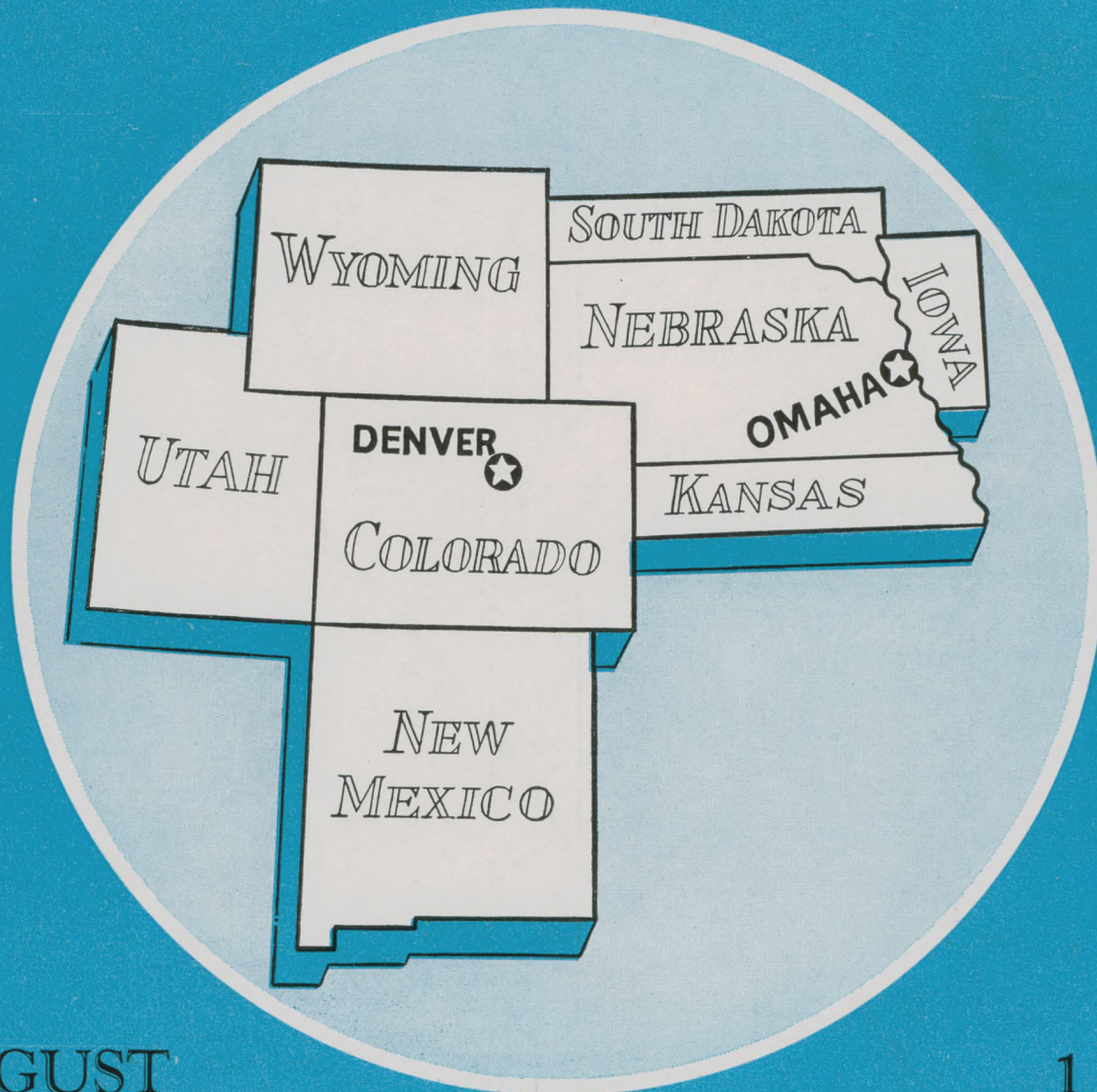


CENTRAL WESTERN BANKER

Omaha

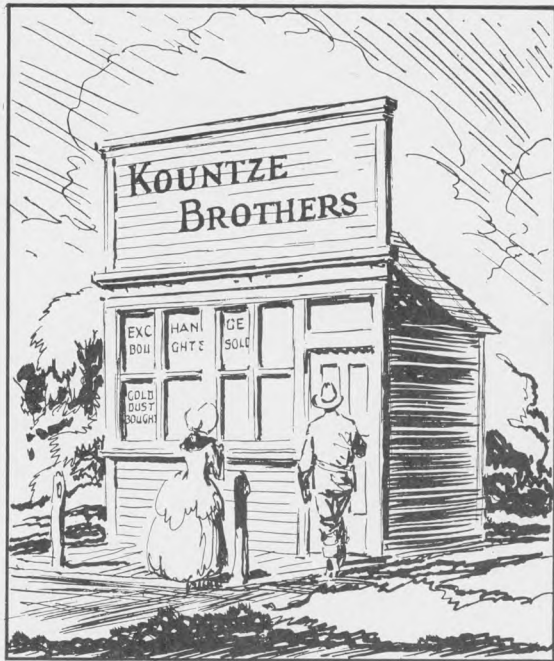


AUGUST

1930

Making Your Bank Make More Money

Page 5



73 YEARS OF SERVICE

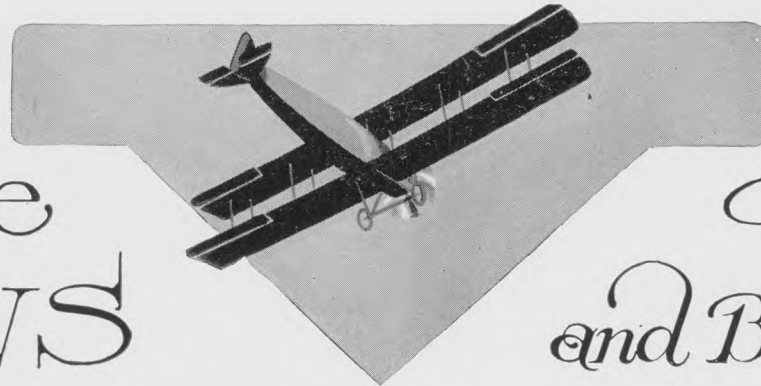
*This month we celebrate
our seventy-third birthday*

Nebraska's Oldest Bank



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

Last minute NEWS



of Banks and Bankers

THE CHASE BANK opened a new Paris office last month at 31 Avenue George V, marking an important forward step in American banking service in the French capital.

This new Chase office temporarily will occupy the ground floor suite of the George V Hotel Building until its permanent quarters at 29 Avenue George V are completed. The main office of The Chase Bank in Paris is at 41 Rue Cambon, the location formerly occupied by the Equitable Trust Company of New York.

JOHAN G. LONSDALE, president of the American Bankers Association, and head of the Mercantile-Commerce Bank and Trust Company of St. Louis, has had one more business responsibility added to the increasingly long list which demands his attention. A few days ago he was elected a director of the Texas & Pacific Railway.

The railway field is one with which Mr. Lonsdale long has been familiar. For a number of years he has served as a director on the Missouri Pacific Railroad. His first intimate knowledge of railroading problems was obtained when, as a young man of 20, he constructed a 65-mile line between Hot Springs and Little Rock, Arkansas. His feat in obtaining a right-of-way, where others had failed, and his ultimate success in completing his venture, although he started out single-handed, attracted so much favorable attention, that he has been in demand ever since as an adviser in railway circles.

Lonsdale has served as receiver in the Federal Court for the Little

Rock, Hot Springs & Texas Railroad Company and as chairman of the Rail Consolidation Committee of the American Bankers Association and the St. Louis Chamber of Commerce.

FRED F. BURGI, for several years manager of the Discount Department, has been made Assistant Cashier of the Minnesota Loan and Trust Company.

Mr. Burgi is a native of Monroe, Wisconsin, and had his first banking experience in the Citizens Bank of that town, going later to Edmonton, Alberta, where for three years he was employed in the Edmonton branch of the Merchants Bank of Canada.

Since 1916 Mr. Burgi has been identified with the Minnesota Loan and Trust Company except for a period of war service.

MEMBERS of the Foreman-State Corporation, investment affiliate of the Foreman-State National Bank, held a get-together and informal dinner

meeting recently in the bungalow on the roof of the Hotel Sherman. All of the men in the organization, both the local and out-of-town personnel, were guests at the affair.

WHILE 2,199 of the 2,200 employees of the First National Bank of Chicago were celebrating the bank's sixty-seventh anniversary last month, the 2,200th employe—in short, Melvin A. Traylor, president—was celebrating a double anniversary. Mr. Traylor, unbeknown to his colleagues, was observing the twenty-fifth anniversary of his career as a banker.

CORNELIUS R. AGNEW, vice-president of the National City Bank of New York, and of its trust affiliate, the City Bank Farmers Trust Company, has retired after thirty-two years of continuous service with the latter institution. Mr. Agnew entered the employ of the Farmers' Loan and Trust Company, now the City Bank Farmers Trust Company, in November, 1898, as a junior clerk, first in the trust department, then in the transfer and reorganization department. In February, 1900, he was made an assistant secretary and in June, 1909, was elected a vice-president. In January of this year he was elected a vice-president of the National City Bank of New York in charge of the City Bank Farmers branch, continuing also as a vice-president of the trust company.

THE SUBJECT of a simplified system of account analysis for large and small banks, including a series of studies and operating costs on account analysis and service charges, is discussed (Continued on Page 25)

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This is a highly important period in American banking history and one of the greatest developments is that of branch group and chain banking, which raises the question:

Where Does the Unit Banker GO FROM HERE?

By Stanley Maley

*Vice-President, First National Bank,
Lincoln, Nebraska*

THIS is a highly important period in the banking business, and probably no question confronting the American Banker today is of more vital importance. That my motive may not be misunderstood, I wish to state at the outset that it is not my purpose to argue for the merits or demerits of either of the forms, but in the limited time I have, it will be possible to discuss only the present trends of the different systems and their general functioning.

I am assuming that we are all familiar with what is meant by Branch Banks, Chain Banks and Unit (or independent banks) but the term Group Banks is of such recent origin that a brief exploration of the system might be timely. Group Banking has become a major movement in our banking system. The principal factor is that each group is centered around a city or metropolitan bank, through means of a holding company which owns a majority of the stock of each bank, thereby creating a system of banks integrated in management with the central bank of the group. These holding companies are incorporated under state laws.

In nearly every convention of the American Bankers Association held in the past fifteen or twenty years, there has developed in some form or another a discussion or contest between the advocates of Branch or Unit banks. Group banking has more recently become a live topic for discussion, and the proponents of unit banking are its most active opponents. How real this opposition is, may be indicated by a report of a Washington correspondent stating that independent or unit bankers recently told him that while they are still opposed to further extension of branch banking, they cannot stop Group banking, and therefore are preparing to accept con-

gressional legislation for big scale branch banking. If this is true, is it an indication that the fight so long maintained against branch banking, is lost? Is Unit banking doomed to be replaced?

Making Gains

Against the stiffest kind of opposition in banking circles and legislative

.....
"If the individual rights of the independent or unit banker are to be preserved, then he must accept and perform his reciprocal duties of which safety to the depositor is first. By adequately capitalizing your bank, in relation to volume of business. Assuming no unnecessary risks by excess or imprudent loans, stopping all waste, keeping abreast with changing conditions. Make your bank a part of a banking system which will discard any of the possible disadvantages of the banking system of yesterday, and develop a perfected system which will provide every community with complete banking facilities without taking from it that initiative which has contributed so large a part to the upbuilding of America."

.....
 halls. Branch and Group banking has made yearly gains in this country, and never before has that system of banking had such favorable support as it is receiving at the present time. It is the failure of legislation in banking to move more quickly that has led to the introduction and rapid development of Group banking.

For many years advocates of currency reform tried to get legislation correcting evils which everyone knew existed, but it took the panic of 1907 to bring about definite results, in the adoption of the Federal Reserve System. Likewise, the deflation of 1920, and the subsequent failure of so many banks, many supporters have been mustered in favor of the Branch bank plan. While the Federal Government had not yet legalized branches for National Banks, a number of states have for several years permitted state banks to maintain branches.

Perhaps the most pronounced growth of this form of banking was experienced in California. The demand for branch bank facilities became so persistent, and the Federal Reserve system was losing so many of its members on account of the surrendering of National charters, Congress in 1927 passed what is known as the McFadden Act. This permits members of the Federal Reserve system to establish and maintain branches in the city in which the head office is located, in states where branch banks are permitted.

The losses of Federal Reserve members still continued, and last October at the convention of the American Bankers Association, the Comptroller of the Currency, J. W. Pole, put the issue squarely up to the bankers in a speech recommending that Congress pass a bill legalizing an extension of branch bank facilities. Later the Governor of the Federal

Reserve Board, Roy Young, made a similar recommendation, as did the Secretary of the Treasury, Andrew W. Mellon. I wish to quote his statement, in part:

"In view of the fundamental economic situation which has given impetus to the organization of Group banking systems, and to the growth in branch banking, it is desirable that these developments be carefully studied, not only by Government officials charged with the responsibility for possible legislative enactments, but by the banking and business world. Hasty legislation, either to liberalize or constrict limitation now in effect, should be avoided; but the time has come when it would seem wise to undertake a thorough study of the situation with a view to determine the soundness of the present day tendencies, and more particularly, the limits of economic areas within which

(Continued on Page 10)

Making Your Bank Make More Money

CORRECTING the Unprofitable Practices in Banking is an extremely broad subject and one that, I believe, well merits the great amount of attention that has been accorded it the past few years because of the tremendous effect that these practices have in curtailing bank profits.

It has been the privilege of the organization, which I happen to direct, to have analyzed the operations and earnings of a great many banks in various parts of the country.

Through these numerous investigations of the operations, administration, operating costs and earnings, and through comparing the methods and results of each bank with those of other banks, it has been disclosed that the Unprofitable Practices are many and varied but generally they may be divided into two classes of more or less similar importance—uneconomical or inefficient operations and services for which the bank receives insufficient, little or no compensation.

In the first class such things as inadequate or overly laborious systems, inconvenient arrangements, insufficient equipment, unnecessary detail, duplication of effort, wasteful methods, an unbalanced personnel, miscalculated reserve requirements, inappropriate investment program, etc., frequently absorb a considerable part of the gross earnings.

The second class includes the small loans, unprofitable checking accounts, cashier's checks and drafts sold at face value, cashing checks for non-customers, acknowledgments, collections, safekeeping, etc., without charge, and numerous other free services that dissipate earnings.

Correction of these profit destroying practices will do much to restore banking to its proper status—as one of the most profitable of the major businesses—but before they can be properly corrected it is essential that the conditions in each individual bank be thoroughly analyzed. The banker must know his own institution in detail. If profitable business is to be extended he must know just what business is profitable, if loss causing transactions are to be turned into profitable business he must know what transactions cause losses.

Every banker will admit that there are many operations in banking that fail to produce a profit but do you



C. M. DOPLER

By C. M. Dopler

Manager Banking Division Edward
R. Burt & Co.

know just how many such unprofitable practices there are in your bank? Do you know how much the losses amount to in your own institution?

It is essential that you delve into the facts, that you drag the unprofitable practices out into the revealing daylight and analyze them so that you can deal promptly and efficiently with fully known factors instead of puzzling indefinitely over half revealed ones.

It is surprising how many undrained sources of new revenue will be thus disclosed and the need for this new revenue is well illustrated by a comparison of bank earnings with those of other lines of business.

Though the figures of the Comptroller of the Currency are hardly suitable for comparison because of the distorting effect of a few large

Table No. 1
CHECKING ACCOUNTS

Balances	Number of Accounts	Profit or Loss	
Under \$ 50	208	Loss	\$1,756.00
\$ 50 to 100	109	Loss	3,015.00
100 to 200	98	Loss	2,523.00
200 to 300	44	Loss	2,698.00
300 to 500	51	Loss	2,552.00
500 to 1,000	52	Loss	765.00
1,000 to 3,000	35	Profit	2,204.00
OVER 3,000	15	Profit	4,554.00
Total	612	Loss	\$6,551.00

Table No. 2
ACCOUNT FOR MONTH OF MAY, 1930

Service Performed:			
26 Deposits	at .057 cents each	\$	1.48
189 Clearing Items Deposited	at .016 cents each		3.02
8 Transit Items Deposited	at .035 cents each		.28
46 Currency Deposits	at .027 cents each		1.24
154 Checks Paid	at .054 cents each		8.32
Account Maintenance 1 month			.25
Total		\$	14.59
Analysis of Account:			
Average Daily Balance		\$	432.00
Daily Average Uncollected			182.00
Average Collected Balance		\$	250.00
17.2% Reserve			43.00
Net Earning Balance		\$	207.00
Earnings:			
1 Month at 5.8% a year			1.00
Loss		\$	13.59
Ledger Balance necessary to produce a net income of 2%			\$6,561.09

Central Western Banker, August, 1930

banks, nevertheless while these figures indicate that the net earnings of National Banks has hovered around 9 per cent of the Invested Capital (Capital, Surplus and Undivided Profits) the earnings of 502 concerns in 15 major lines of business, last year, averaged 17 per cent of the Capital investment.

Certainly banking is as basic as any business, other business is dependent upon it, it must support other business and partake of the financial hazards, its shareholders are subject to the double liability feature of bank stock ownership yet its net return on the investment is but little more than half that of other business.

Since 1910 the net income of the National Banks dropped from $2\frac{1}{8}$ per cent of deposits to $1\frac{1}{8}$ per cent in

1927 and is probably less than half the 1910 figures this year. Increased expenses, due primarily to the greater demand for services by depositors, has absorbed the difference.

You now have, at least, three times as many depositors per \$100,000 of deposits as you had twenty years ago, each of these depositors demands double the service. With salaries and the cost of supplies doubled you are supplying, in value, twelve times the service per dollar of deposits that you were called upon to provide in 1910.

Through analysis of your bank you can determine just what part of this tremendous increase in all kinds of banking service is being supplied without compensation and thereby open up unsuspected opportunities for impor-

tant additions to gross and net earnings.

There are many different kinds of services that have heretofore been practically free or have been considered merely as incidental to the acceptance of deposits but which have become important sources of new revenue in many banks. Such things as service charges on small loans, charges for cashier's checks or money orders, credit ratings, safekeeping, etc., are growing rapidly.

Perhaps the most important is the Activity Charge on Unprofitable Checking Accounts—a charge for the excess value of the service performed over the earnings on the balances car-

(Continued on Page 21)

Open New Omaha Office



ABOVE.—Distributors for Smith, Burris & Co., at their annual meeting in Omaha. This was snapped at Happy Hollow Country Club, Omaha.

ANNOUNCEMENT was made last month by Smith, Burris & Co. of Chicago, central syndicate managers for Corporate Trust shares, Basic Industry shares and Fixed Trust Oil shares, of the formation of Smith, Burris & Co. of Omaha for the wholesale distribution of these three fixed trust investment shares in Nebraska and western Iowa. The new organization will be in direct charge of Lloyd W. Phillips, executive vice-president of the company. Cedric H. Smith of Chicago is president.

The new organization will provide wholesale service facilities for the many investment houses and banks in this district who are distributors of the investment trusts mentioned, and will render a complete service similar to that heretofore carried on at the

Chicago offices.

Coincident with this announcement, Smith, Burris & Co. held its third annual meeting for its distributors at Happy Hollow Club in Omaha, with Cedric Smith, president, and Lloyd Phillips, executive vice-president of the Omaha office, in charge.

Preceding the banquet the 60 representatives of investment houses and banks who distribute the securities of Smith, Burris & Co., went golfing on the club course for valuable prizes.

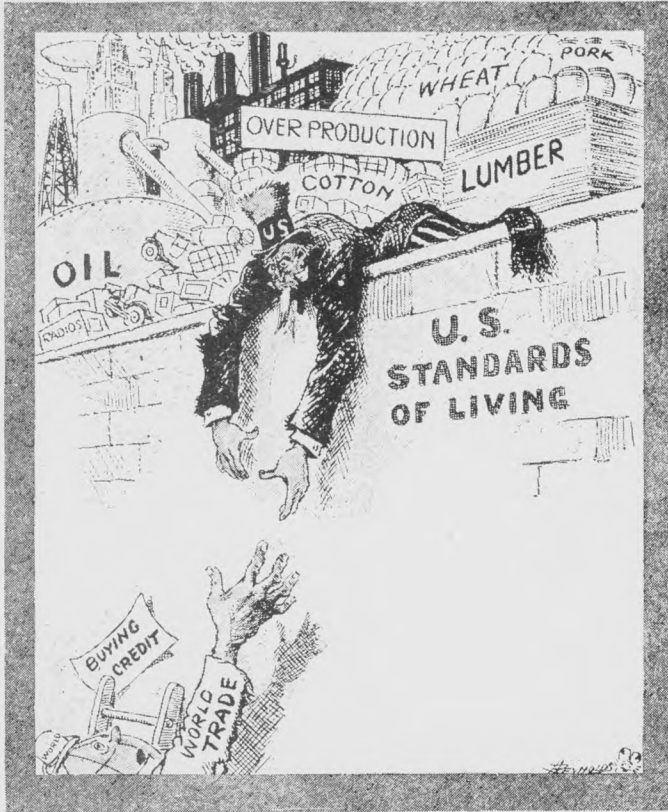
Harry Smith of Smith-Landeryou company, turned in the low gross, an 87, to win first prize, which was a handsome leather bag. W. T. Souders of Kearney took second place and a golf club. Frank Bell, president of the Omaha Stock Exchange, had the low net score. He got a pair of golf shoes.

Other winners included Ernest Schurman of Elkhorn, Earl Hammond of Fremont, Herman Gerbers, Harold Landeryou, Carl Falk, Foye Porter, Bill Mitten of Fremont, Herbert Koyen of Nickerson and Vincent Harrington of Sioux City.

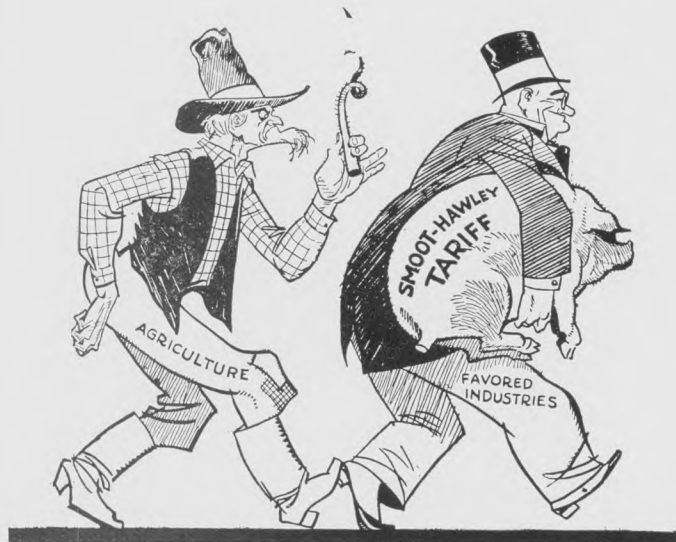
In the principal address of the evening, Mr. Smith pointed out the growth of the fixed investment trust business and enumerated 16 features which his company has originated in its securities and services.

Other speakers included Ned Morse of Chicago, vice-president of the office there; Cleo J. Flowers, cashier of the Omaha National bank, and Mr. Bell. Lloyd W. Phillips, executive vice-president in charge of the Omaha office of Smith, Burris & Co., was toastmaster.

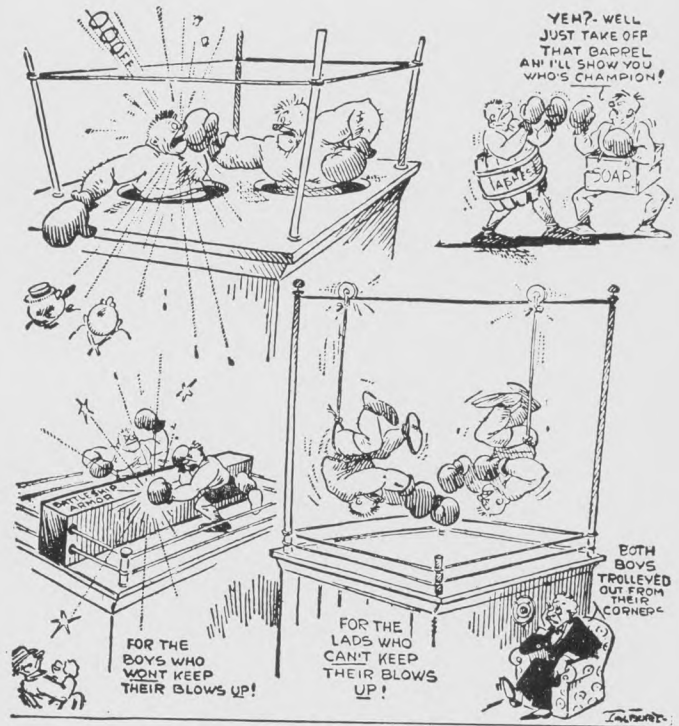
CARTOONS OF THE MONTH



Friends in Need
—Reynolds in the Portland "Oregonian."



Bringing Home the Bacon
—Doyle in the Philadelphia "Record."



Doing Our Best to Solve the Fouling Problem
—Talburt in the New York "Telegram."



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The New Disciplinarian
—Darling in the New York "Herald Tribune."

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BONDS AND INVESTMENTS

WE HAD some interesting experience in connection with the sale of Ford securities. It is a tribute to Henry Ford that his name unquestionably is the greatest lure which can be used by any of these stock frauds to get the suckers. About a month ago a company started to operate in New York and began to sell securities. The Better Business Bureau called our attention to this company. They were selling Ford stock on a partial payment plan and making representations which indicated that they certainly were a fraud.

We found their mailing address was a pure blind. Mail was collected there once a day, but by keeping watch we were able to trap the men who came to get the mail and follow them to their real office. The day that we seized them they had received checks to the amount of \$12,000 which they had spread out on their table when our men broke in. They already had deposited in the bank \$30,000, and had only begun their mailing campaign about ten days before. In that space of time they had taken in \$42,000, all of which, fortunately, we were able to seize. It will be returned to the investors in time.

There was a similar swindle in connection with which the swindling concern instead of selling Ford shares is selling shares listed on the New York Stock Exchange, for which they predict rises of 50 to 150 points in the next few weeks. This company, we found, also has been operating for about ten days but it has only been able to raise \$5,000. That is the amount which we are seizing, so that Ford's name was able to bring in eight times as much as the leading shares on the New York Stock Exchange put together. That is really a false analogy. It just shows, as we all are told in selling things, you should concentrate on one thing and not spread your efforts out among too many.

Fake Investment Trusts

Another fertile field of fraud in the last few years has been that of the fake investment trusts. The typical

Protecting the Investor

By Watson Washburn

*Assistant Attorney General, in Charge
Bureau of Securities, New York State*

scheme of this sort which still is going on in New York City is the sale of shares of some high sounding trust with a representation that the company will diversify its holdings and the investor thus will be made much safer than if he bought his own odd lots of stock. These securities are sold on a 30 to 40 per cent cash commission so that the unfortunate corpora-

"The necessity of cooperation cannot be too much stressed. Stock crooks long ago have learned to disregard the state lines in their operations, or rather, they have learned to make use of the state lines so as to spread their operations!"

tion starts off with about a 40 per cent loss in its treasury. In order to try to make good the promises of high returns its management has to adopt a very reckless policy if it is to have any chance at all. I am speaking now of the semi-honest schemes, not the pure swindlers. Even the semi-honest managements are tempted to start speculating on margin or selling short. The result almost inevitably is disastrous.

We have taken action against several of these trusts and established a policy which I feel sure will be upheld by the courts: That any investment company which sells its securities to the public on the representation the public will have safety and diversification without having disclosed in any way it was going to gamble with the money, if the trust proceeds to borrow regularly substantial sums of

money, up to 50 or 60 per cent of assets or proceeds to sell short, that constitutes a fraudulent practice under the Martin Act.

The installment selling scheme is another which has come up lately. I suppose the swindlers feel that the public may not have quite so much money as a year ago and should be given an opportunity to buy on easy payments. Companies which sell stock exchange securities listed on the curb and other exchanges, when sold on the installment plan are almost universally fraudulent for the reason they have not the means and cannot operate honestly and make money. That has been our experience.

Take Partial Payments

Such companies realize they cannot make contracts to sell and take partial payments without putting up at least a pretense of buying the stock which they are contracting to sell. The best any of them can do, is to buy that stock on margin because the kind of promoter who goes in for this business as a rule is a man without capital. He cannot buy outright the securities which he contracts to sell to these investors on partial payments. Even assuming he takes all the money which he receives

on partial payments and puts it all into the purchase of the equivalent amount of securities on margin with some broker or a bank, he still is committing a fraud on the public unless he has sufficient resources to guarantee he can protect the stock. The principal representation which he makes in selling the stock on the partial payment plan is there will be no margin calls; that the installment buyer is much better off than if he buys on margin because he is safe from any margin calls. If the companies from which he buys purchases its stock on margin it is obvious that the poor investor gets nothing at all for which he has bargained.

The necessity of cooperation cannot be too much stressed. Stock crooks long ago have learned to disregard the state lines in their operations or,

rather, they have learned to make use of the state lines so as to spread their operations. They have learned also to employ all the methods of modern science in pushing their nefarious enterprises. They use the telegraph and the long-distance telephone which are their favorite weapons. They use the radio for broadcasting.

Enforcement officials must be behind them either in their disregard of the state lines or in their use of the telephone and the telegraph.

There is little probability that you will ever get anything out of yourself unless you believe there is something in yourself.

WHERE DOES THE UNIT BANKER GO FROM HERE?

(Continued from Page 4)

branch banking may be advantageously permitted."

Since February 25, 1930, the Committee on Banking and Currency of the House of Representatives in Washington, has been holding a highly important set of hearings on the subject of Branch, Group and Chain banking. It is giving special consideration to a proposal that the National Bank Act be amended so that National Banks may have the power to extend branches throughout trade areas, which may overlap state lines, and which may be as wide as Federal Re-

serve Districts. National Banks under that plan would be empowered to do this whether the states consent or not.

To Stop Failures

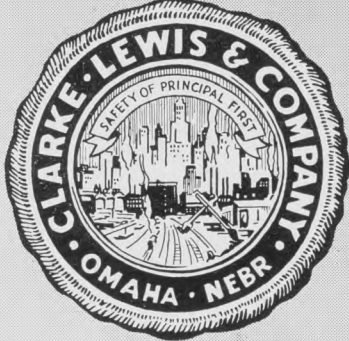
The purported object of this proposal is to stop failures among small banks in country districts. The Unit bankers claim, however, that the main purpose is to give the National bank charter such an advantage over state bank charters that the loss of members in the National system would not only cease, but the number of National banks will increase at the expense of the State banking systems. That there is some merit in their contention, they cite that the Comptroller of the Currency in his testimony given before the Committee, stated that during the ten years prior to November 1, 1929, 127 large National banks with aggregate resources of \$4,561,000,000 located in metropolitan cities, had relinquished their charters, and many more smaller National banks had gone into the State systems. The main emphasis, however, for the establishment of Branch banking, is placed on its ability to stop failures.

During the nine year period from June 30, 1920, to July 1, 1929, about 5,000 banks closed their doors, nearly all of them located in agricultural communities, and tied up deposits of approximately \$1,500,000,000. Ninety-two per cent of these failures were in towns of 10,000 or less people. Of the remaining eight per cent, most of them were small banks in larger places, only four failures in banks having a capital of \$1,000,000, and none for banks with capital of \$2,000,000 or over.

The foremost cause of the large number of bank failures since 1920, was the great boom in agricultural prices, and land values before 1920, and then the collapse of agricultural prices and land values following 1920, and the adverse conditions in agricultural communities which have since continued. During this same period, all of New England had only twenty-six failures, New York only twelve failures, and New Jersey none. The failures were concentrated in the region which had been most affected by the agricultural boom and collapse, and by real estate speculation in Florida and adjacent states.

This concentration of failures in special areas, raises the question as to whether Federal legislation affecting banks all over the country is called for, or whether or not it is a matter for the state most concerned with similar privileges to National banks operating in each state.

The branch bankers claim these 5,000 banks failing in nine years, is a



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serious indictment of the Unit system, and calls for Branch banking to stop future failures. From the standpoint of contrast between our Unit banking system and the system of Branch banking, it is observed that the same grave sequence of events, namely, the war boom of 1919-20 and the collapse of 1920-21, which undermined so many of our small agricultural banks, also undermined great Branch banking systems in many parts of the world.

An incomplete record shows for the United States that 226 banks with deposits of \$102,000,000 belonging to Chain systems, failed during that per-

iod. Among them was the Bankers Trust Company of Atlanta, and with it eighty-three banks of that chain in Georgia and Florida closed their doors. In Canada, the House Bank with seventy-eight branches failed. The Merchants Bank with four hundred branches failed. In Italy in 1922, the Banca Italiana di Sconta which had 190 branches throughout the country, failed. In addition, a great Branch bank in Denmark failed. The Bouque Industriale de Chine in China, with widespread branches all over the country, failed. More recently from deferred consequences of the same causes, huge failures have occurred in

Japan and Austria. Attention might also be called to the experience in Australia in 1893 when thirteen great Branch bank systems with \$400,000,000 in assets, closed their doors. From the foregoing comparison, it must be admitted that it is not size of the bank, nor the system under which it is conducted that causes its distress or failure.

While branch banking has been in operation in Canada since 1817, in England, France, Germany, Denmark, Holland, and all other countries of Europe for generations, and in a very limited way in the United States for many years, the system did not make much headway until after the earthquake in San Francisco in 1906. When fire and earthquake wrecked the Bank of Italy which had been started two years previously, Amadeo Peter Giannini, its owner, removed the gold and securities to his brother's house. When order had been restored, the Bank of Italy was doing business at that place. Special receiving tellers desks had been set up along the water front to handle the money of the produce men. Thus, unofficially were the first branches of the Bank of Italy started. From that small, insignificant beginning, there developed throughout California our largest Branch Banking system. Perhaps the best example of a working state-wide Branch Bank is this Bank of Italy with its 300 branches with resources of over \$2,000,000,000. It serves industrial cities, agricultural districts, mining towns, and even small villages.

The Branch bank advocates claim that this example proves that the system is natural and beneficial to both depositors and borrowers, that seasonal fluctuation of deposits and loans can better be taken care of by a system of Branch banks by diverting funds from one branch to the other as demands require. They also claim that loans and deposits are better diversified between branches operating in towns of varied sizes and industries. It has also been suggested that Government supervision over Branch banks should be further extended and intensified, that each parent bank be adequately capitalized to meet the responsibility of operating Branches, and that discretion over the establishment and over the removal of every Branch be vested in the Comptroller of the Currency.

Making Rapid Strides

While the growth of branch banking has been confined largely to states where the system has been permitted, Group banking, against which there are as yet no Federal restrictions, has

GOOD SOUND INSTITUTIONS will continue to grow and expand in spite of market conditions and we suggest the purchase today of

American Investment Trust Shares

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

American Telephone and Telegraph
Atchison Topeka and Santa Fe Ry.
Borden Company (The)
The Chase National Bank of the City of N. Y.
Columbia Gas and Electric Corporation
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.

Detailed information will be sent upon request.

SMITH, LANDERYOU & CO.

210 Farnam Building,

Omaha, Nebraska

Phone Ja. 5065

been making rapid strides. Mr. Gianini's start in Branch banking was not in New York City, our financial center, but in California. Likewise, Group banking did not have its origin in New York City, but in Minnesota. In January, 1929, we first heard the first Bancorporation used to any extent.

The word is good, it is sounded as is the word bank, but does not conflict with the law which prohibits any one to call himself a bank if he is not a bank, and these Bancorporations are not banks, they are holding companies, organized particularly to acquire stock in banks. The members of Group banks are not called branches. They retain their former names, and have their own Board of Directors. The Bancorporations own banks, investment companies, and trust companies. They can operate in states where branch banking is even prohibited. There is as yet no law governing them as the plan is entirely new. So new that this is what the Comptroller of the Currency had to say of them:

"In the absence of Government permission for branch banking in its true sense, present developments indicate that group banking under force of economic law, may eventually displace the present system of country unit (independent) banks."

What the good or evils of Group banking will be, it is difficult at this time to state. It is yet too early to fully appraise the results attained to date. Time alone will tell whether or not they are on the right track. They claim for the depositor the advantage of the larger capital structure, the greater diversification of business over the territory served by members of the Group, as against a local bank. More thorough and more intelligent examinations, and closer supervision of loans by the Group examiners. Credit accommodation will be extended more on the borrower's statement than on the opinion of the officers alone.

Group banking, they claim, provides the means for an orderly change from the present form of limit banking, into a new system which will be acceptable to the public, which will be better adopted to the time, and will cure the deficiency existing in our present system. Some leading financiers claim that Group banking is the first well organized move toward nation-wide Branch Banking. In fact, one of the large banks in California, which maintains hundreds of branches throughout the state, started as a Group organization and later changed to a Branch bank. It was the conclu-

sion of the officers that they could better control the policies of management under the branch system than under the Group form. One capital structure with one governing board was preferable and more satisfactory than several separate units. Will this be the experience of the other Groups if nationwide branch banking is legalized? Will it mean the end of the Unit bank, both state and national?

The unit bank stands on its own foundation, its resources are within itself. Its officers and directors are usually residents of the community, and prominent leaders in all local affairs. Under this form of banking, the development of this country has grown, expanded, and progressed beyond that

of any country in the world. The Comptroller of the Currency, although in favor of a change in our banking system, had this tribute to make toward Unit banking.

"If I were asked to pick out a single type of institution which has contributed most to local community independence and thereby to the foundation of our National development, I should choose the Unit bank. It is the most representative of the genius of the American people."

And yet he is in favor of a change in our system. Now let us see what the opponents of a change can say in favor of the present system.

First of all, they meet this damaging evidence of bank failures by ad-

OUR OFFERING LIST
WILL BE MAILED REGULARLY UPON REQUEST

G M A C obligations

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

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

GENERAL MOTORS ACCEPTANCE CORPORATION

OFFICES IN PRINCIPAL CITIES

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

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

Central Western Banker, August, 1930

SMITH, BURRIS & CO.

120 South La Salle Street, Chicago

Central Syndicate Managers for

CORPORATE TRUST SHARES

FIXED TRUST OIL SHARES

BASIC INDUSTRY SHARES

Announce

the formation of an affiliation with

Smith, Burris & Co.

First National Bank Building

OMAHA

Lloyd W. Phillips, Executive Vice-President

THIS local organization has been formed to better serve the many investment houses and banks throughout Nebraska and western Iowa who are distributing Corporate Trust Shares and other fixed investment trusts of the same sponsorship. Complete wholesale service, heretofore available in Chicago, is now offered through the Omaha organization.

Inquiries from Banks and Investment Houses Invited

mitting that evils exist. Too many banks were allowed to be established where authorities should never have permitted a bank to be. No discretion was used in granting charters, no question of economic need for a bank, nor financial responsibility of incorporators, or qualification or fitness of the management. In Nebraska no discretion could have been used on account of Supreme Court ruling. None of these precautions were used to protect the public interests and were responsible for the over-banked conditions with its demoralizing effect. They claim that while the present system has had its faults, it also has had its virtues.

The paramount defence is perhaps the one of individualism, to which the Comptroller of Currency referred. It was with that individual initiativeness within our banks, that has placed this nation in the enviable position she now occupies among the nations of the World.

They claim Branch Banking is destined to define the issue between man and the machine. A free initiative has built America. Every pioneer was for himself. United action has always been democratically free. In the same spirit, American banking has developed, with each Unit detached and independent. The prime characteristic of American banking has been its intense individualism which the Unit banker desires maintained. They contend, that any Unit bank, properly conducted, can maintain independence and can serve its patrons in comfort under any conditions that may arise, in good banking, by continuing its traditional relations with its city correspondent, and in addition, can secure the protection of the Federal Reserve System which has been afforded for fifteen years. They say that the epidemic of bank failures during the last ten years is not necessarily incident to a continuation of Unit banking, but are attributable to causes I have already mentioned, which will not be operative in the future.

Apprehension Not Necessary

Through a process of mergers and consolidations, banks are eliminating excessive competition, adjusting themselves to new conditions and improving opportunities to earn a fair return. There will probably be losses and failures from time to time under any system of banking, as there always have been everywhere, but there need be no apprehension under the independent banking of a continuance or a repetition of the epidemic of failures.

Many Unit bankers are convinced that the independent banking system

(Continued on Page 27)

INSURANCE

Its Application to the Banking Fraternity

Henry Scarborough, Jr.
EDITOR

EDITOR'S NOTE

With this issue, the CENTRAL WESTERN BANKER of Omaha, begins a new type of insurance department, its editor, Henry A. Scarborough, Jr., prominent Chicago broker, a well known insurance authority and writer.

Mr. Scarborough, who is president of Scarborough & Company, insurance brokers in Chicago, an organization devoted exclusively to bank and financial insurance, brings to this work an excellent background of training and years devoted to the banking and financial field. After graduating from Cornell university, he joined the army and returned from France a first lieutenant of field artillery. In 1921 he decided that the insurance problems of the banker offered the field upon which he wished to specialize, and since that time has devoted his efforts to the development and handling of this business.

Mr. Scarborough in taking over his new duties in connection with this department says:

"There is no problem of banking insurance, no matter how complicated or new, which is not subject to perfectly logical solution. It is our hope that our readers will not hesitate to place any proper questions on their insurance problems before us, and to the best of our ability we shall answer them. In our years of work in the banking insurance field, we have been ever more impressed with the direct value to the insured in taking loss preventive measures wherever possible. We shall have articles from time to time on specific losses, and loss preventive methods, and shall endeavor to show the dollars-and-cents value in using such measures. We shall also seek to have articles of value and interest on life insurance, fire and casualty insurance and insurance trusts."

Forgery Losses and Protection

LOSSES sustained by banks due to forgery have become so frequent and cover such a variety of items that the discussion of insurance protection is not only timely but commands every banker's attention.

The laws in the various states are not in accord as to what may be a forgery. A bogus check may be termed in the eyes of the law, a forgery in one state and definitely excluded by law in another state. Certain insurance policies have paid on this very loose type of loss and other policies definitely exclude a bogus item. We believe that it is not good practice for the bank or the surety company to pay on bogus checks unless the endorsement of a customer in good standing is forged thereon. In other words, the face of the check was not the evidence, but the endorsement, which caused the banker to extend credit. Liability to both banker and underwriters of forged items is constantly coming up for settlement, and the activity of the crooks in the field makes both the banks and the insurance companies countrywide more than alert.

"Holding the Bag"

Generally speaking, the cashing bank on all items—to use the term of the street—is "holding the bag." A case is now up for decision as to liability where a bank accepted for deposit checks endorsed by its customer, all of which proved, after a period of such activity covering five or more years, to be forged as to the endorsement. The house issuing the checks is now making claim against the cashing bank for over \$100,000, and if this claim is sustained it opens up a greater liability for the banker.

Another new form of liability has crept into practice of recent date, namely, the validity of securities. An interesting case has made all of us realize the extreme danger, and warning should be given against the acceptance of stock certificates wherein there



HENRY SCARBOROUGH, JR.

may be some doubt as to their validity. The president of a concern now defunct, during his hey-day of speculations, caused to be issued and properly signed more stock certificates than was authorized by law for his concern. The banker, through an extension of credit, became the possessor of these invalid stock certificates. They were neither forged, raised nor altered certificates. There are only two policies available to insure against such a loss.

Several large losses have recently been paid on forged automobile acceptances, which call upon the banker not only to purchase protection against this particular hazard but to scrutinize the source of all automobile paper and the guarantee behind it.

Rather frequently—but when the losses do occur they are very large—there are forgeries of warehouse receipts on grain or cattle paper, and in times of depression this channel for forged instruments should be carefully guarded.

Central Western Banker, August, 1930

The Protective Committee of the American Bankers Association has been doing a most excellent job of chasing the professional check forger, and we recommend that the bulletins be read by all bank officials touching upon the more recent methods, and

giving pictures of the various crooks that are calling upon the bankers and passing forged or bogus checks.

The operation of the professional forger is well known to most bankers, yet certain protective steps could be taken by the banker to prevent the in-

formation falling into the hands of the "forgery gang." If your customers made it impossible for the crooks to obtain cancelled vouchers, giving specimens of the handwriting of the customers, and the balance in the customers' accounts (all of which information is ascertained by looking at the monthly statement) it would be more difficult for these crooks to operate. A certain amount of education can be carried on by the banks with their customers, asking that an employé of the customer call for the cancelled vouchers and checks rather than having them sent by mail, and check books, cancelled checks and balances should be under lock and key. This will handicap the forger in his quest for information necessary to his particular operation. The banker, of course, must play his part, and the old story of extending credit against uncollected funds is an axiom that should be observed religiously.

Insurance protection for the losses due to forgery consists of several forms of contract, varying in price as to the extent of the protection offered. The Limited form of forgery bond conforms to its title, protecting the bank against forgery of its own paper, as certified checks, certificates of deposit, cashier's checks and drafts drawn on correspondent banks, also savings withdrawals. The Blanket Forgery bond is slightly more generous in that it protects the bank against forgery of customers' checks, but does not pay checks drawn on other banks upon which the bank may sustain a loss due to forgery.

The Bankers Blanket Bond on the broader form includes the check forgery cover, which insures the bank against forged checks as well as savings withdrawals, pensions, drafts, money orders, and it does not specify whether the check be drawn on its own bank or on another banking institution. It also indemnifies the bank against forged endorsement of the genuine check.

All-Risk Protection

There is issued a broad form of contract covering any forged, raised or fraudulently altered "instrument of writing." This is all-risk protection and covers any document used within the bank.

The Securities Forgery Bond (revised) is a very much improved contract, giving the banker the opportunity to pre-determine where lightning is going to strike as to forged, raised or stolen securities. If the entire protection is desired by the banker under all clauses, the rate is \$92.50 a thousand; however, if the banker is smart

OMAHA LIFE INSURANCE COMPANY

Has Good Openings at Points in

NEBRASKA

IOWA

AND

MISSOURI

WRITE FOR PARTICULARS

W. E. McCANDLESS

Vice President and Manager of Agents

OMAHA, NEBR.

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.

enough to eliminate certain clauses and future losses pertaining thereto, the rate can be reduced accordingly. This contract is valuable to any bank handling a volume of securities, notes—promissory or otherwise—and acceptances, especially automobile paper. Space does not permit a detailed discussion of these various forms of contract, but we again suggest that you write to your insurance editor on any specific question that may arise in your mind.

QUESTIONS AND ANSWERS

1. Does our Bankers Blanket Bond protect us against the loss of a certified check as follows: A new customer from an adjacent city presented a certified check for the opening of the account. This check went through the clearings and was sent by our correspondent bank to the nearby city via air mail. The check was presumably burnt in transit, and the bank issuing the check demands the guarantee offered by a lost instrument bond from the surety company. Ans: A Bankers Blanket Bond does not cover the above item. While we know that it is not common practice to insure under registered mail policy certified checks, yet they are quite as negotiable an instrument as securities and we recommend that protection under your registered mail contract be used on items of any size that you are returning for collection. The bank of issue can justifiably demand a surety bond rather than accept another bank's guarantee because that bank may not be in existence when liability under the lost instrument ceases to exist.

2. Does Form No. 8, Bankers Blanket Bond, protect us against the forged initial of one of our officers on a note or bogus check? Ans: According to the terms of the forgery cover clause this particular loss is definitely excluded. The only contract which we know of protecting such a loss is issued by Lloyd's, London.

3. Are we liable, and is the insurance company liable, for receipts issued by an employé to customers, and the fraudulent disposal of securities thus obtained by the employé? Ans: Generally, speaking, the employer is responsible for the acts of his agent or employé. If it has been a common practice and a precedent has been established for the employees to issue signed receipts, the bank or security company can be held; if it is a dishonest or fraudulent act, it is collectible under Form No. 8 or a Lloyd's contract.

DO YOU KNOW:

That 41 per cent of auto traffic accidents occurring to pedestrians happen at corners where there are no traffic signals or regulations? We're for the green and red lights.

* * *

That bank failures are causing surety underwriters to become more cautious in writing depository bonds?

* * *

That fire premiums show a material decrease for the first part of the year?

That insurance covering damage by airplanes to large buildings is being written at a flat rate of \$160 for \$200,000 insurance?

* * *

That the old quotation, "A bird in the hand is worth two in the bush," means something very different from the usual conclusion. A "bird" is a Scotch term for a portion of ale, and a "bush" is an ale-house—work it out for yourself.



**Casualty Insurance?
Yes!**

**Surety Bonds?
Certainly!**

**Service?
Absolutely!**

WRITE TO

Federal Surety Company

W. L. TAYLOR
President

Home Office Davenport, Iowa

Central Western Banker, August, 1930

GROUP BANKING



BOON TO AGRICULTURE AND INDUSTRY IN NORTHWEST

The soundness and benefits of group banking are being demonstrated in the Middle Northwest by the Northwest Bancorporation.

After eighteen months of operation, 120 banking institutions, located in strategic points throughout the Middle Northwest, have become affiliated in this group.

To prosper, agriculture and industry must have sound banking conditions with adequate credit resources for their legitimate requirements. Group banking is playing an important part in the development of both agriculture and industry throughout this area.

The growth and resources of this group make it one of the great financial institutions of the Middle Northwest and one of the important banking groups in America.

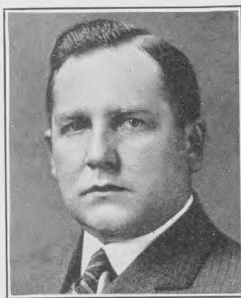
NORTHWEST BANCORPORATION

MINNEAPOLIS, MINNESOTA

COMBINED RESOURCES \$483,000,000

BancNorthwest Company—Investment Securities Division

Central Western Banker, August, 1930



A. N. MATHERS,
President, Nebraska Bankers Association



WM. B. HUGHES, Secretary,
Nebraska Bankers Association

Prominent Banker Dies

Milton T. Barlow, Dean of the Omaha bankers, died at the age of 86, July 2nd, at his home in Omaha. He had been in the banking business in Omaha for 67 years, and but a few months before his death had resigned as Chairman of the Board of the United States National Bank.

Born in 1844 in Indiana, he had come to Omaha and entered the Millard and Barrows private bank as a clerk in 1863. He served a brief period in the Civil War, returning to Omaha with the Millard and Caldwell Bank, which had succeeded Barrows, Millard & Company. He was made a partner in the banking firm in 1868.

When the institution became the United States National Bank in 1883, he became its cashier. In 1879, on the death of C. W. Hamilton, he was chosen president of the bank. He held that post until 1915, when he exchanged places with Victor B. Caldwell, then vice president. Mr. Caldwell died soon afterward and Mr. Barlow became president of the bank again in 1916. In 1920 he continued as Chairman of the Board, when John L. Kennedy became president of the bank, and there were few days he missed at his desk, until his final illness.

Mr. Barlow is survived by his widow and a son, Milton F. Barlow, who is connected with the bank.

Elected to Board

At the semi-annual meeting of the board of directors of the First National Bank, Wahoo, Nebraska, E. S.

Nebraska News

Schiefelbein was elected to fill the vacancy caused by the resignation of N. O. Walther, who sold his stock and retired from the Wahoo Bank when he became interested in the Cedar Bluffs Bank, recently reorganized.

Mr. Schiefelbein, a local attorney, has served as county attorney of this county and is prominent in American activities.

Consolidation

Stockholders of the Commercial State Bank and the First National Bank of Amherst, Nebraska, has voted to merge the two institutions. Control of both banks virtually rested in the same hands and the consolidation was regarded as economically prudent. The merger was to take effect at once, with the new organization carrying the name of the First National Bank.

Norfolk Bank Elects

Directors of the Nebraska State Bank of Norfolk announce the election of J. W. Ransom as President to succeed Jabe B. Gibson.

Gibson submitted his resignation at a meeting of the Directors recently, and Ransom was elected. Ransom formerly was vice-president. Other officers are: D. P. Wentzel, Cashier; A. H. Steffen, and Paul Zutz, assistant cashiers.

Reward for Dead Bandits

Agitation among members of the Nebraska Bankers Association for offering of a \$5,000 to \$10,000 reward for dead bank robbers is expected to be renewed as a result of an increase in bank robbery rates to \$5.00 per thousand per annum in Nebraska, where they have been \$3.00 per thousand per annum in towns above 1,000 population and \$3.60 in smaller towns. Up to November 5, 1928, bank robbery rates here were \$1.00. Data is being collected to show total premium income under the \$3.00 rate in Nebraska and losses compared in order to develop an argument which may carry weight against the rate.

Bank Resumes Business

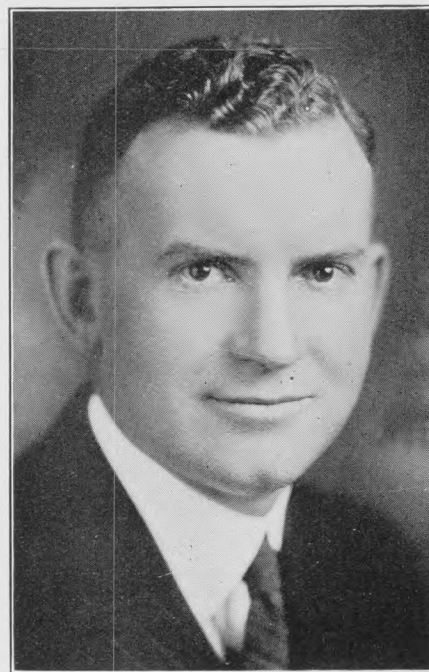
The Battle Creek, Nebraska, Valley Bank resumed operations after being suspended for a week.

A complete reorganization was effected by W. D. Hartwell of the banking department. The new officers are W. M. Deering, President; John

Prauer and J. L. Packard, Vice-Presidents, and George Breckler, Cashier.

GUY C. KIDDOO, vice president and trust officer of the Omaha National bank, will leave Omaha in the fall to go to Chicago, where he will become vice president and active executive in the management of several companies being organized by Walter W. Head and his associates. Mr. Head is president of the Foreman-State National bank of Chicago, and chairman of the board of the Omaha National bank.

The companies to be formed, or already organized, are one in the field



GUY C. KIDDOO

of automobile financing, one in general investment banking and a life insurance company. A holding company is also being organized, together with companies affiliated with those named.

The group is buying control of a life insurance company that has been organized 20 years.

Mr. Kiddoo, who is a graduate in law of the University of Nebraska, has been active in civic affairs in Omaha, especially in the Chamber of Commerce.

The announcement of his change was made after a meeting of the board of the Omaha National bank, attended by Mr. Head, by W. Dale Clark, president of the Omaha National, who said:

Central Western Banker, August, 1930

"Officers and directors of the bank regret to see him leave, but recognize that his new connections will afford him unusual opportunities. He will continue to spend some time in Omaha and we feel he will be able to render the bank and its affiliated companies much valuable service in Chicago."

"I am very happy to be able to have Mr. Kiddoo become actively identified with the various companies in Chicago in which I am interested," said Mr. Head.

SAVINGS DEPOSITS in Omaha banks were reported, July 15, to have shown tremendous gains over a year ago.

Denman Kountze, vice president of the First National Bank, said its savings accounts are up approximately one million dollars over a year ago, "the largest gain, by far, ever shown."

At the United States National bank, Gwyer Yates, vice president, said savings had increased between 20 and 25 per cent over a year ago.

At the Omaha National bank President Dale Clark said its savings accounts were 20 per cent more than for the same time in 1929.

Bankers regard the increase of savings accounts as an indication of greater conservatism by wage earners and others in their investments.

THE FARMERS STATE BANK at Wood River, Neb., in July took

over the assets and assumed the liabilities of the First National Bank, which was organized in 1888. As a result of the merger the Farmers State bank became the largest in Hall county, outside of Grand Island. Rudolf Durtschi is president and E. B. Persson cashier of the Farmers State bank.

AN INCREASE of one and one-half million dollars in Omaha bank deposits, between March 27 and June 30, and a decrease in loans during the same period of more than 3 million dollars, was revealed when figures were made public following the bank call of the comptroller of the currency.

Compared with the figures of the year before, deposits showed a gain of more than 4 million dollars, and loans showed a decrease of more than 10 million dollars.

Total deposits in all the Omaha banks, state and national, June 30, 1930, were \$114,851,280 and loans were \$57,201,354.

The reports by the individual banks follow. The figures are included for the reorganized Bank of Florence, which had been open for only a week before the statement.

BANK	LOANS	DEPOSITS
Omaha	\$20,627,643	\$38,042,231
First	10,703,049	28,558,585
U. S.	9,058,519	22,059,806
Stock Yards	7,288,448	8,831,919
Live Stock	2,960,457	5,241,582
State Bank, Omaha	2,066,850	3,932,916
Packers	1,112,512	2,977,033
Union State	800,611	2,039,317
South Omaha State	927,458	1,281,024
South Omaha Savings	991,636	984,507
Farmers and Merchants	541,951	739,533
Bank of Florence (new).....	77,220	162,827
Totals	\$57,201,354	\$114,851,280

Prague Banks Merge

Consolidation of the two state banks at Prague, Nebraska, took place recently, State Bank Commissioner Woods has announced. The Farmers' & Merchants' Bank there was purchased by the Bank of Prague, and the combined business of both will be handled from this time on by the latter institution, which has \$10,000 capital, \$15,000 surplus, and several thousand dollars of undivided profits. E. E. Placek of Wahoo is President of the Bank of Prague and Max Vlasak is Cashier. The managing officer and cashier of the Farmers' & Merchants' Bank prior to the consolidation was J. G. Hohl.

Bottled Bliss

He: What would I have to give you for just one little kiss?

She: Chloroform.

Concerned

"I've changed my mind."

"Well, does it work any better?"

United States National Bank

OMAHA

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

OFFICERS:

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

ROBERT P. MORSMAN, *President*

GWYER H. YATES, *Vice-President*

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

JOSEPH C. McCLURE, *Vice-President*

THOMAS F. MURPHY, *Vice-President*

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

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

RALPH R. RAINEY, *Cashier*

HARRY E. ROGERS, *Assistant Cashier*

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

AUSTIN L. VICKERY, *Assistant Cashier*

VICTOR B. CALDWELL, *Assistant Cashier*

H. W. YATES, *Assistant Trust Officer*

Complete Commercial, Savings, Investment
Banking and Trust Services



The First National Bank

AND

The First Trust Company

of

LINCOLN, NEBRASKA

MAKING YOUR BANK MAKE MORE MONEY

(Continued from Page 6)

ried in the accounts, regardless of the size of the account.

Activity Charges on Unprofitable Checking Accounts should not be confused with small balance Service Charges. The latter penalizes certain customers because they do not keep a specified amount of money in the bank, while the former are charges for services rendered, apply to all depositors, both large and small, alike and produce many times as much new revenue as Service Charges.

The Service Charge is patently a measure adopted purely to increase the bank's revenues while the Activity Charge is a sound and scientific method for equalizing the burden of maintaining the bank's checking service and, when properly presented, is so recognized by the depositor who is asked to pay.

The bank's losses on checking accounts with balances of more than \$100.00 are many times the losses on the smaller accounts. In fact, investigation shows that from 75 per cent to 90 per cent of the checking accounts in most banks are unprofitable.

Questionnaires were recently sent to all of the banks in a neighboring state for the purpose of developing information from which the profits or losses on this class of business could be roughly estimated. Nine hundred fifty-four questionnaires were mailed and 342 banks answered. The results will no doubt interest you.

If we assume that banks should earn 2 per cent net on the checking account balances, and it would seem that this is a fair profit, we find that only 3 of the 342 banks answering the questionnaire earn a fair profit on their checking deposits and 339 banks fall short \$2,165,000, an amount equivalent to 10 per cent of their Capital.

Eighty-six of the banks earn about \$682,000 on checking accounts while 265 banks suffer an actual loss of more than \$675,000. One hundred eighty-nine of the banks, each with deposits of less than \$750,000—55 per cent of those answering the questionnaire—had an average of 453 checking accounts each and the average loss per bank is \$1,500 a year.

Accurate analysis of individual banks disclose even more startling results. Table No. 1 is taken from such an analysis. The bank had 612 checking accounts and about \$250,000 in checking deposits.

So many checking accounts cause the bank such heavy losses because the "float" in the accounts reduces

the earning balances and the cost of the service rendered by the bank exceeds the earnings on the accounts.

Table No. 2, an analysis of an actual account well illustrates this fact:

There can be no question but that the correction of the highly unprofitable practice of supplying a depositor with service that costs the bank several times the earnings on his account and turning these unprofitable transactions into profitable business will result in important additions to the net earnings of most banks.

Absolutely necessary, however, is an accurate analysis of the individual institution. The operating costs and earnings must be definitely established so that the profit or loss on the accounts may be determined and so that a proper selling price on the bank's services may be fixed—a price that is fair to the depositor and that provides a proper compensation for the bank.

Also it is highly important that the bank's operating methods be organized on an efficient basis so that the prices

necessary to compensate the bank may compare favorably with those of other efficiently operated banks.

After establishing a proper selling price for the bank's services the next step is to analyze the unprofitable accounts and determine the amount of the charge applicable to each account.

A bill is then rendered to the depositor for the service performed by the bank—the same kind of an invoice that he has been accustomed to receive for years—a bill similar to those rendered by his grocer or other tradesmen—one that he thoroughly understands and that tells him the exact value of the service he required from the bank during the past month.

Below the bill appears an analysis showing the balance in the depositor's account, the amount of "float," the cash reserve necessary for the proper operation of the bank and the net earning balance. The return on this balance for the month is computed and deducted from the amount of the bill.

The Continental National Bank

LINCOLN, NEBRASKA

"A Bank for Bankers"

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

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

OFFICERS

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

Central Typewriter Exchange, Inc.

(EST. 1903)

TYPEWRITERS, ADDING MACHINES, CHECK WRITERS

LATEST MODELS AT BIG DISCOUNT

ASK TO SEE

ALLEN-WALES THE FINEST "HEAVY DUTY"
ADDING MACHINE MADE

1912 Farnam St.

Omaha, Nebraska



OUR BANKING ROOM
MAIN FLOOR RIGHT

OFFICERS

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

Experience and Extreme Care

are required to convert the enormous shipments of live stock into cash each day.

Our bank is an indispensable factor in this process and in order to properly care for your live stock shipments an account with us is invaluable.

Stock Yards National Bank of South Omaha



Affiliated with the
Northwest Bancorporation

The Only Bank in the Union Stock Yards

The difference represents the charge to the depositor's account.

A complete analysis such as that described, however, is necessary only for a limited number of the more active accounts and a much shorter form of analysis may be employed for a large percentage of the less active accounts but since the fundamentals are the same the result is similar, although much less labor is entailed. Most of the accounts with balances under \$500.00 each may be analyzed on a basis of the number of checks drawn and on these the work involved is reduced to the minimum.

Where the small balance Service Charge produces hundreds of dollars in new revenues this method of analysis and Activity Charges produces thousands, yet the depositors are much better satisfied.

However, the first essential is a complete analysis of the entire bank. This is necessary so that the bank executives may be thoroughly familiar with the exact conditions, so that they may fully appreciate the need for the Activity Charge Plan, so that they may recognize the full import of the heavy losses incurred on the unprofitable accounts, so that they may be fully convinced of the absolute fairness of the charge and can impart their own confidence in the analysis to the depositor.

Every member of the bank's personnel should be familiar with the conditions and be thoroughly "sold" on the plan so that it can be inaugurated without loss of accounts.

Only a complete, definite and accurate analysis of the bank's operations, operating costs and earnings will accomplish the desired results, and where the plan has been properly installed in a great many banks the usual result is enhanced goodwill, increased deposits, greater prestige and tremendously improved earnings. No bank has ever adopted the plan and then abandoned it and a proper installation results in practically no accounts lost.

Practically every bank can increase its net earnings as much as 5 per cent to 15 per cent of its Invested Capital (Capital, Surplus and Undivided Profits) through a complete, accurate and experienced analysis of its own conditions and following out the corrective policies indicated.

Why Not?

Sweet Young Thing: Why does the woman take the name of the man she marries?

Cynical Novelist: Well, she takes everything else, so she might as well take that, too.

News of the Omaha Stock Yards



Water Shortage

Faced with a water shortage that is threatening crops, officials of irrigation associations of western Nebraska conferred with Governor Weaver last month to learn what backing he will give the Department of Public Works in the enforcement of priority rights held by water users in the more eastern reaches of the Platte.

The governor promised them all the state aid possible in obtaining water and said he would appeal to Secretary of the Interior Wilbur at Washington to see if water from the Pathfinder dam in Wyoming cannot be released to Nebraska farmers who are not permanent members of the project.

Water rights in the Pathfinder reservoir are held by Nebraska farmers as far east as Bridgeport, the representatives told the governor, and these farms will be amply supplied. The old North Platte irrigation project has second priority rights in Nebraska while first rights are held by the Central Power company at Kearney. J. C. Beeler and M. Crosby of North Platte, and Max Cook, of Lexington, were among the delegates in Lincoln to see the governor.

Expand Beef Grading Service

Expansion of its beef grading and stamping activities to provide service at several additional slaughtering centers has been announced by the bureau of agricultural economics, U. S. Department of Agriculture. These centers include Buffalo, Erie, Cleveland, Detroit and St. Louis. Experienced beef graders will be stationed in the five cities, to grade and stamp carcasses and wholesale cuts of beef for slaughterers at a nominal charge.

The federal beef grading and stamping service was inaugurated at a few large slaughtering centers in May, 1927, in response to a widespread demand for a grading service to indicate the quality of beef in a way that

would be comprehensible to the consumer.

Roller stamping devices were invented that made it possible to display the federal grade label on each cut of beef. The label informs the consumer that the steak or other cut was designated by the federal grader as U. S. prime, U. S. choice, U. S. good or U. S. medium, depending on its quality.

Requests Numerous

The popularity of this government grading and stamping produced a volume of requests for the service from all branches of the meat industry, including slaughterers, wholesalers, retail meat dealers, hotel supply houses and scores of hotels or restaurants in all parts of the country. The service was made available at Boston, New York, Philadelphia, Washington, Chicago, Kansas City, Topeka and Omaha. The department received requests for further expansion to additional centers, and it is in response to these requests that the July 1 additions are being made.

As evidence of the increasing demand for government graded and stamped beef, the bureau cites that there was an increase of 62 per cent in the quantities of beef graded and stamped during the past five months as compared with the same period a year ago.

Nebraska Ice Cream

Nearly three million gallons of milk is used annually in Nebraska in the manufacture of ice cream, according to figures of the state and federal departments of agricultural statistics.

In 1928, the statisticians point out, the amount of milk used in the manufacture of that one time rare delicacy which was served at family dinners and obtained at the expense of much tiresome turning of an ice cream freezer, totaled 2,816,000 gallons, representing 47,872,000 pounds of butterfat, valued at \$20,346,000.

In 1905, the per capita consumption of ice cream throughout the country

was 1.04 gallons yearly. In 1928, the figure had increased to 2.9 gallons.

Omaha, statistics show, ranks as one of the largest ice cream producing centers in the country, with an annual output of one million gallons. This means a retail trade value of \$2,500,000 for ice cream manufactured in Omaha.

The rapid development of dairying and the recognition of the value of ice cream as food have accounted for much of the increase in production of the commodity.

The Iowa Hen

Contribution of the hen to Iowa's agricultural income was set at \$80,000,000, paid for 165,000,000 dozens of eggs and 35,200,000 head of poultry sold in 1929, R. G. Clark, director of the dairy and food division, Iowa State Department of Agriculture, said in his annual report.

Price fluctuations during 1929 were unusual, Clark said, with January production heavier than usual, production in February and March lighter, and a heavier production in April. Iowa has 649 hatcheries, with a reported capacity of 19,564,718 eggs, Clark's report said. Page county, with machines which will set 611,000 eggs, has greatest facilities, while Louisa, with 23,000 egg capacity, has least. During the current season 50,000,000 will be produced.

Believe It or Not!

William C. Hill, owner of a large herd of Guernseys, had a radio installed in his dairy barn. Herdsmen Johnson says the music keeps the cows contented. The cows seem to like the music, pipe organ selections and waltzes best, he says.

Dr. Frank Fletcher, veterinarian for the Hill herd, said the music takes the attention of the cows at milking time and in the resultant relaxation they give down more milk than otherwise.

Central Western Banker, August, 1930

Large Scale Farming

In a discussion of large-scale farming, C. L. Holmes, of the United States Department of Agriculture, says that the bureau of agricultural economics has little definite information of any radical change in the typical size of the farming unit during the last decade.

"When the figures of the census of 1925 on the size of farms are compared with similar figures from the 1920 census, no startling changes are shown," he says. "We know that since 1925 developments have been under way which have resulted in a remarkable increase in the size of farms in certain areas. The agricultural census of 1930 will yield the first comprehen-

sive information revealing the extent to which this movement has gone. There have been a few conspicuous developments, but we know that the movement toward consolidation of holdings and carrying on of farm operations on a scale markedly larger than previously existed has not gone far. The importance of the subject, therefore, is mainly in its potentialities rather than in its actualities."

An Old-Timer's Remarks

[Mike H. Thomas in the *Cotton Trade Journal*]

I have been producing, buying, and selling cotton for over fifty years. During that period I have passed

through panics, wars, floods, fires, and earthquakes, but I have never seen the cotton marts of the world so demoralized as now. They are all afraid of the farm board; they are as afraid of the farm board as I am of hydrophobia.

They have no reason to fear the farm board, for history will repeat itself. From time immemorial the producer has been trying to eliminate the middleman, but He who is wiser than man put the middleman here to protect the producer from the consumer, and at the same time He saw fit to make man fight anything that would improve him morally and financially; He will always destroy his benefactor, when possible; human nature is the same the world over; they would rather follow a shadow than a substance, a theory is more acceptable than a philosophical fact.

They prefer paid politicians, though densely ignorant, to the wise altruistic instructor, regardless of the fact that their taxes have advanced fifteen hundred to two thousand per cent while their properties have gone up from one hundred to five hundred per cent. They prefer following a politician, walking ten miles through the snow, to save a ten-dollar yearling and let a hundred-dollar cow die from the lack of attention behind the barn. Every time a dog barks they lay it at the door of the exchanges. The last cavewoman of the stock market they threw a fit over the New York Stock Exchange; while many people were hurt in the slump financially more have lost everything they had buying unlisted securities, in many instances stocks that were not worth the paper they were printed on, and no-one has raised his voice in protest. . . .

In no private mart does any buyer or seller get as square a deal with as little expense as he does through the New York Stock Exchange. This also applies to all other exchanges, and it is my opinion, since this country was not established for any select few, that the president of the United States should permit the New York Stock Exchange and Cotton Exchange to investigate the senate once; they have been investigating the exchanges for thirty years.

If we want anything wrecked in the shape of a business institution just turn it over to the government and they will do it in first-class shape without any assistance. . . . If the senate would carry some of the surplus cotton produced over one year they would then discover the meaning of the law of supply and demand; however, they are too smart to bear any burdens whatever.



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, August, 1930

LAST MINUTE NEWS

(Continued from Page 3)

cussed in a booklet just issued by the Bank Management Commission of the American Bankers Association. This is the fifth in a series of publications on commercial bank management.

In the foreword, Hal Y. Lemon, chairman of the commission, says: "This booklet has been prepared in response to the widespread demand for information and suggestions as to cost accounting, and it is designed to meet the particular need of smaller banks, many of which in recent years have been confronted with the necessity for analysis due to constantly increasing overhead and other costs."

TRANSAMERICA CORPORATION, the world's largest bank holding company, in a comprehensive statement to its 185,000 stockholders today discloses its ramified financial, commercial and industrial holdings in the United States and abroad, with a balance sheet and consolidated income account covering the 1929 operations of its associated institutions.

Since January 1 of this year, it is shown, Transamerica and subsidiaries have increased their stock ownership in the Bank of America, N. A., and in

Banc-America-Blair Corporation from 50.9 per cent to 59.35 per cent, acquired 100 per cent control of the Occidental Life Insurance Company, purchased a substantial, though minority, interest in General Foods Corporation, taken over control of the First National Bank of Portland, Oregon, and obtained, by interchange of shares, an important minority interest in Union des Mines, one of the outstanding commercial banks of France.

THE CENTRAL HANOVER BANK AND TRUST COMPANY announces the appointment of John J. Collins as Assistant Vice-President. Mr. Collins has been with the bank seventeen years, starting with the Central Trust Company in 1913. He was made Assistant Secretary of the Central Union Trust Company in January, 1926.

DEPOSITS of the Chase National Bank for June 30, 1930, were in excess of \$2,065,434,000 as shown in the bank's statement issued last month. This figure marks the first time that any bank in the world has passed the two billion dollar mark in deposits. The statement shows total

resources of \$2,648,958,000, setting a new high record for financial institutions.

Figures for deposits and total resources of the Chase on June 30 are substantially higher than corresponding figures shown in the consolidated statement of condition issued June 2, when the merger with the Equitable Trust Company and Interstate Trust Company became effective. The June 30 statement of undivided profits, \$63,318,000 shows an increase of \$2,595,000 as compared with June 2.

ORGANIZATION of a new \$10,000,000 realty investment trust to be known as the First Chicago Trust was announced recently by Benjamin Bills, chairman, and F. W. Bills, president of the Bills Securities Corporation and of Bills Realty, Inc.

The new trust has been capitalized as follows: 500,000 class "A" beneficial certificates of \$20 par value, 500,000 no par class "B" certificates and 500,000 no par class "C" certificates. There will be presently issued 50,000 each of the class A, B and C certificates and a public offering in units of one class "A" and one class "B" certificates is expected to be made about July 15. Application to list the certifi-



FEEDER LOANS

*Write Us***LIVE STOCK NATIONAL BANK OF SOUTH OMAHA****Union Stock Yards
O M A H A**

BONDS

*Write for our attractive list of carefully
selected bonds*

cates on one of the stock exchanges in either New York or Chicago is to be made. The Foreman-State Trust and Savings bank is to be trustee.

The primary purpose of the First Chicago Trust is to buy, deal in and sell improved real estate located in the Metropolitan Chicago area under a plan whereby the investors receive the return of their principal, together with a substantial minimum profit before any other distribution of income or profit is made.

ARTHUR T. LEONARD has been elected to succeed the late A. K.

Bodholdt as Vice President in charge of the Trust Department of Central Trust Company of Illinois, and will assume his new duties at once.

Mr. Leonard is not a stranger to the bank. He formerly served as Secretary and Trust Officer of Central Trust, leaving in 1923 to become associated with Dawes Bros., Inc., as Secretary and Treasurer, which office he has since held. He is a director of Dawes Bros., Inc., and is also Vice President and Treasurer as well as a director of Metropolitan Gas & Electric Company and Union Gas & Electric Company.

Mr. Leonard was born in Chicago

and was graduated from Northwestern University Law Department in 1916. Previous to the war he practiced law in Chicago and is a member of Chicago Bar Association, Illinois Bar Association, the American Bar Association. During the war he served in the Navy for 27 months, 9 months being spent abroad. He left the Navy as a Lieutenant.

EARNINGS of Northwest Bancorporation group for the first half of 1930 exceeded full dividend requirement for the entire year, according to the financial report made at the regular quarterly meeting of the board of directors held in Minneapolis June 25, 1930.

Net operating earnings of the group since January 1, 1930 exceeded \$2.00 a share on 1,657,107 shares of stock outstanding. This is in excess of the full year dividend requirement of \$1.80.

Payment July 1st of the usual quarterly dividend of 45 cents per share to stockholders of record June 20th was authorized by the board.

"The importance of having diversified sources of income made possible through the development of group banking is reflected in the satisfactory earnings," E. W. Decker, President, said.

The financial report disclosed a strong cash position. Approximately \$10,000,000 or over ten per cent of the investments of the corporation is in assets other than bank stocks. This is in keeping with the policy of the corporation adopted a year ago always to maintain a substantial amount of the assets of the corporation in marketable securities other than bank investments.

PROMINENT among the questions to be discussed at the coming convention of the American Bankers Association in Cleveland, September 29, is that of mergers and their attendant problems of personnel. The tendency toward mergers which has been evident during the past few years has raised several major problems, all of which will be presented by speakers at the convention.

Branch and group banking, long an actuality and rapidly increasing in importance, will be discussed at length at the convention. In addition, investment trusts, corporate trusts, and the question of banking profits and how to obtain them will be included in the program.

It's strange that a motorist never remembers he used to be a pedestrian.
—*Everybody's Weekly*.

Guaranty Trust Company of New York

140 Broadway

LONDON PARIS BRUSSELS LIVERPOOL HAVRE ANTWERP

Condensed Statement, June 30, 1930

RESOURCES

Cash on Hand, in Federal Reserve Bank, and Due from Banks and Bankers	\$ 431,164,354.72
U. S. Government Bonds and Certificates	213,441,517.80
Public Securities	43,300,047.28
Stock of the Federal Reserve Bank	7,800,000.00
Other Securities	50,157,186.64
Loans and Bills Purchased	1,117,034,903.51
Real Estate Bonds and Mortgages	882,827.49
Items in Transit with Foreign Branches	1,853,833.25
Credits Granted on Acceptances	144,595,517.85
Bank Buildings	14,500,969.71
Accrued Interest and Accounts Receivable	13,727,128.03
	<u>\$2,038,458,286.28</u>

LIABILITIES

Capital	\$ 90,000,000.00
Surplus Fund	170,000,000.00
Undivided Profits	36,385,493.51
	<u>\$ 296,385,493.51</u>
Outstanding Foreign Bills	335,040.00
Bills Payable	41,350,000.00
Accrued Interest, Miscellaneous Accounts Payable, Reserve for Taxes, etc.	12,156,964.00
Federal Funds Purchased	40,000,000.00
Agreements to Repurchase Securities Sold	6,608,247.04
Acceptances	144,595,517.85
Liability as Endorser on Acceptances and Foreign Bills	117,697,184.40
Deposits	\$1,276,024,581.48
Outstanding Checks	103,305,258.00
	<u>1,379,329,839.48</u>
	<u>\$2,038,458,286.28</u>

South Dakota News

New Bank Opens

The Farmers and Merchants bank has opened for business at Lake Andes, South Dakota. The company capitalized at \$25,000 and H. D. McKinnon of Flandreau and B. R. Laird of Fedora are the promoters. The organization has leased the building of the Lake Side bank as that institution was closed April 1.

New Night Depository

An after hour depository, such as is included in the equipment of most large city banks, has been installed by the National Bank of Huron, South Dakota. Installation of the 2,000 pound vault with a slot protruding through the south wall of the bank probably was completed recently. Patrons who desire to use the depository will be supplied with leather deposit bags and keys to the street slot.

Offers Prizes for Poems

H. E. Beebe, Ipswich, South Dakota, banker, has posted five prizes of \$5 each for the best poems submitted in a contest which have as their themes the natural beauties of South Dakota. Officers of the South Dakota Poetry Society will act as judges. The five poems receiving prizes and five others which receive honorable mention will be published in the January, 1931, issue of *Pasque Petals*. Mr. Beebe has annually offered prizes locally for home beautification.

WHERE DOES THE UNIT BANKER GO FROM HERE?

(Continued from Page 14)

can be made safe by the establishment of rural or regional clearing house associations to function almost exactly as such associations do in the larger cities. Perhaps one of the chief difficulties in getting all the solvent banks within a county or region to organize a clearing house association, has been jealousy, and an apprehension of domination by the larger banks.

In Nebraska we have several of these regions organized and functioning to the benefit of all members. Within these clearing house associations is being formed a state-wide credit bureau, which seems to have possibilities toward closer cooperation and better banks.

No bank under any form of banking can exist unless it earns a profit. The Branch bank advocates claim the most significant proof that the small

Unit bank cannot continue to function properly is that it cannot earn enough to warrant its existence. Is not this accusation a most important reason for every Unit banker to try to increase his income commensurate with his invested capital?

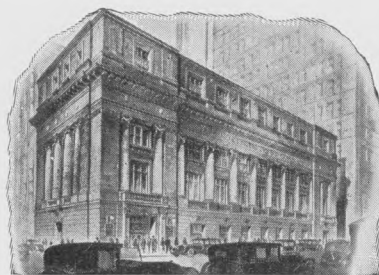
Coöperation with the Nebraska Bankers Association, Regional Clearing House and county organizations in trying to inaugurate a system of

service charges which are fair and legitimate, should be given consideration. Your greatest source of income is the interest collected on loans. Credit is the merchandise you sell. Know your costs and sell only on a fair margin of profit.

A New Wrinkle

Four Scotsmen had dinner in a restaurant. When it came to paying, they disagreed. Finally, they decided that the waiter should be blindfolded, and that the first one he touched should foot the bill.

They are still at large.—*Tit-Bits*.



THE COMPACTNESS of our organization permits us to give *individual attention* to the business and problems of out-of-town customers.

THE NORTHERN TRUST COMPANY

Northwest Corner LaSalle and Monroe Streets
CHICAGO

Colorado News

Banks Merge

The First National Bank of Mead, Colorado, which has been doing business for a number of years, has been absorbed by the First National Bank of Longmont.

The Mead institution's affairs were in good shape insofar as solvency was concerned, but the directors decided that the volume of business was not enough to justify the bank's continuance.

The Mead bank directors were E. H. Markham, T. H. Hill, A. F. Pet-

ers, W. E. Letford, Walter E. Bliss and John Reese.

T. H. Hill is the retiring cashier and manager of the liquidated bank.

Sells Interest

Paul Jones, for the last five years vice president and cashier of the First National bank of Fountain, Colorado, and twice mayor of the community, has sold his interest in the bank to A. J. Dunbar of Denver and Dunbar's associates in Texas.

Elected President

Harry Mendenhall was elected president of the Rocky Ford National bank at a meeting of the board of directors at Rocky Ford, Colorado. Mendenhall has been a cashier in the bank for several years. Will Morrison was elected to the board of directors to fill the vacancy left by the death of C. J. Cover last spring. Mr. Cover was president of the bank at the time of his death.

Hunter Cover and Fred Kelly were selected as cashier and assistant cashier, respectively.

Named Group President

K. S. Rucker, cashier of the First National bank of Durango, was elected president of the Colorado State Bankers association.

J. V. Cockins, president of the Central Savings Bank & Trust company of Denver, was elected vice-president. L. F. Scarboro, publisher of the *Mountain States Banker*, Denver, was reelected secretary. C. A. Van Dorn, president of the First National bank of Craig, was elected treasurer.

Measures for the relief of Sheriff Coe of Cheyenne Wells, wounded in a fight with the Manter (Kan.) bank bandits last fall, were considered and the matter was left with the executive committee with power to act. It was expected that some provision would be made to aid the officer.

The executive committee will decide later where the next convention will be held.

Name Officials

The directorate of the First National Bank of Fairbury, Nebraska, reorganized since the consolidation of the Harbine Bank and First National Bank, has just been announced as follows:

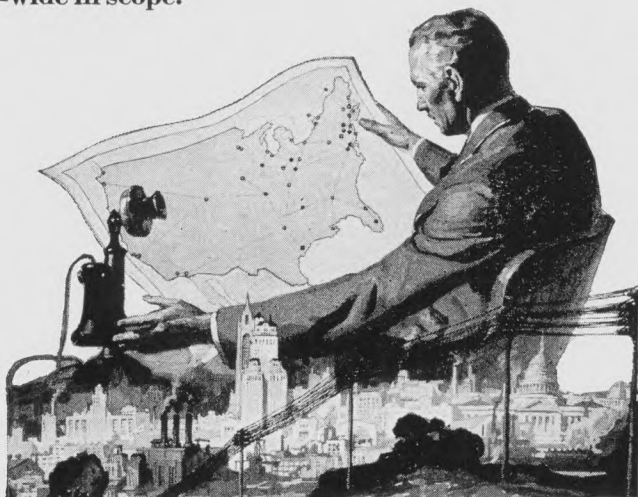
Luther Bonham, F. P. Conrad, F. A. Houston, C. M. Hurlburt, F. A. Moon, and H. H. McLucas.

Officials of the Bank are: Luther Bonham, President; L. M. Nelson, Vice President; S. M. Merrill, Vice President; H. H. McLucas, Vice President; R. S. Wilfley, Cashier, and F. P. Conrad, Henrietta Hoopes, John Knobel, William Sutherland, Frank Nelson and Harold Livingston, Assistant Cashiers.

A hardware dealer was asked by a lazy employé, whom he had fired, for a recommendation. He thought for a moment and then wrote as follows:

"The bearer of this letter is leaving me after one month's work. I am perfectly satisfied."

**National City brings you
complete financial service—
world-wide in scope.**



**If your customer has a
difficult investment
problem...supplement
your judgment with
National City counsel.**

The National City Company

National City Bank Building, New York

BONDS · SHORT TERM NOTES · ACCEPTANCES



New Mexico News

New Mexico Banker Dies

Julian Graves Cooper died at his ranch home at Florida, New Mexico, last month.

Mr. Cooper was born at Independence, Texas, and came to Deming in June, 1912, and was associated with the First State bank, which was in the building now occupied by C. O. Donaldson on South Gold avenue, until August, 1914, when he went to Mimbres Hot Springs and was associated with his brother, Lawrence, who is manager of this popular spring, until May 15, 1915, when he came back to Deming and was with the First National bank until it closed its doors on December 29, 1923, then Mr. Cooper and family moved to Florida, where he engaged in the cattle business until his death.

Granted Charter

The Hobbs State bank, the first banking institution in the Hobbs, New Mexico, oil area, was granted a certificate of incorporation recently. The bank has capital of \$25,000 with a subscribed surplus of \$6,250. The stock has a par value of \$100 a share.

The incorporators are W. M. Snyder of Lovington, L. S. Eaves of Lovington, L. A. Daniel of Hobbs, J. T. Harris of Hobbs and Seth Alston of Hobbs.

Others holding stock in the bank are J. L. Reed, Lovington; W. D. Grimes, Hobbs; A. G. Troutt, Hobbs; I. Scrinopskie, Hobbs; E. A. Cahoon, Roswell; Mrs. Carlton, Clinton; W. J. Caskey, Chamberlin, Texas.

Assistant Cashier

E. W. Wasson of Borger, Texas, formerly with the First National Bank at Borger, Texas, has accepted a position as assistant cashier of the Citizens Bank at Clovis, N. M.

Organize Group One

Group One, New Mexico Bankers association is the name of an organization completed at Deming, N. M., when the officers and directors of the Mimbres Valley Bank entertained representatives of all banks in this section of the state.

The following attended the dinner: Messrs. F. R. Coon, G. C. Trowbridge, A. A. Temke, G. D. Hatfield, L. E. Wells, Deming; W. P. B. McSain, H. L. Moore, Lester Lackye, First National Bank, Las Cruces; Percy W. Barker, P. M. Campbell, E.

L. Heath, Mesilla Valley Bank, Las Cruces; G. L. Ross, First National, Lordsburg; Coke Johnson, First National, Hatch; W. S. Hasten, C. C. Metcalf, Paul Ashby, American National, Silver City; J. W. Rodes, Valley Bank, Anthony; Grady Jones, First National, Hot Springs.

E. L. Heath is secretary of the organization. The host at each meeting acts as chairman, there being no elected presiding officer.

Messrs. Hasten, Trowbridge and Moore were appointed a committee to arrange a series of 4-man golf

matches when it developed that practically every bank had a team of which it was pretty proud. The Mimbres Valley Bank will put up a suitable trophy for the matches.


The next meeting is to be in Silver City in August.

Reflection


Angry Parent: Why were you kissing my daughter in that dark corner last night?

Suitor: Now that I've seen her in the daylight I sort of wonder myself."

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

Buys Interest in Bank

C. M. Wall, of Fredonia, Kansas, has acquired the vice president's interests in the Bank of Climax, one of the best small town banks in southeastern Kansas.

This bank has a record of earning 20 per cent or more on its capital stock for the past ten years. Alvin Holmes, former vice president, in the deal acquired title to two of Mr. Wall's residence properties in Fredonia, just south of the Methodist church. Chas. D. Seaton engineered the deal.

Veteran Kansas Banker Dies

George M. Billings, 85, pioneer Delphos business man, died at Delphos, Kansas, recently. He was cashier of the Delphos State Bank from 1880 until his death.

County Bankers Elect

The quarterly meeting of the Allen County Bankers Association held at the Portland hotel, Iola, Kansas, was attended by representatives of all the banks in the county except Mildred.

Guests of the bankers at the dinner were John Wille and Henry Wille, Pittsburg, and Dan M. Braum, county farm agent. Officers for the year elected were Bert A. R. Ohlfest, Elsmore, president; P. J. McGannon,

Humboldt, vice president; Harry E. Shively, Iola, secretary-treasurer. It was decided to have the next quarterly meeting at Elsmore in October.

Those present and the banks they represented were as follows:

Allen County State Bank, Iola; T. H. Bowlus, G. R. Bowlus, Charles B. Spencer, C. J. McCann, Iola State Bank, Iola; L. E. Horville, F. O. Benson, N. C. Kerr, Harry E. Shively, Jess C. Benson. Moran, O. A. Young, D. R. Goyette. LaHarpe, A. A. Holde- man, H. Ward; Elsmore, A. F. Ohlfest, Fred Goyette. Savonburg, O. D. Courtney, C. M. Barsby. Humboldt National Bank, W. A. Byerly, J. R. Leimenstoll. Humboldt Citizens State Bank, J. B. Flint, P. J. McGannon.

One Man's Success Story

[Jay E. House in the Philadelphia *Public Ledger*]

Eliza Mowry Bliven writes: "Who should guide the people against smoking tobacco? The best educated, ablest thinkers, wisest men and women in the nation. Will you help?"

It is some gratification to be selected to assist in this mission. Such gratification is in large measure due to the implied recognition of the long apparent fact that we are one of the best educated and ablest thinkers and wisest men of the nation. But we can't

serve in the capacity which is apparently assigned us. We say it would look pretty funny if a regular old smoker such as we have become—Miss Bliven has no idea of the amount of tobacco we consume—should set out to guide the people against smoking. It would be undignified, that's just what it would be.

And since we attribute much of our success to tobacco, we'd be ungrateful as well. We were a poor country boy, not long detached from the farm, when we began the use of tobacco. We were running a little country newspaper and having a difficult struggle to make both ends meet. The interest on the mortgage was overdue and we were dodging the landlord and other creditors. We couldn't even look the weekly payroll in the eye. On the advice of a printer whose wages were some weeks in arrears, we took up smoking, somewhat casually at first, but with increased interest from day to day. Almost immediately we developed a flair for business. In a few months we had caught up with the mortgage and had paid all outstanding bills. A year and a half later we sold the newspaper to one of the local ministers for twice what it was worth and got the money for it. We've been doing better ever since.

In fact, we date our rise in life from the time we began smoking. As a result of the habit, people were compelled to revise their estimates of us. They began to go around saying, "Well, there's more to him than we thought." We'd be a good deal of an ingrate if we turned on tobacco now.

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

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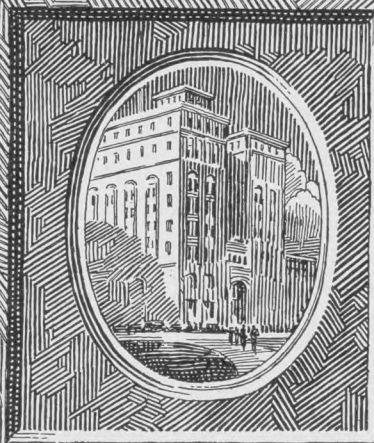
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