N. Kirkland	Franklin H. Gates
Reeve Schley	James H. Gannon	T. Arthur Pyterman
Henry Ollesmeimer	William E. Purdy	Amrose E. Impey
James T. Lee	George H. Saylor	Lynde Selden
Sherrill Smith	M. Hadden Howell	Maurice H. Ewer
Alfred C. Andrews	Joseph C. Rovensky	Hugo E. Scheuermann
Robert I. Barr	Ruel W. Poor	Ralph L. Cerero
George T. Warren	Edwin A. Lee	Jay D. Rising
George D. Graves	Leon H. Johnston	Harold W. Vanderpool
Frank O. Roe	William H. Moorhead	James Bruce
Harry H. Pond	Horace F. Poor	Walter S. Jelliffe
Samuel S. Campbell	Edward E. Watts	Arthur W. McCain
William E. Lake	J. Sperry Kane	Claude H. Beaty
Charles A. Sackett		Frederick O. Foxcroft

Vice-President and Cashier
William P. Holly

Utah News

Farm Course for Bankers

Plans are being prepared for the second annual bankers' short course in agriculture, to be given in Logan, Utah, during the latter part of April through the cooperation of the Utah State Bankers' association and the U. S. A. C. extension service. Approximately 150 bankers from all sections of the state are expected to attend the two-day course, which was undertaken with considerable success last year for the first time.

The subjects for this year's course will be various phases of the dairy and sheep industries. During 1929 the state bank association awarded achievement pins to 76 per cent of the 4500 4-H club boys and girls of Utah and the organization has appropriated \$1200 for pins this year. The Carbon-Emery division leads with 496 enrolled in the 4-H club work, followed closely by Cache and Tooele counties.

To Enlarge Bank Quarters

To meet the demands of expanding business in the trust and investment departments, Walker Brothers Bankers will open up additional space with a frontage of fifty feet on Second South street, Salt Lake City, Utah.

The new quarters will be used exclusively by the investment department, which is under the direction of Edgar A. Bering, vice-president, with Oscar K. Carlson as assistant manager.

The trust department which is under the direction of John M. Wallace, vice-president and trust officer, and Reed E. Holt, assistant trust officer, will retain the present quarters heretofore occupied jointly by the trust and investment departments.

The new addition makes the second space expansion since the bank moved from its original building to its present quarters in 1912. The present Second South street frontage was added about six years ago.

Ogden Banks Elect

Directors of the First Securities corporation, the First National bank and the First Savings bank and also the National Bank of Commerce of Ogden, Utah, held election of officers recently.

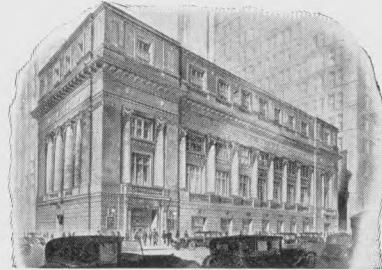
C. H. Barton was re-elected president of the National Bank of Commerce; J. H. Riley, J. W. Abbott, Ezra

Richardson and P. A. Dix, vice-presidents; Harmon Barton, cashier; J. H. Hinckley, Phil A. Kohn and Louis P. Cook, assistant cashiers.

Officers re-elected by the First Securities corporation are M. S. Eccles, president; M. A. Browning, vice-president; E. G. Bennett, vice-president and general manager; E. E. Byer, assistant vice-president; George S. Eccles, secretary-treasurer; C. I. Can-

field, assistant secretary-treasurer and auditor; M. W. Johnson, manager of First Securities company.

The First National bank and First Savings bank re-elected M. S. Eccles, president; George S. Eccles, executive vice-president; M. A. Browning and R. B. Porter, vice-presidents. Others elected are: Lawrence S. Clayton, vice-president; A. V. McIntosh, cashier of First National bank; S. T. Jepsen, cashier of First Savings bank; W. H. Loos, trust officer; W. L. Wilson, assistant trust officer; O. C. Hammond, assistant cashier of First National bank.



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Northwest Corner LaSalle and Monroe Streets

CHICAGO

Wyoming News

Re-election at Lander

Stockholders of the Lander (Wyoming) State bank re-elected all members of the board of directors in annual meeting. The board includes John Carmody, W. J. Hagans, Dr. W. Francis Smith, Thomas Dunne, and M. A. Melson. John Carmody remains as president of the bank organization; M. A. Melson and Thomas Dunne, vice-presidents, with Mr. Melson as manager in charge. Harold D. DelMonte was re-elected cashier of the bank.

The Lander State bank has had a prosperous business year, according to officers, and it enters the new year with good prospects for substantial increase in growth.

Increases Capital

Stockholders of the North Side State bank of Rock Springs, Wyo., have voted to increase the capital stock of this institution from \$75,000 to \$100,000. At the same time the surplus of the bank will be increased by \$25,000 to keep it equal to the capital stock, the total increase of resources being \$50,000.

This move comes as the natural result of years of growth and development. Since the bank was organized in 1912 it has built a surplus from its earnings equal to the capital stock and

in addition has paid its stockholders dividends totaling 150 per cent. Since the first dividend was declared in 1915 it has not failed to yield an annual profit. When the increased capitalization was announced the stockholders who were given preferential right to purchase the new stock, over-subscribed the issue.

Stockholders Meet

The stockholders of the Union State bank of Upton, Wyoming, met in annual session recently, and after disposing of the regular routine of business, re-elected all the old officers and directors. The stockholders expressed themselves as very well pleased with the management of the bank and the general condition of its affairs.

Consolidate at Laramie

The Albany National bank of Laramie, Wyoming, recently took over the Citizens State Bank of Rock River. In an interview with R. G. Fitch, an official of the Albany National, Mr. Fitch stated that everything was in first class shape at the Rock River bank and that the officers merely decided to discontinue. The local bank has assumed the deposit liability but did not purchase the building.

New Officers at Wellington

The First National Bank of Wellington, Colorado, at its annual stockholders' meeting elected Conrad Braun, W. L. Hauptli, C. F. Osborn, A. J. Piatt, H. B. Persons, E. A. Shinn, D. S. Aldridge and H. E. Wise as directors of the organization. W. L. Tanner retired from the board and is succeeded by D. S. Aldridge.

Officers elected are: A. J. Piatt, president; E. A. Shinn, first vice-president; H. B. Persons, second vice-president; W. L. Hauptli, cashier; Mrs. F. A. Betts, assistant cashier. Mr. Tanner retires after serving as president for 15 years.

Minnesota the Master Miller

The state of Minnesota continues the role of the master miller of the United States, according to statistics released by the department of commerce through its Northwest district office located in the Federal building, Minneapolis. Of the 1,071 mills reporting to the government, the 69 mills located in Minnesota account for 19,927,158 barrels of wheat flour produced in 1929 as compared with 115,308,296 barrels for the entire United States, or 17.3 per cent of the total. The quantities of wheat ground to produce this flour amounted to 92,060,091 bushels and 528,731,199 bushels respectively.

Kansas with 108 mills ranked second, having produced 17,576,253 barrels.

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 LON DON OFFICE, 29 THREADNEEDLE ST., E. C. 2

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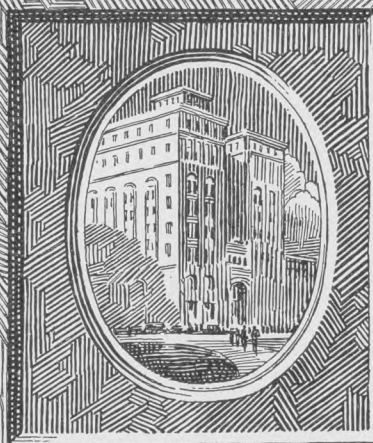
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