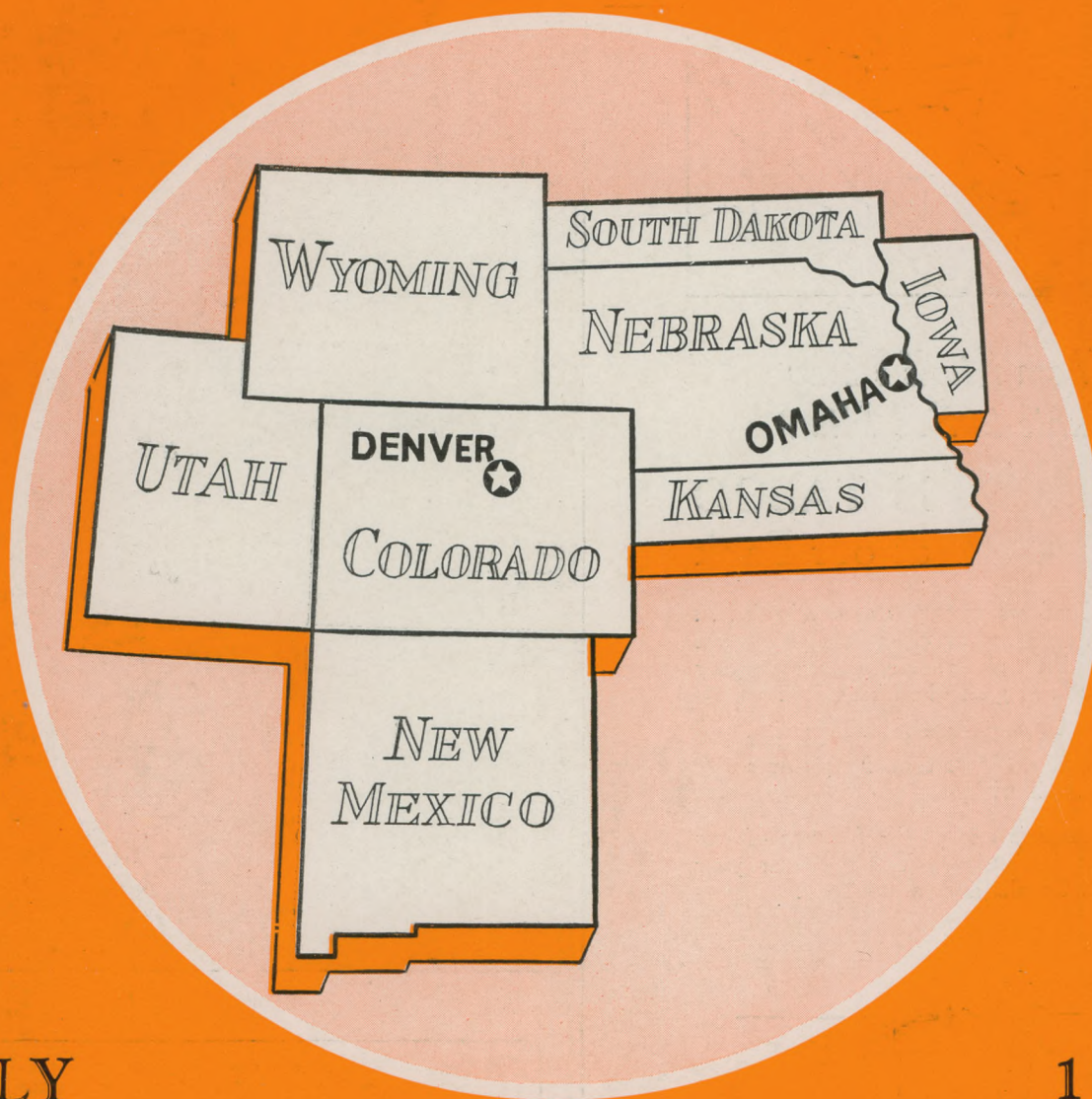


CENTRAL WESTERN BANKER

Omaha



JULY

1930

The Investment Policy of Small Banks

Page 9



*“Whom Shall I Say
Wants to See Him?”*

IS TABOO
at our Bank

Cordial officers greet you at our bank . . .
and no secretary or clerk bars your path.
You need not give your name or state your
business to be granted an interview.

No one asks for your card, nor
inquires, “Who shall I say wants
to see him?”

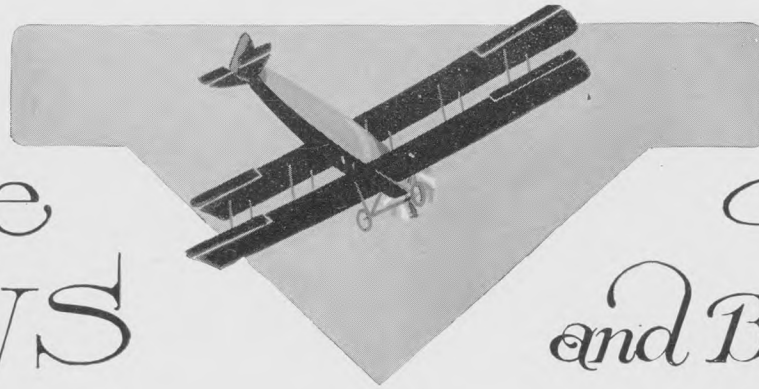
Easy access is one of the features of our
friendly institution. We welcome your
visits to Omaha and to our bank.



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

Nebraska's Oldest Bank

Last minute NEWS



of Banks and Bankers

THE CUMMINS & MORRISON COMPANY, INC., investment bankers of Des Moines, Iowa, has been admitted to membership in the Omaha Stock Exchange. Officers of the organization are R. W. Morrison, President; James A. Cummins, vice president and Lena L. Black, secretary-treasurer.

A WARNING against fraudulent brokers and promoters for offering stock in foreign Ford Motor Companies was issued recently by the Better Business Bureau of Detroit in conjunction with a national Better Business Bureau and affiliated offices throughout the United States and Canada.

Relying on the good will and integrity of the Ford name thousands of persons throughout the country have purchased stocks which either turned out to be spurious or were not delivered at all. There is no way of estimating the financial loss involved.

THE CENTRAL HANOVER BANK and Trust Company on June 10th, entertained 176 Georgia Bankers with an afternoon sight-seeing tour, an evening reception, a dinner and a theatre party. The New York visit was an original and unique feature of the 39th annual convention of the Georgia Bankers Association and the Georgia Fiduciaries Association held jointly at Savannah, Georgia.

The business sessions in Savannah were concluded the afternoon of the 7th and the group sailed for New York in the evening on the S. S. City of Birmingham. The tour was under the

sponsorship and leadership of Gordon L. Groover, retiring president of the Georgia Bankers Association and vice president of the Citizens & Southern National Bank, Savannah. He was assisted by H. F. Pelham, president of the Georgia Fiduciaries Association and vice president of the Citizens & Southern National Bank, Atlanta.

GARDNER B. PERRY, vice president of the Northwest Bancorporation of Minneapolis, was guest speaker on June 14th before the New England Council at its meeting in Poland Springs, Maine.

LIKENING THE CONSTANT interplay of force in the world's money market to the relative movements of the planets of the solar system, John E. Rovensky, vice chairman of The Bank of America N. A., New York, and past president of the Stable Money Association, addressing the Robert Morris Associates at the Harvard Club, declared that similarly the

interest rates within the country move in relation to one another while the country's money market moves in relation to world money markets. Mr. Rovensky declared that there are three distinct movements of the money market: that of the entire world structure; that of the relative positions of the various countries; and that of the other component parts of each country's money market.

"The rates of interest prevailing at a given time in the money market of any one country vary widely for a number of good and sufficient reasons," Mr. Rovensky said. "They are governed by the maturity of the loan; the nature of the collateral or risk; the liquidity of the loan (i. e., the comparative certainty of its payment at maturity, as differentiated from the certainty of its ultimate payment); the relation of the borrower and the lender; the expense of operating the loan (i. e., the work involved in connection with the loan); the lag that exists in the transfer of money from one part of the money market to another. These factors cause a wide variety of interest rates to exist side by side in each country and while there is a constant interplay of forces that tends toward a relative equilibrium, the lag delays the response of other rates to a change in the factors in any one or more parts of the entire market.

"There are numerous hybrid forms of financing. One of the most important of these is the acceptance market. Born of the Federal Reserve Act in 1914, we are still experimenting with it by the trial and error method. The fundamental money market is the

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LAST MINUTE NEWS

(Continued from Page 3)

world market—all others are relative."

ELECTION OF RALPH HAYES as vice president of the Trans-america Corporation, international bank holding company, has been announced. Hayes will assume his new post immediately, moving his offices to the Bank of America Building. Prior to his association with the New York World, Hayes was vice president of the Chatham Phenix National Bank and Trust Company.

L. W. BALDWIN, president of the Missouri Pacific road, has been elected chairman of the Denver & Rio Grande Western, controlled jointly by

the Missouri Pacific and Western Pacific roads and coveted by the Van Sweringens as a link in their plan for a transcontinental line. He succeeds William H. Williams.

A special meeting of stockholders of the Denver & Rio Grande will be called to vote on the new Ven Sweringen men, who have applied to the Interstate Commerce Commission for permission to serve as directors. Success or failure of the Cleveland railroad magnates in their plan to gain seven of the nine places on the road's board may indicate whether the transcontinental system, which will then need only the Western Pacific, is to be completed.

EXTENSION OF BRANCH BANKING systems outside met-

ropolitan districts was recommended recently by Charles E. Mitchell, of the National City Bank of New York, before the house banking committee.

THOSE IN CHARGE of the organization of the convention of the American Bankers Association, to be held in Cleveland from September 29 to October 3, are promising an unusually fine program. Complete details have not yet been outlined but it is understood that exceptionally fine speakers and an entertainment program is being arranged.

J. R. Kraus is chairman of the committee, and is assisted by Edwin Baxter, vice chairman; T. E. Monks, treasurer; C. A. Paine, secretary; E. E. Barker, J. C. McHannan, C. B. Reynolds, and Allard Smith.

Striking at Estate Shrinkage

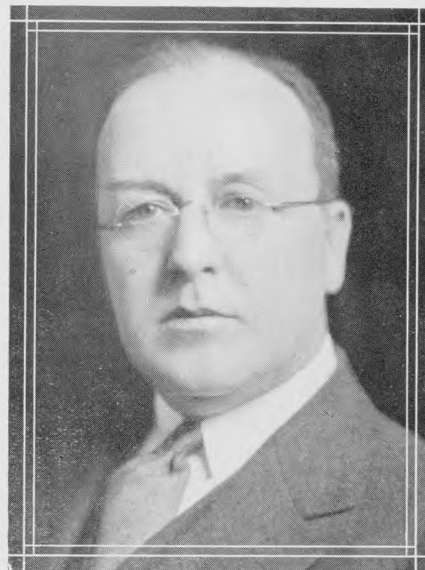
SPEAKING at a recent Conference of Life Underwriters, Edward M. McMahon, Insurance Trust Officer of The Equitable Trust Company of New York, declared that "the shrinkage of income at death is a far more serious problem than capital depreciation of estates." Mr. McMahon discussed this point in an address on the subject—"How the Equitable Trust Company of New York Is Coöperating with Life Underwriters."

"In this work," stated Mr. McMahon, "it is necessary to consider five interests: The estate builder, his heirs or beneficiaries, the life insurance underwriter, the attorney, and the trust company. The interests of the estate builder and those of his beneficiaries are placed paramount.

"Estate depreciation on transfer to heirs at death is becoming an increasingly serious problem as our civilization grows more complex. According to the observations of Joseph S. McCoy, Actuary for the United States Government Treasury Department, each year 400,000 estates valued at \$5,150,000,000 change hands by inheritance. Although depreciation, when the larger estates are settled, often ranges from 10 to more than 30 per cent of the capital involved, because of expenses of last illness, cost of administration, Federal estate inheritance and transfer taxes and indebtedness, this situation would not be so serious if it did not frequently result in impairment of the income-producing possibilities of these estates. In fact, the loss of income is always much larger than the reduction of cap-

ital because the personal earnings of the estate owner are forever lost to his family."

Mr. McMahon outlined further, "Available income to the family, in many cases, is reduced by intensified speculative elements resulting from the death of a partner or chief stockholder in closely held business interests."



EDWARD M. McMAHON

The speaker urged each estate owner to visualize the problems of his executor and his trustee in advance so that adequate provision might be made for replacement of estate depreciation and for reduced income occasioned by death.

"Because many business men have their major contacts with the credit function of the bank or trust company they may feel that such financial institutions consider money problems purely from a coldly analytical standpoint. Trust companies, however," emphasized Mr. McMahon, "are essentially human institutions, usually being called upon to harmonize various conflicting interests and personalities of families and to advise upon such matters as what school should a boy or girl attend, in what vocation would the son specialize and similar questions."

In conclusion, Mr. McMahon stated that one of the chief beneficial results of the national coöperative movement between trust companies and life underwriters is to give clients increased assurance of financial independence. That financial independence is a serious problem is indicated by the result of a rather extensive survey recently completed on the financial circumstances of approximately 31,500 individuals 65 years of age and over, which showed that out of every 100 of these people, 42 were worth \$5,000 or more, 13 were worth \$2,000 to \$5,000, 15 were worth less than \$2,000 and 30 had no resources.

Trust companies can furnish sound estate plans, the completion of which underwriters can guarantee through insurance, he stated. For the purpose of creating an immediate estate, no better method than life insurance has yet been devised for the man desirous of discharging his financial and moral obligations to his family and society.

THERE IS no more distressing sight than a group of citizens, men

and women, clamoring before the closed doors of a bank bewailing the loss of their savings. Those losses fall upon the best and most substantial citizens in the community, and many of them never recover their previous financial standing. Multiply this local event by nearly six thousand (being the approximate number of bank failures in the last decade), and scatter it through the great agricultural states of the Union, and the magnitude of its effect reaches astonishing proportions. Gentlemen! This is the picture that must preface any study of group banking.

What is group banking as distinguished from chain banking or branch banking? Chain banking is represented by a common ownership, by one or two individuals, of all or part of the stock of two or more banks. A local example is that of the "Kirschman Chain" that has just collapsed in Saunders County. Chain banking by the very nature of its ownership is restricted in volume, area and geographical boundaries. Its so-called trade area is so limited that it lacks diversification of industry so necessary to the success of the banking business, and at the same time is susceptible to the hazards of weather conditions.

Branch banking is typified in a large bank usually located in a metropolitan center, with offices in smaller communities where deposits are received and loans made, without a capital structure set-up on the books of the branch bank.

Retain Separate Identity

Group banking as we know it today, is controlled through majority stock ownership of a number of banks through a holding company, patterned corporately after modern investment trusts, being operated as a centrally managed institution. Banks in the group are affiliated with the holding company through the exchange of shares or through the outright sale of stock. Each retains its separate identity under local management of officers and directors and is operated independent of the group, but subject to examination and supervision of the holding company. The holding company takes nothing from the local bank, but rather brings to it better supervision, larger resources and better management.

It does not disturb the policy, the local officers or local directors, nor does it interfere in any way except to

The ABC's of Group

Banking

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

see that the bank is safely managed. Group banking is of comparatively recent origin, or perhaps it would be more nearly correct to say its development on an enlarged scale has just begun. There are more than two thousand of the commercial banks of the



WALTER H. DRESSLER

United States engaged in group banking. There are over three hundred groups, with resources of over fourteen billion dollars, about 20 per cent of the total resources of all banks in the United States.

Why has group banking spread so fast, and especially in the Middle West? In the first place it represents a form of banking concentration which is the natural sequel to the unparalleled concentration of capital and management in other fields of economic activity during the past decade. It is a recognition of the changing conditions in the United States with respect to the production and distribution of manufactured goods, the problem of transportation and the increas-

ing dependencies of the Nation on its power and light facilities.

Mergers are characteristic of the present age and banking has been keeping pace with industry. The basic cause of bank mergers is a desire to establish an organization that has the element not only of a greater profit, but more especially of permanent, steady profit. Experience to date shows that the bigger the bank the greater, generally, is the rate of profit over a period of years, caused more by greater stability than sudden increase. However, even a superficial study of the group banking movement shows that other considerations have also entered into the situation, especially in the mid-western country. The record of bank failures indicates that the unit bank system has broken down over a large area of the agricultural and cotton growing region. An appreciation of conditions in these regions is necessary to properly understand the group bank movement.

The "Good Old Days"

Prior to 1920 can be considered "The Good Old Days" in rural banking. Since the Civil War, land values in the Northwest and Middle West have steadily appreciated. Agricultural banks loaning on real estate collateral could deal almost blindly. The increase of land values over a period of three to five years always provided additional collateral and safety. Farm mortgages were as saleable as government bonds. Since 1920 the same region has been the scene of a constant struggle, political and economical, to re-establish the foundations of its basic financial structure which were rudely jarred by the consequences of war.

The years 1917 and 1918 had witnessed a magnificent effort on the part of the farmers of the Middle West and the Northwest to increase the maximum production of foodstuffs as a part of their contribution to the Nation's war effort. Production costs increased, market values rose and land values appreciably increased as a consequence. These incidents of expansion were reflected in the operation of the rural banks of the land. Much additional land was brought into cultivation. Machinery and stock to till this new land was purchased in large quantities at a high price. The banks co-operated fully with the agricultural population by the extension of new credit which was reflected in tremendously increased deposits. A large equity in these newly developed farms

Central Western Banker, July, 1930

was represented in second mortgages, held by the banks as collateral to note loans.

With the advent of 1920, the general price level took a sharp decline and the reaction followed through the entire credit structure. Country banks serving exclusively agricultural communities, and often areas dependent upon one or two cereal crops, found themselves confronted with drastic deflation of values upon which their business was based. Everyone is familiar with what happened during the latter part of 1920, 1921, and the deflation period that followed. The farm mortgage which had been the backbone of the rural banking business, lost its liquidity and became a frozen asset. The rural bank had been

the principal farm loan agency and the destruction of the market for such loans deprived them of a large volume of business.

The Big Factor

As we have watched the situation develop, the factor of management in the rural banks has thrust itself more and more into the foreground. The well managed bank whose officers were in position to realize the changing conditions in the entire agricultural territory, survived, where their less capable competitors encountered difficulties.

Between 1920 and 1929, about seven hundred fifty National and four thousand nine hundred State Banks, most-

ly small institutions, closed their doors. In important areas the bank pictures was strewn with wreckage of bank failures with their consequent loss to the business life of the community and to the depositors and stockholders of the closed institutions. The situation was such that the remaining banks dared not loan freely to their customers for fear some neighboring institution would close its doors and start a run on the others. Banking leaders in those regions looked about for a remedy and discovered group banking. In reaching their decision, they were prompted solely by the necessity of some form of practical re-organization of the rural banking structure, if the territory as

(Continued on page 23)

What is Good Savings Advertising?

WE NATURALLY think of savings advertising as simply featuring the idea of thrift. But the attitude of the public has changed and it is necessary to take cognizance of this change.

The typical thrift advertising which banks have been using for years had two outstanding messages to the public—first, "You ought to save your money in the bank," second, "This bank is safe." They were directed toward people who were spending all they earned or were keeping their savings hidden because they did not think the bank was safe or were ignorant of the services of the savings department.

But nowadays practically everybody today believes banks are safe, practically everybody has become familiar with the savings department of some bank and practically everybody knows now that he ought to save money. So we are no longer in our advertising talking to a public which is not using banks. The question today is not "Do you have a savings account?" but "Where do you keep your savings account?" The job is not so much to get new savers as to get present savers to use your bank instead of some other bank. Savings advertising is no longer so much a matter of education as it is of competition.

This raises the question, "Why do savers choose a bank?" For all practical purposes a savings account in one good bank is just as good as in another good bank. The main reason savings customers choose a bank is because it is the nearest or the most convenient. If there are two equally convenient, he selects the one he likes the

Address of Don Knowlton, Publicity Manager Union Trust Company, Cleveland, Ohio, before the Eastern Regional Savings Conference under auspices of the Savings Bank Division, American Bankers Association, New York City

best. Based on this assumption, advertising appeals for savings business should stress convenience and feature the institution as a pleasant place to do banking.

The Emphasis Shifts

Consider advertising which has to do with convenience and see how the emphasis shifts as soon as this point is considered. I don't think that all the purely thrift advertising in the world can get a saver who lives two blocks from one bank to walk instead eight blocks to another bank. Branch banks, therefore, in and of themselves are the largest savings advertisements and should be considered as such. Their design and prominence constitute savings advertising from the standpoint of convenience. Their main job is simply to call attention to the passerby to the bank itself and impress upon his mind that there is a good bank at that location.

As to advertising which depicts the institution as a pleasant place in which to bank, so that a man will pick your bank instead of some other—a man likes a place where he will get recognition as an individual and where he feels that the bank is part of his immediate neighborhood and interested in local affairs. To that end constantly stress the fact that branch banks are not mere branches, but are banks in

themselves sensitive to the needs of their communities and that branch managers are given authority to make their own decisions in the light of the special needs of the customers in their neighborhoods.

There should be considerable thrift advertising, but not of the sort which tried to persuade people who did not have savings accounts to open them. Present day thrift advertising lays emphasis on an effort to persuade people already familiar with a savings department to save more money. Here too the changing public point of view must be taken into consideration. In the old days many people regarded a savings account as an end of itself. They saved money with the intention of keeping it in the bank. Today most people save money for the purpose of spending it for something—to make a down payment on an automobile or a home, or to invest in stocks or bonds. The savings account has ceased being an end in itself and has become a means of acquiring something else. We might as well accept this situation and merchandise the savings account not as an investment but as a method whereby people can get the things out of life which will bring them satisfaction and happiness.

So there is a great deal more to advertising savings than merely advertising thrift. Savings advertising should emphasize the satisfaction which come from having enough money to buy what you want rather than merely the satisfaction of having a balance in the bank. But more important is the advertising of convenience of location and featuring the institution itself as a pleasant place to do business.

The Lucky Director and the Rights of Minority Stockholders

"THE ELECTION for directors of the Snow Bank will be held next Tuesday, according to the by-laws thereof," John R. Harding suggested. "That's right," Director Bolster agreed.

"And you've been a director for quite a while now."

"Ever since the bank was organized," Bolster concurred.

"And, while I don't like to praise a man to himself, you're the best man on the board today—you know the whole ins and outs of the institution from A to the tail of the alphabet."

"Thanks."

"And I'd like to see you continue as director as long as you want the job."

"Well, I'm not seeking banking honors—there's nothing in it but worry, but if I'm elected I'll continue to act as heretofore," the director told him.

Cards on the Table

Harding put all his cards on the table.

"I'm an executor of the last will and testament of the late Allen Boyer," Harding explained.

"Yes—that's one of our shareholders who was at the last meeting and he'll be absent Tuesday," Bolster agreed.

"And the Boyer estate and its hangers-on control a majority of the stock of the Snow Bank."

"I believe they do."

"Now, there's a peculiar clause in the Boyer will that's probably never been called to your attention," Harding went on, "and it directs the executors to vote the stock of the Snow Bank so that his son George shall be elected a director of the bank, and shall be retained in office during the term of his natural life."

"Then may the bank commissioner be merciful to us," Bolster averred.

"I feel just the way you do, and I know more against George than you do, but there's the will."

"Well, I don't see where it's my funeral."

By

The Legal Editor

"Yes, but here's the situation," Harding explained, "I feel that I'm bound by the will—at the same time I don't want to make a fool of myself before my friends and neighbors by going to that meeting and voting for George Boyer against you."

"Well, it looks as if you couldn't help yourself, and I'll tell you now I'll hold no grudge against you for putting me out of a troublesome job."

"Here's what it boils down to. If you're nominated I'll vote the Boyer stock for you—and get in a lawsuit with George," Harding objected.

When the provisions of a will seek to create and direct a testamentary voting trust for a fixed period of irrevocability and to exclude the representatives of a testator from the exercise of their personal judgments as to the management of affairs and to perpetuate certain persons in office and control of the company without regard to the right of minority stockholders, it is contrary to public policy and void, the court has declared.

"Well, you'll have to run your own risk on that."

His Proposition

"Here's my proposition," Harding averred. "You announce that you can't continue as director on account of pressing private business, or something along that line. That'll give me a chance to vote the Boyer stock for a plain fool without making an absolute one of myself, and save me from going down in local history as the man who put Bolster off the board after giving the best years of his life to building up the bank to a position second to none in the country. What do you say?"

But the director didn't retire—Harding voted for him; George Boyer made no trouble, and there was a reason, as the advertisements say.

In the case of *Billings vs. Marshall*

Company, 177 N. W. 222, the evidence showed that Samuld F. Dobbins owned 1,070 shares of the capital stock of the Marshall Furnace Company, a Michigan corporation, the par value of which constituted more than two thirds of the total \$150,000 authorized capital stock of the Company.

Then Dobbins made a will containing the following clause:

"I hereby direct my said trustees to so vote upon the shares of stock of said Marshall Furnace Company belonging to my estate, that my two sons, Dale M. Dobbins and Charles W. Dobbins, shall be elected annually to serve as directors of said Marshall Furnace Company, and that the by-laws of said Company during said trust period remain as now fixed, providing for a board of five directors qualified to serve, and who will serve, be elected in each year, and that, in the event of the death, disqualification, or resignation or refusal to serve of any director, an active, competent successor for such director shall be immediately chosen, and that the directors as such shall receive no salary, and that

my said trustees so far as lies within their power through control of the membership of said directors, shall see to it that no person connected with said company shall receive any salary not reasonably proportionate to the value of the services by such person actually rendered in said company."

After His Death

After Dobbins' death it became necessary to increase the capital stock of the corporation from \$150,000 to \$300,000, but to adopt the resolution of increase a vote of two-thirds in interest of the capital stock was required, and Dobbins' executors were afraid to vote for the increase which would put the estate in a minority and prevent them from carrying out the quoted provisions of the will.

Then the executors applied to the

(Continued on page 14)

For Your July Investments Buy Surety Guaranteed Bonds

Because—

The guarantee of two old-line surety companies is endorsed on each bond.

The guarantee as to payment of interest and principal runs directly to the bondholder, and is irrevocable and binding on either or both companies for the full term of the bond.

The surety companies add further safety to their guarantee by reinsuring through other approved surety companies.

The bonds yield 6% net over a period of years.

Guaranteed bonds are the safest form of investment for individuals, trust estates, and institutions who cannot afford to lose.

They are secured by properties of such outstanding merit that two surety companies regard them so highly they place their resources squarely behind them.

They are so good they can be insured.

Offering circulars and our booklet "Investment Safety" will be sent upon request.



Provident State Securities Company

134 North LaSalle Street

CHICAGO, ILLINOIS

BONDS AND INVESTMENTS

The Investment Policy of Small Banks

By Robert L. John
Secretary, BancNorthwest
Company, Minneapolis, Minn.

AS I approach this subject I realize that I am entering upon ground that men of ability and long experience have crossed before me. It is a subject the frank discussion of which is likely to stir up any to whom my observations may apply and who are sensitive. But I have some very definite ideas about it. For a number of years before settling down more to an inside desk job I went about, over a considerable territory, in season and out, in good times and bad, making calls on country banks. During this period many deep and lasting impressions were received. On the constructive side, if such were my assignment here, I might tell of many things reflective of the courage, resourcefulness and all around ability of the small bank executive.

What I may say about "The Investment Policy of Small Banks" (constructive as I would like my comment to be) must, however, be from the negative side. If asked what was the deepest impression suggestive of the need for betterment that was received over the period of my actual experience, I would say without hesitation that it was the lack in general of ability to make the required outside investments of the bank to best advantage and to create and maintain a secondary reserve in the proper condition of liquidity and at the same time to the profit of the bank.

Necessity Recognized

The necessity for a secondary reserve is, of course, so generally recognized that it needs no long discussion. But the means of creating such a reserve, maintaining it and keeping it liquid, are not so well understood. The very fact that there is in a bank a so-called secondary reserve indicates that preparation has been made for that of unusual, perhaps of adverse nature, which is not expected but which may occur. A secondary re-

serve is not properly constituted to meet the purpose for which it exists unless it can be utilized upon necessity without causing loss of consequence to the bank. The process of depleting the secondary reserve in case of necessity by sale of bonds for the purpose of strengthening the bank's primary reserve position is simple, but the maintenance of a bond list of such



ROBERT L. JOHN

character that when this is done serious losses are avoided is not so easy.

The banker himself usually is an expert on local loans. He must manage his bank efficiently and keep up to date on his other assets or he is negligent in his duties. But too often his circle of information does not extend beyond local or district affairs and he is faced with difficulty and is very largely dependent upon advice when he himself enters the bond market. No banker would like to confess that he knows little or nothing about making loans. It would be an acknowledgment of his incompetence and yet I have heard many a banker frankly admit that he was in deep

water when he got to buying bonds and that he did not understand how best to do it.

When a banker buys a bond he is really making a loan. There is this difference about it, that when local borrowers come to him, if he does not like what they propose and the accommodations asked for do not look safe to him, he need not make the loan. This is as far as he can go. If there are people in his town who are very sound financially and to whom he would very much like to make loans, but who do not need to borrow, there is little that the banker can do about it. When it comes to making loans, however, in the form of buying bonds, he has the whole world before him and it is the banker's own choice of who his borrowers shall be. Too often he is confused by the multiplicity of issues and the various differences between them and finding it a very big and technical subject he passes it up altogether and depends upon the advice of someone who approaches him in the capacity of a salesman.

Constant Vigil Needed

Confidence in the strength of his institution is no excuse for the small bank manager to relinquish his vigilance as to his paper or his bonds. His bonds carefully held in the vault or in safekeeping require the same continual checking and thumbing over that his note pouch receives. He must be assured of their continued strength and marketability. Funds that are frozen in unmarketable bonds are not reserves. In a banking sense reserves are resources in the background, liquid or near liquid in character, that can be moved up to the emergency line with no delay or appreciable loss when necessary.

What then are some of the things that are most essential?

For purposes of this discussion, it will be necessary to assume that proper reserves of cash, commercial paper, acceptances or Government bonds and

Treasury certificates are maintained. The cash reserve is required by law. These other reserves are dictated by good banking judgment and should be carried and held in the proper proportions in order that the bank may properly care for its seasonal fluctuations without taking recourse to the more permanent type of investment. The bond reserves, essentially, are a higher earning asset and are a backlog or supplementary force to the cash or short-time paper reserve but they should be regarded as in no way replacing the former except as bond maturities come within six months of due date when the bonds may then be

considered virtually the same as commercial paper.

There are three factors which constitute a good bond—namely, security, marketability and yield. In purchasing for the secondary reserve of the bank the principal factor to keep in mind, of course, is the security and it is axiomatic that a bond which is sound and which has been purchased at a proper price can generally be sold satisfactorily in case of necessity. The banker must apply himself to the careful and conscientious study of investment principles and analysis in order that he may properly analyze and determine what satisfactorily constitutes

a good security and a proper one for him to buy. He must understand the marketing of securities in order that he can determine those which are likely to have a satisfactory market at the time when he wishes to sell them. And he is also charged with the responsibility of making satisfactory earnings for his bank and his managerial ability is directly reflected in the average yield on his bond account, purchased both for purpose of a secondary reserve and for investment. It would be, of course, a very simple thing for any one of us to purchase for these purposes United States Government Treasury certificates maturing inside of six months, but the yield is low and as we get away from this accepted standard of highest quality we may expect to receive the reward for study of bond values. It is very essential, both for the regular investment account and the secondary reserve that for the proper maintenance of liquidity and profit the cardinal principle of diversification be adhered to. It is of prime importance that the account, of which we speak, must be so diversified as to geographical location, as to type of security and as to maturity that serious upheavals in our economic world cannot affect us adversely to the extent of our entire holdings.

Maturities

Not only is it very difficult, it is really impossible at any time to propose a definite program which satisfactorily meets the conditions of all institutions. However, for purposes of a yard stick or rule of thumb, I am going to outline a theoretical maturity distribution which, to the average bank in the average year, should prove most satisfactory and expedient. For the bank which is purchasing for secondary reserve and investment purpose as well, let us assume an account of average proportions against deposit liabilities of, say, not over \$2,000,000. For this bank let us propose an account of approximately \$800,000 (it should be distinctly understood this does not propose that all banks should invest 40 per cent of their deposits in bonds) of which \$600,000 shall mature within five years. Of this \$600,000 there shall be \$300,000 maturing over a longer period. It is essential further, that in the reinvestment of maturities from this schedule, the original basis and program must be borne in mind and the same proportions maintained except, of course, when bond prices are seriously depressed due to periods of high interest rates when longer term bonds may be purchased, to be converted later

14 miles of wire added every minute

AN average of fourteen miles of wire is added to the Bell System every minute. The Bell System is a growing concern with a constantly growing business. The average number of Bell owned telephones added yearly is upwards of 800,000 and with these new telephones there is provided a corresponding increase of buildings, switchboards, underground conduits and cables, and other plant.

Continuous, reliable and economical telephone service can be given only by the use of the best equipment and materials in the construction of the plant. With the Western Electric Company as the manufacturer of its telephone apparatus, the Bell System is assured of an adequate supply of the necessary delicate and intricate equipment of the highest quality at the lowest cost. New



economies are achieved by constant research and development.

This is one aspect of the nation-wide organization of the Bell System, whose aim is to furnish the best possible telephone service at the least cost consistent with financial safety.

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

BELL TELEPHONE SECURITIES CO. Inc.

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into shorter time securities when more normal conditions have been reached. Here again a very definite reward awaits the banker who carefully studies interest rates and the rise and fall of bond prices, and observes the practice of purchase and sale of long term securities with the resulting profits accruing from careful handling of his bond account in this way. In considering the fundamentals to which attention must be given in analyzing the security back of the issues which he is purchasing, the bank manager must first deal with investment banking houses of sound management and integrity. No investment banking house pretends to be infallible, and none can guarantee its judgment. They are recommending merely after the most careful consideration of all factors bearing on the situation; after exhaustive examination upon the part of reputable attorneys and accountants, and then only entering upon a program of merchandising at a price that is fair, in their opinion, both to the borrower and the purchaser of the investment. The investment banking house which can give you this service need in no sense of the word be large or nationally known. But the banker should make certain that the house observes the standards that he must necessarily observe in the successful conduct of his own institution.

Ignorance Inexcusable

Too often bankers excuse their errors of judgment in the purchase of securities by an admission of ignorance. Let me ask your opinion of the chief executive of a railroad who denied any knowledge of railroad operation. What faith could stockholders have in the management of their business if its chief executive was acquainted with only half his job. The head of any business is charged with the responsibility of its successful operation and must have more than a speaking acquaintance with its every phase. Modern business demands the exercise of sound judgment and the recognition of sound principles. The manager of a small bank may conduct his institution very well from the viewpoint of service to his community and may be in all other respects a competent banker, but if he lacks ability as an investor, he is very seriously handicapped.

We have necessarily omitted from this discussion of the investment policy of a small bank anything but passing reference to local loans. That is a subject big enough for a dozen chapters. Neither have we referred other than incidentally to such assets as cash or those investments maturing

within six months for sound banking practice dictates their use.

To cover sufficiently and adequately all the phases of our topic would require many chapters of a good sized book. I have attempted to impress upon you the growing importance of sound investment knowledge as it pertains to the safeguarding of the balance of your depositors' funds and to illustrate briefly some of the more important features to be considered.

Foreign Securities

A very healthy condition in the field of foreign securities is indicated by a review of the foreign dollar bond situation issued by A. G. Becker &

Co., investment banking house of Chicago and New York.

Of particular significance are the substantial decline in the volume of new offerings, important prior retirements of outstanding issues, a good record of prompt payment of interest and principal, the increasing ability of Europe to supply its own capital requirements and world wide easy credit conditions.

"The Kingdom of Netherlands 6 per cent bonds due in 1954 were retired on April 1, 1929," the review points out, "The Kingdom of Sweden 6 per cent bonds due in 1939 were retired on December 15, 1929. The Kingdom of Belgium 4½ per cent bonds due in

Investment Advice

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

*Offices in Principal Cities throughout the United States and Canada
and in London, Amsterdam, Geneva, Tokio and Shanghai.*

Central Western Banker, July, 1930

1945 have been called for payment on June 1, 1930, and the Government of Switzerland 8 per cent bonds due in 1940 will be paid off on the first day of next year. These prior retirements will total well over \$100,000,000. Sinking fund operations during the past year have taken a further total of more than \$25,000,000 of European dollar bonds out of the market.

"Of the billions of European securities offered in the United States since 1924, the records indicate only one default and that involving a total loss of only a very small fraction of 1 per cent of the offerings from that section of Europe.

"The rapid emergence of France as a world money power has been generally recognized. Great Britain is making strenuous efforts to regain its former preëminence as a world lender and according to the Department of Commerce, pressed us closely last year in the total loaned.

"Since the first of this month, the central banks of England, Germany, Sweden, Denmark, Italy and the Netherlands have reduced their rediscount rates; in England from 4½ per cent to 4 per cent, in Germany from 6 per cent to 5½ per cent, in Sweden from 4½ per cent to 4 per cent, in Denmark from 5 per cent to 4½ per

cent, in Italy from 7 per cent to 6½ per cent, and in the Netherlands from 4 per cent to 3½ per cent. The rate in France is 3 per cent, having been reduced from 3½ per cent on January 30.

"The trend toward higher prices is well illustrated by what is happening in German dollar bonds. The A. G. Becker & Co. averages for 25 representative issues showed a yield of 7.59 per cent at the close of the year. Each week, without exception, prices have not moved upward, and the yield is now 7.25 per cent. In our opinion, buying in any volume will accentuate the trend and result in substantially higher price levels."

U. S. BONDS FOR SECONDARY RESERVES

Dr. Paul M. Atkins, economist of Ames, Emerich & Co., calls attention, in the company's recent Current Bank Brief, to the fact that United States



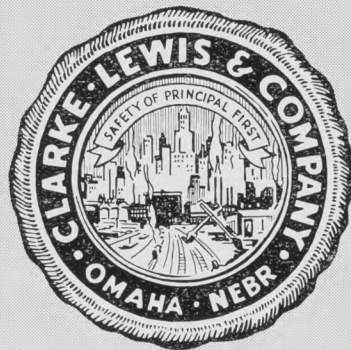
DR. PAUL M. ATKINS

government securities are peculiarly useful for a bank secondary reserve. They not only are readily marketable under practically all conditions, but they are also the only securities which may be used as collateral for loans from the Federal Reserve Bank.

Both long and short term bonds are desirable, says Dr. Atkins, for the short term bonds may be purchased in such a way as to provide a fund of rotating maturities, while the long term, as well as the short term bonds, may be used as collateral with the Federal Reserve Bank.

Two Big Advantages

Offsetting these advantages, there are two important considerations which should not be overlooked, Dr.



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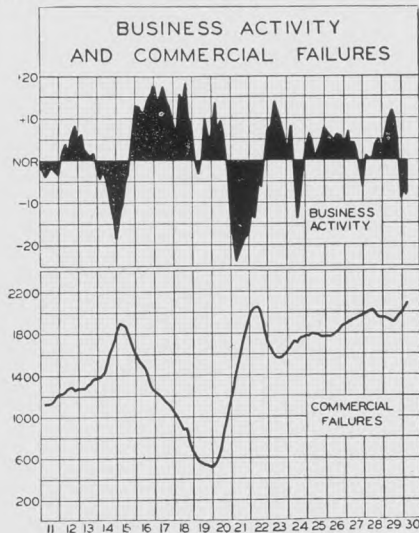
Atkins continues. One is the fact that United States government securities respond in price more quickly to changes in the market rate of interest than do any other class of security. While it is quite possible to market large blocks of them without affecting the market price of the moment nearly as much as in the case of other securities, it must not be forgotten that the price fluctuations come more quickly in the case of United States government securities than in any other types of bonds. The second is that the yield from these securities is low.

Dr. Atkins concludes:

"The marked advantage which United States government securities possess for use in a bank secondary reserve are so great that they more than offset the disadvantages on most occasions. It is usually wise, therefore, for most banks at practically all times to make up a substantial proportion of their secondary reserve account of these securities.

Commercial Failures

FAILURES of business concerns are increasing, as they always do increase in this country when business



is slow. In absolute numbers they have recently risen to new high records, but this would not be so if the numbers of failures were considered in relationship to the number of firms in business. In the diagram there is shown a comparison, covering the past 20 years, between the changes from month to month in general business activity, and the numbers of commercial failures.

The black silhouette in the upper portion of the diagram shows the computed variations of general business activity above and below normal. In the depression of 1914-15, at the outbreak of the war, the decline went as

low as 18 per cent below normal, and in the post-war depression it reached 24 per cent below. Recently business activity has gone down to 10 per cent below normal, and in April it was about eight per cent below. During the war prosperity business activity reached 18 per cent above normal, and last summer it was as high as 12 per cent above.

The line in the lower portion of the diagram represents commercial failures according to the Dun figures smoothed to remove seasonal variations. Its general trend is a rising one, in accord with the increasing numbers of firms doing business, but its shorter

fluctuations correspond to the more important changes in business activity as shown in the silhouette in the upper diagram. This correspondence is not close, but it is clearly evident. The figures in the scale at the left refer to the number of insolvencies per month in the United States.

When the war broke out in 1914 a period of severe depression ensued, and failures rose sharply. This was followed by business recovery in 1915, which ushered in the period of war and post-war prosperity that lasted until 1920. During all that period failures declined until a time was reached when it was almost difficult for any

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which represents an interest in stocks of the following leading institutions of the Country:

American Telephone and Telegraph
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Consolidated Gas Company of New York
E. I. du Pont de Nemours and Co.
General Electric Company
International Harvester Company

National Biscuit Company
New York Central Railroad Co.
The North American Company
Pennsylvania Railroad Company
R. J. Reynolds Tob. Co. B. Stock
Standard Oil Company (N. J.)
Union Carbide and Carbon Corporation
United Gas Improvement Company
United States Steel Corporation
F. W. Woolworth Co.
Westinghouse Electric & Manufacturing Co.

We feel that these stocks represent real values at today's prices and suggest an immediate reservation for American Investment Trust Shares.

This method of purchasing stocks gives complete diversification which is ordinarily not possible unless the investor has a large sum of money available.

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firm to be so inefficient as to go into insolvency. Finally the down-turn of business began in 1920, and failures rose for more than two years, only to decline again when prosperity had returned in 1922 and 1923.

The recent decline in business began last summer, and the failure line, which had been declining, turned up again. It is still rising, and according to past experience we may expect it to continue to advance until a real improvement in general business activity gets well under way. There can be little doubt that the actual number of failures will be greater in 1930 than in any previous year, but it seems entirely probable that before next winter the failure line will be declining once more.—From *Cleveland Trust Company Bulletin*.

The Lucky Director and the Minority Stockholders

(Continued from page 7)

Michigan Courts for a decree that the quoted paragraph of the will was void, and that the executors be given full and free right to vote at any and all meetings of the stockholders as they deemed best. Instructions to the executors whereby said testator attempted to determine the personnel of a majority of the board of said Marshall Furnace Company, and to prevent amendment of the by-laws thereof, for a period of ten years, were invalid, that the executors were not bound thereby, and the Court so decided.

"It is clear that executors have power to vote the stock of their testator at all meetings, being the personal

representatives of such decedent, and that until a settlement and division of the estate the stock of a decedent belongs to his personal representatives. Similarly, corporate stock standing in the name of an administrator may be voted by him, in electing directors, as against those holding a beneficiary interest therein. In the case of shares in the hands of a trustee, if the trust is of such a nature that the trustee has no control and management of the property, and is to exercise his discretion concerning it, then he is the proper person to represent and vote upon it. And the corporation cannot be required to examine into the nature of the trust, with a view to decide as to the right to vote. The paragraph of the will, wherein the testator attempted to create and direct a testamentary voting trust for a fixed period of irrevocability, and to exclude for a fixed period his representatives from the exercise of their personal judgments as to the management of affairs of the corporation, and to perpetrate certain persons in office and control of the company without regard to the rights of minority stockholders, is contrary to public policy and void," said the Court.

OUR OFFERING LIST
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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.

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To Have Power Service

Within the next four years 1,000,000 of the 6,300,000 farms in the United States will be provided with electric service, it is predicted in a study of agricultural electrification just completed by the Middle West Utilities Company. There are 150,000 miles of rural electric lines now in service, the booklet states, and this distributing system has brought electrical power to almost as great a number of farms as the total number of customers served by the electrical industry 25 years ago.

In this installation of electrical power equipment to the farm, the public utility companies have expended a total of \$200,000,000 in the last eight years and the farmers have invested almost an equal amount in wiring, appliances and machinery to utilize the power. The next four years will probably involve the expenditure of an amount equal to the present total investment in farm electrical equipment, it is stated.

Declares 2% Dividend

Swift & Co. has declared dividend No. 178 at the rate of 2 per cent upon the outstanding capital stock of the company, payable July 1, 1930, to stockholders of record June 10. This will amount to 50 cents per share on the new \$25 par and to \$2 a share on the old \$100 par stock.

IN A recent article President Hous-ton, of the Mutual Life, makes this statement. "Big business will become bigger. Big business of today is a pigmy compared to what it will be 50 years from now. No man had enough imagination 50 years ago to picture what business would be today and no man today has imagination enough to picture what it will be 50 years from now. No man with whom I have been acquainted has had enough imagination to keep up with America in the conduct of his business."

Our business—every man and woman connected with it should feel pride in it—has developed as America has developed, and it will go on to heights which no one of us can forecast. The power and influence of protection are becoming increasingly felt. Already life insurance payments made to beneficiaries are checking the increase in state budgets for curative and hospital aid. In the next decade and in decades to come the effect of our present \$100,000,000,000 of insurance in force will have greater weight in this public function and tax rates in the future will be reduced through the contribution made by life insurance.

Every agent must feel a keen responsibility in this growth. The welfare of our business, its integrity and its high standards can be maintained only if representatives everywhere make themselves qualified to present the benefits of life insurance in their true light, and apply these benefits accurately to the multiple needs of individuals and of business. If you can create implicit confidence in yourself, you need not be disturbed about the continuance of your business.

Four Types

Have you ever stopped to consider that from the standpoint of personal accomplishment, there are four outstanding types of individuals?

1. Those who never start.
2. Those who start but stop without accomplishment.
3. Those who start only under extreme pressure and carry on only by constant guidance.
4. Genuine self-starters.

Initiative to create and will power to perform are the two most important assets of any life underwriter.

The country is still going through a financial readjustment. We have ceased discounting probable future earnings as reflected by former stock market quotations and we are giving

Business Life Insurance a Stabilizer

By George W. Smith
President, New England Mutual
Life Insurance Company

weight to actual interest and dividend returns.

During the past six months and particularly from last October through last February, life insurance companies demonstrated in most convincing terms their impregnable solvency. They advanced in the aggregate huge amounts of money to borrowers upon the security of policies as collateral at



GEORGE W. SMITH

a time when it was almost impossible to obtain money from other sources. In many instances a policy loan secured at this time of stress undermines the continuance of policy protection. Most of these loans were maximum loans and there is a strong tendency on the part of the borrower to feel that his entire equity has become exhausted and that his interest is not well served by continuing his original policy. The entire executive life insurance world is keenly aware of this unusual situation and a very real responsibility is placed upon each agent to secure repayments of policy loans on account and thereby create in the mind of the insured the *proper feeling* that his insurance is still val-

uable protection. In other words, his loan should be regarded as a bank loan and be repaid at stated intervals in the same manner that he would repay a bank for money advanced.

Needs Protection

For months we have talked about creating peace of mind through life insurance. This is still necessary and always will be effective, but the companion idea which is of equal importance in this time of readjustment, is the need of stabilizing business through life insurance. Business needs life insurance to protect its interests fully as much as Mr. Average Man needs life insurance to protect his family.

I wonder sometimes whether life underwriters fully recognize the asset they have in carrying on business in a section that is insurance minded—where life insurance is looked upon as an economic necessity—as a supplement to any plan of saving or of creating values.

And yet, few business men in this section realize or appreciate the positive advantages of business life insurance. These can be illustrated by eight points.

1. It pays indemnity for loss.
2. It pays indemnity at once and without discussion or adjustment.
3. It reinforces credit.
4. It protects endorsers.
 - a. Known—signor of corporation paper.
 - b. Unknown—as a partner in unlimited partnership.
5. It provides cash capital for purchase of deceased's business interest.
6. It provides a method by which a part owner of a business can make certain that his estate can liquidate his interest at par.
7. It provides inexpensive but important guarantees as additional compensation to valuable employees.
8. As an indemnity for loss it is not subject to Federal Income Taxes.

Grimes Canning Co. Decision

Damage caused by a fire is not potentially complete when the fire starts, but occurs as the flames eat their way, Federal Judge Martin J. Wade, decided in federal district court last week in Des Moines.

The judge's decision came as he directed the Springfield, Massachusetts, Fire and Marine Insurance Company to pay \$16,151.43 for losses incurred in fire which destroyed the Grimes

Central Western Banker, July, 1930

Canning Company plant, at Rockwell City.

The company argued that their policy did not go into effect until noon of the day the fire occurred and that the fire, which started at 11:57 A.M., had potentially destroyed the plant before the policy became effective. Actual destruction of corn insured did not take place until after noon and the policy was in effect at that time, the judge ruled.

At Kansas City

The Bankers National Life announces the appointment of Hugh

Branson as assistant superintendent of agencies assigned to its Kansas City office.

Mr. Branson has served the Bankers National Life faithfully for a period of over two years, principally as field supervisor and organizer for both the former Denver company as well as the New Jersey company.

John E. Sullivan, insurance commissioner of New Hampshire, states that the financial responsibility law of that state is proving 100 per cent satisfactory. He points out that since the law went into effect, the number

of motorists voluntarily purchasing automobile insurance has increased from 25 per cent to 75 per cent.

Becomes Treasurer

Fred H. Eyler has been elected Treasurer of The Omaha National Company, investment and insurance affiliate of The Omaha National Bank, according to announcement by W. Dale Clark, President of both organizations. Mr. Eyler returns to Omaha after an absence of several years in St. Joseph and Chicago. He entered the employ of The Omaha National



FRED H. EYLER

Bank in 1918, and, after serving as discount teller, he went to St. Joseph to become Vice President of the Drovers and Merchants Bank of St. Joseph, Missouri, in 1925. In 1929 he went to Chicago as representative of the Omaha National Company.

Mr. Eyler graduated from Omaha High School in 1915.

Mr. Eyler has been active in bank organizations. While in St. Joseph he was President of the Buchanan County Bankers Association, and organized the St. Joseph Chapter of the American Institute of Banking.

Wheat Loans

Wheat growers of Oregon, Washington, Idaho and Montana, embraced by the North Pacific Grain Growers, Inc., have been loaned \$2,500,000 and an additional \$750,000 for them is in transit, officials of the association said this week.

The last of a flood of 4,300,000 bushels of grain offered as security for loans has been checked over. If all of this is approved, an additional half million dollars will be necessary to complete the loans on the 1929 crop.



**Casualty Insurance?
Yes!**

**Surety Bonds?
Certainly!**

**Service?
Absolutely!**

WRITE TO

Federal Surety Company

W. L. TAYLOR
President

Home Office Davenport, Iowa

Central Western Banker, July, 1930

D. V. Blatter Heads Group

D. V. Blatter, president of the Albion National Bank, was elected president of Group 2 of the Nebraska Bankers association at the annual meeting at Fremont. Earl C. Burdic, vice president of the Plateau State Bank of Herman, was made vice president; Herman F. Meyer, cashier of the Farmers State Bank of Scribner, was reelected secretary for the fifth time.

The convention unanimously adopted the following resolutions, framed by a committee of Ross L. Hammond, president of the Union National Bank, Fremont; T. F. Green, vice president of the Farmers State Bank, Valley; and Mr. Burdic:

"The members of Group Two express a keen sense of the great obligations resting upon us. At no time have we been custodians of the public welfare more than now. We have no desire to unduly exalt or magnify our occupation, but it is fitting that we give utterance to our understanding of the relationship we sustain to the commercial and financial world.

"Our banks are in a true sense the hearts of the communities they serve. Through them flow the life currents of trade. Upon their proper functioning largely depends the strength and health of the business body. The vigor of these vital organs may well be a matter of deep and general concern. It is of equal importance to them and to business. Their mutuality cannot be ignored or denied. For long and fateful years these hearts suffered from high blood pressure. They were subjected to artificial stimulants. The digitalis of speculation, of high priced land and livestock and of everything constituting the whole commercial body induced palpitation of the heart until there followed a paralysis that left the body prostrate, anemic and weak. Regrettably many hearts have ceased to beat at all. There come quacks with their 'guaranteed nostrums,' but these failed of any curative properties. If their application prolonged life in any degree it was only that the end might be the more painful. It was dissipation and dissolution. Now it is dissolution.

"We declare that sound banking depends much less upon legislation than it does upon integrity and business sense. Our banks, in order to satisfy the stockholders and to best serve the public must prosper. To do that we must be more and more exacting and careful in the making of loans. We function in a fiduciary capacity. To our care is committed the funds of our depositors. To perform the many services banks afford they must look

to the profit accruing from the use of their deposits. They cannot survive if they permit the borrower to fix the terms of replacement or to default in such obligation. The borrower is most frequently and usually the bank wrecker. Too often he regards his

bank as his legitimate prey. Once he obtains a loan his main purpose appears all too frequently to resist its payment. It is the bankers' chief task to defeat these designing persons. Our loan committees should grant rather than approve loans. An ounce of pre-

Life Insurance-- the Banker's Friend

Banks are the medium through which modern business of all kinds is carried on. They, in turn, are dependent on general business activities for their own prosperity.

Life insurance does much to stabilize business operations. It safeguards mercantile and industrial enterprises against loss occasioned by the death of their managing heads. It steps in and meets the financial needs of a family whose breadwinner has been taken. It provides steady incomes for people who have taken forethought for their later years.

The beneficiaries of life insurance are customers of the banks in their home communities, and the money paid them soon finds its way into deposit accounts, investments, and the channels of everyday business.

For his own self-interest and the general good of those who rely upon him, every banker should protect his own institution and family with adequate life insurance and encourage his patrons to do likewise.

The

SERVICE LIFE

INSURANCE CO., LINCOLN, NEBR.
Home Office Bldg., 15th and N Streets

B. R. BAYS,
President

JOHN L. OESCHGER,
Sec'y-Treas.

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Has an opening in

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Des Moines

For capable man

E. M. SEARLE, Jr., Pres.

Omaha, Nebraska

vention is worth more than a ton of poor paper. In much counsel there is most wisdom. Solvency beats being merely a 'good fellow.' Eliminate charge-offs and our dividends, undivided profits, surplus and capital will be no longer in danger.

"We realize our mistakes made in the past in soliciting unprofitable accounts. Analysis of these and building them up or in some way charging through a just system of fees for services rendered we recognize as indispensable and unavoidable. Bank services and banking costs have increased enormously while rates of interest have remained practically stationary. Obviously there must be increased revenues to meet increased costs. The very life of our institutions demands

this remedy. Our duty courageously met will be approved by our patrons. The public has an appreciative sense of sound banks and no bank that is not prosperous can be sufficiently sound.

"Meanwhile we shall deplore agitation that increases distrust. We must ask to be permitted to resort to our own honest and devoted efforts to maintain public confidence, assisted in this by coöperation and rigid supervision of state and federal authorities. We rejoice in the passing of the night and the coming of a new day. Therefore, be it Resolved, That we pledge ourselves anew to the achievement of purposes herein set forth and to leave nothing undone within our power to that end."



A
Correspondent
Service
*developed
from 68 years'
experience*

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



RESOURCES EXCEED 200 MILLION DOLLARS

Central Western Banker, July, 1930

Florence Bank Re-opens

The Bank of Florence, at Omaha, Nebraska, which was closed by the State Department of Trade and Commerce May 8, was reopened for business June 21st with new officers.

W. B. Roberts, Vice President of the First Trust Company of Omaha, is the President of the Bank. C. D. Saunders, formerly Cashier of the First National Bank of Denison, Ia., is vice president. Robert H. Hall, formerly for ten years associated with the Farmers State Bank of Millard, Nebraska, as assistant cashier, is the new cashier of the Florence bank. Mr. Saunders and Mr. Hall are in active charge of the institution.

These officers, with T. L. Davis, vice president of the First National Bank of Omaha, will be directors of the new bank. They are also the stockholders, with Fred W. Thomas, vice president of the First National Bank of Omaha.

Capital and surplus of \$30,000 was paid in by the new owners of the bank in cash. The bank was reorganized under the direction of the State Banking Department, and remains a state bank.

Depositors of the old bank accepted a 60 per cent reduction of their deposits, and were paid 40 per cent in cash. This came from collections from notes, and from the fund supplied by the organizers, and amounts to about \$200,000.

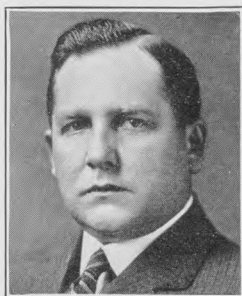
The balance due them will be paid, as far as possible, from collections from slow paper, which has been placed in the hands of a depositors' committee. Eventually, it is hoped, depositors will receive approximately two-thirds of their deposits in the old bank.

The inquiry into the state bank system of Nebraska, including the management of failed banks, the guaranty fund and the guaranty fund commission, will be concluded by August 1st, according to an announcement by A. C. Shallenberger, former Governor, in charge of the audit.

Mr. Shallenberger said that he would wind up the affairs then and leave the audit to begin his campaign for congress, and that he had the word of Governor Weaver that the audit will not be carried on after that.

Among major propositions remaining for his attention, said Mr. Shallenberger, was an audit of the two million dollar expense account incurred by the guaranty fund commission, and of the sixteen million dollars collected by assessment for payment of depositors in failed banks.

(Continued on page 30)



A. N. MATHERS,
President, Nebraska Bankers Association



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

Reorganize Elmcreek Bank

The Farmers and Merchants Bank of Elmcreek, Nebraska, which was closed some time ago and has since been in charge of the State Bank Commissioner, is to be re-opened at a very early date, according to information received from an authentic source. It is to have a paid-up capital of \$25,000 and a surplus of \$2,500. At a meeting of stockholders the following officers were chosen: R. A. St. John, president; J. G. Lowe, Kearney, vice president; H. F. St. John, cashier. The list of stockholders includes in addition to the men just named, J. A. Norris, Dr. Yoder, A. Reeves, H. H. Northrup, Edd. Beavers, Mr. Gresham, and Mr. Steele.

The bank is understood to have been in good condition at the time of closing, but a call for funds by certain depositors reduced the immediate supply of cash on hand to the place where it was unable to meet demands at once. It will re-open under very favorable conditions and promises to become one of the strong financial institutions of the county.

Bank Re-opens

The Citizens State Bank of Clearwater, Nebraska, reopened recently with a strong reserve and backed by a group of stockholders representative of the wealth of the community.

Dr. J. W. Bennie is president of the bank; Frank Mapes, vice president, and H. D. Miller, cashier. Mr. Miller has had twenty-two years' banking experience.

Nebraska News

The directors are men of some experience and the people of the community are confident of the future success of the institution.

Buys Interest

Mr. R. F. Stuckey of Lexington, Nebraska, a prominent business man and banker there, has purchased a block of stock in the Cozad State Bank, and becomes a director of this institution.

Mr. Stuckey is president of the Lexington State Bank, one of the strongest banking houses in this county.

Buy Elkhorn Bank

The interests of H. B. and W. P. Waldron of Omaha in the Farmers' State Bank of Elkhorn, Nebraska, has been purchased by C. C. Holling, W. E. Moor and E. A. Saeger of Elkhorn. Mr. Holling will become president of the bank, Mr. Moor, vice president, and Mr. Saeger, cashier. Mr. Moor has been cashier of the bank for the past eight years.

THE SECURITY STATE BANK of Ansley, Nebraska, was sold in mid-June by R. H. Storz of Omaha, to a group of Broken Bow and Ansley men. The new president is T. T. Varney, sr., of Broken Bow, president of the Broken Bow State bank. Associated with him are M. Weil of Lincoln and J. M. Watts of Belgrade, among others, these two becoming vice presidents of the bank.

H. B. and W. P. WALDRON of Omaha have sold their interest in the Farmers State bank of Elkhorn, Nebraska, to C. C. Holling, W. E. Moor and E. A. Saeger of Elkhorn. Mr. Holling has become the president of the bank, Mr. Moor vice president and Mr. Saeger cashier. Mr. Moor has been cashier of the bank for the past eight years. The bank is now owned entirely in Elkhorn.

FRED H. DAVIS, president of the First National Bank of Omaha, celebrated his seventy-seventh birthday early in June. He is a native of Omaha, and is now the reigning king of Ak-Sar-Ben.

Although recently ill, Mr. Davis is now much improved in health, and is at his desk in the bank daily.

He began with the First National bank 58 years ago as a collector and

messenger boy. He is the oldest registered member of the Nebraska Historical society. His father, a contractor, lived in the first frame house in Omaha. During July Mr. Davis, and his family, plan to spend their vacation in New Jersey coast resorts.

ONE OF THE OLDEST banks in Jefferson county, Nebraska, was dissolved June 16, when the Harbine Bank and the First National Banks of Fairbury were merged. Both are members of the Northwest Bancorporation, and the merger was under the direction of the Bancorporation.

The Harbine business was moved to the First National bank building where extensive remodeling has been done.

The Harbine bank was established in 1873 by Colonel Thomas Harbine as a private bank and has always since been one of the leading banks of Fairbury.

THE ADDITION and remodeling of the First National Bank of Omaha have been preceding rapidly. The savings department is now installed in its new quarters, which are on the ground floor of the bank building, north of the previous quarters, and which have an entrance from Sixteenth street, Omaha's main thoroughfare. The First Trust company is in new and larger quarters in the bank building and there have been additions to the main banking quarters. The four story addition to the bank has been erected almost without notice by the city, because it is in a space west of the bank and back of the Farnam building. It makes an L shape of the First National bank building.

GWYER YATES, vice president of the United States National Bank of Omaha, who has had considerable difficulty with a wrenched knee, has again been able to return to the golf links, and is recovering.

ELLSWORTH MOSER, secretary of the United States Trust company, spent the month of June on vacation in the Minnesota lake region.

ONE OF THE ISSUES in the coming campaign in Nebraska will be the proposal, submitted in the form of a constitutional amendment to the voters, that the people authorize a levy to pay 8 million dollars of the losses

in the guaranty fund. Both Governor Weaver and Attorney General Sorensen are urging the state to authorize this payment, on the grounds that the guaranty fund deficit is, in part at least, a "moral obligation" of the state as a whole. It is proposed to use the tax levy, if it is authorized, in helping make payments to depositors in banks that were closed while the guaranty fund system was in operation.

ROSS L. HAMMOND, president of the Union National Bank of Fremont, is slowly recovering following a collapse in the bank this spring.

VICTOR B. SMITH, vice president of the Omaha National bank, and his family are to spend their summer vacation, as usual, in the northern Minnesota lake region.

"Easy money" is a delusion and a snare. There isn't any such lasting commodity in the Marts of Experience.—Ren Mulford, Jr.

New Ideas in the Depositor's Head

BANK depositors are developing new ideas that have compelled bankers to adopt revolutionary changes in deposit banking to meet the situation, Austin McLanahan, President Savings Bank Division, American Bankers Association, President Savings Bank of Baltimore, Maryland, told the eastern regional savings conference meeting.

"There has been a revolution in deposit banking," he said in part. "Deposits are free to go where they will and the banks now have to supplement safety with service, and this service has been expanded to such an extent that it is quite costly.

"The point of view of the depositor has changed. He is being urged to put his money into bonds and stocks, and because the rate of interest paid in some sections of the country is over 4 per cent on savings accounts, he can

only better his return by buying high yield bonds which have an element of danger in them, or he can buy common or preferred stocks, the latter in some cases giving a very generous yield and with apparently sufficient safety.

"There are also the building and loan associations paying a high rate of interest and engaging in banking and promotion functions, but still enjoying the tradition of conservatism. Morris Plan banks and other agencies of the sort have their appeals.

Security First

"After all, what are the advantages of a savings account over the other forms of competitive attractions? First and foremost should be security. The assets of the bank should be so employed as to afford absolute assurance that the savings accounts are abundantly secured as to their principal and interest. With the decline in the real estate market the building and loan associations have had their problems and the higher rates of interest they pay may in many cases be regarded as an indication of the risk involved over and above that indicated by the savings bank rate.

"In this connection it may be well to consider whether it is wise, in the long run, to pay an inadequate return on your savings accounts. That is being done in some parts of the country and the result may be that the growth in the savings accounts may be slower than it would be if a higher rate were paid. The temptation to outsiders to come in and bid that money away from you may be detrimental to your institutions.

"The second advantage the savings account should have over its competitors is that it is always worth par, need never be sold at a discount, and is always available on demand. As a matter of fact, a majority of savings accounts are not really savings accounts. They are emergency accounts. Even a rich man is doing the sensible thing if he opens a savings account for an amount which shall be available to him when a need or an opportunity arises. How many people last fall thanked their lucky stars that they had savings or emergency accounts with which either to protect their commitments or take advantage of the bargains that were available in the bond and stock markets.

"In a few instances savings accounts are really investments. Many people of limited means would rather be sure

The Continental National Bank

LINCOLN, NEBRASKA

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

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

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(EST. 1903)

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of the safety and integrity of their principal and relatively low return than embark on the, to them, uncharted sea of investment. That is a distinction to be borne in mind. A man who puts his money in a building and loan association to all intents and purposes invests it. The same thing is true to a greater or less degree of the money he puts in the other agencies competing with savings banks, and it would seem that this difference has not been sufficiently emphasized by the banks.

"There is another element which enters into the picture and that is advice about investments. The advantage at present enjoyed by the mutual savings banks in this respect is that they have nothing to sell and in consequence their advice to their depositors or other interested enquirers is absolutely disinterested, and you can appreciate that if you have nothing to sell your advice can be quite unbiased by the prospect of profit to you. The inexperienced small capitalist is constantly being besieged by investment houses, to place some of his money or all of it in securities recommended by them, and if he turns to another investment house or in most cases to his banker, that investment house or banker also has something to sell. In many cases he knows not where to turn to get a fair experienced and well considered, disinterested advice as to the investment of his money. Nothing is so satisfying to the other fellow as an honest effort to put yourself in his place, see his problems as he does, and gives him the benefit of your more extended experience in his effort to solve them.

"To sum up, we are in the era of voluntary accounts. We are experiencing sharp competition from other agencies which attempt to attract our possible depositors by the lure of higher rates and by pretending that the money placed with them is at all times as promptly available as it is in the savings accounts. We offer security, a fair rate of return, absolute stability of principal, ready liquidity and a service none other can match because unbiased. We have gone somewhat afield in some particulars, but that is easily corrected. With the rapid increase in wealth in this country there has developed a species of impatience with time tried institutions and practices, and the newer form of investment practices, such as investment trusts have had their trial and evidenced the need of further seasoning. Long continued prosperity has tended to dim the importance of prudence, caution, and insistence upon a firm and stable foundation in financial matters; but the future holds bright promise for the sav-

ings bankers, if they prove themselves adaptable to the changing conditions of life in this country and maintain at the same time the principles which they know through long experience are safe and sound."

A GROWING DEMAND on the part of Europe for American made goods of a modern character is seen by Ward C. Castle, executive vice president of the National Bank of the Republic, who returned to Chicago last month from abroad after six weeks' study of conditions across the Atlantic.

Europe seems particularly interested in American building materials and in Italy the demand for patented and

processed roofing and insulating goods has grown to large proportions, Mr. Castle said. Italy, he stated, gives an amazing outlook for prosperity.

Buy Gas Bonds

A syndicate headed by P. W. Chapman & Co., and including Hale, Waters & Co., and Reilly, Brock & Co., has purchased an issue of \$2,500,000 first mortgage 6 per cent sinking fund gold bonds of the Southwestern Natural Gas company. The bonds are dated May 1, 1930, and mature May 1, 1945. It is understood that the bonds will be exchangeable on a favorable basis for stock of the Apalachian Gas Corporation after Feb. 1, 1935.

United States National Bank

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OMAHA'S Packing Plants produce more than \$210,000,000.00 worth of meats and Packing House products annually, which emphasizes the importance of the live stock industry.

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of

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The Veterans' Bill

(Indianapolis News)

President Hoover's warning to the senate that the bill to liberalize compensation for veterans of the World War includes provisions which he regards as unsatisfactory, has been interpreted as an indication that if the bill reaches the White House with these features, he will veto it. Considering the fate of his Spanish War pension veto, when both houses re-passed the bill by large majorities, it may be assumed that he has given serious thought to the measure and has consulted his political advisers as to the probable effect of a veto for reasons somewhat similar to those which determined his course in the former veto action.

The veterans' organizations' legislative committees that have been working on the measure have weighed the political effect of a decision at this time, but they have not been united in the liberalizing campaign. The house went to such extremes as to cause the original proponents of the measure and the supporting committees to divest themselves of responsibility of it. They felt that it invited veto and, apparently, they did not believe that they could work sincerely for it. The house proposal involved an increase in the total veterans' bureau budget item of about 50 per cent. The senate bill reduces the lowest estimate of the house bill by about 50 per cent. It is estimated that the increase now proposed will be \$74,000,000 a year.

The president is apparently unwilling to subscribe to the bill's assumption that any World War veteran with a record of disease contracted prior to 1930 is presumed to attribute his distress to war service. The bill adds twenty-one chronic diseases to the six now allowed, and includes leprosy. There has been no indication from the president of a desire to withhold adequate compensation from any worthy and deserving veteran in need of the help.

This seems to be the view of the country. The danger of easy pension laws is in the temptation to feign a condition of illness and need. The demoralizing effect of this practice is, of course, serious. The effect of the president's warning should be to remind congress that a liberal pension measure need not be extravagant.

A bride, according to a current story which we have not yet verified, walked into a meat market and said: "I want half a pound of mince meat, and please cut it off a nice, tender young mince."

News of the Omaha Stock Yards



The ABC's of Branch Banking

(Continued from page 5)

a whole was to recover from the effects of farm deflation.

Mr. Wakefield, President of the First Bank Stock Corporation, said "to correct this situation we felt if we could create an advisory organization, properly managed and with sufficient banking experience to offer the individual units making up the group, expert advice and assistance in the management of local banks, that there would be no question of the benefits that would accrue. In adopting the group plan, we set up the *only machinery* that was available to us." By the creating of a group, a wider diversification of risk and resources is obtained than is possible in a single unit. The group included not only a greater variety of agricultural depositories, but also many of the banks of the metropolitan and secondary cities. Weather conditions are not nearly so apt to affect the group as the small unit confined to a single community or a small trade area.

Experience has shown that there is a size of community which is too small to justify the maintaining of a separately capitalized and corporately staffed bank of its own, and which the group cannot enter with a unit bank. On the other hand, these towns want some form of banking convenience. A branch of a larger bank with perhaps a single officers in charge could take care of this, while the large centralized bank, perhaps limited to county boundaries, would provide greater security than the small individual bank. Group banking and branch banking could well go hand-in-hand, supporting each other. The group plan has distinct advantages at points sufficiently large to warrant the maintaining of a unit bank. It retains in the local community the benefit of local management, satisfies the very natural desire of the residents of the

community that their bank be actually a home institution.

If branch banking under certain limitations of area and boundary should be permitted, then a number of the larger banks which are in a group could extend their services by the establishment of branches in nearby communities.

Avoids Centralization

Under a nationwide system of branch banking, banking capital would be centralized in the East. With group banking, quite the contrary is true. Nothing is taken away from the local bank to be centered in any city. This very fact made a strong impression on members of the committee and others, as it was brought out in Congress before the Banking Committee, in the testimony of Mr. Decker and Mr. Wakefield. There seems to be some fear on the part of a good many that disastrous results may follow if the concentration of banking capital is permitted in the East.

The charge has also been made that under group banking the community is deprived of taxes. This is a false notion. Taxes will continue to be paid by the home bank to the same authorities, and spent in local communities just the same as under the unit bank system.

In summarizing it may be said that the group plan brings added financial strength to the community served by the local institution, because it would be possible to draw upon the larger members of the group in case of need, while any surplus of loanable funds could be placed by other members who might require additional funds for their customers at that time.

Moreover, the buying of equipment and supplies, the handling of advertisements, blanket coverage of employes through fidelity bonds, etc., all bring visions of greater profits through more efficient methods.

In my own bank, before entering the group system, we paid in 1929, \$2,700.00 for fidelity bonds. This year, with double the coverage, we paid \$980.00

In short, group banking tends to insure the element of safety, prevents centralization of banking wealth, and stands for a mighty factor in maintaining the area resources for the use and benefit of the Middle West and Northwest.

To the adherents of the unit system, may I say that in my opinion the good, strong and properly managed unit bank will continue as usual, and such a bank need have no fear of competition from any group member, or branch bank, that might be set up later through a change in our banking laws.

What America needs is a banking system that will protect the savings of the depositor. It doesn't matter so much what the form is, if it is built upon an economic foundation that will stand all the shocks of disaster, depression and crop failures.

In the rural communities that Unit System has failed miserably. Branch banking is not permitted in but twelve states, and group banking, while it has worked well as far as it has gone, has not had sufficient time to manifest its possibilities.

Million in Sight for Montana Roads

Montana's highway commission this week passed the million-dollar mark in contracted work for 1930 by accepting bids totaling \$402,283 on six contracts. In the three lettings thus far this year, the commission has pledged \$1,160,511 for construction costs and engineering supervision, largely on new work.

Under the 1930 program, there has been contracted 69 miles of grading, 51 miles of graveling, 116 miles of oiling, including some resurfacing, 18 miles of regrading and 28 bridges.

Central Western Banker, July, 1930

John Burns Resigns

The American Shorthorn Breeders Association announces John C. Burns resignation as southwestern field representative of the association, effective June 1. Correspondence relative to all matters ordinarily handled by Mr. Burns, particularly with reference to shows and sales in that territory, should be directed as usual to the association's office, 608 Live Stock Exchange building, Kansas City, Mo. Mr. Burns was connected with the Shorthorn association four years. He is to become manager of the Texas Live Stock Marketing association, sponsored by the Federal Farm Board.

A World's Record

What appears to be a world's record for butterfat production in cow testing associations for a cow not under supervision of one of the breed associations has just been reported for a registered Wisconsin Holstein by the Wisconsin college of agriculture. She is Maud Lucille Pearl and is 11 years old, but has completed 1,023.5 pounds of butterfat in 26,177 pounds of milk. Her feed cost was exactly \$166.90, her profit above feed is \$376.88 for the year. Her twin sister, Grace Pansy Pearl, is credited with 812.9 pounds fat in 22,348 pounds of milk at a feed

cost of \$143.90 and a profit above feed cost of \$286.75. They belong to the herd of William and Norman Rada of Chippewa Falls, Wis. Norman will be remembered as the 1929 National Champion Holstein club boy. The average age of the cows is 4½ years and the average number of head is 8.9. The total feed cost was \$899.15 and the total profit above feed was \$1,599.90. In addition an appreciable revenue comes from the sale of breeding stock. With one exception all of the cows now in the herd were purchased as unbred heifer calves.

A Good "Swap"

Corn growers of the Middle West can swap the price of a ton of fertilizer for from 127 to 195 bushels of corn depending on the state and to make a still better bargain usually get a crop of higher quality worth 5 to 10 cents a bushel more. The crop will also mature earlier and thereby escape danger of injury from early frosts. These are not the opinions and experiences of any one farmer or of farmers in any one locality. They represent the estimates and observations of 14,875 corn growers in 13 important corn states of the North and East who were personally interviewed in an

investigation of fertilizer use and effects.

According to estimates made by several hundred farmers reporting in the various states, the fertilizer used, produced yield increases of 13.1 bushels in Ohio; 11.5 bushels in Michigan; 9.8 in Indiana; 12.1 in Wisconsin; 9.5 in Kentucky; 9.4 in Illinois; 11.1 in Iowa; and 7.7 bushels in Missouri. The rate of fertilizer application vary from an average of 102 pounds in Missouri to 160 pounds in Ohio, according to these reports.

In terms of bushels of corn produced by a ton of fertilizer, the Ohio farmer gets 163 bushels; the Michigan farmer 195 bushels; the Indiana farmer 170 bushels; the Wisconsin farmer 172 bushels; the Kentucky farmer 127 bushels; the Illinois farmer 175 bushels; the Iowa farmer 185 bushels; and the Missouri farmer 151 bushels. The value of the crop increases in these states is, therefore, from three to five times the cost of the fertilizer even at present prices for corn.

Increased yields, however, are not the only advantage gained for their crops, these thousands of farmers say. For example, 12,343 of those interviewed have observed that fertilizer improves the market quality of crops, including corn and other fertilized crops, and more than 10,000 say it improves the feeding quality. Next to increased yield, improvement in quality is the most valuable effect of fertilizer on corn. Frequently it adds as much to the value of an acre of corn as the cost of the fertilizer, and may be worth five to ten cents a bushel or more in some seasons.

Opens Insurance Stock Mart

An insurance securities market has been opened by the Chicago Board of Trade in recognition of the important place that these stocks occupy in the investment field, making available for the first time the great international trading system which blankets the United States and Canada and, through exporting members, has connections throughout South America, Europe, India, Japan, Cuba and Australia.

This move, following opening of the board to listing of general stocks and bonds in September, 1929, also has in view the fact that insurance stock quotations have been inadequate, and especially in the case of stocks with large values a loss of many points might be sustained in selling at the market on a quotation many hours old.

The Chase National Bank

of the City of New York
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MUST CARE FOR AGED EMPLOYEES

IT IS one of the sacred obligations of industry to see that retirement annuities, or old-age pensions, are provided for its great army of workers, in the opinion of John G. Lonsdale, who spoke in Washington, D. C., recently, at a round-table discussion on business and insurance problems conducted as a part of the eighteenth annual meeting of the United States Chamber of Commerce.

Mr. Lonsdale, who is president of the American Bankers Association and head of the Mercantile - Commerce Bank and Trust Company of St. Louis, also advocated additional insurance provisions for the employe as a safeguard to himself and those dependent upon him.

"When you remove from the mind and heart of an individual the haunting fear of sickness, accident, and loss of earning power in old age, you have lifted a tremendous burden from his shoulders and made him a more valuable employe for your institution," said the speaker. "Fear, with its consequent wrecking of morale, has been the undoing of men and nations. If modern business and industry can cause such a specter to disappear from

the rank and file of our workers, what a wonderful contribution it will be to the advancement of humanity.

"In our effort at scientific production, we have taken into full account the depreciation of machinery and set



JOHN G. LONSDALE

up reserves to take care of it, but industry as a whole has not yet recognized the fact that the same principle of depreciation applies to human be-

ings. Men, like machines, inevitably reach a stage of lessening efficiency in which it is the part of better economy to detach them from their work and replace them with new and better material. Countless institutions today carry on their payrolls employes whom they hesitate to turn out into the bitter world for fear of criticism or because they feel obliged to look after them, unprepared as they are to finance themselves for future living. Yet these same employes are costing their employers an enormous total through their inability to carry on effectively.

Prevents Pauperism

"How much better it is if we can assure such workers that when they have reached an age agreed on in the institution that they will be retired from active service with an income sufficient to tide them over their remaining less productive years! Such a plan hits directly at the prevention of pauperism and in the long run will do much toward relieving many of our now over-taxed agencies of relief for the inevitable poor as well as of the improvident.

"I like to look upon the retirement annuity as a business problem, because it is one which has developed solely as a result of business advancement in



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the last four or five decades. Half a century ago, when virtually all business was still in the knee-trousers stage and afflicted with growing pains, the economic laws of the time provided well for the employe. Now, in the day of the giant corporation, when all of us, from president on down to office boy, are employes and responsible to the people who are stockholders, the problem assumes a different form. Nevertheless, the obligation for solution rests squarely on the should-

ers of business leaders as surely as have the questions of increased production and distribution."

Now Head of Firm

Walter E. Sachs, a member of the firm of Goldman, Sachs & Co., since 1910, was elected president of the corporation at a meeting of the directors. He succeeds Waddill Catchings who retired as president and a director of the company effective June 1. In addition to making Mr. Sachs president, the directors elected Sidney J. Weinberg a vice president.

New Omaha Office

Smith, Burriss & Company, 120 S La Salle Street, Chicago, Illinois, syndicate managers for eighteen central western states on BASIC INDUSTRY SHARES, CORPORATE TRUST SHARES and FIXED TRUST OIL SHARES are opening up a wholesale office in suite 1000-02 First National Bank Building, Omaha, Nebraska, to better serve their distributors in these investment trust issues.

The officers of the new concern are Cedric H. Smith, Chicago, president;



LLOYD W. PHILLIPS

Lloyd W. Phillips, executive vice president and Nelson W. Burriss, Chicago, second vice president. The office will be in charge of Mr. Phillips.

The wholesale business which has heretofore been handled by Lloyd Phillips & Co., of Fremont will be entirely handled by the Omaha office and the Fremont office will be strictly a retail organization.

The Omaha National Bank has been appointed as the authorized Paying Agent on CORPORATE TRUST SHARES by the Trustee, The Chase National Bank of the City of New York and in excess of 6½ million dollars in cash distributions were paid out as of June 30th to CORPORATE TRUST SHARE holders.

A meeting of the distributors and dealers of BASIC INDUSTRY SHARES, CORPORATE TRUST SHARES and FIXED TRUST OIL SHARES is planned for Omaha on July 2nd. Cedric H. Smith of Chicago together with Mr. Phillips will have charge of the meeting.

ALL PROBLEMS of correspondent banks have the direct attention of an officer of this bank. Such attention by our officers, rather than by the clerical departments, obviously works to the advantage of the out-of-town bank.

THE NORTHERN TRUST COMPANY

Northwest Corner LaSalle and Monroe Streets
CHICAGO

South Dakota News

To Popularize Silver Dollar

Eureka, Utah, Banking Company's officials, at a recent meeting, decided to launch a movement against the use of one and two dollar bills and the substitution of silver coins. Naturally the object is to make silver coins more popular and to stimulate the demand for that metal which is now at the lowest price in history and by reason of such slump there has been a slowing up of operations in every silver mining camp in the West.

As fast as small currency is taken to the Eureka bank it will be bundled up and sent out of town. In cashing checks no bills smaller than \$5 will be used and much larger quantities of silver dollars will be shipped into this district and distributed to the stores and other patrons of the bank. The local bank, in its communications to other financial institutions of the state will stress the use of silver and there is a possibility of the movement in that direction spreading to other parts of the state, in fact Park City clubs and lodges have for some time been working along this line. In agricultural sections, where the people are in close touch with mining and thereby beneficiaries of the great mining industry, it should be an easy matter to increase the use of silver. Even the eastern tourists, when they are made to realize the importance of silver mining in the prosperity of the West, will gladly take their change in bright new silver dollars instead of in currency.

Group Bankers Elect Officers

THE LARGEST attendance in the history of the South Dakota Bankers Association occurred this year when bankers and their families attended the eight group Meetings throughout the State. According to report issued by George A. Starring, Secretary of the Association, 375 banks were represented, with a total attendance of 1,044.

Group One

The officers are: President, F. S. Strobehn, Wagner; Vice-president, Scott Banbury, Geddes; Secretary-

treasurer, Jack Kaberna, Wagner. The Executive Committee includes: Bon Homme—R. W. Griffith, Avon; Charles Mix—H. F. Warner, Geddes; Douglas—E. E. Dubes, Armour; Clay—M. J. Chaney, Vermilion; Hutchinson—J. W. Ullmer, Menno; Turner—F. E. Jackson, Hurley; Union—Lawrence Authier, Elk Point; Yankton—J. M. Lloyd, Yankton.

The 1931 meeting will be held at Wagner.

Group Two

The officers are: President, Claus Hegnes, Baltic; Vice-president, P. J. Kennefick, Dell Rapids; and Secretary-treasurer, H. W. Mitchell, Madison. The Executive Committee includes: Lake—C. A. Stensland, Madison; Lincoln—Louis Jacobs, Lennox; Miner—B. R. Laird, Fedora; Minnehaha—O. V. Meyhaus, Sioux Falls; McCook—William Hoese, Spencer; Moody—A. B. Larson, Egan; Turner—Earl Hansen, Parker.

The 1931 meeting will be held at Madison.

Group Three

The officers are: President, W. H. Shaw, Parkston; Vice-president, T. M. Brisbine, Woonsocket; and Secretary-treasurer, J. M. Patton, Mitchell. The Executive Committee includes: Aurora—F. R. Loevinger, White Lake; Brule—W. A. McMillen, Pukwana; Davison—J. M. Newell, Mount Vernon; Hanson—Jacob Schiltz, Alexandria; Hutchinson—A. G. Bauer, Dimock, Jerauld—L. M. Larsen, Westington Springs; Jones—C. E. Lange, Murdo; Lyman—F. A. Smith, Oacoma; Sanborn—W. A. Anderson, Letcher.

The 1931 meeting will be held at Mitchell.

Group Four

The officers are: President, F. A. Olson, Toronto; Vice-president, A. R. Johnson, Brookings; and Secretary-treasurer, George K. Burt, Watertown. The Executive Committee includes: Brookings—Robert Henry, Volga; Clark—W. A. Hicks, Carpenter; Codington—Henry Hanten, Watertown; Deuel—A. G. Berger, Clear Lake; Grant—George Berg, Stockholm; Hamlin—C. N. Halvorsen, Castlewood. Nominated to Executive Council—J. A. McGillivray, Garden City.

The 1931 meeting place has not yet been selected.

Group Five

The officers are: President, Russell Bard, Miller; Vice-president, H. A. Kopperud, Lake Preston; Secretary-treasurer, George M. Townsend, Huron. The Executive Committee includes: Beadle—L. O. Anderson, Hitchcock; Faulk—J. P. Shirk, Faulton; Hand—C. W. Gardner, Ree Heights; Hughes—L. L. Branch, Pierre; Hude—R. J. Drew, Highmore; Potter—R. Richardson, Gettysburg; Spink—M. J. Twiss, Doland; Sully—Arthur J. Owens, Onida; Kingsbury—T. H. Meyer, DeSmet.

The 1931 meeting will be held at Huron.

Group Six

The officers are: President, J. H. Kissinger, Hecla; Vice-president, J. Schad, Roslyn; and Secretary-treasurer, Robert Weidenbach, Aberdeen. The Executive Committee includes: Brown—A. T. Hagen, Claremont; Marshall—V. E. Swenson, Langford; Day—Andrew Hedman, Webster; Grant—W. S. Given, Milbank; Roberts—Henry Helvig, Sisseton.

The 1931 meeting will be held at Milbank.

Group Seven

The officers are: President, Charles Christen, Roscoe; Vice-president, R. A. H. Brandt, Bison; and Secretary-treasurer, Peter F. Gores, Mobridge. The Executive Committee includes: Campbell—W. C. Peterson, Pollock; Corson—H. W. Batzer, Morrystown; Dewey—Hans Johnson, Isabel; Edmunds—H. C. Gross, Bowdle; McPherson—A. H. Schumacher, Eureka; Perkins—J. K. Clark, Lemmon; Walworth—Jacob Helm, Java; Ziebach—O. S. Nygaard, Dupree.

The 1931 meeting will be held at Mobridge.

Group Eight

The officers are: President, C. O. Gorder, Deadwood; Vice-president, The Executive Committee includes: Guy Bailey, Whitewood; and Secretary-treasurer, B. E. Colby, St. Onge. Butte—T. C. Gay, Belle Fourche; Custer—George Havens, Custer; Fall River—G. C. Smith, Hot Springs; Haakon—J. C. Nelson, Philip; Jackson—L. A. Pier, Belvidere; Lawrence—George Blake, Spearfish; Meade—Harold Walker, Sturgis; Pennington—E. M. Gentry, Hill City. Nominated to Executive Council—W. B. Penfold, Belle Fourche.

The 1931 meeting will be held at Belle Fourche.

Colorado News

Elected President

Eugene P. Shrove, senior partner in the Shrove, Hager & Co. investment house, and a director and officer in many large business enterprises, was elected president of the First National bank in Colorado Springs, at a meeting of the board of directors. Mr. Shrove, who has been a vice president of the bank for many years, succeeds A. H. Hunt, who died May 10.

Irving Howbert, pioneer banker of Colorado, remains chairman of the board.

Following the board meeting other changes in the officials at the First National were announced. The list includes two new vice presidents, with William L. Howbert, formerly cashier and trust officer, and Jefferson Hayes Davis, formerly assistant cashier, sharing the new title with Wilmer D. Hemming, who has been a vice president of the bank for a number of years.

O. L. Godfrey, who has been with the bank for many years and who was an assistant cashier, was named cashier to succeed William Howbert, while Fred Smith, who has been assistant cashier for several years, will continue in that capacity.

James Strachen was named as auditor of the bank, while Carl Mechling

was appointed assistant trust officer.

Mr. Shrove, the new president of the bank, has been in active business in Colorado Springs for a great many years. He is a director and treasurer of the Holly Sugar corporation, which he helped organize and is a director and vice president of the Colorado Title and Trust company of this city. He also is a director and vice president of the Golden Cycle Mining and Reduction company; a director of the Pikes Peak Fuel company; a director of the Nevada Consolidated Copper company as well as a director of Cragmor sanatorium and a trustee of Colorado college, to which he recently made a large gift to build the Shrove Memorial chapel.

Mr. Shrove also was president of the old El Paso National bank early in 1917.

Pueblo Becomes Headquarters

Pueblo, Colorado, will become the headquarters for national bank examiners operating in southern Colorado, New Mexico and part of Texas, about July 1. Heretofore, examiners for this district made Denver their headquarters.

Offices on the fourth floor of the Federal building will be taken over by the examiners, it was announced.

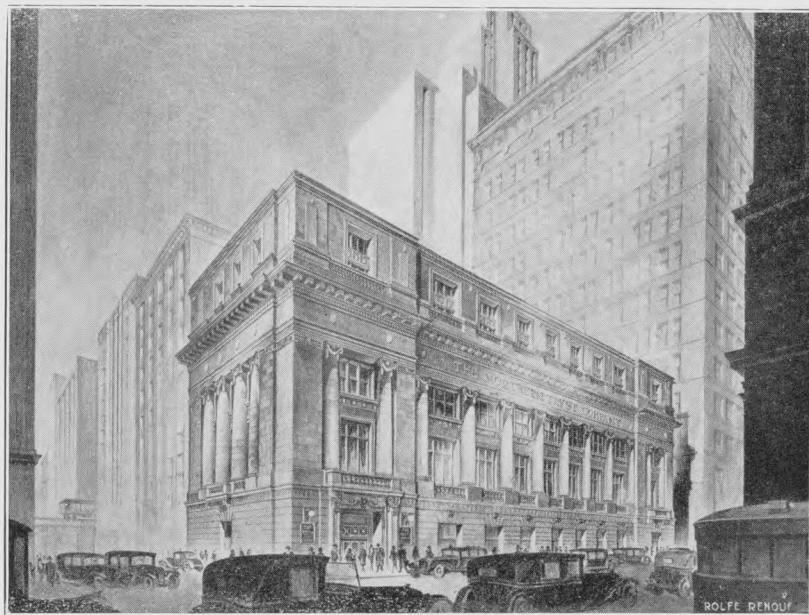
W. N. Male, examiner who usually operates in Pueblo and the rest of the territory, will be in charge of the office. Three other examiners will be stationed there regularly under his supervision.

Becomes President

The Farmers State Bank of Brighton, Colorado, has announced that Mr. Herman J. Schloo of Brighton, who was formerly an active officer of that bank, has again become associated with the bank as a stockholder and director. At the regular June meeting of the board of directors of the bank, Mr. Schloo was elected president of that institution and expects to be in active management of the bank in the future. Mr. Schloo is a pioneer resident of Brighton and for years has been identified with the financial, agricultural and live stock interests of Adams County and northern Colorado.

E. H. Drinkgern, who for many years has been active in the management of the bank, will continue as an active officer, resuming the duties of cashier with Mr. A. H. Schnell and Mr. H. H. Kramer as assistant cashiers. The board of directors now includes, Herman J. Schloo, John Delventhal, E. H. Drinkgern, John Ehler, L. D. Krambeck, A. H. Schnell, Elmer Jennerich, Jacob Kramer and W. W. Gaunt.

Northern Trust Co. in New Home



Above, the newly remodeled home of the Northern Trust Company of Chicago

Mr. Clarke, in addition to heading the Utilities Power & Light Corporation, serves as an officer or director of more than 25 utility corporations, including electric light, gas and street railway companies. Mr. Richardson is also vice president and treasurer and a director of the American Bleached Goods Company, and a director of the Lorraine Manufacturing Company of Pawtucket, R. I., the Ponemah Mills, Providence, R. I., and Sayles' Finishing Plants, Saylesville, R. I.

Opens Cleveland Office

Announcement is made of the expansion of P. W. Chapman & Co., Inc., investment security house, to Cleveland and the formal opening of an office in room 440 Terminal Tower building. Simultaneously, the company announced the appointment of George M. Thiedeck as resident manager. The company's syndicate department representative in Ohio, Gordon B. Williams, will have headquarters in the same office.

New Mexico News

Bankers Meet

New Mexico Bankers' association, Group 3, comprising banks in the Pecos valley, Carrizozo, Alamogordo, Tularosa and Lovington, met recently in regular session at the Nickson Hotel. Following the banquet matters of regular business were transacted.

The meeting was presided over by G. K. Richardson, of Carlsbad, president of the New Mexico Bankers' association and president of the Carlsbad National Bank.

The bankers were guests of the First National Bank of Roswell, 22 members and visitors were present.

Special guests of honor were J. Frank Mitchell, assistant vice president of the Exchange National Bank of Tulsa, Okla.; Carl Charlson, assistant cashier of the Commerce Trust Company of Kansas City and J. H. Martin, cashier of the Midland National Bank of Midland, Texas. Special addresses were made by the three distinguished visitors.

Floyd Childress, secretary of Group 3, kept the records.

Those present were: G. K. Richardson, E. Burch Harrison, F. G. Snow, Carlsbad; C. E. Mann, Fred Cole, J. E. Robertson, L. B. Feather and W. M. Linell, Artesia; W. A. Losey, R. W. Conner, Hagerman; D. C. Berry, Lexington; J. F. Hinkle, Claude Hobbs, A. Hanny, J. E. Moore, Paul Schultz, Floyd Childress, W. J. McInnes and Wayne Ake, Roswell.

Aztec Banks Merge

The Citizens State Bank of Aztec, New Mexico, and the Aztec State Bank consolidated on June first and all banking business in Aztec is now transacted at the Citizens bank building. The new institution is known as the Citizens Bank and has resources of over \$400,000.00.

The officers of the new Citizens Bank are A. G. Ramsower, president, John J. Emmors of Gallup, vice president, and J. A. Pierce, cashier.

Publishes Bond Book

A new ready-reference book, designed to aid municipal bond buyers throughout the country, has been prepared for distribution by C. F. Childs & Company, Inc., the oldest house in America specializing in Government securities.

Favors Agricultural Institute

An endowed institution with a capital of at least \$10,000,000 to aid agriculture through research and in any other way possible would perform an invaluable service and should be created in the near future, Chairman Alexander Legge, of the federal farm board, said recently.

Legge revealed he has personally favored such an organization for some time and has discussed plans with a number of eminent attorneys who approved the project. An outline of the

plan has been drafted in tentative form, he added.

Adds Two Directors

The American Express Bank & Trust Company has announced two additions to its board of directors. They are Harley L. Clarke of Chicago, president of the Utilities Power & Light Corporation, and Sinclair Richardson, president of the Kelsey-Wilson Textile Corporation of New York.

The Morrison is the tallest hotel in the world — 46 stories high — with 1,950 rooms.



When completed, the Morrison will be the world's largest hotel, with 3,450 rooms.

Chicago's

MORRISON HOTEL

Tallest Hotel in the World
46 Stories High

1,950 Rooms -- \$2.50 Up
500 Rooms Being Added

Every guest room is outside, with bath, running ice water, bed-head lamp and Servidor. Each floor has its own house-keeper and the hotel's garage has extensive facilities for car storage. Rates are extremely moderate — \$2.50 up — because valuable subleases at this location pay all the ground rent and the saving is passed on to the guests.

*Closest in the City to Stores, Offices,
Theatres and Railroad Stations*

Kansas News

Vice President of Association

Matt Weightman, widely known Topeka, Kansas, banker and political leader, has been elected vice president of the American Bankers Association as representative from Kansas. Mr. Weightman's nomination, which was made by a committee at the recent meeting of the Kansas Bankers Association in Wichita, has been confirmed and he will immediately take up the duties of his office. He succeeds Frank J. Miller, president of the First National Bank of Ottawa.

Elected Vice President

Marlin Casey, trust officer of the Columbian Title and Trust company, Topeka, Kansas, was elected vice president of the trust division of the Kansas Bankers' association at its annual election in Wichita.

Casey, who has been trust officer of the Columbian company for only three months, is in line for the presidency of the trust division next year.

Kansas Banks Merge

Merging of the Home State Bank, Havana, Kansas, with the Niotaze State Bank, Niotaze, Kansas, was announced recently by the state banking department.

Both were described by the banking department as small banks.

New Bank at McDonald

A new institution, the Peoples State Bank, opened its doors in McDonald, Kansas, on June 2.

The new bank is chartered with a capital of \$20,000 and \$2,000 surplus and is being backed by prominent men in both McDonald and Atwood.

Officers of the new bank are: J. J. Fleming, Atwood, President; J. T. Short, Atwood, vice president; and Ralph McLaughlin, Oberlin, cashier.

The city of McDonald has been without a banking institution for the past two years, since the Farmers State Bank closed its doors in March of 1928. Since that time, farmers and business men have been forced to seek banking facilities in other towns.

Lyons Banker Honored

Fred Long, president of the Lyons National bank, was honored at the state bankers convention at Wichita, Kansas, recently, when he was elected vice president for Kansas, of the National bank division of the American Bankers association.

Florence Bank Reopens

(Continued from page 18)

An audit of money collected on stockholders' liability was to be made also.

The Shallenberger audit was under the law passed by the 1929 legislature, providing for an inquiry of failures of state banks during the last ten years. The affairs of 175 institutions were gone into, and separate reports published on 50. Thirty are still under investigation.

The legislature appropriated \$150,000 for the audit. Mr. Shallenberger said it had cost, up to the end of June, about half the appropriation.

Budget System

"The best way for you to straighten out your financial difficulties is to live within your means for a while, until you get square."

"Within our means? I should say not! We may be poor, but we're not as badly off as all that."—*Kansas City Star*.

LIABILITY OF SHAREHOLDERS

LIABILITY OF SHAREHOLDERS in farm loan banks is to be determined in litigation begun in New Haven, Connecticut. Henry M. Langworthy, receiver for the Kansas City joint stock land bank, has filed suit in Supreme Court against the Second National Bank as administrator of the estate of Smith T. Bradley, deceased, contending that shareholders are liable under the farm loan act for the par value of their stock. At the time the Kansas City bank was declared insolvent Bradley owned stock at a par value of \$2,700.00. When his will was probated the receiver claimed \$2,700.00 as Bradley's share of liability in the bank's debts.

AUSTRALIA BANK OF NEW SOUTH WALES

ESTABLISHED 1817

(With which is amalgamated THE WESTERN AUSTRALIAN BANK)

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



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

AGENTS—FIRST NATIONAL BANK, OMAHA, NEBRASKA GENERAL MANAGER, ALFRED CHARLES DAVIDSON

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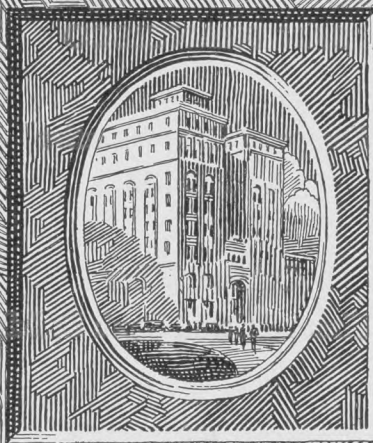
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