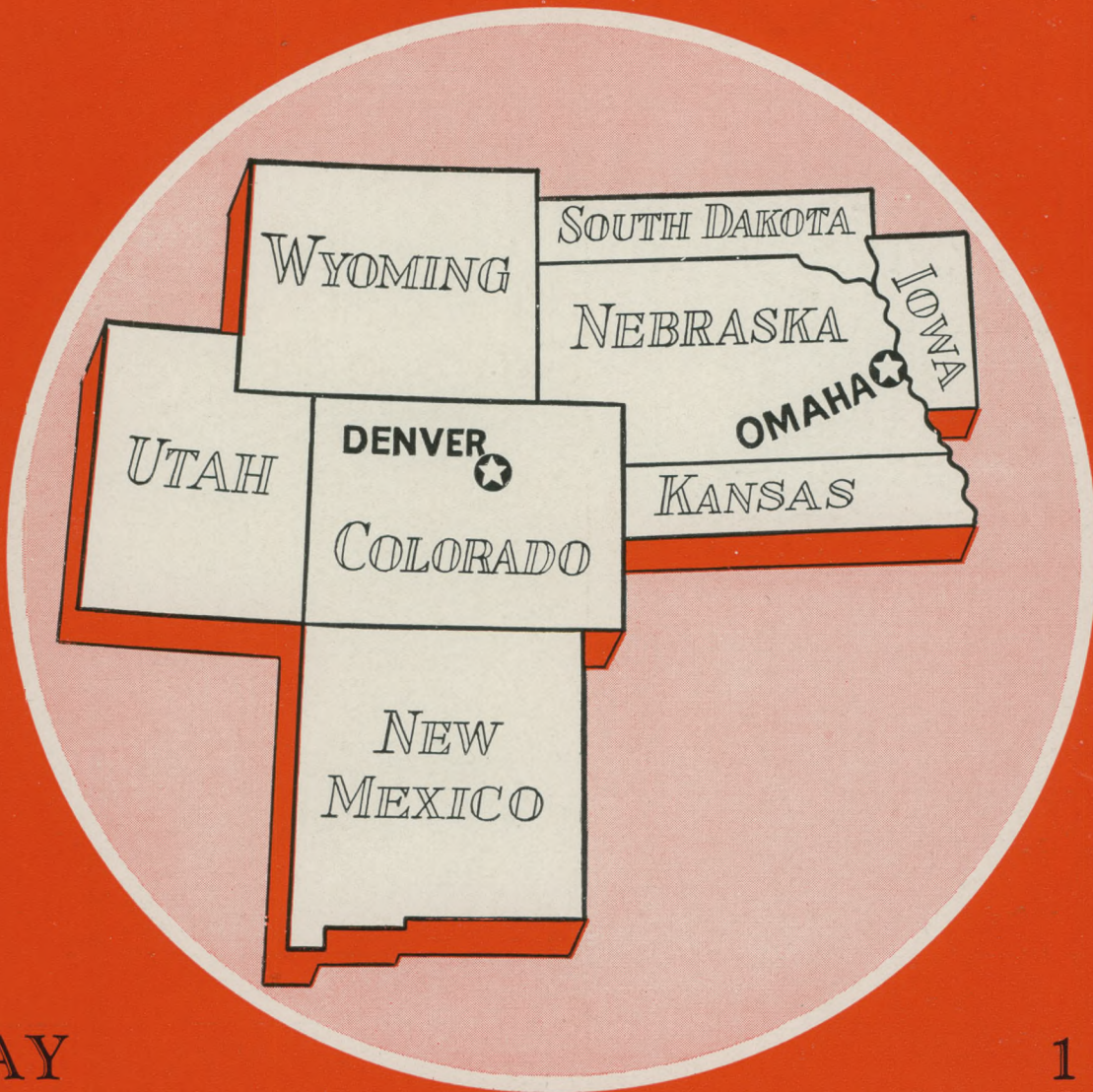


# CENTRAL WESTERN BANKER

## *Omaha*



MAY

1930

The Growing Field for  
Trust Service

*Page 5*



## A BUSINESS SERVICE STATION

**T**HE FIRST NATIONAL BANK of Omaha is ever ready to serve its correspondent bankers and their customers.

We are like a BUSINESS SERVICE STATION. Bankers and business men bring their problems to our desks to seek advice and assistance.

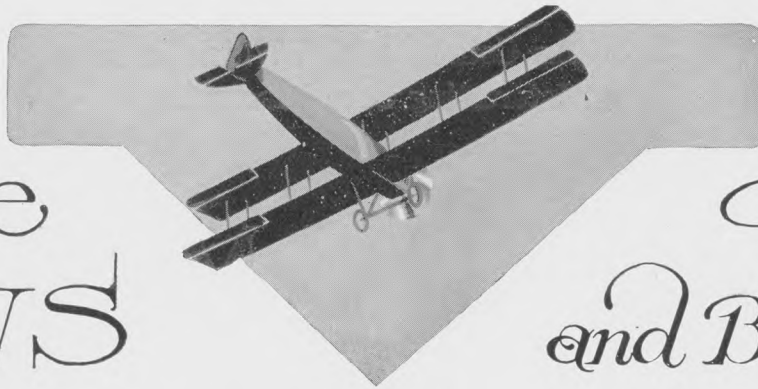
Please feel free to call upon us —and to make our bank your headquarters when you come to Omaha.

*Nebraska's Oldest Bank*



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

# Last minute NEWS



# of Banks and Bankers

**HENRY S. HENSCHEN'S** new Bank of Commerce, Chicago, has been granted a State charter.

Capital structure was fixed at \$3,000,000 capital, 1,500,000 surplus and \$600,000 contingent fund.

Other officers of the bank in addition to President Henschen are Adolph Lindstrom, vice-president; Edward A. Schroeder, vice-president and cashier, and Philip Weinheimer, assistant cashier.

Directors include Walter A. Aagard, W. L. Abbott, S. A. Bennett, Harry W. Bishop, Francis E. Matthews, Thomas M. Pletcher, Francis J. Plym, Paul Schulze, J. P. Seeburg, and E. P. Strandberg.

**SALE OF A CHICAGO** Stock Exchange membership for \$34,000, an increase of \$1,000 over the pervious transaction and the highest price of the year, has been announced. In another transaction arrangements were made for the transfer of a membership to Seller Bullard, partner of Hitchcock & Co. Memberships on the New York Stock Exchange were sold at \$467,000, an increase of \$17,000 over the previous sale, and on the New York Curb for \$225,000, an increase of \$27,000.

**THE AFFILIATION** of Eugene L. De Rosa as manager of the travel department of the Foreman-State National Bank has been announced.

Mr. De Rosa has spent twelve years in the field of travel. During most of this time he has been with Thomas Cook & Son in Europe, having been located at various times in their offices in London, Naples, Paris, the French Riviera, and

Chicago. He also has been with the Cunard Lines in their Chicago and New York offices.

He is of Italian parentage, although a native of London, being a traveler by birth. He has a thorough command of the English, French and Italian languages, and he is familiar with all modes of travel throughout the world. During his long experience in the travel field he has specialized in arranging tours in all their details to all parts of the world.

He spent six months in Oberammergau during 1922 when the Passion Play was last presented.

**NEW YORK'S** newest financial institution, the American Express Bank and Trust Company, opened its doors recently in the American Express Building, No. 65 Broadway.

Organized under the direction of American Express Company, the new bank will offer a complete range of financial services for individuals, firms, corporations and correspondent banks.

The capital and surplus paid in at the opening aggregate \$15,000,000.

**DR. H. M. WHEELER**, 75, pioneer North Dakota surgeon and the man who shot down Clell Miller, a member of Jesse James' bandit gang during the famous Northfield, Minn., bank robbery in 1876, died recently of heart disease.

**THE SIXTY-NINTH** meeting of the board of governors of the Investment Bankers Association of America will be held at the Greenbrier hotel, White Sulphur Springs, W. Va., May 11 to 15, inclusive. About 150 officers, governors and national committee chairmen, representing the larger investment centers of the United States and Canada, are expected to attend.

**TRUSTEES** of the present Equitable Trust Company are causing a new company to be formed with the same name. Winthrop W. Aldrich, President of The Equitable Trust Company confirmed this fact in reply to inquiries after news had been published concerning the preliminary legal steps in the procedure.

"Stock of this new company will be held for the benefit of the shareholders of The Chase National Bank," Mr. Aldrich said. "The company has been formed for the purpose of retaining permanently the name of The Equitable Trust Company of New York. It will carry on certain trust business which will not conflict with the business of the Trust Department of the new Chase National Bank. The new com-

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



*In 1928 more than half a million individuals showed incomes of \$5,000 or more and almost 20,000 had incomes exceeding \$25,000*

# The Growing Field for TRUST

## SERVICE

*By Joseph S. McCoy  
U. S. Government Actuary,  
Treasury Department*

STATISTICS covering Federal returns for estate taxes made during the calendar year 1928, have become available. The number of these returns, for resident decedents, was about 13½% less than the number for 1927, due to the increased exemption. Returns under the 1926 Act, with \$100,000 specified exemption, increased about 15%. The estates returned had a gross value of three billion and a half dollars, a 12% increase, or \$381,000,000 more than for 1927.

The "Statistics of Income for 1927," issued last September by the Bureau of Internal Revenue, contains statistics covering returns filed during the calendar year 1928. This does not mean that all the owners of these estates returned died during that year. Returns are due one year after the date of death, and this time may be extended. The tax returned is not the actual tax collected during the year. The actual collections, to a considerable extent, are on account of taxes returned during prior years. The annual returns, however, do represent a normal year's mortality. True, it includes returns of deaths that occurred during prior years, but some occurring during that year will be returned later.

The number of returns filed during 1928 in behalf of resident decedents was 8,079. Of these, 7,609 covered deaths after February 26, 1926; 255 covered deaths that occurred prior to February 26, 1926 but after June 2, 1924, taxed under the Revenue Act of 1924; 215 returns covered deaths that occurred prior to June 2, 1924. In addition, 2,157 returns for non-resident decedents were filed. The re-

turns filed on account of resident decedents had a gross value of \$3,503,238,684. These included 6,116 tax-

fitted this way, according to the returns for 1928, to the extent of about \$46,500,000—more than the total share of the United States. In 1928 returns indicate that fifteen states received the full 80% credit, while six additional ones received in excess of a 75% credit. The total of these credits was in excess of 70% of the total tax returned.

This maximum credit of 80% was not applicable in 1928 to all estates.

All returns were not made under the provisions of the 1926 statute, which authorized this credit. Some, under the 1924 statute, allowed a 25% credit, and some, under prior statutes, allowed no such credits. Again, all States have not as yet taken advantage of this provision.

This tax actually collected during the calendar year 1928, instead of being \$40,561,235, was \$62,147,548. The "Revenue Act of 1926," now in force, requires payment within one year from the date of death. The return is also required, by regulation, to be made within one year. In case of sickness or absence, collectors are authorized to extend the period for filing the return not in excess of 30 days from the due date. This does not, in itself, extend the time for payment. This must be granted by the Commissioner of Internal Revenue. In any case where the prompt payment of the tax would impose undue hardship, an extension or extensions will be granted for a period not to exceed in all five years. The term "undue hardship" means that it must appear that substantial financial loss would result from prompt payment. Of course, interest must be paid on overdue tax. When

## Bond Holdings

**"Gross estates averaging less than \$50,000 returned about 3½% in bonds of all kinds, less than 1% of the total estate being in the form of government, state and municipal bonds. Net estates not in excess of \$50,000 returned 12½% in bonds, about 4¾% being government, state and municipal."**

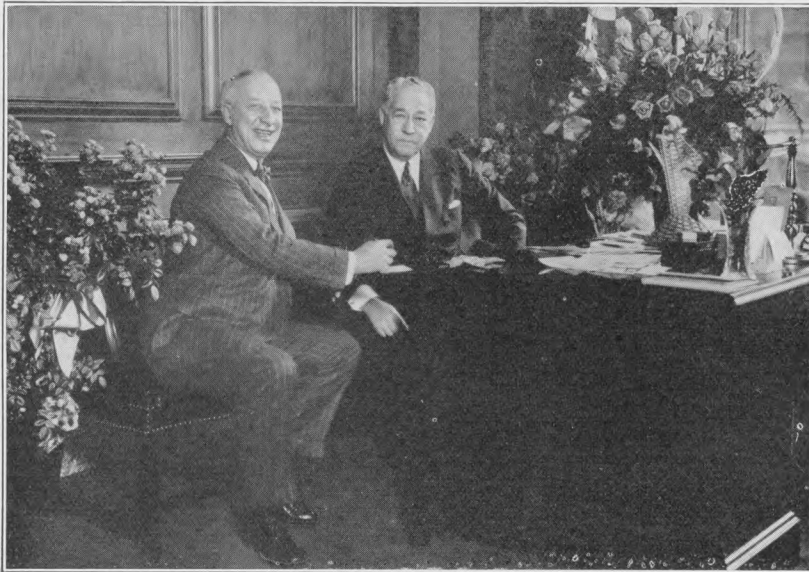
able estates, valued at \$3,181,719,062.

Allowable deductions totalling \$1,238,290,401, reduced this to a net taxable value of \$1,943,428,661, with tax amounting to \$135,013,559. The share of the Federal Government was \$40,561,235, and that of the States, etc., \$94,452,324.

### *What it Means*

This does not mean that the Federal government pays this amount to the State. It means that where a State collects death taxes, the Federal estate tax of a resident decedent is credited with this amount to a sum not in excess of 80% of the Federal tax. The total tax, the State tax being within this 80% limit, remains the same, but the Federal tax is reduced to this extent. This often enables the State to increase its revenue, without increasing taxes. New York bene-

## A Mr. "A. Smith Opens an Account"



Above.—Former presidential candidate, Alfred E. Smith, left, opening an account with Louis G. Kaufman, president of the Chatham Phenix National Bank and Trust Company, during the opening of their new branch in the Lincoln Building, opposite Grand Central Terminal, New York City.

any payment is made after due date, unless an extension has been granted, interest on the unpaid parts runs at 1% per month. If extension has been granted, however, interest begins six months after due date and runs, at 6% per annum. In case the tax, together with interest, is not paid by the final date of extension, then interest runs upon such unpaid amount, at the rate of 1% per month. That is in certain cases, payment can be made six years after death, by receiving extensions, and paying interest at 6% per annum, for four and one-half years.

The specific exemption of \$50,000 was doubled in 1926. In addition, the rates of tax were then materially changed. The maximum rate of 25% was reduced to a maximum of 20%, and the tax credit to the States was then increased from 25% to 80%. For these reasons, a comparison of the total taxes collected from estates annually is meaningless.

### *Total Gross Estate*

Of the total gross estate returned for resident decedents during 1928, 43.3% in value was in the form of stocks of corporations; 17.4% in the form of real estate; 13.9% in the form of bonds; 11% in the form of mortgages, notes and cash; 6.1% in the form of miscellaneous property;

*Central Western Banker, May, 1930*

2.9% in the form of insurance; and 5.4% in miscellaneous forms. Of the holdings of bonds, 3.2% of the value of the estates consisted of United States bonds; 3.9% State and Municipal bonds, wholly tax-exempt, and 6.8% of other bonds. The average holding in real estate was a trifle more than for the prior year. As then shown, the smaller the estate, the larger was the proportion in realty. The ninety-nine estates, having a gross value of less than \$50,000, returned an average holding of over 30% in real estate. The 2,184 estates with a net value of less than \$50,000 returned 27% in real estate. The 326 \$400,000 and \$600,000, returned estates with net values of between about 17% in real estate. The 110 estates with a net value of from \$800,000 to \$1,000,000, returned 14%, while the eight estates with a total net value in excess of ten million dollars each, so returned only 10%.

The activity in the stock market continued during 1928 with increased force, caused by the wonderful prosperity of the corporate form of business, due largely to the repeal of the excess profits tax, pushing into active business the surplus funds held by corporations.

The percentage of the total gross estate held in the form of stocks of corporations returned during the cal-

endar year 1926, was 37.4%; for 1927, 38.9%; and for 1928, 43.3%; or an increase of almost 16% in two years. As in previous years, the returns filed in 1928 showed that the holdings of corporate stocks increased rapidly with the size of the estates. The ninety-nine estates with gross value of less than \$50,000 each, held 16-1/3% in stocks. The 2,184 returns of those with net value of less than \$50,000 each returned stock amounting to 28 1/2% of the total. The 326 estates with net values between \$500,000 and \$600,000 returned stocks amounting to 42-2/3%. The 110 estates with net values in excess of \$10,000,000, returned stocks amounting to over 64% of their total.

The holding in the form of bonds was a little less than for the year 1926 or for 1927. The percentage so held increased fairly uniformly until net estates of between \$1,000,000 and \$1,500,000 were reached. Then it decreased irregularly until estates of between nine and ten million dollars, where the average holding in bonds was 5%.

Gross estates averaging less than \$50,000 returned about 3 1/2% in bonds of all kinds, less than 1% of the total estate being in the form of Government, State or municipal bonds. Net estates not in excess of \$50,000 returned 12 1/4% in bonds, about 4 3/4% being Government bonds, including State and municipal. Net estates between \$400,000 and \$600,000 returned 15.4%, 6% being Government bonds of all kinds. Net estates between \$1,000,000 and \$1,500,000 returned about 20% in bonds, 11% being Government bonds of all kinds, 4% United States bonds. Net estates over \$10,000,000 returned 13 1/2% in bonds, about 8 1/4% being Government bonds of all kinds, 3 3/4% being United States bonds.

The holdings of the estates returning during 1928 consisting of mortgages, notes, cash, etc., were much smaller than for the previous two years. For 1928 this holding was 7.7%, as compared with 11.5% for 1927 and 11.4% for 1926, a decrease from 1927 of about 33%. The chances are that the large dividends being paid by corporations, and the increasing value of their stocks, was the reason for this.

### *Number of Estates*

The number of estates consisting almost altogether of the receipts from insurance policies is without doubt, largest in New York. There are more large salaries paid and more persons must live, for business purposes, prac-

(Continued on Page 13)

# NORTH AMERICAN TRUST SHARES

*The Largest Fixed Trust in the United States\**

The investment portfolio of NORTH AMERICAN TRUST SHARES is composed of shares of common stock of the following outstanding corporations, deposited with Guaranty Trust Company of New York, Trustee:

Railroads	Industrials	Oils
The Atchison Topeka & Santa Fe Railway Co. Canadian Pacific Railway Company Illinois Central Railroad Company Louisville & Nashville Railroad Company The New York Central Railroad Company The Pennsylvania Railroad Co. Southern Pacific Company Union Pacific Railroad Company	American Rad. & Stand. Sanitary Corp. The American Tobacco Co. (Class B) E. I. du Pont de Nemours & Company Eastman Kodak Company of N. J. General Electric Company Ingersoll-Rand Company National Biscuit Company Otis Elevator Company United Fruit Company United States Steel Corporation Westinghouse Elec. & Mfg. Co. F. W. Woolworth Company	Royal Dutch Company (N. Y. Shares) Standard Oil Company of California Standard Oil Company (New Jersey) Standard Oil Company of New York The Texas Corporation
		Utilities
		American Telephone & Telegraph Co. Consolidated Gas Co. of New York The Western Union Telegraph Co.

A security valued today at more than the offering price of a year ago—having returned 11.2% in the meantime.

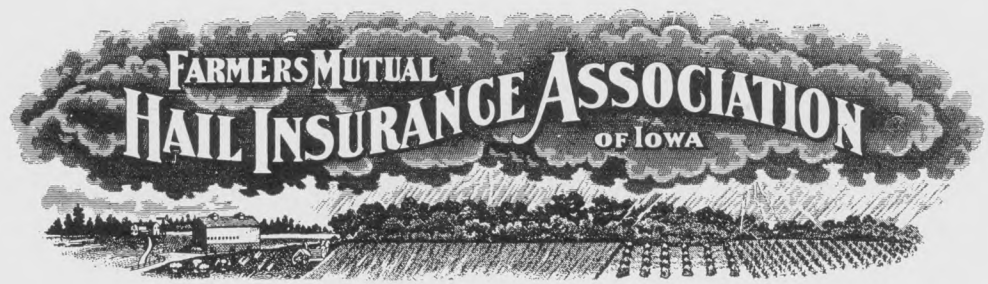
*Inquiries invited from Banks, Trustees, Institutions, Dealers and Investors*

## Thomas F. Lee & Company

Incorporated

63 Wall Street, New York

\* Over \$68,000,000 purchased by investors since public offering February 19, 1929.



\$1,202,149,77 Admitted Cash Assets

**H**AS PAID Nebraska farmers \$793,449.43.

Writes hail protection in eastern Nebraska.

Full coverage automobile insurance—Fire, Theft, Liability, Collision, Property, Wind, Hail, Transportation.

A most attractive policy at a price all can afford.

Agents needed in every town in Nebraska.

Farmers Mutual Hail Insurance Association of Iowa, 722 Sixth Ave., Des Moines, Iowa.

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*By reason of:*

Their liberal yield, 6%.

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The assurance that the surety companies are periodically audited by the United States Treasury Department and the states in which they transact business, and

The additional protection afforded them by re-insurance treaties.

These safeguards place Surety Guaranteed Bonds in a distinctive class and give double assurance to institutions as well as individuals that they can place their funds in this type of bond without fear or worry.

Write today for complete information regarding a type of bond that you should buy **now**.

**PROVIDENT STATE SECURITIES COMPANY**  
134 North LaSalle St.  
Chicago, Ill.

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# BONDS AND INVESTMENTS

## What Caused the Crash of 1929?

By E. H. Simmons  
President New York Stock  
Exchange

THE primary cause of the stock market crisis was undoubtedly the high level of prices which so many leading American share issues had attained. As a result, various forces making for declining security values encountered in the early fall a stock market whose high prices rendered it very vulnerable. This situation is clearer now than it was only a few months ago. In all fairness, however, it must be said that the price levels of the share market are almost always peculiarly difficult to judge because of the inadequacy of existing methods for measuring them.

In this connection I would like to draw your attention to certain practices the true effect of which have been misunderstood by the vast majority of investors and which contributed in no small degree to the high level of security prices existing last summer. The payment of periodic stock dividends instead of cash dividends is a recent development of American finance. While this practice is essentially sound if the corporation paying the dividend makes a proper charge to its earnings for the stock issued as a dividend, it has, nevertheless, misled many persons who have considered the market value of the stock received as the equivalent of a cash dividend.

Another contributing cause was the practice of gauging the value of securities by multiplying their most recently reported net earnings per share by some factor which was deemed to be applicable to the industry in which the company was engaged. This method of valuation, while perfectly proper, leads to inflation in periods of great industrial activity,

### Market Vulnerable

It is obvious, however, that the high level of share prices last August ren-

dered the stock market vulnerable to a considerable price decline. This decline commenced in an orderly manner as soon as it became evident that there had been industrial over-production, particularly in automobiles and steel. The high level of prices was in large part due to the amazing and steady rise in production of American industry. When it became evident that this process had reached its peak and had started to decline, doubt and hesitation as to the real value of securities was the natural consequence. It seems strange now that the public failed last spring and summer to be more skeptical about the ability of American industry to maintain its tremendous current rate of production throughout the winter. But the situation arising out of the high level of our security prices and the change in the rate of our industrial production did not make a panic inevitable. An orderly and gradual decline of prices such as took place during most of September and the early part of October would have brought about the necessary readjustment. If we are to look for the actual causes of the panic we must consider the other factors which combined to produce public hysteria and brought about the huge volume of liquidation with resulting condition of panic.

Every serious break in the stock

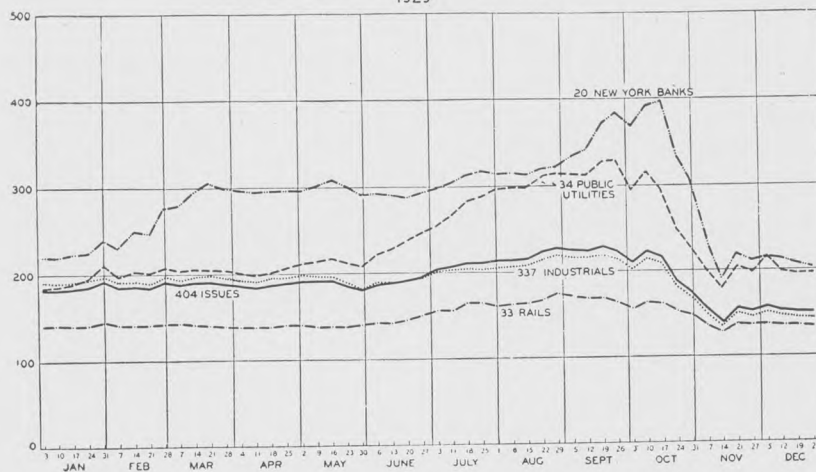
market is always attributed to over-speculation, but if we are to ascertain its exact responsibility for the 1929 stock panic, we must consider the actual facts. Many people seem to have the notion that the volume of trading on the Exchange is in itself a sign of unsound and harmful speculative conditions and a necessary precursor to stock panics. This view is, however, not at all supported by the facts. When one studies the volume of share trading on the Stock Exchange during recent years, it becomes at once apparent that the peak of activity occurred not before the crisis of October, 1929, but in November, 1928.

### Not the Volume

Actually it is not so much the volume of dealings in shares which indicates a dangerous stock market situation as the quality and the equilibrium of speculation in the stock market.

An additional course of aggravation arose from the mechanical inadequacy of the present stock ticket quotation system. The delay experienced in obtaining quotations during the panic considerably aggravated the violence of liquidation. Not only did it lead to panicky selling, but in some cases stocks would have been better supported if their current prices could have been learned more promptly. The

STANDARD STATISTICS WEEKLY STOCK PRICE INDEX  
1929



inadequacy of the ticker system was, I am persuaded, a cause of the tremendous volume of dealings and the great fluctuations on the worst days of the break.

After every stock panic people who have suffered losses, very humanly, hunt about for something or somebody upon which to lay the blame. At such times the short seller always comes in for sharp criticism because he is assumed to have made profits at a time when the vast majority of investors have suffered losses. Short selling is then constantly harped upon and greatly exaggerated and every price decline is promptly and positively attributed to bear raiding.

It is, of course, difficult to determine the exact extent of the short interest at any given time, but fortunately, at one of the worst periods of the last crisis, the Stock Exchange by means of a special questionnaire sent to its members obtained statistics as to the current size of the short interest. The amount of the total short interest at the close of one of the worst days of the panic was found to be extraordinarily small, constituting only about one-seventh of one per cent, of the total listed shares. This fact seems to me to be a conclusive answer to the oft repeated statement that in the latter days of the panic short sellers and bear raiding were responsible for the declining value of securities.

Another cause in the minds of many people for the intensification of selling to the point of panic arose from "brokers' loans." This question of brokers' loans, particularly those made by "other lenders," has of course been a highly controversial subject for the past two years, and time does not permit my attempting any lengthy discussion of it here. Undoubtedly, the great increase in brokers' loans by "other lenders" during 1929 was due to the great demand for stock market credits necessitated both by rising security prices and by the huge amount of new share financing done for American companies, but it must be remembered that these loans represented in the main free capital which had been raised by corporations through security issues and which was loaned while it was awaiting investment. It is difficult always to ask concerning past events what might have happened under conjectural circumstances. But I am persuaded that a less artificially tight money market during the early months of 1929 and a more reasonable rate of interest on ordinary banking deposits would have prevented the undue extension of the loans for the account of "other lenders." In the last analysis, however, I do not believe that it was due to credit conditions that the stock market collapse occurred.

It is always of course very easy to criticize after the event. During the past two years, the Federal Reserve authorities have undoubtedly faced a very complex and in some ways a very novel situation. Any attempt to make the Federal Reserve system a scapegoat for the securities panic last fall would be both unjust and undesirable. It is, however, important that the moral of our recent financial difficulties should be clearly ascertained, if we are to avoid such episodes in the future.

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WILL BE MAILED REGULARLY UPON REQUEST

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## G M A C obligations

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

*available in convenient maturities and denominations at current discount rates*

## GENERAL MOTORS ACCEPTANCE CORPORATION

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Executive Office - BROADWAY at 57TH STREET - New York City

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CAPITAL, SURPLUS AND UNDIVIDED PROFITS  
OVER \$66,000,000

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### Solves Multiple Tax Problem

Immediate relief from the burden of multiple taxes to which large estates have been subject practically ever since the inception of inheritance and estate taxes in this country is afforded under new interpretations of the law cited in a study of the situation made by A. G. Becker & Co., investment bankers, of Chicago, and just issued by them under the title of "Estate and Inheritance Taxes." The changes are of particular concern to persons whose estates are made up largely of stocks and bonds.

# Investment Banking Tendencies

CHANGING trends in investment banking have made Chicago one of the foremost centers of financing in the world, Harold E. Wood, vice president and director of the Foreman-State Corporation, investment affiliate of the Foreman-State National Bank, told members of the Chicago Association of Commerce at a recent luncheon.

In discussing "Modern Tendencies in Investment Banking," Mr. Wood traced the rise in the popularity of stocks over bonds and asserted that the investment trusts, which made more than four billion dollars in offerings last year, will prove their essential worth despite the setback of the decline of the stock market last fall.

Mr. Wood reviewed the growth in the investing public which expanded from an estimated 200,000 before the World War to more than 20,000,000 persons and the corresponding increase in the number of investment houses. Speculative mania as well as justified and unprecedented needs for money contributed to this tremendous growth, he pointed out.

"Out of the craze for equities grew a demand for the investment trust (and I use the term loosely and incorrectly to include the trading corporation) because the trust represented, before it developed along unexpected lines, a diversification of risk, not necessarily in common stocks, although popularly considered so," Mr. Wood said. "Investment trusts were practically unknown in this country until 1924, although their record in England goes back many years."

The speaker traced the growth in this type of offering from \$41,100,000 in 1924 to \$4,189,600,000 last year, suggesting that the steadily increasing and gargantuan offerings contributed materially to the break in October.

## *Investment Trusts*

He then went into the question of the post-decline condition of the investment trusts.

"Marketwise, the holder of investment trust common stocks suffered heavily due largely to the undigested market for that type of security and consequent technical condition," Mr. Wood said. "The reaction against them was most severe because of public fear as to the extent of depreciation on their portfolios. The break in October and November has not seriously impaired the intrinsic soundness of the better trusts, but the swing of the pendulum from great popularity

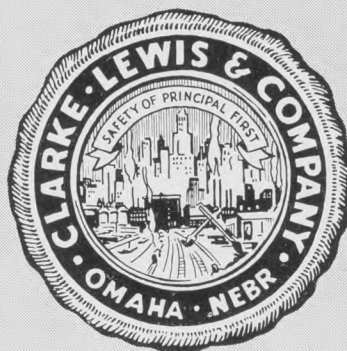
necessarily has carried the buyer to the other extreme.

"The depreciation in portfolios ranges from 4.1 per cent to 20 per cent; the market price of most is 15 per cent to 40 per cent below the actual liquidating value. Certainly the better trusts are cheap at these prices.

"The break also has righted some abuses. The trusts realize that to resell themselves to the public, there must be the fullest publicity as to earnings and assets. The day of the blind

pool is over. Many silly things have been said in favor of investment trusts, but when one considers them at present values, with their infinite possibilities for growth in the future, how can one doubt their essential soundness?

"Consider for a moment a few of Chicago's own: Continental Chicago, Central Illinois, Manhattan-Dearborn, National Republic, Chicago Corporation, Commonwealth Subsidiary, Corporation Securities, or Insull Utilities.



Commercial Paper *and* Acceptances

Diversified Trustee Shares

Short and Long Time Bonds

**CLARKE, LEWIS & CO.**

318 SOUTH NINETEENTH STREET

**OMAHA**

Is it not sound to believe, with their knowledge of and power in the Chicago Market, that if our city and the Middle West develop as we believe they will, these trusts will benefit in some relative proportion?"

While foreign investment at the moment is unpopular Mr. Wood expressed the belief that the press of the age of "financial civilization" would permit the continuance of our refusal to extend long term credits abroad only at the cost of our primary position in finance. Turning to Chicago's place in the world of finance the speaker said:

"It would be a story in itself to show the position of Chicago in the world of investment change. Certain-

ly we are proud to boast, as indicative of our increasing importance, that the biggest piece of industrial financing in 1929, in any of the financial centers of the world, including New York, London, and Paris, came out of Chicago, in the \$100,000,000 Texas Corporation debentures, with their call on common stock, and our investment trusts are among the largest in the country."

#### Forty Millions Assets

H. M. Byllesby and Company had a net asset position at the close of 1929 of approximately \$40,000,000, it is revealed in the company's annual report.

Net income from trading and underwriting of securities, interest and

dividends, after deduction of all expenses of operation, federal income taxes, and preferred dividends, amounted to \$4,392,805, equivalent to \$5.99 a share on the average amount of common stocks outstanding during the year and \$5.36 a share on the common stocks outstanding on December 31. Additional income arising from appreciation in value of marketable securities and common stock investments totalled \$12,398,450 after reserves, making total net income of \$16,791,255 for 1929.

After deduction of regular dividends and special cash and stock dividends and profit sharing distribution totalling \$6,750,275, there remained a surplus of \$10,040,980 for the year, which when added to the previous surplus of \$9,604,773 made a total surplus of \$19,645,753 as of December 31, 1929.

The report states that H. M. Byllesby and Company's interest in Standard Power and Light Corporation, which now controls Standard Gas and Electric Company, has a present market value of more than \$23,000,000 and while H. M. Byllesby and Company received no income from this investment in 1929, the inauguration of dividends on Standard Power and Light Company common stocks in anticipated in 1930 and should produce a substantial return on this investment. H. M. Byllesby and Company also owns option warrants of Utility and Industrial Corporation under the terms of which it is entitled to purchase 1,000,000 shares of common stock of that corporation at \$17.50 a share on or before February 1, 1944. These warrants are carried in the investment portfolio at a nominal value of \$1,000. The company's investment portfolio also contains equity securities of other corporations having excellent possibilities of increasing in value.

In concluding the report John J. O'Brien, president, states that the directors feel that notwithstanding the drastic liquidation in securities in the latter part of 1929, the year as reflected by the balance sheet and statement of income shows a marked advance in the company's development and a great strengthening of its financial condition, and that it is believed that 1930 will show continued progress.

#### What He Could Do

Modest Suitor: I have only \$5,500 a year, sir, but I think I can support your daughter on that.

Father (enthusiastically): Support her, my dear boy? Why, you can support her entire family on it.

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## Investment Advice

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Advice is a term often used and often misunderstood. Analysis rather than advice, should be the first step in any investment decision. Every corporate investor, before purchasing any type of securities should analyze thoroughly its own financial position.

Then when its individual problems are clearly defined and understood, a competent investment organization should be consulted

The National City Company, with its international buying and distributing organization, is well qualified to act in such consultant capacity. In its list of offerings will be found high grade securities of widely different classifications. From them, with the help of a National City man, investments that conform to specific needs may be selected.

## The National City Company

NATIONAL CITY BANK BUILDING, NEW YORK

INVESTMENT



SECURITIES

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## THE GROWING FIELD FOR TRUST SERVICE

(Continued from Page 6)

tically up to their salaries in New York than elsewhere. To save their dependents from being entirely destitute in case of their death, life insurance is imperative. Others, with incomes from property or investments, do not require insurance to such an extent.

Naturally there is a limit to the number of these large salaries. We know that in 1928, 540,893 individuals returned taxable income to the Federal Government of \$5,000 or more, received from salaries, commissions, etc., or in other words, income earned by their own personal services. Of these, 19,229 returned income in excess of \$25,000 for the calendar year 1927. Of these, 746 returned such income in excess of \$100,000, while four returned such income in excess of \$1,000,000. The total of such income earned by these four persons totalled \$6,527,363.

Of these, it is probable that, in case of death, some 12,000 would leave no estate other than the proceed from insurance policies, and over one-half of them would be residents of New York. On the other hand, according to the report of the New York insurance Commission, based upon the returns of nearly all the companies doing business in the United States, the average annual number of insurance policies terminated by death during the four years ending December 31, 1927, in the United States, was 135,750, valued at \$349,958,750, or an average policy of \$2,578. This average policy for 1927 was \$2,685. The four-year average for all policies terminated by any cause whatever was \$2,457, and for 1927, \$2,573. Compare these averages with the average insurance known to have been carried by decedents whose estates were returned to the United States for tax. The number of policies in force in the United States December 31, 1928 in excess of \$50,000 each was 15,000.

The percentage of the total value of the estates for which returns were made to the Federal Government during 1928, in the form of insurance was 2.95%; for 1927 it was 2.83%; and for 1926, 2.68%. This shows a slight, but steady, increase. These statistics, however, do not tell the whole story. The average amount of insurance held by estates returning in 1926 was \$6,896; in 1927, \$9,510, and in 1928, \$12,776.

The percentage of the value of the estate held in the form of insurance varies greatly. The smaller the estate

the larger the percentage so held. In 1927, the 229 estates returning gross income of less than \$50,000 each, held 7.89% of the total in the form of insurance. In 1928, the 99 returns for similar estates held 20½% in the form of insurance. Many of these must have belonged to the large salary group, as insurance formed the largest part of the estate. These were the smallest estates returned, but they held the largest percentage of their total insurance. The 1,864 non-taxable estates in 1928, with gross estates in excess of \$50,000, carried insurance to the extent of 5.55%. The 2,184 returns of net estates not in excess of

\$50,000 returned insurance to the amount of 4% of the total. This percentage decreased rather irregularly, with a few recoveries, until net estates valued between \$3,500,000 and \$4,000,000 returned less than one-fifth of one per centum of insurance. The percentage again increased, irregularly, until the eight estates having net values in excess of \$10,000,000 each, with an aggregate gross value of \$331,880,866, returned only \$14,540 in insurance. It must be remembered that we do not know how many policies were in force, nor the number included in any one estate, nor the number of estates including no insurance.

## *Reaching into Tomorrow!*

Yesterday is gone, forever unchangeable. Today is here. Fate holds the curtain before tomorrow—hiding the good fortune or ill fortune that it may bring.

We cannot go back, we cannot run ahead, we must keep pace with time. Yet there is one opportunity to reach ahead into the future and to shape it to our advantage. The purchase of sound income-producing securities, today, projects a steady and independent income into tomorrow—an income that raises the average of all the tomorrows!

It is our business to find the outstanding values in sound income-producing securities in today's markets—that discriminating investors may pave the years ahead with the comfort and convenience of a steady investment income.

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### Remaining Value

The remaining value of the estates reported consisted in property, 6%; transfer made within two years prior to date of death, 2½%; powers made in contemplation of death, one-half of one per cent, and property from an estate taxed within five years, value at time of death of present decedent, about 2.4%,

The deductions allowed reduced the gross to a net taxable value of \$1,943,428,661, a reduction of over 47%. The largest exemption or deduction was the \$100,000 specific exemption under the 1926 Act, and the \$50,000 under the 1924 Act. The number receiving the \$100,000 was 7,609. This totalled,

according to the report, \$784,350,000, as compared with \$798,910,000 for 1927.

The deduction for debt, which included unpaid mortgages, etc., amounted to \$392,432,336, as compared with \$310,596,254 for 1927. The deduction on account of charitable, public, and similar bequests was \$216,099,140. For 1926 this was \$130,974,586. Funeral and administration expenses amounted to \$144,688,964, as compared with \$129,578,621 for 1927. Property from an estate taxed within five years, valued at date of previous decedent's death, was \$71,857,039, as compared with \$73,482,328 for 1927. The only other allowable deduction was the in-

surance exemption. These totaled \$1,661,225,428, as compared with \$1,735,840,229 for 1927, and \$1,504,212,412 for 1926.

The return schedule for estate tax, under the classification of funeral and administration expenses provides that the executors' or administrators' commissions shall not exceed the amount allowable by the law of the jurisdiction, and not in excess of that usually allowed in cases similar to the estate under audit. All expenses must be itemized.

The total of these deductions for all the 8,079 estates returning a gross of \$3,503,238,684 was \$144,688,964, an average of \$17,909, or 4.13% of the average estate.

The average costs for the 1,963 non-taxable estates reporting was \$7,577, or 8.24% of the gross. These alone varied materially from the general average. All taxable estates from the smallest, with net income under \$50,000, to those with a net of over \$6,000,000, had from 4.58% as a maximum to 3.6% as a minimum percentage of gross, deducted on account of their costs, while the three estates with net between \$7,000,000 and \$8,000,000 paid 5.45%. The eight estates with net in excess of \$10,000,000, aggregating \$331,880,866 gross, paid 1,951,342 average, or 4.7% of the gross.

In addition to the returns on account of resident decedents, there were filed, as already stated, 2,157 returns on account of non-resident decedents. Of these, six had no net estates; and 1,900 had net estates under \$50,000 each. Only seven of these estates exceeded \$1,000,000 each, the largest of which had a net estate of \$1,730,983. The total tax returned was \$1,541,433, with a tax credit of \$143,409, leaving as the payments due the United States, \$1,398,024.

A tabulation of all the statistics returned in the 8,079 returns of resident decedents, and the 2,157 returns of non-resident decedents made during 1928, would have cost the Government very little more than did the tabulation actually made. These would, however, be of infinitely more value. The Bureau of Internal Revenue—that great storehouse, and, seemingly grave, of unique information—does not seem to appreciate the value of its holdings. It is false economy to skimp where statistics are concerned. Tabulations along many lines would furnish a basis that would assist collections and increase revenue materially, in addition to the aid it would give many lines of outside business. A little increase in appropriations would possibly remedy

(Continued on Page 25)

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banks and bankers and through  
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# Avoiding the Evils of Lapsation

THIS is a year when government, business and individuals are pointed toward the elimination of economic waste. Generally, when the term of economic waste is mentioned, people think of vacant buildings, idle workers, rusting steel, spoiling produce, escaping power or some other loss of something of not only obvious value but tangible form. I suppose most of the treatises written on economic waste fail to refer to the life insurance industry.

Probably the life insurance business itself conceals its greatest waste by its own glorious records of progress and service in other respects. Records of annual production fall by the wayside yearly. Numbers of individuals receiving benefits increase annually beyond expectation. Forms and types of service are modified and adopted to changing conditions. Protection is made more scientifically applicable to individual cases. The trust imposed in the institution is enlarging year by year. Yet, in this glorious record of achievement there remains one black mark against the business that we are not proud of. An unfavorable element with which we have not successfully coped, a destructive force which causes almost unbelievable waste every day.

## *Who Suffers?*

I refer to the rate of lapsation and the amount of surrendered policies. Let us first see who suffers by surrenders and lapses. It is generally thought that the company is the principal loser, but such is not the case. The policyholder loses most—the agent next—and the company last. The policyholder loses that part of his premium required in the leveling process. He loses his call on life insurance inasmuch as he may not be an acceptable risk at a future date. He loses his right to receive the protection at the lower premium of younger age. He must again pay the premium sufficient to include a good part of the agent's commissions.

Secondly, the agent loses. He loses the present value of his renewals which probably make up the smallest element in his loss. He loses a good prospect for additional insurance. He often loses a friend and a booster, following realization by the policy-

## Judge Byron K. Elliott

*Manager and General Counsel,  
American Life Convention*

holder of his own loss. But principally he loses a client as a doctor loses a patient or a lawyer a client.

The company on the other hand loses the amount of its acquisition cost, and its investment in that particular item of business. Insofar as it is a healthy individual, and not a policyholder in danger of sickness or death,



JUDGE BYRON K. ELLIOTT

who usually surrenders or lapses his policy, the company loses a certain degree of favorable selection. And, lastly, the institution of life insurance itself loses a loyal friend and patron, and in many cases acquires a knocker. If the actual and prospective money losses of the policyholder, agent and company were totaled they would amount to several times the annual premium.

It is the reduction of this economic waste that is the great challenge now facing every man who is in the business of life insurance. No matter whether he is agent, policyholder or company official, it is his loss when a policy is surrendered or lapsed. Conservation of acquired business should be the principal object of the industry in the immediate future, and up to the

time that losses from this source are reduced to a minimum.

The company of course can do a great deal in the form of advertising directly or indirectly, and personal contact with the policyholder. The effectiveness of a great deal of this type of company activity has been questioned, although it is generally admitted that it will do some good. I have seen various types of literature going from the company to the policyholder. Some of them profusely illustrated. I recall one which enthusiastically pictured Mephistopheles beckoning to a man with a policy in his hand to lapse that policy and line up on his side—while on the opposite side of the picture was a figure of an angel saying “keep that policy.” Whatever the direct activity of the company, it must be conceded that the agent is the most effective weapon to combat this unnecessary economic waste, and conserve existing business.

## *The Agent's Job*

The agent has been called the “keystone of the arch of conservation.” If it is within his power to conserve—then conservation is distinctly his responsibility. His opportunity to fulfill the obligation commences with his first solicitation to the prospect. It is not enough to sell the policy. In fact, it is the agent's moral obligation not to sell the policy only—not to sell it until he has first gained the respect and confidence of the applicant by showing him a definite need for such protection.

Certainly no underwriter should oversell an individual, either in writing him more than he can ever pay for or more than he has any legitimate requirement for. Insurance so sold never stays put, and yet, with campaigns for volume and emphasis on quantity of production, it takes a strong will to refrain from writing such business. I would like to see the Home Office avoid all mention of “volume.”

After the policy is delivered, then the agent's responsibility has crystalized in the possibilities of servicing. It is generally acknowledged that servicing existing business through periodic personal contact is most effective. These contacts are made at every opportunity to do something for the policyholder. If the marriage license bureau mentions your policyholder he

should be seen about change of beneficiary. If the birth records indicate an increase in his family, he should add the newcomer to his list. As an insurance estate is built up the underwriter should suggest from time to time modes of optional settlement. When a home is purchased or a mortgage recorded the agent should see his man and offer to provide the protection necessary to cover increased obligations. Change of age—anniversaries provide a ground for contact.

When the agent hears from the company or from the policyholder di-

rect that the policyholder wishes a loan on his policy, then he should be stirred to the greatest activity. Surrender of policies upon which loans have been made is the great black mark in the life insurance industry. It is not new for the past few years. In 1921 as many surrenders took place of loaned policies as on policies without loans. Careful handling of these loan policies will preserve them. Methods should be suggested for paying off the note, and particularly at this point should the policyholder be kept sold on the valuable asset he has in his policy, regardless of the amount of loan.

### Dismisses Rate Reduction Suits

Judge John O. Pollock, of the United States District Court of Kansas, last month dismissed the 156 individual suits brought by fire insurance companies attacking the rate reduction order made in 1922 by former Insurance Commissioner Travis.

Judge Pollock also dismissed the motion of the Dockum Drug Company of Wichita which petitioned that it be permitted to intervene in one of the suits.

The dismissal was a part of the compromise agreement made by the state officials with the insurance companies under which \$6,000,000 of impounded premiums, the difference between the present rates and those ordered in 1922, will be divided between the policyholders and the companies.

### Verdict Directed

Nebraska courts having held recently that the effective date of a life insurance policy is the date of delivery and not the date of the application or of the policy and given judgment for the beneficiary where the assured died within the grace period so computed, the federal court at Lincoln has directed a verdict for the Union Central Life Insurance Co. in a suit brought by the widow of Bruce Whitney to collect a policy for \$5,000 on his life. Whitney applied for the policy March 22, 1927, and paid the premium. The policy was delivered April 20. Whitney killed himself April 10, 1928, within the year during which the policy was contestable, as computed under the Nebraska rule.

### Independence

"I have never seen any road to independence except by saving. A man with only \$1 of assets has to take the first job offered him. The man with \$1,000 can take the choice of several; the man with \$5,000 saved can go a long way toward dictating who is to get his service. I went through this mill myself."—*Herbert Hoover.*

### Figures Show Seven Per Cent Gain

The value of life insurance is being increasingly realized by the American public and is evidenced by the steady growth in life insurance sales. The speculative craze which was so rampant in the last two years and which came to such a sudden end in the fall of 1929 did much for life insurance. At the time of the crash an insurance policy was the security which saved many investors from ruin. It provided a means of securing cash to tide over those days when ready money was essential.



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**Surety Bonds?  
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**Service?  
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The effect of this widespread borrowing on policies is still to be felt. Although life insurance sales continue to increase, it is equally important to keep in force business already sold. This is the problem the underwriter must face for a policy on which there is a loan has a greater tendency to lapse.

The agent must encourage his policy holders to pay up the loan as soon as possible and in the meantime sell him additional insurance to cover the diminished protection to be received from a policy on which there is an outstanding loan.

In the first two months of 1930, sales continued the increases of 1929. During this period the country as a whole paid for a volume of insurance which was 6 per cent larger than in the same period last year. This increase was not localized but was shared by all but one section of the country. Life insurance sales are closely united with the general business conditions of a locality and this general increase in life insurance sales evidences a period of widespread prosperity. The largest increase in the first two months of 1930 was made by the Pacific and East South Central states. These sections each showed an increase of 14 per cent. The West North Central and the South Atlantic states with a 10 per cent increase rank second. The figures are issued by the Life Insurance Sales Research Bureau at Hartford, Connecticut, and represent the experience of 78 companies which have in force 88 per cent of the total legal reserve ordinary life insurance outstanding in the United States.

#### THE NOTE—THE MORTGAGE AND THE SAVINGS BANK

(Continued from Page 4)

Northwestern Reporter, 756, and send us a check for the principal and accrued interest of the Underwood mortgage," Costigan wrote. "My stenographer is now preparing a foreclosure notice and unless I hear from you at once it will be published in the *Popular Vale Observer* tomorrow."

That afternoon the redheaded office boy who loafed in Simms' front office handed Costigan a letter containing Underhill's check for the full amount of the bank's mortgage.

LEGAL NOTE.—In the Peterson case referred to in Costigan's letter, the Court said:

"The principle of negotiability is that the instrument must show on its face certainty as to the amount to be paid at maturity. Hence, a note and mortgage securing it, executed as part of a single transaction, when con-

strued together, may contain provisions that will render the note non-negotiable. The decision cited was rendered in 1902, but in 1911 there was some legislation on the subject. This legislation was amended later and is now found as sections 5950-5954, St. 1922. Section 5952 reads in part as follows: 'When any mortgage contains a condition that the mortgagor shall pay the tax levied upon the mortgage or the debt secured thereby, the mortgage shall not be entered for separate assessments and taxation, but both interests shall be assessed and taxed to the mortgagor or owner of the real estate. An agreement of this character in the mortgage shall not destroy the negotiability of any note secured thereby.'

"Prior to this legislation, if the mortgagor failed to live up to his contract, contained in the mortgage, to pay the taxes, the mortgagee had to pay them and add them to his mortgage, for the taxes ran against the mortgagee. This rendered uncertain the amount to be paid at maturity of the note, and the note and mortgage, being parts of a single transaction, were construed together, and the maker of the note, without notice of a transfer of the note and mortgage, could make payment to the original payee. Since the above legislation, no uncertainty exists. Where the mortgagor agrees to pay the taxes, they are assessed against his land, and the mortgagee's note and mortgage remain absolutely definite and certain as to the amount



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Underlying all these securities is the safety of a conservatively managed industry whose record has always been one of constant growth.

Today total assets of the Bell System are four times its funded debt. The plant of the System has a book cost of more than \$3,750,000,000 and has an actual value in excess of that. Because of its

conservative capitalization, average net earnings over the past five years have been more than four times interest charges.

The Bell System's steady growth, its uninterrupted record of dividend and interest payments, its conservative yet far-sighted and progressive management, aided by the largest industrial research organization in the country, all have combined to make its securities attractive to a vast army of investors.

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### BELL TELEPHONE SECURITIES CO. Inc.

195 Broadway, New York City



Central Western Banker, May, 1930

due at maturity. It might be noticed in this connection also, that the negotiable instruments act, provides that the negotiable character of an instrument is not affected by a provision which 'waives the benefit of any law intended for the advantage or protection of the obligator.' The reason upon which the above decisions are pre-

dicted does not exist in cases like the case at bar. For a note secured by a real estate mortgage which provides that the mortgagor shall pay the taxes levied against the mortgagor's debt secured thereby, is negotiable notwithstanding the fact that the note and mortgage are part of a single transaction."

## WILL OPEN NEW HOME MAY FIFTH

**N**ORTHWESTERN NATIONAL BANK and Minnesota Loan and Trust Company, Minneapolis, have fixed Monday, May 5th as opening date for the new building. BancNorthwest Company will also be in the new location at that time.

Northwest Bancorporation, the group organization with which 99 banks or trust companies in the northwest and middlewest states are affiliated and of which Northwestern National Bank and the Minnesota Loan and Trust Company are members, opened its offices on the fourth floor of the new building Monday, April 14th and several tenants occupied quarters in April.

Northwestern National Bank building, the largest financial structure north and west of Chicago, represents investment of \$6,000,000. While not conspicuous for height, its sixteen stories being topped by a number of other Minneapolis structures, its ground dimensions are impressive, the area covered being an entire block frontage of 330 feet on Marquette Avenue with a depth of 132 feet. The banking room is 305 feet long or five feet greater than the longest in Chicago. Features are low type counters and absence of grill work for tellers cages. Graham, Anderson, Probst and White of Chicago were the architects.

The banking room extends up through three floors. Savings departments of Northwestern National Bank and Minnesota Loan and Trust Company will be on the ground floor. The largest safety deposit vault in the Northwest on the first floor below street level has its entrance guarded by a 63-ton circular time-lock door, is 80x50 feet and has 26,000 changeable key lock boxes.

Opening of the new building means the shifting of Minneapolis headquarters of a number of nationally known concerns. These include the passenger ticket offices of the Chicago, Burlington & Quincy Railway, Great Northern Railway, Chicago Great Western Railway, Canadian National and Grand Trunk Railways, the Chase Securities Company, Farnum, Winter and Company, New York Life Insurance Co., Northwestern Mutual Life Insurance Company of Milwaukee, American Surety Company, M. A. Hanna Coal Company and The Texas Corporation.

## *The Time, The Contract And The Man*

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about the proper combination  
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**Lincoln, Nebraska**



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



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

# Nebraska News

were made by Mayor Rohn, a welcoming address, D. V. Blatter, president of the Albion National Bank, the response; invocation by Rev. Charles R. Lichte, pastor of the Fremont Congregational Church; and the annual addresses by the president and the secretary, Herman F. Meyer, cashier of the Farmers State Bank of Scribner.

An address "Bird's Eye View of Banking" was given by J. F. McDermott, assistant cashier of the First National Bank of Omaha. E. F. Folda, of the Stockyards National Bank of Omaha, conducted a question box and round-table, which has long been a popular feature of the group meetings.

There were also addresses by W. H. Brokaw, director of the agricultural extension service of the University of Nebraska college of agriculture; by Anan Raymond, formerly of Omaha, now a vice president of the Foreman State National Bank of Chicago; and Clarence G. Bliss, secretary of the Nebraska department of trade and commerce.

At the banquet in the evening at the Pathfinder hotel, District Judge Herbert Rhoades of Omaha was the principal speaker. Fred H. Richards, Jr., was toastmaster, Fred Pacal, cashier of the Farmers and Merchants Bank of Weston, gave a clarinet solo.

## Omaha Deposits Increase

A gain in deposits of about a million dollars and a shrinkage in loans of about 3 million dollars over the same date the previous year were shown by Omaha banks when they issued statements of their conditions at the close of business March 27, in response to a call by the comptroller of currency.

The figures by banks, follow:

Bank	Deposits	Loans
Omaha National	\$36,015,367	\$21,042,446
First National	27,889,586	11,110,123
United States National	21,374,076	10,665,021
Stockyards National	9,580,838	6,897,742
Live Stock National	5,703,476	3,472,642
State Bank of Omaha	4,107,075	2,148,946
Packers National	3,062,333	1,471,553
Union State	2,013,673	892,480
South Omaha State	1,276,062	871,949
South Omaha Savings	947,866	975,912
Farmers and Merchants	809,350	589,323
Bank of Florence	429,828	341,141

BERT A. WILCOX, who has been vice president of the Omaha National bank for 15 years, resigned early in April. It was announced he would enter the investment business in Denver. He was a former director of the Omaha National Bank.

THE VARIOUS national banks of Omaha, after the first quarter, declared their regular quarterly dividends. The First National Bank, on March 25, paid its usual 2½ per cent quarterly. The Omaha National Bank paid 3 per cent. The Live Stock National and the Packers National Bank each paid 2 per cent. The United States National Bank and the Stock Yards National Bank, which are affiliated with the Northwest Bancorporation, both reported excellent earnings.

THE NEBRASKA Investment Bankers association has elected Harold T. Landeryou of Omaha, president; Ellsworth Moser, of the United States Trust company, vice president; and F. W. Porter, of Rufus Lee company, secretary-treasurer. Dr. David Friday was a guest of the association, speaking at a luncheon April 3, when he discussed general business and banking conditions.

GRADE SCHOOL savings funds in Omaha have increased to a greater amount than ever, according to a report by the First National Bank, which handles these accounts.

During February, 14,189 grade school children were depositors in the school savings plan, as compared to 37,925, for February, 1929. The bank reported \$349,076 on deposit in school savings accounts, as compared with \$321,615 on the same date a year ago.

A NATIONAL BANK charter was granted early in April to the Farmers State Bank of Pilger, Neb., and the name was changed to the Farmers National Bank. Officers and directors of the bank were not changed, they being: President, Walter R. Chace; vice president, James Doty; cashier, Robert Larson; assistant cashiers, L. E. Bare and Walter Happel.

W. D. HOSFORD has been elected a director of the Federal Reserve Bank of Kansas City to take the place of T. C. Byrne, who resigned. Mr. Hosford, whose home is in Omaha, is vice president of the John Deere Plow company, and the head of its district at Omaha. He was the only candidate representing the Class B banks in the Tenth district.

THE FIRST NATIONAL bank of Omaha has completed the work of building its new savings quarters on

## Group Meetings

Group meetings for Nebraska will be held as follows:

- May 19—Group 1—Lincoln
- May 20—Group 4—McCook
- May 21—Group 5—Kearney
- May 22—Group 7—Alliance
- May 23—Group 6—Rushville

Arrangements have been made for a special pullman to make the rounds of the five meetings during the week of May 19, and if you are interested in this arrangement it is suggested that you send your name to Mr. William B. Hughes, Secretary.

## Elgin Bank Reopens

The Farmers & Merchants Bank at Elgin, Nebraska, which was closed by Bank Examiner Fred S. Allen February 28, 1929, reopened for business recently following a complete reorganization.

The depositors waived 20 per cent of their deposits to make the reorganization possible, and with this \$42,000 in slow and doubtful paper was taken out of the note case.

## Association Holds Meeting

The thirty-second annual meeting of Group Two of the Nebraska Bankers Association was held on Arbor day, April 22, as usual, at Fremont. Emil E. Wolfe, vice president of the Bank of Morse Bluffs, who was president of the group, presided. Talks

the ground floor room of the bank building, in connection with the alteration of the bank and the building of a new addition to the building. Larger space is also to be given the trust quarters of the bank.

ROSS L. HAMMOND, president of the Union National Bank of Fremont, has been elected a director of the Fremont Chamber of Commerce.

#### Overton Gets Bank

After being without a bank since November 11, 1929, Overton, Nebraska, will again have a bank with the opening of the new Overton National Bank.

The Farmers State Bank closed its doors here November 11, 1929 to thus make the town without a bank. The Farmers State Bank building has been purchased by the new national bank. The new bank will start with \$25,000 capital and \$5,000 surplus.

A. E. Grantham of Lexington is president of the new bank; I. F. Burns

of Overton is vice president; J. L. Carter of Seward is cashier. The board of directors are J. A. Gardner and T. H. Malm of Overton and J. H. Roberts of Lexington.

#### Sell Bladen Bank

The second Webster county bank merger within two days was effected with the purchase of the Service State Bank by the Exchange Bank of Bladen, Nebraska.

The sale of the First National Bank at Blue Hill and of the Service State Bank completes the disposal of two of six banking institutions in this section of the state controlled by C. F. Gund of Blue Hill.

The consolidation boosts the deposits of the Exchange Bank to over \$200,000. V. S. Hall is owner of the Exchange Bank, and Jay McIllece is cashier.

The town of Bladen, previously reputed because it supported three banks despite its population of 450, now has two banks.

#### Blue Hill Banks Merge

Consolidation is the order of the day, and Blue Hill, Nebraska, falls into line with a merging of the Commercial and First National banks, the former taking over the latter by purchase. The officers of the Commercial will continue as officers of the consolidated institutions.

The bank now has deposits of \$550,000, with 50 per cent cash reserve and capital and surplus of \$55,000.

#### Dies of Burns

Herbert R. Howe, 74, president of the First National Bank of Auburn, Nebraska, was burned to death in a fire which partially destroyed a shed at his home.

Howe had gone to the shed to draw some coal oil from a barrel, and it is believed an explosion occurred while he was there.

A neighbor woman saw the shed in flames and called the fire department. Howe's body, burned beyond recognition, was found behind a door several minutes after the blaze had been extinguished.

Howe was a son of Church Howe, former American consul at Manchester, England. He was a member of the Nebraska Good Roads association. He and his wife celebrated their golden wedding anniversary about a month ago.

Besides his wife, Howe is survived by three sons, Barton, Hoxie and John, all of Auburn.

#### Committees Hold Meeting

Members of the clearing house and credit bureau committees of the Nebraska Bankers Association met at Fremont, recently, for a discussion of committee activities.

J. M. Sorensen, vice president of the Stephens National Bank and chairman of both committees, presided. The evening was spent in discussing plans for establishing a state wide credit bureau and listening to suggestions how the committee could best forward a constructive program for better bank management and analysis.

In addition to Sorensen, the following were present: W. E. Minier, cashier of the Oakland State bank at Oakland; Phil L. Hall, cashier of the Lincoln National bank and president of the Greenwood State bank; R. I. Stout, president of the First National bank of Tekamah; H. J. Wragge, cashier of the First National bank of Tekamah; Ralph Bloom, cashier of the Bank of Axtell; D. C. West, vice president of the Bank of Nehawka; William B. Hughes, of Omaha, secretary of the Nebraska Bankers' asso-

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(EST. 1903)

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ROBERT P. MORSMAN, *President*

GWYER H. YATES, *Vice-President*

H. M. BUSHNELL, *Vice-President and  
Trust Officer*

JOSEPH C. MCCLURE, *Vice-President*

THOMAS F. MURPHY, *Vice-President*

CHARLES F. BRINKMAN, *Ass't. V.-Pres.*

PERRY B. HENDRICKS, *Ass't. V.-Pres.*

RALPH R. RAINEY, *Cashier*

HARRY E. ROGERS, *Assistant Cashier*

ERNEST E. LANDSTROM, *Ass't. Cashier*

AUSTIN L. VICKERY, *Assistant Cashier*

VICTOR B. CALDWELL, *Assistant Cashier*

H. W. YATES, *Assistant Trust Officer*

ciation; and O. E. Martin, Jr., secretary to the president of the Stephens National bank.

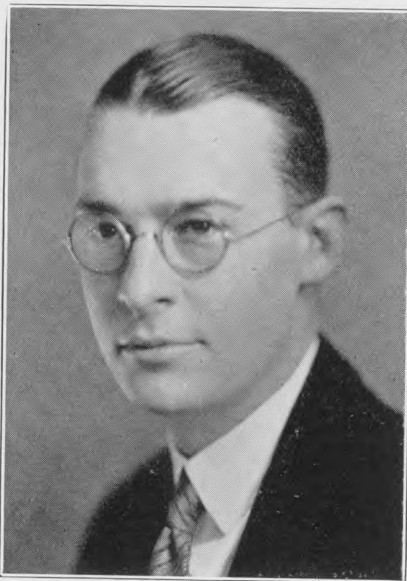
**Pioneer Banker Dies**

A. B. Houghton, pioneer Nebraska banker, died recently at a Grand Island hospital. Mr. Houghton was born in Illinois, May 27, 1869, and came to Nebraska in the early eighties, settling at Hampton, which had since been his home. In addition to his banking he had quite extensive lumber and agricultural interests in the central and western portions of the state.

Mr. Houghton is survived by his wife, Nellie M.; a daughter, Mrs. Archie Furr of Lincoln, and two sisters, Mrs. E. F. Hauks, and Mrs. Addie Langlers of San Diego, California.

**Will Visit Native State**

George D. Bushnell, Assistant Vice-President of the Central Trust Company of Illinois, Chicago, goes to his old "stamping" ground on May 19



GEORGE D. BUSHNELL

when he will attend Nebraska group meetings, making his headquarters at Lincoln.

Mr. Bushnell was born and grew up in Lincoln. He was graduated from the University of Nebraska and has a wide acquaintance among bankers of that state. Having attended the Nebraska State Bankers conventions and other similar meetings in that section, he has built up a wide circle of friends in the banking profession of the state. Mr. Bushnell has been associated with the Central Trust Company of Illinois, banking unit of The Central Group, for a number of years.

**Elected President**

At the last regular meeting of the board of the Jefferson County Bank, Daykin, Nebraska, H. H. Humphrey

was elected president of the bank, and M. C. Wessner vice president.

Dr. H. H. Humphrey has been vice president of Daykin's banking institution for the past six years.

Mr. Humphrey succeeds to the position held for many years by the late Louis Jarchow.

**Mohrman with Loan Association**

R. H. Mohrman, receiver for failed state banks at Humboldt and Stella, Nebraska, is quitting that job to take the position of managing secretary of the Lincoln Saving & Loan association.

Mr. Mohrman had acted as receiver of failed state banks for several

years and for the last few months had been located at Humboldt. Prior to accepting receiver's job's, he had been a banker.

**Kearney Bank 40 Years Old**

The Farmers State bank of Kearney, Nebraska, recently observed the fortieth anniversary of its founding. J. G. Lowe and J. A. Boyd, who organized the bank, are still connected with the institution, the former as president and the latter as chairman of the board of directors. For a few months last year the bank was compelled to serve all of Kearney's banking needs, three of the four banks having been closed.

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

*The First Trust Company*  
of  
LINCOLN, NEBRASKA

*"Complete Investment Banking and Trust Service"*

*The*  
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LINCOLN, NEBRASKA

*"A Bank for Bankers"*

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

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EDWIN N. VAN HORNE, President  
T. B. STRAIN, Vice-President  
EDWARD A. BECKER, Cashier  
W. S. BATTEY, Asst. Vice-Pres.  
RAY C. JOHNSON, Asst. Vice-Pres.  
WHEATON BATTEY, Asst. Cashier.



OUR BANKING ROOM  
MAIN FLOOR RIGHT

#### OFFICERS

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

**I**T IS our constant endeavor to render a service to our customers that will establish us as one of their indispensable correspondents.

## Stock Yards National Bank of South Omaha



Affiliated with the  
Northwest Bancorporation

**The Only Bank in the Union Stock Yards**

#### Prefers Janitor's Job

As a result of one of the provisions of the banking law passed by the special session of the legislature, the president of one of Nebraska's state banks has decided that the job of janitor looks better to him than being bank president.

His views were expressed in a letter received recently by George W. Woods, state bank commissioner.

"Under the new banking law, as enacted by the late lamented legislature, we note that all bank employes, except stenographers and janitors, will be required to give bond," the latter states.

"Accordingly I have resigned as president, my wife has resigned as vice president and cashier. I have been elected janitor and she's my stenographer. We hope it will work, for no one else seems to want the jobs we have vacated."

#### Oconto Banks Merge

As the result of a consolidation of the two state banks at Oconto, Nebraska, the Farmers' bank of that town becomes a half million dollar institution in the size of its deposits, with capital stock and surplus of \$45,000.

It attained this status through taking over the business and assets, and assuming the deposit liabilities, of the Oconto State bank. The cash reserve, plus bonds readily convertible into cash, is almost 50 per cent.

Frank Devine is president of the consolidated bank and J. V. Devine is cashier.

#### Benkelman Bank Sold

After several weeks of negotiations the Farmers and Merchants bank announces the purchase of the deposits, part of the loans, and the good will of the Bank of Benkelman, Nebraska. None of the real estate of the Bank of Benkelman is assumed in the transaction. A holding company composed within the Bank of Benkelman, is formed to own and control the real estate and all assets not accepted by the bank. Chris A. Andersen is the new assistant cashier. President of the bank is M. A. Higgins.

#### National Bank at Kimball

The last state bank in Kimball county became a national bank when G. W. Broadhurst, cashier of the Bank of Kimball, Nebraska, received a charter from J. W. Pole, comptroller of currency at Washington, D. C., authorizing that institution to commence business as a national bank. The name is Kimball National bank.

# News of the Omaha Stock Yards



## Cattle Experiments

The United States Bureau of Animal Industry has been conducting some very interesting studies in regard to beef cattle in various parts of the United States and the results secured in the majority of cases have a rather wide range of application. Here are some of the facts learned.

The bureau has a new coöperative in beef-cattle research, which is being conducted at Sni-A-Bar Farms in Missouri. The object of the work there is to compare corn alone, and cottonseed meal, and corn and oats as grain rations for fattening calves previous to weaning.

Three lots of calves were used, these being started on feed when about three months of age. They were fed on pasture with their dams and weaned at about eight months of age. No marked differences were observed in the case of the three lots.

In the 196-day feeding period in the dry lot with these calves which followed their weaning, the calves which were fed on corn and cottonseed meal, made the best gains and had the highest finish. The corn and oats lot ranked second in gains, the corn lot was last but the corn lot made the cheapest gain and returned as much profit as either of the other two, considering the prices of feed used. The cottonseed meal seemed to have an advantage in more rapid gains, somewhat better finish and a higher selling price.

### Wintering Rations in Montana

At the Miles City, Montana, Range Livestock Experiment Station, approximately 55 per cent of the cows in the breeding herd were maintained all winter in a vigorous condition on the range with 22 pounds of cottonseed cake per head.

In the case of yearling steers at the Montana station, they were put in feed lots when range conditions due to cold weather and deep snow, became adverse, and weight losses were in evidence. A ration of 24 pounds of

alfalfa hay and 12 pounds of oat straw, but the cost was enough higher to offset any advantages of the alfalfa.

At the Ardmore Field Station, Ardmore, South Dakota, one lot of yearling steers was wintered on 8 pounds of alfalfa hay and 4 pounds of oat straw and another on 16 pounds of corn silage and 4 pounds of oat straw, with similar results. It would seem, therefore, that based on one year's test, 2 pounds of good corn silage when fed with a straw, is equal to one pound of alfalfa hay for wintering steers.

Investigations were carried on coöperatively with the Montana experiment station at the sub-station at Havre, consisted in the wintering of beef cows and heifers and the fattening of calves. Five lots of 1,100-pound cows were fed for 114 days on five different rations. Here are the respective gains per animal in that period:

The Daily Ration	Gain in 14 Days
20 pounds alfalfa.....	11 pounds
17 pounds oat hay.....	35 pounds
17 pounds sweet clover.....	41 pounds
21 pounds corn fodder.....	83 pounds
19 pounds bluejoint hay.....	62 pounds

The average of two years' results, indicates that oat hay is superior to alfalfa, sweet clover, and bluejoint, these last three being about equal as roughage for wintering cows. Corn fodder was somewhat inferior to the other roughages, as about 50 per cent more of it was required to obtain slightly greater gains.

In the Montana experiment it was also found that heifers weighing 740 pounds, wintering on 5 pounds of alfalfa hay and all of the good oat, wheat and barley straw they would eat (12 pounds), for 114 days, did nearly as well as the heifers wintered on 19 pounds of alfalfa per head daily, and the cost was less than half. Heifer calves weighing 400 pounds, wintered on 12 pounds of alfalfa daily for 146 days, made over three times as much again (110 pounds) as the

heifers wintered on 5 pounds of alfalfa and 5 pounds of oat straw and barley straw, but the cost of wintering was nearly double in the case of the lot receiving hay alone.

## Net to Join West Central

By a vote of 24 to 18, the Beatrice Farmers' Coöperative Elevator company voted last month not to join the Farmers' West Central Grain Coöperative, Inc., grain marketing agency sponsored by the Federal Farm Board.

Some of the stockholders of the elevator company blame the decision not to join on the failure of two representatives of the grain corporation to attend the meeting as was expected.

## More Cattle on Feed

Nebraska cattle feeders had 8 per cent more cattle in feed lots on April 1, 1930, than they had last year, according to the State and Federal Division of Agricultural Statistics. The entire cornbelt shows an increase of 3.4 per cent in the number on feed now as compared to a year ago. Only three of the cornbelt states have fewer cattle on feed now than at the same time last year.

The estimated market receipts from Nebraska during the first three months of 1930 were 405,196 head. Marketings for the same period last year amounted to 379,640 head. However, the number of cattle on feed on January 1, this year, was considerably below the number on feed last year and the increase shown at the present time is not indicative of a large increase in the number fed during the whole feeding season. Due to what feeders considered a high price for cattle and to the uncertainty of the corn supply during the early part of the feeding season, cattle were slow in movement into the feeder districts. Later the movement showed a decided increase which cause a large number to be in the feed lots later in the season than last year.

The movement of stocker and feeder cattle into Nebraska during the first three months of 1930 were approximately 96,000 head as compared to 60,000 head for the same period last year.

### Farm Population

Gradual slackening in the trend from farm to city with indications that the population is becoming stabilized were noted in studies made public by the agriculture department last month.

Farm population still is dwindling, though more slowly. It is estimated there are 27,222,000 persons on farms, or less than at any time within 20 years. Farm population has decreased by 5,000,000 since 1910.

The movement from farm to city has been gradually diminishing in volume, however, for some years until in 1929 it included 1,876,000 persons compared with more than 2,000,000 in earlier years.

Movement of farm families to cities in the past 20 years, it was pointed out, has established many ties and associations between rural and urban families that have gone far to create a homogeneous population. The 12,000,000 farm-bred persons living in cities were said to have linked practically every farm home at some time or other with some city family.

Study of the yearly change in farm population reveals a definite relationship between the population drift and

the condition of agriculture and business. Data covering the past seven years shows that an improvement in farm income has always been accompanied by a smaller movement of population from farms.

Because of unemployment conditions now prevailing in cities there is a plentiful supply of farm labor and farm wages are lower than in eight years. They range from \$23.30 with board in the south Atlantic states to \$53.94 in the far west.

### New Quarters Completed

Melvin A. Traylor, president of the First National Bank of Chicago, has announced the completion of the new quarters of the First-Chicago Corporation on the fourth floor of the bank's building.

The corporation, which last year added \$5,000,000 to its working capital, will participate in the origination and underwriting of stock issues. The bond buying division of the First Union Trust and Savings Bank, as well as that of the corporation, will also occupy space in the new quarters.

Frank O. Wetmore and Frederick H. Rawson are chairmen of the corporation, Harry A. Wheeler is vice chairman and Melvin A. Traylor is president. Irvin L. Porter, Frank M. Gordon, Albert C. Koch and J. H. C. Templeton are vice presidents.

Mr. Porter will be in active charge of the affairs of the corporation and the bond buying division. A New York office is also maintained at 63 Wall street, which is in charge of Mr. Templeton.

The directors of the corporation are: Philip D. Block, Edward E. Brown, Richard J. Collins, D. Mark Cummings, James B. Forgan, Jr., Frank M. Gordon, James Norris, George Pick, I. L. Porter, Frederick H. Rawson, George A. Ranney, R. Douglas Stuart, Bernard E. Sunny, Melvin A. Traylor, Frank O. Wetmore, Albert H. Wetten and Harry A. Wheeler.



## A Correspondent Service

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experience*

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

RESOURCES EXCEED 200 MILLION DOLLARS

*Central Western Banker, May, 1930*



#### STATEMENT OF THE OWNERSHIP, MANAGEMENT, CIRCULATION, ETC., REQUIRED BY THE ACT OF CONGRESS OF AUGUST

24, 1912.  
Of CENTRAL WESTERN BANKER published monthly at Omaha, Nebraska, for April 1, 1930.  
State of Iowa  
County of Polk  
ss.

Before me, a Notary Public in and for the State and county aforesaid, personally appeared Clifford De Puy, who, having been duly sworn according to law, deposes and says that he is the Publisher of the CENTRAL WESTERN BANKER, and that the following is, to the best of his knowledge and belief, a true statement of the ownership, management (and if a daily paper, the circulation), etc., of the aforesaid publication for the date shown in the above caption, required by the Act of August 24, 1912, embodied in section 411,



Postal Laws and Regulations, printed on the reverse of this form, to wit:

1. That the names and addresses of the publisher, editor, managing editor, and business managers are: Publisher, Clifford De Puy, Des Moines, Iowa; Editor, R. W. Moorhead, Des Moines, Iowa; Managing Editor, (none); Business Manager, Gerald A. Snider, Des Moines, Iowa.

2. That the owner is: (If owned by a corporation, its name and address must be stated and also immediately thereunder the names and address of stockholders owning or holding one per cent or more of total amount of stock. If not owned by a corporation, the names and addresses of the individual owners must be given. If owned by a firm, company, or other unincorporated concern, its name and address, as well as those of each individual member, must be given.)  
De Puy Publishing Company, Des Moines, Iowa.

Clifford De Puy, Des Moines, Iowa.  
Gerald A. Snider, Des Moines, Iowa.  
Wm. H. Maas, Chicago, Ill.

3. That the known bondholders, mortgagees, and other security holders owning or holding 1 per cent or more of total amount of bonds, mortgages, or other securities are: (If there are none, so state) None.

4. That the two paragraphs next above, giving the names of the owners, stockholders, and security holders, if any, contain not only the list of stockholders and security holders as they appear upon the books of the company as trustee or in any other fiduciary relation, the name of the person or corporation for whom such trustee is acting, is given; also that the said two paragraphs contain statements embracing affiant's full knowledge and belief as to the circumstances and conditions under which stockholders and security holders who do not appear upon the books of the company as trustees, hold stock and securities in a capacity other than that of a bona fide owner; and this affiant has no reason to believe that any person, association, or corporation has any interest direct or indirect in the said stock, bonds, or other securities than as so stated by him.

5. That the average number of copies of each issue of this publication sold or distributed, through the mails or otherwise, to paid subscribers during the six months preceding the date shown above is.....  
(This information is required from daily publications only.)

CLIFFORD DE PUY

(Signature of publisher)

Sworn to and subscribed before me this 17th day of April, 1930.

EARL S. LINN

(My commission expires July 4, 1933.)

### A CORRECTION

On page 19 of the CENTRAL WESTERN BANKER for April appeared a story listing 25 state banks of Nebraska closed during 1929 which have been reopened. It was further stated that "The Harrison State bank accomplished reorganization without change of ownership or management and without loss to depositors."

There was no intentional inference that this was the only bank in this list to be so reorganized, and since this issue has been in the hands of its readers we are informed that the Dawson County State Bank of Lexington, Nebraska, one of the 25 banks so listed, was also reorganized after being closed only two weeks, under the same ownership and management and without any loss whatever to depositors. The bank opened with about a 60% reserve.

The Dawson County State Bank is capitalized at 50,000.

Officers include: President, John E. Jacobson; Vice President, Thomas P. Crawford; Cashier, J. B. Wood; Assistant Cashier, Geo. J. Gaibler.

### THE GROWING FIELD FOR TRUST SERVICE

(Continued from page 14)

this condition, and render the Bureau of general service, instead of it being merely a tax collector.

Relative to estates alone, statistics are easily available covering the form and cost of administration as distinguished from funeral expenses, the number of estates actually carrying insurance and the graduation as to the number of policies and amount of insurance so held, and many other items that appear on the face of the returns but which are not tabulated for the reports. The returns of all gross estates in excess of \$50,000, administered within the United States, even if not taxable, should also be continued.



## Stockyards and All Omaha Collections Handled

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Union Stock Yards  
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*For Bond Investments---Write Us*

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R. H. KROEGER, Assistant Cashier

#### OFFICERS

HOWARD O. WILSON, Cashier

W. S. HOGUE, Assistant Cashier

ALVIN E. JOHNSON, Vice-President

L. V. PULLIAM, Assistant Cashier

Central Western Banker, May, 1930

# Wyoming News

## In Merger

Negotiations were completed recently in which the business and assets of the Bank of Hudson, Wyo., a mining town 12 miles east of Lander, were purchased by the Lander State Bank.

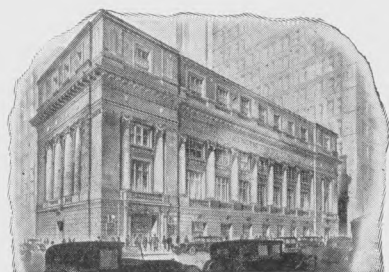
The transaction involves \$100,000 worth of bank business.

The Bank of Hudson has been doing business for 20 years, and during the time when mining activities were at their height there, it was one of

the most important financial institutions in Fremont county. The present capital is \$10,000.

O. Bertagnolli, Jr., has been cashier of the bank for several years. The transfer of the books and other property was made to the Lander bank, and active accounts will be included in regular business of the Lander State bank.

M. A. Nelson is vice president and manager of the Lander bank, and Harold Del Monte is cashier.



**T**HE business of your bank is solicited on the basis of the personal understanding we can give it and upon the ability of our bank to successfully meet the varied requirements of your institution.

## THE NORTHERN TRUST COMPANY

Northwest Corner LaSalle and Monroe Streets  
CHICAGO

Sheridan, Wyoming, business has boomed healthily and at a steady rate of increase over a period of the last five years, as shown in bank check clearings for each of the five years, prepared by the city's three banks at the close of business December 31, annually.

Savings account deposits, also, have shown gains in the last three years.

In 1925 the total passed across bank counters was \$36,428,679.97, as compared to \$49,795,234.26 in 1929, a gain of \$13,366,554.29.

Thus, that gain of over 13 and a quarter millions occurred in only five years.

Such a gain represents an average yearly increase in business of \$2,673,310.85. However, the increase from year to year has not been consistently more than two and a half millions.

## Becomes National Bank

The last state bank in Kimball county, Wyoming, became a national bank recently when G. W. Broadhurst, cashier of the Bank of Kimball received a charter from J. W. Pole, comptroller of currency at Washington, authorizing that institution to commence business as a national bank. The name is Kimball National Bank.

The officers are P. C. Mockett, president; John I. Filer, vice president; George W. Broadhurst, cashier; P. H. Maginnis, assistant cashier; Vernon Linn, director.

The granting of a national charter to the Bank of Kimball places all banks in Kimball county under the national system.

## LAST MINUTE NEWS

(Continued from Page 3)

pany is to have a capital of \$1,000,000 and its headquarter will be at 11 Broad Street, the address of the present Equitable Trust Company."

**C**ENTRAL-ILLINOIS Company of Chicago, investment affiliate of Central Trust Company, has opened a branch office at Indianapolis. The office is located in the Fletcher Savings & Trust Building, and is under the direction of J. Mitchell Westra, for many year Manager of the state of Indiana for Central-Illinois Company and one of its predecessors.

Operating with Mr. Westra in Indiana are five other salesmen who cover a substantial portion of the state, and who will also make their headquarters in the new Indianapolis office.

# South Dakota News

## Joins Northwest Bancorporation

The First National bank of Philip, South Dakota, recently became affiliated with the 98 other banks and trust companies in the Northwest Bancorporation group. The Philip bank has resources of \$644,000 and deposits totaling \$571,735.

Combined resources of the 99 institutions in the group amounted to \$483,000,000. J. C. Nelson is president of the Philip bank.

## Clay Elected President

At a meeting of the board of directors of the Butte county bank of Belle Fourche, South Dakota, John Clay, who is the largest stockholder of the bank, was elected president to fill the vacancy caused by the death of J. T. Craig, who had been president for many years. A. H. Marble and W. B. Penfold were elected vice presidents, and DeWitt Malvin, who has been assistant cashier, was elected cashier. Mrs. Penfold, who has been cashier, has been associated as an officer with the John Clay banks of this vicinity for 27 years.

## Elected Cashier

George J. Havens has been tendered and has accepted the position of cashier of the First National Bank of Custer, South Dakota. Mr. Havens has been county treasurer for the past three years, having been county auditor for the four years prior to that time.

## Plans for Conventions

Aberdeen bankers are busy organizing committees to complete the program for the thirty-ninth annual convention of the South Dakota Bankers' association which is to be held in Aberdeen, June 11, 12 and 13. Chris E. Hauge, president of the Aberdeen Clearing House association, is general chairman of the convention.

## With Bank 44 Years

George Carroll Smith has celebrated his forty-fourth year with the Bank of Hot Springs, South Dakota. Cashier Smith began work for this firm when it had a bank at the new town of Buffalo Gap, when he was a beardless youth of 19. He had charge of the bank in an old wooden building of that little frontier town when he transacted the bank's business with one hand while his other practically rested on a six-shooter.

After the serious crisis in the '90s, the bank was moved to Hot Springs, and has been under the same management ever since.

## Clearings Increase by Million

Sioux Falls, South Dakota, bank clearings for March topped those of March, 1929, by \$1,055,818.75, and those of February, 1930, by \$331,346.12.

The bank clearings for the past month were \$8,683,945.56 as against \$8,352,599.44 for the month previous, and \$7,628,126.81 for March a year ago.

## No "Gold" Panic

Dr. B. M. Anderson, economist for the Chase National group recently spoke before the Indianapolis Bond Men's Club on Gold and Goods. He assured the hearers that the alleged shortage of gold should give them little concern. In opening he said:

"There has been a great deal of recent discussion, rather despairing in tone, regarding a shortage of gold, and even warnings of an impending 'gold panic' in the course of the next two or three years. The demand is made that the gold reserves of the

world be pooled, so that interest rates may be made very low again, to prevent a violent break in commodity prices and strangulation of trade. On the other hand, there has been expressed an incredulous optimism, which points to the ratio of reserves to combined notes and deposits of the Federal Reserve Banks, well above 70 per cent, and asserts that there is an abundance of gold. Holders of this view also usually demand, however, that the Federal Reserve authorities should make interest rates very low.

"I share neither of these views. There is enough gold in the central banks of the world to make it easy to supply all the bank credit that is needed for legitimate business purposes, and the annual production of gold is ample to meet the legitimate needs of business expansion. But there is not enough gold in the world to enable us to continue the rapid expansion of bank credit of recent years, during which bank credit has been used as a substitute for investors' savings in financing the mortgage market, financing the building trade, financing the one-sided flow of goods in the export trade, and, above all, financing an unprecedented stock market speculation. The 'gold panic' is not a matter for the future. The 'gold panic' occurred in the autumn of 1929, with the great stock market crash, which dispelled the illusions which an abnormal concentration of gold in one country had created."

# Utah News

## Has Interesting Display

One of the most novel and interesting business displays ever exhibited in Utah, was on exhibition in the Bank of American Fork. The display has as its theme "Thrift and Saving for the Future."

Twelve varieties of birds were mounted on several attractive posters, not just painted but actually mounted, and in the natural feathers and colors. The most interesting object of display, however, is a woodpecker mounted on a part of a telephone pole, in which acorns are deposited. The title reads "The Bird Who Used His Head. Saving for the Future." A placard attractively printed tells the story as follows:

"This woodpecker invests in acorns and stores them in safety deposit boxes. He lives on worm income from these investments, eating into acorn principal only in necessity."

## In Merger

Inclusion of the First Securities bank of Bingham in the First Security corporation system of Utah, Idaho and Wyoming was announced recently with the merger of the First Securities bank with the First National bank at Bingham.

Combination of the assets and liabilities of the two banks brings total deposits to more than \$1,000,000, officials of the First Security corporation announced.

The consideration was not made public by George E. Chandler, president of the First Securities bank. The new bank will operate under the name of the First National bank.

Louis S. Cates, president of the National Copper bank of Salt Lake is also president of the First National bank of Bingham. S. E. Ferney will remain as cashier. Chandler has announced his retirement at this time.



# New Mexico News

## Plan for Meeting

Plans are being made for the annual convention of the New Mexico Bankers association, which will be held in Raton, May 16 and 17. President H. L. Boyd of Springer and Secretary Margaret Barnes of Albuquerque are busy making arrangements.

The Raton bankers are planning to show the visitors a good time, and have announced the following entertainment committee: E. C. Crampton, chairman; E. C. Smith, Ernst Ruth, D. E. Woodward, A. H. Officer, C. Johnson, Frank Gumm, Jr., and D. E. Secrest of Dawson.

The headquarters will be at the Swastika hotel and the business sessions will be at the Elks club.

The committee on hotel reservations is composed of A. H. Officer, chairman; E. C. Crampton and E. C. Smith. Reservations will be taken care of in the order in which they are received. A large attendance is expected.

## Installs Safety Device

H. E. Shelstron, a representative of the O. B. McClintock Co., of Minneapolis, Minnesota, has just installed a new ventilator in the vault at the Las Vegas, New Mexico, Savings Bank. Anyone forced into the vault by bandits or accidentally locked therein by use of the device can communicate with the outside and can also cause fresh air to be fanned into the vault. Operation of the device also sets in motion the bank's burglar alarm system.

## Fisher a Bank Director

Hugh T. Fisher, widely known Topekan, was elected to the board of directors of the Kansas Reserve State bank at a meeting recently.

Mr. Fisher has achieved prominence in many lines of activity. A graduate of the University of Kansas law school, Mr. Fisher was county attorney for three years preceding 1921, when he was elected state senator. He served two terms in that capacity.

He is president of the Penwell Undertaking company; director and general attorney of the Postal Building and Loan association, and general attorney for the Guaranteed Securities Life Insurance company, and he has achieved state-wide recognition as a lawyer.

## THE INTERNATIONAL MONEY MARKET

THE ABNORMAL situation of recent years regarding the effect of gold imports on bank expansion and foreign loans has reached a climax, in the opinion of Dr. Benjamin A. Anderson, Jr., Ph. D., economist of the Chase National Bank. The Gresham Law no longer sends gold to us, he

says. Most of the world is on a gold standard and is competing for gold again. We cannot expand bank credit at the rate of recent years and, unless a very great and ever growing volume of foreign securities is placed in our market, will we be enabled to maintain our export trade and import restrictions.

In his address at the banquet of the First International Foreign Trade Convention held at Buffalo, Dr. Anderson said that a reaction in our export trade is under way, and a reaction in the export trade of the principal countries of Europe is also mani-

# Guaranty Trust Company of New York

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## Condensed Statement, March 27, 1930

### RESOURCES

Cash on Hand, in Federal Reserve Bank, and Due from Banks and Bankers . . . . .	\$ 308,735,592.54
U. S. Government Bonds and Certificates . . . . .	198,552,290.61
Public Securities . . . . .	26,369,985.98
Stock of the Federal Reserve Bank . . . . .	7,800,000.00
Other Securities . . . . .	45,220,636.99
Loans and Bills Purchased . . . . .	952,401,843.96
Real Estate Bonds and Mortgages . . . . .	770,939.99
Items in Transit with Foreign Branches . . . . .	21,105,300.11
Credits Granted on Acceptances . . . . .	162,289,099.48
Real Estate . . . . .	14,549,527.71
Accrued Interest and Accounts Receivable . . . . .	11,525,848.17
	<u>\$1,749,321,065.54</u>

### LIABILITIES

Capital . . . . .	\$ 90,000,000.00
Surplus . . . . .	170,000,000.00
Undivided Profits . . . . .	35,035,100.51
	<u>\$ 295,035,100.51</u>
Accrued Dividend . . . . .	4,306,000.00
Outstanding Foreign Bills . . . . .	479,827.00
Bills Payable . . . . .	19,500,000.00
Accrued Interest, Miscellaneous Accounts Payable, Reserve for Taxes, etc. . . . .	14,850,167.35
Agreements to Repurchase United States Securities Sold . . . . .	3,759,204.93
Acceptances . . . . .	162,289,099.48
Liability as Endorser on Acceptances and Foreign Bills . . . . .	115,716,235.28
Deposits . . . . .	\$1,091,123,097.32
Outstanding Checks . . . . .	42,262,333.67
	<u>1,133,385,430.99</u>
	<u>\$1,749,321,065.54</u>

fested in the latest reported figures. "A great many commodities which are prominent in international trade have recently had sharp breaks in price, among them wheat, cotton, rubber, silk, wool, jute, silver, cocoa, coffee, tin, zinc and hides, while some others, like sugar, steam coal and oil and gasoline, which have long been depressed in price, have shown a moderate further weakness," he said.

"Our exports of wheat for the crop year 1929-30 are 27 per cent below the average of the corresponding months of the three preceding crop years. Our exports of cotton for the crop year of 1929-30 are 15 per cent below the average of the corresponding months of the three preceding crop years. These facts justify us in a reexamination of the fundamental laws of international trade.

#### *How Exports Are Paid For*

"A satisfactory export trade for the United States depends upon the ability of foreigners to secure dollars in adequate volume to pay for the goods they buy here. In the long run, the main source from which the foreigner can secure dollars is by selling goods in the United States. President McKinley, speaking in Buffalo in his last speech before his assassination in 1901, said:

"A system which provides a mutual exchange of commodities is manifestly essential to the continued and healthful growth of our export trade. We must not repose in fancied security that we can forever sell everything and buy little or nothing."

"In this speech, he advocated a modification of our tariff policy, such that we might buy more from foreign countries in order to sell more to them. In recent years, bankers and economists have been particularly insistent in their emphasis upon this doctrine.

"Between 1914 and the end of 1929, a period of fifteen years, we have had an excess of exports over imports of over \$25,000,000,000. During this same period, however, we have given the outside world credit of over \$25,000,000,000, when we combine our purchases of foreign securities, our repurchase of American securities held abroad before the war, and the loans made by the United States Government during the war to our allies.

#### *Gold Imports*

"Europe sent us gold during the war out of her desperate need for goods at any price, permitting her own financial fabric to be undermined in the process. From the end of the war until recently, the United States, alone, of the major countries of the world, was on the gold standard. Gold could not be taken to other great countries and employed as money in concurrent circulation with depreciated paper money without loss. Therefore, virtually all the newly mined gold of the world came to the United States, and such gold as was free to move left the countries that had depreciated money. Primarily from this cause, we gained, between August, 1920, and September, 1927, \$1,745,000,000 in gold from the outside world.

"This immense inflow of gold generated an expansion of bank credit in

the United States colossal in magnitude, amounting, between the middle of 1922 and April of 1928, to \$14,500,000,000 in the loans and investments of our commercial banks. This new bank credit, added to the existing volume of investors' savings, corporate savings and other normal sources of capital, gave us the impression that capital was unlimited and we had a period of over six years during which loan funds were very excessive and very cheap.

"As commerce could not use this excess of loan funds, it was employed (1) in a great increase in mortgage loans held by commercial banks; (2) in a rapid growth in bank holdings of installment finance paper; (3) in a great growth in bank purchases of bonds, including foreign bonds; and (4) a great growth of bank loans against stocks and bonds, including foreign stocks and bonds. Under these circumstances, new security issues multiplied with startling rapidity, the figure standing at \$4,304,000,000 in 1923 and at \$10,195,000,000 in 1929."

#### **Ruling Hits Banks**

The Internal Revenue bureau has ruled that assessments levied by the depositors' guarantee fund commission against banks doing business in South Dakota, under the laws of the state, are not deductible from gross income as ordinary and necessary expenses paid or incurred in carrying on any trade or business.

The ruling was made upon request and rendered after a study of the South Dakota laws.

<b>AUSTRALIA</b>	
<b>BANK OF NEW SOUTH WALES</b>	
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	
<b>Aggregate Assets 30th September, 1929, \$454,031,485</b>	
AGENTS—FIRST NATIONAL BANK, OMAHA, NEBRASKA      GENERAL MANAGER, ALFRED CHARLES DAVIDSON	
<b>HEAD OFFICE, GEORGE ST., SYDNEY      LON DON OFFICE, 29 THREADNEEDLE ST., E. C. 2</b>	
588 Branches and Agencies in all Australian States, Federal Territory, New Zealand, Fiji, Papua, Mandated Territory of New Guinea, and London.	

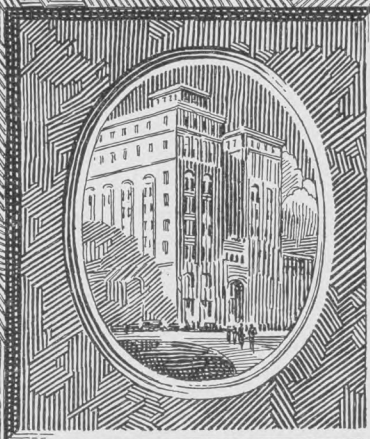
THE CENTRAL WESTERN BANKER, OMAHA, PUBLISHED BY DEPUY PUBLISHING COMPANY			
410 Arthur Bldg., Omaha, Nebraska			
CLIFFORD DEPUY, Publisher	GERALD A. SNIDER, Associate Publisher	R. W. MOORHEAD, Editor	L. D. VAN DORAN, Associate Editor
Wm. H. Maas, 1221 First National Bank Bldg., Chicago, Vice-President		Frank P. Syms, 25 West 45th Street, New York, Vice-President	

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