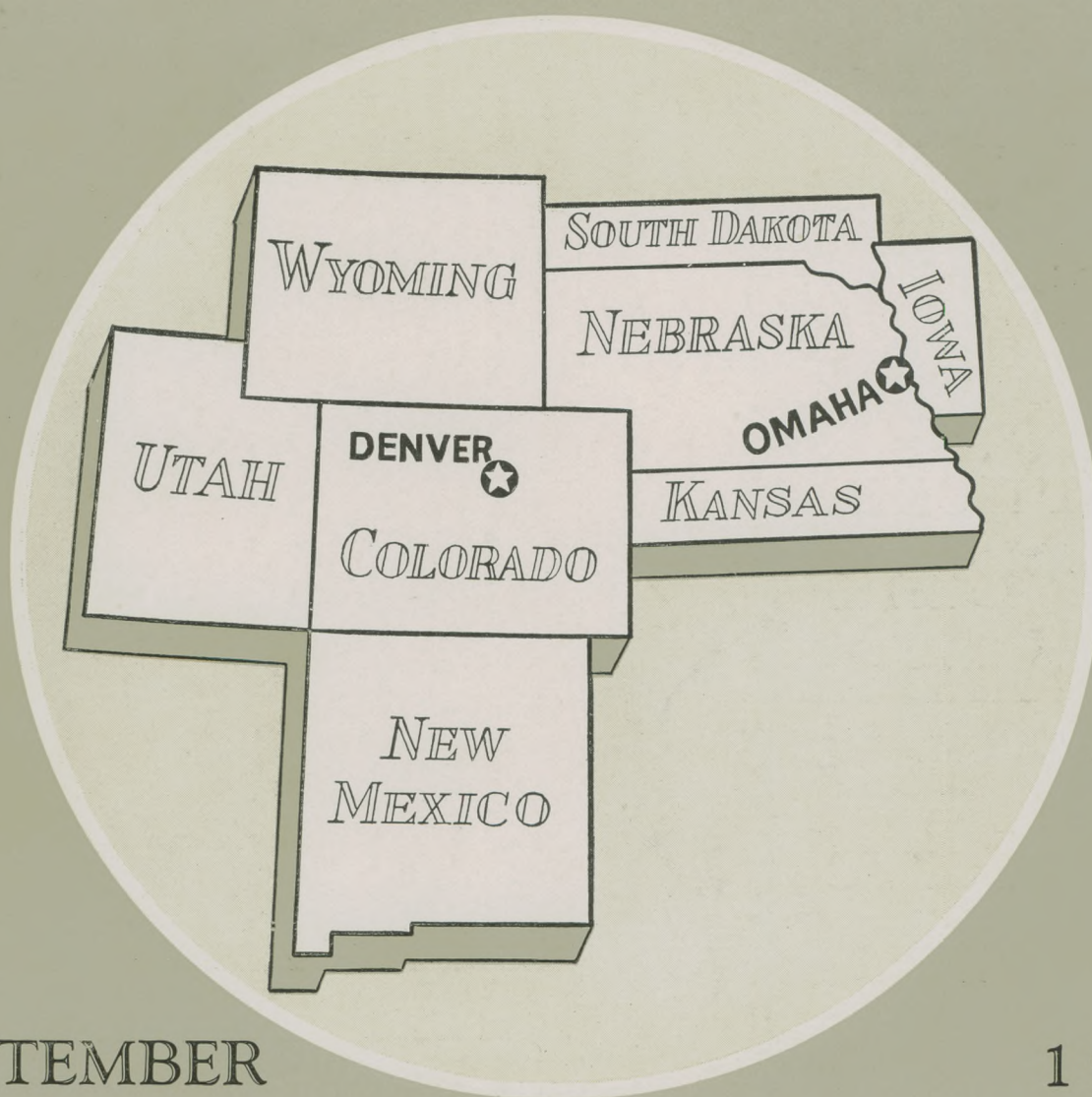


CENTRAL WESTERN BANKER

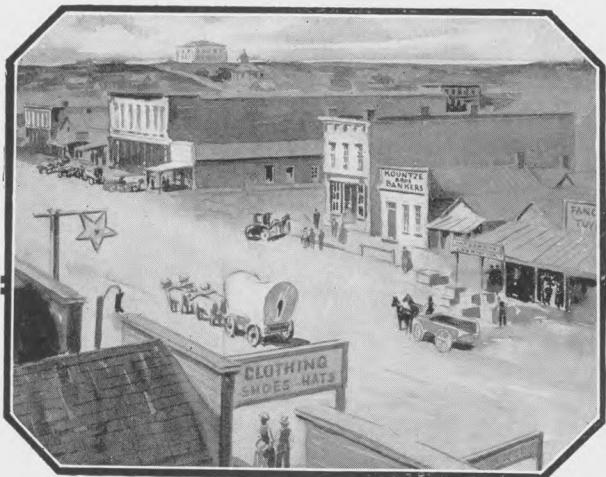
Omaha



SEPTEMBER

1930

Daylight Hold-up Is
Bankers' Greatest Menace



Jamam Street August 1st 1857

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a
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Bank
Anxious
to
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You

Nebraska's Oldest Bank



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FIRST TRUST COMPANY

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THAT THE service charge program, which is consistently being pushed by William B. Hughes, secretary of the Nebraska Bankers' Association, is slowly gaining in momentum is very well proven by the fact that the banks of Phelps, Gosper, Harlan and Dawson counties have adopted a whole schedule of service charges effective on and after August 1st, 1930. These banks have issued a printed circular signed by twenty-two banks of these counties announcing the schedule of charges that went into effect on that date.

Service charges have been in force in most Iowa banks for some time past, and the bankers of that state are very well pleased with the results so far obtained. Bankers of Nebraska would do well to follow the footsteps of their neighboring state and plug up this exasperating leak in their gross revenue.

We urge all those banks who have not as yet installed their service charges to do so at the earliest possible moment and cooperate with the Secretary of the Nebraska Bankers' Association to this end.

SAMUEL T. CHAPMAN, of Colorado Springs, Colorado, member of the board of county commissioners, has purchased the interest of Fred D. Moberly in the First State Bank of Calhan and has been elected a member of the board of directors of that bank. Mr. Chapman has been one of the most substantial stockmen and farmers in eastern El Paso county for the last thirty years.

THE STATE OF UTAH has a most enviable record in that in the last year it is one of the four states in the Union that has had no bank failures. This is according to a state-

ment recently issued by Walter H. Hadlock, state bank examiner, after his return from the annual convention of the National Association of State Bank Commissioners at Boston.

He said that it was the general sentiment of the convention, at which every state was represented, that the past year has been one of the most critical in the history of the country, but that conditions were gradually improving.

THE MERCANTILE Bank and Trust Company of Boulder, Colorado, has adopted a most effective slogan and trade mark for use in advertising their thrift campaign. They are making use of a trade mark illustrating a squirrel alertly perched upon the limb of a tree energetically pushing dollars through the entrance of his habitation. Underneath are the words "Think! Have Money!"

THE SOUTH DAKOTA Bankers Association has issued a warning to its members against the cashing of checks presented to them by strangers. The "rubber check" evil is one which requires eternal vigilance to successfully combat, for many mer-

chants have taken the attitude of disliking to lose a cash sale by refusing to cash a check.

The "rubber check" artists usually work after closing hours of the local bank and are usually on the way before the worthlessness of their paper is discovered by the unfortunate merchant.

Proper education among retail merchants would unquestionably save them a great deal of money, and the local bankers a great deal of annoyance and inconvenience.

ALVIN E. JOHNSON, vice-president of the Live Stock

National Bank of Omaha, and family, have returned from a most enjoyable vacation among the lakes of Minnesota. We have no record of Mr. Johnson's piscatorial achievements, but undoubtedly he has confided these deep secrets to his closer associates.

JOSEPH MUNDIL, assistant cashier of the Clarkson State Bank of Clarkson, Nebraska, and Miss Florence Lindgren of Los Angeles, were married in the Presbyterian church at Clarkson on July 26, 1930. The newlyweds immediately left by train for Los Angeles where their honeymoon will be spent. They will make their future home in Clarkson.

HARRY C. NICHOLSON, well-known Nebraska banker, is now the Executive Vice-President of the Seaboard National Bank, Los Angeles, California, and cordially invites all his old friends to call on him when vacationing.

C. J. CLAASSEN, President of the Farmers National Company, Omaha, has written a 42-page book entitled "Profitable Farm Manage-

(Concluded on Page 14)

Seeing Europe

Through the Eyes of

A Nebraska Banker

By W. WEIL

*President, National Bank of Commerce
Lincoln, Nebraska*

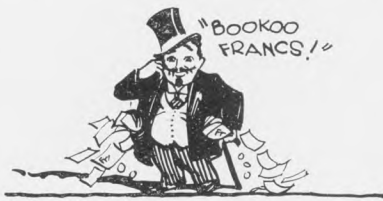
THE PRESENT summer has been a most interesting one for M. Weil, president of the National Bank of Commerce and the Commerce Trust Company of Lincoln, Nebraska. With his family he toured a greater portion of Europe, visiting many places of historical interest, and gaining impressions which will prove most valuable in the conduct of his affairs in Lincoln.

We are giving below Mr. Weil's own story of his trip.

LEAVING Lincoln on May 30th, and making a business trip to New York, on June 6th, accompanied by my wife, we sailed on the wonderful steamer, Ile de France, and landed at Havre June 12th, exactly six days of the most wonderful ocean trip.

A special steamer train brought us to Paris in time for dinner. The following day we started for Saarguemines. This is in Lorraine where the big coal and ore mines are located and formerly belonged to Germany. We made our headquarters at Strassbourg and it was most convenient for us to travel from there. We spent a week around my old home territory where we found crops and crop conditions most excellent. In fact, better than they have been in years. All kinds of fruit, vegetables, grain, etc.

People in this part of France, as well as all over France, seem to be



very happy and prosperous and so especially so, that they want to retain the low value of their franc which normally was 20c and is now a fraction under 4c. Everybody has money and everything that is sold brings lots of francs and they have money to spend. Besides, all of these people are now doing what was never

done before, having bank accounts and money in banks, and are investing their money in their government securities.

From France, we made the trip to Switzerland, which is one of the most beautiful countries we have ever had the pleasure of visiting. We spent some time at Bale and at Berne, where we took the electric train to Thun and took an excursion steamer to Interlaken which is a wonderful tourist city, with fine hotels and parks. Here we again took the electric train and climbed up to an elevation of over 11,000 feet and within three hundred feet of the wonderful Jungfrau top. On our return, we circled the Wetterhorn which is equally noted for its glaciers and snow covered peaks. It was wonderful to make this trip so high amongst the mountains and yet feel comfortable, and on our return, within half an hour, we were where everything was green and flowers blooming. It was quite a sight to see.

FROM there we came to Lucerne and from Lucerne we took the train to Vienna, Austria. This is the beautiful capital city of a former big empire and now cut up into a small state. The people here seemed to be very happy. The shops are full of merchandise and the tourists keep them busy. It is a beautiful city to shop in and they have fine hotels, wonderful opera houses and parks. We had delightful weather all along this trip. From Vienna we traveled into Czechoslovakia which is a very rich farming country and has beautiful cities. People seem very contented and working hard.

We finally landed at Dresden, Germany, and happened to be there on Saturday when the last French troops passed thru their city from German soil and that night there was a celebration and rejoicing that was a wonderful sight to see and how well be-

haved and happy the people seemed to be, not so much having the French soldiers leave their territory, but that they were free again amongst themselves and were saved the terrific expense it cost them to maintain these people on their soil.



Germany is working very hard; the people are industrious and doing their level best to meet their obligations from the war, but money is scarce with them as it takes too much of their earnings to pay their taxes so that their reparations claims can be met and it seems that sixty years ahead of them to meet these heavy taxes is a bigger burden than they are able to carry and one can't be surprised that some of these people become discouraged.

Then, there appears to be two classes of people in Germany. The working people or the poorer class and the upper class and it is freely stated that the aristocrats and moneyed element keep their money in America and Switzerland to avoid paying taxes while the laboring men cannot do this and in many instances the facts are, is not kept together as it should be on that account and if governments could get together and release Germany of at least a big portion of this reparations money, it is the general opinion that not only the condition of Germany would improve but of all Europe.

THE CROPS thru all of these territories are the best they have had in years and we heard no complaints whatever except there seems to be a general feeling against America, not the American people, but against American politics and that we are drifting to a socialistic state with our tariff. Europe will not purchase our

goods unless they can sell us their commodities in return which cannot be done under our new excessive tariff and if someone has the idea that



it is going to help our agricultural territory, they should go to Europe and see the feeling that exists and efforts are being made to get along without American products and in some instances, it is openly a spirit of retaliation along these lines and it is bound

to affect our business industries as well as our agricultural territory.

The German people are trying their best to accustom themselves to a republican government but it seems to them a long ways off and will take years to bring about the desired results.

On the whole, we had a very fine vacation of two months and a wonderful visit with my family and a beautiful trip home on the same steamer and the smoothest sea we have ever seen for six days, but at the end, it was a mighty happy landing when we returned to our own America and especially to Lincoln to our own dear ones, but one can't help but feel that this is a wonderful coun-

try and that there isn't any place that looks as good, feels as good and promises as much as America and the good State of Nebraska.



The weather was very hot when we came home, but it was kind to us and has now moderated and is very comfortable and I am again back at my desk working as usual and very happy to be at it. Greetings to all our Nebraska friends.

Daylight Hold-up Is Bankers' Greatest Menace

"I GOTTA BUM RAP. I didn't do de job of sticking up that bank."

That, in substance, was the invariable answer given us by a number of convicted bank robbers while visiting one of the largest penal institutions a short time ago. The judge and jury treated them unfair, they were merely innocent bystanders or they got the wrong man. Their side of the story back of the bars often invokes the sympathy of the layman, especially if a person is softhearted and has given little thought to the rapidly growing number of hold-up attacks on banks.

But there is another side to the picture. It is happening every day in every section of the country. They drive up to the curb outside—5 bandits in a fast car. Armed to the teeth. Four of them file in and cover the staff with their guns, while the other one waits in the car with the engine running. Something is sure to happen. Either someone is hurt or money taken or the bandits are captured.

"The daylight holdup is the biggest problem in bank protection today," according to an interview given The Central Western Banker a few days ago by H. A. Noble, vice president of The Diebold Safe & Lock Company, at their general offices in Canton. He is one of the foremost authorities on the subject in the country, and while by temperament a kindly and humane

By WILLIAM H. MAAS

Vice President, Central Western Banker

gentleman, becomes hardened when discussing the matter of bank banditry.

"The criminal follows the line of least resistance," said Mr. Noble. "He has turned from burglary to hold-up because the physical protection of massive bank vaults has made unprofitable the temptation for daylight hold-up will exist.

"The results of an investigation of 33 recent bank daylight holdups show: "\$1,207,650 taken in cash and securities.

"Eleven people killed outright, seventeen seriously injured.

"Seventy-one customers covered by bandits' guns, thirty-eight robbed.

"Three cashiers slugged by bandits. "147 bandits actively engaged."

It is estimated that fully 50,000 people in the United States were tear gassed last year with perfect safety. Tear gas has been used to defend banks and jewelry stores in holdups; to prevent prison and jail deliveries, such as the recent Auburn, Rhode Island and Missouri uprisings; to disperse communist and student riots; and to protect law enforcement officers.

The non-toxic or non-poisonous gas has a background of ten years in the prevention of violence and bloodshed.

It is the product of the Lake Erie Chemical Company, of which Col. B. C. Goss is president. Col. Goss is Chemical Consultant to the Chemical Warfare Service, U. S. A., and as Reserve Officer, is assigned to the office of the Assistant Secretary of War. He was in every big battle in which Americans took part from Chateau-Thierry to the attack of the Second Army on the tenth of November, 1918. He drew up the plan for gas and smoke operations in the Argonne fight.

In support of the tear gas idea, Col. Goss lists the following reasons for its application with the bank:

"It discourages holdup attacks. It defeats attempted holdup attacks. Before the bandit can complete his raid, the gas has the situation in hand. It saves life. The bandit is gassed before he can pull a trigger. It is as harmless as salt water, except for the copious tears it produces for a period of fifteen minutes to a half hour. It cannot be accidentally discharged. It is an electrically controlled, closed circuit system requiring two positive contacts to discharge the gas. It is positive since any member of the staff may release the gas from any point in the bank. It materially reduces hold-up insurance rates."

When Free Storage Meant No Liability

By M. L. HAYWARD

THE CASHIER of the Regal Bank tapped the top of the glass-topped desk thoughtfully, and listened to Arthur Hunt's recital of his financial status.

"I've got about \$20,000 on deposit here, about half as much in good sound bonds, and that's one of the things I called to see you about," Hunt explained.

"I bought the bonds as a safe stand-by for a rainy day, but I never know when I'll want to use them as security for a loan, so they are all payable to bearer."

"Where are they?" the cashier asked.

"In my safe at the office, but I don't feel easy about them. Any live burglar, I imagine, could open it in less than half an hour."

"I am sorry that we have no regular safety deposit department in connection with our bank," the cashier replied. "I've urged our directors to establish something along that line, especially since so many of our depositors own bonds, but I never could make it go."

"I was brought up in the country and a safety deposit box doesn't appeal to me—too much red tape connected with it," Hunt said, "but you have your own vaults at the bank, and they are certainly safe enough. It occurred to me that I might arrange to leave the bonds at the bank to be kept in the same way as you keep your own securities."

"We'd certainly be glad to do that, and you can leave them with me and I'll see that they're taken care of."

"That'll be very satisfactory, and I'll be particular to have them at the bank this afternoon before it closes," declared Hunt. "Of course, I am perfectly willing to pay the same as I'd pay for a deposit box in a big city bank. I feel safer with the bonds in your vault, and it is far more convenient."

"You'll do nothing of the kind," retorted the cashier. "When a customer has a credit of over \$20,000 on deposit we can afford to give him vault space for a few private papers without making him pay anything."

THREE months later the local daily carried the following front-page news item:

"The wide distribution of Liberty Bonds and similar securities during the past year, mostly payable to bearer, has led to a marked increased activity on the part of the professional burglars, and last night a gang of expert crooks gained access to the Regal Bank, blew open the vault and got

"The law is that if one party deposits property with another for safe keeping and does not pay the receiving party for doing so, the party receiving the property is not liable for its loss or for causes not due to his own fault or neglect."

away with a big haul. The most reliable information which we can obtain shows that they did not get more than \$5,000 or \$6,000 in cash and securities belonging to the bank, but that they did get about \$75,000 in bearer bonds, which had been left with the bank for safe keeping by one of the customers, whose name the bank refuses to divulge. The criminals made a very clean getaway, and, while the local police are working on the case, they admit that it looks rather hopeless as the burglars left no clue whatever to work on. Mr. John Hanson, one of our leading citizens, who had considerable experience on the western frontier in the wild days, has organized a posse 'of his own,' and is confident that he can run down the culprits—but the result remains to be seen. Personally, we fear that times have changed too materially since Mr. Hanson's success in rounding up horse thieves and stage-coach bandits."

"I don't suppose there's anything new from the police?" asked the president of the Regal Bank, when the directors met in special session the evening following the "break."

"I just left the chief's office, and he admitted frankly that he had no news and very little hope," replied the cashier. "He says that the break was the work of experts, and they've covered their tracks completely. Say's

he's out of his class entirely when he tries to match wits with 'em. Of course, he's wired to the police all over the country, but that doesn't cut much ice. If they could get in here and make a haul like that and get out again without leaving a single clue behind, it's mighty easy for them to hide now."

"No word from Hanson, I suppose?"

"None at all," was the reply. "I saw him and his crowd when they started, and he was wild and profane. I think he was partly pleased in a way, for it gives him a chance to pull off some of his western stunts. He had about twenty men, and five or six old Ford cars, and he was leading them on horseback."

"Well, that may be true, but at any rate he is financing his own expedition without any expense to the bank," the careful director pointed out.

"By the time we've made good Mr. Hunt's bonds and added it to our direct loss, I don't think the question of expense will bother us very much—it'll be a question of calling in the Bank Examiner to report on our solvency," declared the president, bitterly.

"I don't suppose there's any doubt at all about the bank being in the hole and liable to make good the loss," the vice-president suggested quietly.

"How could there be?" snapped the president. "Hunt left the bonds with us for safe-keeping. We had no claim on them as we were bound to hand them over whenever he called for them. If we can't show up the bonds we've got to produce the cash value. That's only plain commonsense."

"It may be very common sense, and as plain as your face, but is it the law?" persisted the vice-president.

"Director Montgomery is a lawyer—why not ask him?" somebody suggested.

"If you want my opinion I'll give it quick enough," Montgomery assured them.

"Sure—that's what we're after."

"How much did Hunt pay for the privilege of storing the bonds in the bank vaults?" Montgomery demanded.

"He didn't pay us a cent, as I told him the bank'd be glad to keep them for him as long as he liked without

(Continued on Page 21)



How Nebraska Bankers Spend Their Summers

H. J. WRAGGE, the complacent gentleman in picture Number One, makes no lament for the burden he bears. And we don't blame him, for he is supporting enough brain food to supply a good sized family for quite some time. When not fishing, Wragge may be found at the First National Bank of Tekamah, Nebraska, where he is cashier.

A. E. SWANSON, cashier of the First State Bank at Gothenberg, Nebr., considers himself most unfortunate in that he is unable, this year, to spend his customary vacation in the mountains. We disagree with him. Every day is a vacation, spent in the environs of such happiness and con-

tentment as is evidenced by the faces of the four occupants of picture Number Two. Reading from left to right, top row: Betty Lou and Swanson himself; front row, seated: Tabby and the well-trained pup. We are sorry Swanson did not call in one of the neighbors to act as photographer as we would have liked to include Mrs. Swanson in the view.

EIGHTEEN beauties, so heavy it takes a board fence, heavily guyed, to support them. R. H. Holsten, of the Farmers State Bank, Dodge, Nebraska, is to be congratulated on his ability with rod and fly. Nice, cool, shady background, isn't it?

WE ASKED L. C. Farwell, cashier of the State Bank of Du Bois, for a vacation picture of himself and he sent us this close-up of Mr. Bruin. However, Farwell *is* in the picture,—the gentleman in the white shirt. The chap with the Bobby Jones stance and the one armed with white galluses are unknown to us.

M. E. ISAACSON, of the First National Bank, Marquette, enjoys a lofty view of things. That screened-in porch certainly is high enough to catch any vagrant breeze that might blow. Wonder what the view is like from up there?

The Time To Buy Guaranteed Bonds

Bond prices probably will continue to advance as improved conditions appear and develop.

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Bonds underwritten by us bear 6% interest and are jointly guaranteed by two old-line surety companies who have been approved by the United States Treasury Department as sureties on Federal bonds.

The guarantee of the surety companies appears directly on each bond and is a binding obligation on their part that protects the bondholder at all times and assures him that interest and principal will be paid when due.


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BONDS AND INVESTMENTS

Fundamentals of Sound Bank Investing

By E. T. SLOAN

*Statistician, Peoples-Pittsburgh Trust Co.
Pittsburgh, Pennsylvania*

LIFE insurance companies are the largest individual buyers of bonds and each company maintains a very elaborate organization to handle its purchases. Each department, Government, Railroad, Utility, Municipal, and Industrial is in charge of a specialist, with a general buyer in charge of all. A legal department is maintained to study and approve indentures, and most elaborate statistical files are kept. Why do they do it? So that they will know what they are buying and be able to follow what they have bought. If bank investing could be handled in the same way as insurance company buying, there would be far less grief than there is today. Obviously that would be impossible, but the individual bank can follow to a certain extent the fundamentals which the life insurance companies have adopted.

Every bank has three primary duties; (a) to meet the demands of its depositors; (b) to supply credit locally, when needed; (c) to earn dividends for its stockholders. A good secondary reserve is the one best means to all three ends. It is obvious that if all its funds were employed locally, it might not be able to meet its depositors' demands without undue hardship to its borrowers, and for that reason a good percentage, and I think most authorities agree that a minimum of 25% of the bank's total assets should be kept in this liquid reserve. This may be in the form of call loans in New York, outside commercial paper, or securities. Here the personal element is not present and the officers of the bank can operate the fund to suit their requirements. It is the part of this fund invested in securities with which we are particularly interested.

THE FIRST fundamental of bank investing is to adopt a buying policy. Many banks still adhere to the theory that no investment should be purchased without approval of the board. What is the result? Those banks rarely get the bargains. New issues such as American Telephone and Telegraph 5s, Western Union Telegraph 5s, Texas Corporation 5s and others, offered at very attractive

"Every bank has three primary duties:

- (a) To meet the demands of its depositors;*
- (b) To supply credit locally, when needed;*
- (c) To earn dividends for its stockholders.*

A good secondary reserve is the one best means to all three ends."

prices, were absorbed very quickly and were selling at a substantial premium before those banks could act. Every bank should have at least one officer who is authorized to buy or sell securities and whose principal duty is to follow the investment account. He should study securities, know investment values, and be able to decide when one bond is attractive and when another bond is not, when to buy a well secured inactive bond to bring up his average yield and when to confine his purchases to short maturities. To acquire this knowledge requires constant application and effort, through study of security markets, commodity markets and interest trends, as well as trends of industries and world wide credit conditions.

The proper man having been selected and given the necessary authority, the second fundamental is to form an investment program to meet the bank's requirements of security and liquidity. The question of security is

a matter which must be determined to suit the board of directors. Some boards insist on very high standards and others will allow a wider range with correspondingly greater income. A bank having 60% of its deposits on time and narrow fluctuations in its demand deposits does not need as large a percentage of very liquid securities as the one with a heavy percentage of demand deposits and sharp variations. One may have heavy seasonal demands for loans, another very uniform demands. These factors must be taken into account when forming a program. A good method of determining seasonal swings is to make a chart of deposits and loans by months, for several years past. This will show seasonal withdrawals and demands for loans.

The degree of security and liquidity determined, it is then necessary to decide on the diversification by groups and maturities. Then per cent U. S. Governments, 20% Railroads, 30% Utilities, 30% Industrials, and 10% Foreign is considered a good distribution. It is now necessary to go a step farther and divide the rails and foreigners geographically, the utilities and industrials geographically and by industries, always bearing in mind that you should never place more than 2% or 3% of the list in any one company, nor over 10% in any one industry, except Railroads.

We have now come to the question of maturities. I believe every list should have at least 20% maturing within five years and another 20% between five and ten years, leaving 60% for long terms. The long term ratio should be scaled down materially during periods of high prices and the shorter maturities increased. Under normal conditions short term investments return a smaller yield than long term, but as a matter of insurance it is well to carry some short term securities as protection against demands for funds when interest rates

are advancing and prices declining. A small change in price makes such a large difference in yield, that they do not fluctuate a great deal and are readily salable without undue sacrifice.

When you have determined your program, do not be discouraged if you find it is going to take you several years to work it out; it probably will. By taking advantage of market strength in the issues you want to sell, selling others at profits to average the losses, and only buying to fit your program, you will work it out in time.

HAVING selected the man and fixed the program, let us discuss

some of the things he should do. The first and most important is to make up his mind that he is going to buy bonds, buy only those which fit into the program, and not have bonds sold to him. I know of actual cases where a salesman has gone into a bank, not once but several times, and sold the cashier \$5,000 each of issues the names of which the cashier had never heard before, and I doubt if he could have remembered them afterward had the salesman failed to leave circulars. He should know what he is buying and be sure that the price is right. When considering a new issue he should check the market record of outstanding issues of the same company to see if the price has been run

up on the old ones to make the new look attractive. If it appears that it has: beware! If there are no other issues of the same bond, compare the bond for quality and price with seasoned issues; if it is favorable, but it.

Frequently large issues are offered which are not well received. When you see the same issue on a number of lists some time after the offering has been made, take it as a danger signal. The issue is a sticker. There was an example of this recently. A strong syndicate offered a large issue of 5% bonds at a medium price. Every dealer had a good supply of bonds, then with a sign of strength in the bond market the price advanced a point on the New York Curb. During the few days that the market was above the issue price there must have been twenty salesmen call me to offer bonds at the list price, less the bank discount of one quarter per cent. Each one had the same story. "Just a few left on the list and we would be willing to clean them up at the original price." It was not long until the syndicate closed and the bonds broke a couple of points below the offering price. Don't think that a slight advance in public quotations means that the issue has been successful; it is very often done purposely.

If you set up the list of securities in convenient form, by groups, showing the name, maturity and carrying price, so that it can be reviewed and appraised frequently without loss of time, you will be surprised to find how many profit opportunities there are and this is the best way to find them. In the railroad and utility groups you will often see a few bonds selling materially above the level of corresponding issues. It is generally caused by some institution or large buyer rounding out a block and willing to pay a good price to do so. As soon as his order is filled the price sags again, and the fellow who watches his list and sold his bonds has profited. In the industrial and foreign issues, many good opportunities are afforded by sinking fund operations. Most of these types have a sinking fund provision requiring the retirement of a certain amount each year and which permits purchase in the open market. Some operators of these funds pick up bonds during weak markets and hold them, others are either not so sensible or do not want to use the funds until necessary. I had a peculiar example of the opportunities sinking fund operations offer about a year ago. A 5% industrial bond was selling from 103 to 104, which was far out of line, and yet very few bonds were being sold. This aroused my suspicions and upon investigation

Federal Land Bank Bonds

ESPECIALLY ATTRACTIVE AT THIS TIME

Under date of August 16th, Standard Statistics Company issued a bulletin on the Federal Land Bank situation and we quote from them in part, as follows:

"No one has ever seriously questioned that each maturity of these bonds and their interest payments would be met when due. If the System is to continue, it is obvious that bond issues will always be taken care of through refinancing.

"We believe that Federal Land Bank Bonds are selling very considerably 'out of line,' due largely to an exaggerated idea as to the probable effects upon the banks of the present agricultural situation and failure to realize the ability of the System to raise cash without calling upon Congress for aid provided even that the results of the agricultural crisis were as bad as could possibly be expected.

"We recommend the purchase of all of these tax exempt bonds. We regard them as particularly attractive from the standpoint of yield and also feel that the 4% to 4 $\frac{1}{4}$ % bonds may be counted upon to show much better than average appreciation if the advance in the general bond market, which we have been counting upon, develops."

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Capital · 20 million dollars

I discovered that a large number of these bonds must be tendered to the trustee on April 1, or the necessary amount drawn by lot at 105. I waited until March 30 and then called the treasurer of the company, offering him bonds at the callable price. He called me in an hour and said he would take a part of them. This showed he needed bonds badly. I said, all or none. After a few moments of skirmishing, he agreed to take them provided delivery would be made at the office of the trustee before 3 o'clock the next day. Within two weeks odd bonds were selling at 101.

WHENEVER an issue is offered which you know you should buy, do not let it pass for lack of funds. If

you are not in position to increase the investment account, buy some of the bonds and then go over your list to determine what you should sell, and do not always look for something you can sell at a profit. Exchanges, if properly handled, are very advantageous and it should always be your aim to strengthen the list whenever you make a trade. Every list has some issues which should be worked out, either because they are undesirable holdings or do not fit into the program. It is this type which should be traded, and not the best of the list merely because it can be sold at a profit. Profits are very nice, but they are the fourth consideration in any account. Do not be one of the many who disregard the first fundamentals of an investment: safety and market-

ability, in order to show a profit or greater yield. A good question to ask yourself, when considering an exchange is: "Am I getting as good as I am giving up?" If you are satisfied on that point, then figure out where you will gain. Will it be greater degree of safety, marketability, income, callable feature or maturity? Check these points over, and if you are not gaining one of them without sacrifice, don't make the exchange. I venture to say, and I base it on observations of exchanges I have known, and judging from exchanges suggested to me by enterprising salesmen, that at least 75% are made entirely for the other fellow's benefit. You must realize that every exchange suggested to you, if it is made, will be profitable to the other fellow. It should also be advantageous to you.

Some very successful bond salesmen who have the confidence of certain bank officers are constantly watching market changes so that they can trade out bonds which have had a slight advance, and substitute a new issue. One case of this comes to mind. A banker in a small town had never kept his account very active. Early in 1926 a salesman persuaded him to do some trading. The market was advancing and during the next two years he bought about four hundred bonds, while his list never exceeded three hundred thousand. Each trade he made cost him a certain degree of quality, because he wanted to keep the rate up to his 1925 return. In February, 1928, the bank examiners came to his bank and found an assortment of real estate issues, medium grade foreign and slow industrials, a number of which could not be readily appraised. During the period of active trading the undivided profits account grew rapidly, but to follow the bank examiner's recommendations it was necessary for him to take substantial losses, which wiped out his entire profits and even resulted in charges against surplus. He was so anxious to report profitable sales to his board that he utterly disregarded the first rule of trading, which can be put into four words, "Trade like tor like."

THERE is another point which many bankers overlook. Idle funds earn nothing but the rate allowed by correspondent banks, yet there are bankers all over the country who do not bend every effort to make each dollar work full time. You must pay interest on deposits from the time you receive them and it is essential that you make that money pay for its keep. How many of you have kept

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 individuals, institutions and thousands of banks the country over.

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CAPITAL, SURPLUS AND UNDIVIDED PROFITS
OVER \$80,000,000

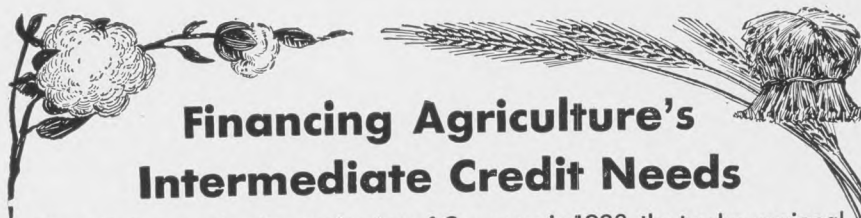
surplus money and not taken the trouble to find a suitable investment for it? You should do the same as your correspondent bank. Get busy and buy something that will pay you better than the rate allowed on balance; don't wait until a salesman comes along to sell you something. If you do, it is an even bet that you will buy a new issue which will not be ready for delivery for two or three weeks and what is the result? You pay accrued interest at the coupon rate, suppose it is 5%, until the bonds are ready for delivery, which we will say is twenty days, while you are receiving only 3% on balance. The difference between the 5% you pay and the 3% you receive on a \$10,000 transaction would be equal to the interest on over \$1,100 for sixty days at 6%. Suppose you sold those ten bonds at the same price at the end of one month, how much interest would you have earned? A little more than 4% on a 5% bond. The answer is: when you have funds, invest them.

Permit me to mention another point: the callable feature. In times of high rates and low bond prices, callable and non-callable bonds will sell on pretty much the same basis, and when they do, but the non-callable even at a slightly lower basis if necessary. Let me give you an illustration of this. In March, 1929, a banker asked me which issue to buy, Southern Railway 6s or Northern Pacific 6s. They were selling within a half point of each other, between 110 and 111. I told him to buy the Southern Railway 6s, as they were non-callable, while the Northern Pacific 6s were callable in 1936 at 110. He did, and early in December, needing holiday cash, sold them at 119; the Northern Pacific 6s were 112 at that time. Buying the non-callable bond gave him nearly 13% on his investment, against a possible 7% on the callable bond.

Tax-free income is another point which every buyer should keep in mind. A majority of members of the Federal Reserve system carry a certain amount of U. S. Governments and those who do not, should. The non-members also carry a certain amount of Municipal bonds for reserve purposes. All of these are tax exempt. State banks and trust companies can increase their tax exempt income by a judicious selection of high grade preferred and guaranteed stocks. In today's market you can buy *United Gas Improvement 5% Preferred*, *Duquesne Light 5% Preferred*, and *Consolidated Gas of New York 5% Preferred* to yield about 4.90%, *U. S. Steel 7% Preferred* and *International Harvester 7% Pre-*

ferred about 4.80%, *Atchison Preferred* and *Union Pacific Preferred* about 4.70%. I would be glad to have someone show me bonds giving these returns, which offer better investment value, yet the income from these stocks is exempt from the 11% Federal tax. They are all legal for life insurance companies in New York, which assures a very ready market,

and many of them are non-cancellable. Now suppose you have a net income from operations of \$50,000. If none of it is tax exempt you pay 11% or \$5,500, in Federal taxes, leaving \$44,500 for your stockholders. Yet if you arranged your program so that you had a tax-exempt income equal to your net earnings, your stockholders would have the full \$50,000. If



Financing Agriculture's Intermediate Credit Needs

Since their organization under Act of Congress in 1923, the twelve regional **Federal Intermediate Credit Banks**

have loaned over

\$500,000,000 to cooperative marketing associations

and

\$480,000,000 to discounting institutions

the money being used for agricultural purposes.

Make Two Types of Loan

The 12 banks have loaned to 92 farmers' cooperative marketing associations with more than a million members upon warehouse receipts, representing about a score of staple agricultural commodities. The largest loans have been upon cotton, wheat, wool, tobacco and canned fruits and vegetables. Practically all warehouses are state or federally licensed and the law permits loans not exceeding 75% of the current market value of the products.

Nearly 700 financial institutions have availed themselves through discounts of this medium of credit for agricultural purposes.

FEDERAL INTERMEDIATE CREDIT BANKS

Springfield, Mass.	Baltimore, Md.	Columbia, S. C.
New Orleans, La.	Louisville, Ky.	St. Louis, Mo.
St. Paul, Minn.	Omaha, Nebr.	Wichita, Kan.
Houston, Tex.	Berkeley, Cal.	Spokane, Wash.



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INVESTMENT BONDS
BANKERS BUILDING
CHICAGO, ILLINOIS

We have hundreds of Buy and Sell Orders for Listed and Unlisted Bonds.

We maintain the largest Trading Department on Unlisted First Mortgage Real Estate Bonds in the Middlewest.

(SEND FOR OUR LIST OF CURRENT OFFERINGS OF DISCOUNT BONDS)

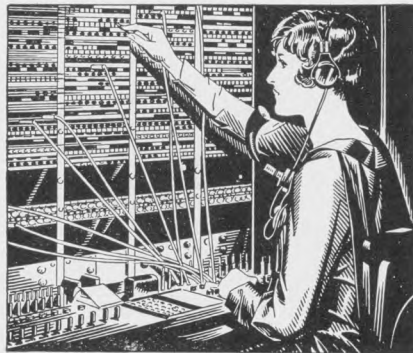
you look over your lists I am sure you can find a place for stocks of this type.

A GOOD selection of convertible or other special privilege bonds is very desirable, and if wisely chosen, will prove profitable. Bonds of this type should only be bought on an investment basis. By that I mean, sound from the standpoint of security and where the possibilities of profit warrant taking a slightly lower return than may be had from issues of equal grade without special features. There are three things to consider when purchasing bonds of this type: first and always, security; second, return; and finally, the possibilities of profit. Last

year there were three very choice issues offered to stockholders, *American Telephone and Telegraph Convertible 4½s*, *Atchison, Topeka and Santa Fe Convertible 4½s* and *Southern Pacific 4½s* with warrants. From a security standpoint there was very little choice, the coupon rate was the same, but the special privilege varied. The *American Telephone 4½s* may be converted into 10 shares of stock on payment of \$80 per share, and for that reason have point for point with the stock, the *Atchison 4½s* into 6 shares of Common Stock, therefore not fluctuating so widely. The *Southern Pacific 4½s* have a warrant to purchase 3 shares of stock at a rather fancy price. The first two issues

proved very profitable to early buyers, while the last broke five points when the syndicate closed. It is necessary to keep all three features in mind.

Bond buying is like buying merchandise. There are good buyers and poor buyers. In the bond field there are three types: some who will buy only the very highest grade and accept the correspondingly low return—this is fine for the depositors, but not so good for the stockholders; others who buy nothing yielding less than 6%,—this is not so good for either depositors or stockholders and has been the cause of a great deal of trouble to the banking department. Of the two, the former is much to be preferred. The third is the one who strives for a fair average return, and this can only be accomplished by adhering to a definite program and buying bonds.



65,000,000 sales a day

TELEPHONE income is based primarily on sales of small units of service—each one made to order—and 65,000,000 orders are handled a day.

These sales are going on continuously, so that the plant is never idle.

In the aggregate, net earnings of the Bell System, made up of little increments, amount to more than four times interest charges. Telephone revenues grow as the use of the telephone grows.

One reason for increased

use of the telephone is that the Bell System has consistently applied large sums to broadening the service. During the next five years more than \$2,000,000,000 will be devoted to construction and improvements, anticipating and encouraging still greater use.

In the Bell System far-sighted management goes shoulder-to-shoulder with conservative financial policy.

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

BELL TELEPHONE SECURITIES CO. Inc.

195 Broadway, New York City



LAST MINUTE NEWS

(Continued from Page 3)

ment and Sale." Mr. Claassen is well qualified to write on this subject and the book is a very readable contribution on a very timely topic.

LAURENCE WILLIAMS, cashier of the Prosser State Bank at Prosser, Nebraska, spent a most enjoyable two-weeks vacation in the mountains around Denver and Colorado Springs.

C. A. HALL, cashier of the Wilsonville State Bank, Wilsonville, Nebraska, took his family to Boulder, Colorado, early in August for a vacation trip. He has confessed that he walked up Flag Staff Mountain and that it was some pull. Charles is Scotch in blood lines and since there is an admirable highway up Flag Staff, it is believed that his ancestral instincts convinced him that the wear and tear on shoe leather represented a smaller financial investment than gas for his car.

Out of Sight

A certain New York restaurant man may be given credit for a rather novel window display. This man didn't have much money for advertising, so he bought the biggest fish bowl he could get hold of, filled it with water, and put it in the window with this sign:

"Filled with invisible goldfish from Argentine."

It took 17 policemen to handle the crowd.—*Portland Adv. Spotlight.*

INSURANCE

Its Application to the Banking Fraternity

Henry Scarborough Jr.
EDITOR

More About Losses

IT IS quite difficult for a banker to ascertain solely from his own experience the insurable risks through which he is most likely to sustain a loss.

The information upon which statistics might be based is widely scattered and, due to the reluctance of many banks to disclose their losses, it is impossible to obtain exact figures based upon the loss experience of banks in the United States. The following remarks are based upon the experience of a number of banks which represent as nearly as possible a cross-section of the banking establishments throughout the United States, and whose loss records have been studied.

The experience of these banks shows that of every hundred losses 76% were occasioned through payment over the counter or through the clearing house of forged checks. Embezzlements represent 8% of the number of losses. Holdups represent 2%, and the remaining 14% represents losses or misplacement of currency, checks, documents, and securities while on the premises of the banks or while in transit in the hands of bank messengers. Embezzlements usually represent substantial losses and the size of the loss sustained is usually in direct proportion to the amount of confidence and authority reposed in the defaulter by his superiors.

The defaulter, at first, almost invariably conceals his wrongdoing by charging inactive accounts, and there is, of course, greater risk of a shortage existing in savings accounts than in checking accounts for the reason that monthly statements of accounts are not usually rendered to depositors in the savings department. The largest losses are usually sustained by operations in the Collateral Loan Departments for the reason that such departments may hold hundreds of thousands of dollars worth of securities which may not be called for by the pledgers for periods of many months. It is very seldom that a bank employe steals money where the im-

mediate discovery of his thefts is certain.

MANY losses through embezzlement are not discovered by banks during the periodical audits of the bank's books and records. This is not surprising because a defaulter conceals this wrongdoing with the periodical audit in mind.

In a recent case a bank teller was able to conceal his thefts over a long period of time by reason of the fact that he knew exactly when the records in his department would be audited. On the day that his accounts were to be audited, he would re-credit depositors' accounts with the amounts he had fraudulently charged against them, and he would place among the deposits received on that day one or more checks equal in amount to his defalcations, drawn upon an account maintained by an accomplice in an out-of-town bank.

The auditors always found his books and records to be in order as the only evidence of his wrongdoing was concealed in the loss of out-of-town items in the process of collection. As soon as the auditors had finished examining his accounts, the teller would steal and forward to his accomplice sufficient cash to deposit with the out-of-town bank for the payment of the checks used to cover up his thefts, and the loss was only discovered when the officials of the out-of-town bank became suspicious of the number of checks that were met by cash deposits on the day the checks were presented for payment by the clearing house.

It is safe to say that surprise constitutes a great deal of the value of an audit as far as checking up on the honesty of employes is concerned. If any of the employes of a bank are given wide latitude and authority in their department, and their records and transactions are not carefully scrutinized by auditors, it is possible for heavy losses to be sustained over a long period of time without discovery. The decline in stock values in

October and November last uncovered large number of losses in collateral loan departments.

IN ONE CASE, a loan clerk who had authority to place orders for the purchase or sale of securities with brokers opened a fictitious loan account on the books of the loan department and transferred to this account securities deposited with the bank by its customers as collateral to loans so that at all times the fictitious account appeared to be amply secured. The clerk then made loans to himself through the fictitious account and proceeded to speculate in stock. When a general decline in the value of stocks set in, and the bank requested additional securities of several of its customers, the loss was discovered.

It is apparent that an audit of a bank is not complete until some disinterested and experienced auditor has subjected the accounts of every officer and employe to the closest scrutiny, taking nothing for granted and realizing that those persons who enjoy the greatest confidence and exercise the most authority are in a position to subject the bank to the largest losses.

Loss prevention is the answer on the part of the banks if they contemplate ever receiving lower premium rates in the insurance protection that the banks must have. Of course, losses through dishonesty and embezzlements will always be sustained by banks and it is practically impossible to guard against isolated thefts. It is possible, however, to prevent repeated thefts by the employe if careful and thorough audits are made, and the element of surprise is made a part of each audit.

Burglary rate, robbery rates and now fidelity bond rates have all been increased within the last 60 days. It is predicted by your Insurance Editor that Bankers Blanket Bond rates will next be increased. If you are interested in rates being reduced, then let's get together and reduce losses. "Eternal vigilance is the price of safety."

QUESTIONS AND ANSWERS

— Wall St., New York, N. Y.
July 7th, 1930

Mr. Henry Scarborough, Jr.,
175 W. Jackson Blvd.,
Chicago, Illinois
Dear Scarborough:

I have for acknowledgment your letter of June 20th, 1930, for which please accept my thanks, and have particularly noted the following question with respect to the coverage of American Bankers' Blanket Bond, Form No. 2, in the case mentioned in your letter:

"A situation was recently called to our attention upon which I un-

derstand that some of the American companies have denied any responsibility under the American Bankers Blanket Bond, Form No. 2, with misplacement rider. The situation is this: An employe of an investment company who had authority to place orders with various broker members of the New York Exchange placed orders to sell several thousand shares of stock. He did not have orders from the bank's customers but was merely placing this order for his own account, figuring on selling it and covering on a declining market and taking the profit for himself. Instead, the market went up, and when the in-

vestment company became aware of the situation, they had to step in and buy the stock to cover and suffered a loss of several thousand dollars. In my opinion, this is just a plain case of using the investment company's funds for his own account, and I do not believe that the bonding company would have a leg to stand on if it was taken into court. Some of the eastern brokers or banks have probably had the same situation and I would appreciate it if you would give me your opinion on this transaction; also whether or not Lloyds have paid any losses on similar situations and under what form of bond the losses were paid."

The provisions of the Form No. 2 Bond are, in effect, as follows:

"The Insurance Company agrees to indemnify the assured against the direct loss of any money or securities, or both, through any dishonest act wherever committed of any of the employes, whether acting alone or in collusion with others."

The other provisions of the bond do not affect the coverage, and the coverage, if any, must be obtained under Section 1 and Section 1-A.

The wording of this bond is not too clear, but it is clearly the intention of the Insurance Company to limit the coverage to the loss of money or securities. When such a limitation is included in a bond, the bond does not cover losses sustained by the assured with respect to the acts of its dishonest employees. To recover under the bond, there must be a dishonest act and the loss of money or securities.

In the case quoted in your letter, it seems that the claim of the assured is for a "trading loss." The employe has dishonestly bound the employer to a contract which resulted in loss to the employer. The employe has not stolen the money or securities of the assured. He has entered into a disadvantageous contract for the assured dishonestly.

To carry the thought out in detail, we will assume that on January 2, 1930, the dishonest employe purchased 100 shares of United States Steel with the assured's money at \$100 per share, the current market price. This does not represent a loss to the assured for the reason that, while the assured's money has been paid out, the assured has obtained title to a security of equal value. The security, in the usual course of business, is delivered to the assured and is placed in the assured's vault for safekeeping. The next day the stock falls 10 points. However, the assured has not sustained any loss of money or se-



Casualty Insurance?

Yes!

Surety Bonds?

Certainly!

Service?

Absolutely!

WRITE TO

Federal Surety Company

W. L. TAYLOR

President

Home Office

Davenport, Iowa

curities because it still holds the certificate of stock. Assume that the next day, with the market off 10 points, the dishonest employe sells the certificate. At the time the certificate is sold at 90 points, there is no loss sustained by the assured as that is the market value of the certificate at that time. There is no doubt that the assured has sustained a loss of \$1000 for it purchased the certificate for \$10,000 and some days later sold the certificate for \$9,000.

The loss is there but it is not a loss of money or securities. It is a loss occasioned by the depreciation in value of securities held by the assured. It is not covered by the Form No. 2 policy because the policy only covers the assured against direct loss of money or securities.

Personally, the form of this policy is quite misleading because the bold type of Sections "A," "B" and "D" does not mention the important limitation and, if you will turn to Sub-Section "F"—

"Any loss resulting from authorized or unauthorized transactions in Foreign Exchange arising out of fluctuations in such Exchange."

It would satisfy almost any layman that the policy would cover authorized or unauthorized transactions on the Stock Exchange. In short, the American Bankers' Blanket Bond, Form No. 2, does not cover the loss mentioned in your letter. It apparently was never intended to cover such a loss.

I do not say, however, that there would not be a good chance of recovering in the event of suit because the misleading elements in the policy might lead a court astray and, of course, in case of any ambiguity in a policy of insurance, the policy must be construed in favor of the assured.

Underwriters have paid numerous trading losses under the Lloyd's H.A. N. "C" (Amended 1927) Form Policy.

Sincerely yours,
"A PROMINENT ATTORNEY"

Stranger: I hear that this is a great section for fox-hunting.

Oak Tree Inn Host: Yes, siree; parties come down from the city every fall; come in grand style, too; been coming for years.

"Isn't there danger that you will run out of foxes?"

"Not a bit. We are still using the fox we began with."—*Phoenix Mutual Field.*

And How!

"My friend died of lead poisoning."
"Where'd he get it?"
"Chicago!"

Takes Brotherhood Bank

The Central Trust Company of Cincinnati, which recently took over the Brotherhood of Railway Clerks National Bank of the same city, after it closed, following a heavy run, will operate the bank as a branch of its own institution. It is stated that former de-

positors of the bank will be fully protected and their accounts will have the same status as before the bank closed.

Someone says it is a sure sign of spring when a Scotchman throws away his Christmas tree.

OMAHA LIFE INSURANCE COMPANY

Has an exceptionally good opening for an aggressive man in Des Moines.

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.

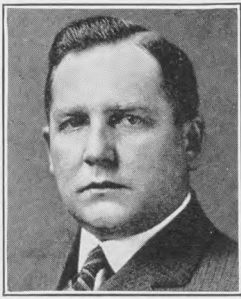
15th ANNUAL CONVENTION
FINANCIAL ADVERTISERS ASSOCIATION
SEPTEMBER 17-20
LOUISVILLE, KENTUCKY

- ☞ The 15th Annual Convention of the Financial Advertisers Association will be held this year at Louisville, Kentucky, September 17 to 20, at the Brown Hotel Leaders in bank, trust, and investment advertising and selling will foregather to discuss the most resultful ways to meet the challenge of the next decade.
- ☞ The problems of the metropolitan institution, those located in medium size centers and small cities, will be studied. The elemental problems as well as the latest developments will find expression Three days of intensive study.
- ☞ A balanced, forward program.
- ☞ A demonstration of how financial houses are meeting their fast-moving, daily changing advertising and selling problems.
- ☞ And further, an opportunity to analyze your advertising against that exhibited by hundreds of financial houses An opportunity to check your work against others.

YOU ARE INVITED TO ATTEND

A BUSINESS CONFERENCE
THREE DAYS -- RESULTFUL

For further information address Preston E. Reed, Executive Secretary, 231 S. La Salle St., Chicago



A. N. MATHERS,
President, Nebraska Bankers Association

Nebraska News



WM. B. HUGHES, Secretary,
Nebraska Bankers Association

Depositors' Claims Reduced 9 Millions

A FINAL report dealing with his audit of the Nebraska state bank administration, including the guaranty fund, the guaranty fund commission and the state banking department, was made in mid-August by former Governor A. C. Shallenberger, in a report to Governor Weaver.

The audit, for which the legislature appropriated \$150,000 cost Nebraska \$99,027.82. This expense was segregated by Mr. Shallenberger as follows: Salaries of auditing department, \$64,080.81; legal expenditures under direction of the attorney general, \$17,232.05; chief examiner's office, salaries, \$15,395.34 expenses, \$2,319.62.

Allowed claims of depositors in failed state banks, claims which are still unpaid, total \$29,206.21, according to the report. This total is given as of June 30. Cash on hand at that time amount to \$1,644,146.79. Mr. Shallenberger estimated 7 million dollars would be realized from remaining assets, to reduce the claim to \$20,561,681.82.

Finding much in favor of the new state bank administration under the direction of the department of trade and commerce, with Bank Commissioner George W. Woods in charge, Mr. Shallenberger said:

"Past abuses are no longer permitted. As a consequence failures are few and should be a thing of the past. Restoration of sound banking is rapidly building the foundation of public confidence and credit which is essential to public prosperity.

"The banking commissioner is appointed for six years and can only be removed for cause, thereby taking the supervision of banks out of politics. With banks and bank credits on a sound basis, further expenditure of

public money for investigation of past failures where possibilities of prosecution or recoveries are outlawed, is unwarranted."

Mr. Shallenberger, in his report, discussed the cause of failures as being both due to economic causes and to violation of the banking laws. Deflation after the war, he pointed out, "swept business men, farmers and bankers from a maelstrom of speculation to disaster." He mentioned the fall in values of farm property as doing away with supposed securities and causing serious destruction of credit. He added that "Only the strong, careful and experienced banker could weather this storm."

The chief examiner found that Nebraska was "overbanked," with the state department of trade and commerce utterly without remedy to halt the granting of charters, which resulted in dangerous increases in loans and credits.

Mr. Shallenberger, as governor in 1908, had signed the bank guaranty law. He commented upon it, as follows:

"Banking laws, no matter how sound and how carefully drawn, will not be effective in protecting the interests of depositors and the public if bankers are permitted to continually violate their most important provisions. The guaranty portion of the Nebraska law established an insurance policy for the protection of depositors.

"The greatest blot on our state government is failure to enforce the laws enacted for the protection of property and the punishment of crime.

"Permitting broken banks to run only delayed the deluge. Lax law enforcement did not save the banks, it did cost depositors large losses and piled up a mountain of bank failures

when conditions could no longer be concealed."

One of Mr. Shallenberger's recommendations was that bank examiners be given authority to obtain absolute verification of the validity of notes and bills receivable in banks they audit. He also urged that the double-liability law should be made effective immediately upon the closing of an institution.

Joins Bancorporation

The State Bank of Hastings, Nebraska, has become a member of the Northwest Bancorporation group. This increases the number of group member banks in Nebraska to six and the total number of financial institutions in Nebraska that are in the group to nine. Other Northwest Bancorporation affiliates in the state are the First National Bank, Fairbury, Continental National Bank, Lincoln; United States National Bank, Omaha; Stock Yards National Bank, South Omaha, and the South Omaha Savings Bank. Three finance or securities companies, the Continental Company of Lincoln, United States National Company, Omaha, and the Cattle Feeders Loan Company, Omaha, also are in the group.

The State Bank of Hastings was organized in 1919 and is capitalized at \$100,000 with surplus of \$28,500. Deposits at last report were \$1,000,000 and resources \$1,921,883.

H. G. Pratt is President of the State Bank of Hastings, O. A. Riley and R. R. Vance, Vice President, Ivan C. Riley, Cashier, and Chas. E. Deets and H. E. Nelson, Assistant Cashiers.

Directors are H. G. Pratt, O. A. Riley, Stephen Swingle, C. E. Byers, Bert Mott, and R. R. Vance.

Affiliation of the Hastings bank brings the total number of banks and trust companies in Northwest Bancorporation group to 113 and the total number of affiliates including finance companies to 125. Combined resources of Northwest Bancorporation group members exceed \$483,000,000.

AT THE REQUEST of Omaha bankers, it is probable that the fall convention of the Nebraska Bankers association will be held in Omaha, Thursday and Friday, November 6 and 7. For the convention four speakers have already been obtained:

Walter W. Head, president of the Foreman State National bank of Chicago and chairman of the board of the Omaha National bank.

M. A. Kendall, vice president of the Farmers Deposit National bank of Pittsburgh, Penn.

J. V. Webster, cashier, the First National bank of Chadron, Neb.

Oliver P. Cordill, assistant cashier of the Federal Reserve bank of Omaha.

Assisting Alvin E. Johnson, vice president of the Live Stock National bank of Omaha, who is chairman, are A. L. Schantz, president of the State bank of Omaha, Chairman of the reception committee; and Victor B. Caldwell, assisting cashier of the United States National bank, chairman of the entertainment committee; and Mrs. John S. McGurk, wife of the president of the South Omaha State bank, head of the ladies' committee.

The later dates suggested will give the bankers an opportunity to visit the annual fall Ak-Sar-Ben livestock show and horse show.

AFFILIATION of the State Bank

of Hastings, Nebr., with the Northwest Bancorporation was announced August 18th by officials of the Bancorporation. The Hastings institution has deposits of \$1,800,000 and resources of \$1,921,883.

OMAHA BANKERS are preparing for the meeting of the Nebraska Bankers association, October 22 and 23, under the general chairmanship of Alvin Johnson. Secretary Hughes of the state association is planning for speakers of more than state reputation, who will discuss vital features of banking practice. The usual hospitable entertainment program will be carried out.

FORD HOVEY, president of the Stock Yards National bank of Omaha, has accepted the chairmanship of the annual Omaha Community Chest campaign for funds. He will be assisted by Victor B. Smith, vice president of the Omaha National bank, as chairman of the publicity committee.

C. T. KOUNTZE, vice president and chairman of the board of the First National bank of Omaha, has returned from his annual trip to Europe.

Adopts Service Charge

The First National bank of Bayard, Nebraska, has adopted a fifty cent service charge for depositors whose banking account does not equal fifty dollars per month. There is naturally a number of things connected with a bank which the public takes as a matter of course, which to the institution itself, greatly increases the labors of it along with considerable expense. A person who may deposit twenty or thirty dollars a month in a bank, may write twenty or thirty checks against it. This account will perhaps involve more work to keep track of, than an account representing five or ten times more money. It is due to this, that has caused most banks to adopt a service charge which should be worth the small charge of 50 cents per month to have it looked after. In the majority of cases at least, a check serves as a receipt and to have such a record for money expended should certainly be worth something. This service charge will put a stop to the issuing of "no fund" checks, on which there is also a 25 cent charge and should also be one of the very effective ways of making a few people stop issuing worthless checks. There are about 1200 accounts in the First National and of this number, there is twice as much work involved in the care of half of them than there is in all the rest of them.

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*Complete Commercial, Savings, Investment
Banking and Trust Services*



The First National Bank

AND

The First Trust Company

of

LINCOLN, NEBRASKA

Hold Meeting

The regular meeting of the stockholders of the First National bank of Auburn, Nebraska, was held recently, at which time the following officers were elected: A. L. Allen, vice-president; H. C. Kleckner, vice-president; William H. Bousfield, cashier; B. C. Howe, assistant cashier; E. T. Avey, John S. Howe and Wilber Maclay, tellers and E. Phippeny, caretaker.

The bank is in the best possible condition and there is a steady growth in the volume of business which is very gratifying to stockholders and all others interested.

To Reorganize

Reorganization and opening of the Norfolk, Nebraska, state bank, which was closed recently with deposits totalling more than one million dollars was brought nearer as waivers were signed by more than half of the depositors cutting 20 per cent from their deposits.

The reopening is predicted within two weeks, local banking authorities say.

A committee of nearly 100 persons are working to secure waivers from the other depositors involved in the bank's collapse, and as soon as this is done, the doors will be opened once more. The outlook is bright, officials report.

Busy Opening Day

In the first two hours after the reorganized Oak Creek Valley bank opened in Valparaiso, Nebraska, for business, more than \$10,000 in deposits were received. The bank was closed early in April when it collapsed with other members of the Kirchman banking chain in Saunders county. The new officers are J. W. Pokorny, president; R. E. Novak, cashier; W. J. Johnson and E. E. Placek, directors.

**WHEN FREE STORAGE
MEANT NO LIABILITY**

(Continued from Page 6)

making any charge," the cashier explained.

"And you kept them in the bank vault with the rest of the bank papers?"

"Certainly."

"And the vault was reasonably safe, I presume?"

"It was manufactured by the best company in the country and installed by an expert workman," replied the cashier.

"And I suppose you took reasonable care that everything was locked

up last night?" queried Montgomery.

"Certainly, I was the last one to leave the bank, any everything was in proper order and locked up tighter than a drum."

"Well, it's too bad for Hunt, but he certainly has no claim on the bank," was Montgomery's dictum.

"But, what'll we say when he demands his bonds?"

"Say we took reasonable care of 'em, but the burglars were too sharp for us."

"And that lets us out?" the president fairly shouted.

"Beyond a doubt," Montgomery explained. "The law is that if one party deposits property with another for safe keeping and does not pay the receiving party for doing so, the party receiving the property is not liable for its loss not due to his own fault or neglect. In this case there is no question of the bank being at fault, for we can prove that you used every reasonable precaution to protect the loss of the bonds."

"We certainly did," declared the cashier. "The last time the inspector

was here he said our bank was nearer burglar proof than any other bank of its size in the State."

The president threw himself back in his chair with a sigh of weary relief.

"Of course, it's too bad for our customer," he said regretfully.

"He took the same chances he would have taken if he'd left the bonds with any other bank in the country under the same conditions," Montgomery explained.

A HEAVY STEP sounded in the hall, and Hanson burst into room. He wore a typical western sombrero, a pair of murderous looking "guns," and an air of belligerent triumph.

"Check that stuff over," he boomed, throwing a heavy parcel on the table.

The cashier fell upon the heavy wrappings with trembling fingers.

"The whole swag"—in an awed whisper.

"How did you land 'em?" demanded the president.

"Oh, it was as easy as tracking a horse thief after a rain, and I round-

United States National Bank

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is a Guarantee of Safe and
Satisfactory Service"*

OFFICERS:

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ROBERT P. MORSMAN, <i>President</i>	
GWYER H. YATES, <i>Vice-President</i>	PERRY B. HENDRICKS, <i>Ass't. V.-Pres.</i>
H. M. BUSHNELL, <i>Vice-President and Trust Officer</i>	RALPH R. RAINEY, <i>Cashier</i>
JOSEPH C. McCLURE, <i>Vice-President</i>	HARRY E. ROGERS, <i>Assistant Cashier</i>
THOMAS F. MURPHY, <i>Vice-President</i>	ERNEST E. LANDSTROM, <i>Ass't. Cashier</i>
CHARLES F. BRINKMAN, <i>Ass't. V.-Pres.</i>	AUSTIN L. VICKERY, <i>Assistant Cashier</i>
	VICTOR B. CALDWELL, <i>Assistant Cashier</i>
	H. W. YATES, <i>Assistant Trust Officer</i>

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(EST. 1903)

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OUR BANKING ROOM
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 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

Let Us Have Faith in the Future

Nebraska Conditions are Good

Nebraska's wheat harvest is, figuratively speaking, in the bin. The yield is greatly in excess of last year's crop and while the price is less per bushel it will be made up by the difference in quality and yield.

Live Stock Commission Men and Dealers at the Omaha market are the equal of any. The steady growth of the market indicates its favor with producers.

Omaha's business houses are prosperous and we have less unemployment than any other section of the country.

Omaha and Nebraska have every reason to face the future with optimism and courage.

Stock Yards National Bank of South Omaha



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The Only Bank in the Union Stock Yards

ed up the whole bunch down in by Allegosh siding," was the reply. "They were plannin' on jumpin' a freight there but we interrupted their little game mighty sudden," tapping the weapons at his side with a significant gesture.

"Where are they now?"

"Down at the police station," was the disgusted reply. "In the good old days we'd'a disposed of 'em right then and there but I thought it best to give the judges and lawyers a chance at 'em."

To Have Interesting Exhibit

One of the features of the coming convention of the American Bankers Association at Cleveland, September 29 to October 3, will be a carefully selected exhibit of financial books, periodicals and services, of practical use to bankers in the various phases of bank work. Models of different types of information files, consisting of pamphlets, circulars, statistical releases, clippings, etc., will also be shown, as well as other examples of the many services which an up-to-date and efficient bank library will perform.

A booklet containing a list of the best books and periodicals recommended for such a library is being prepared for distribution in connection with this exhibit.

This exhibit will be prepared by the Financial Group of the Special Libraries Association. The members of the committee in charge are:

Emma M. Boyer, Librarian, Union Trust Company, Cleveland

Alta B. Claflin, Librarian, Federal Reserve Bank, Cleveland

Edna I. Casterline, Librarian, Mellon National Bank, Pittsburgh, Penna.

Ethel L. Baxter, Librarian, American Bankers Association, New York, N. Y.

Helen G. Prouty, Librarian, Commonwealth Securities, Inc., Cleveland, Ohio.

Record for Chicago Exchange

The transactions of the Chicago Stock Exchange for the first half of 1930 were larger in volume than any other first half year in its history. Shares of stock handled amounted to 45,276,800, against 29,086,000 the first six months last year. Bonds last year were \$3,118,000 and this year \$21,280,000.

She: I hear the Scotchmen are trying to put an end to all the jokes about them.

He: And why?

She: Everyone of them is at a Scotchman's expense.

News of the Omaha Stock Yards



Nebraska Dairying Decreases

A decrease of over 10 per cent in the dairy business is shown by records of production of dairy products for the first half of the year, says A. E. Anderson, agricultural statistician. There is a small decrease for the country as a whole.

The production of creamery butter for the first quarter of the year was 13 per cent below the same period of the previous year. For the second quarter it was 10.4 per cent lower. Production of ice cream was 9.3 per cent greater for the second quarter of the year, while production of American cheese was 3.4 per cent lower.

The report for the United States indicates a reduction of 2.18 per cent in the production of creamery butter for the first half of the year. June showed a decrease of 5.35 per cent. All other months showed a decrease except May when the production was 2.04 per cent higher than the corresponding month a year ago.

Due to the extremely poor condition of pastures in July, that month is likely to show a rather sharp reduction, and the same is expected for August. Pastures were quite favorable during July and August a year ago. A rather marked decrease may be expected during the third quarter of the year. The decrease in the dairy industry in Nebraska has been much greater than for the country as a whole. If the reduction has been due to the elimination of the poorer cows the reduction of 10 to 13 per cent in butterfat would indicate a larger reduction in number of cows than 10 to 13 per cent because the higher producing cows would be retained.

Federal Aid Not Needed

County agents of Douglas and Sarpy counties in answering questionnaires on the drouth sent out by Secretary of Agriculture Hyde replied there was little damage done in east-

ern Nebraska. There is plenty of feed for live stock, they said.

From present indications, there will be no need for federal aid for stock feeders and farmers in Lancaster county, Nebraska, County Agent Purbaugh said today upon receipt of a telegram from Secretary Arthur Hyde of the United States Department of Agriculture inquiring as to conditions in the country.

County Agent Purbaugh said he would not answer the telegram until he had made a complete survey of the county but that he believed that all the help the farmer in this section will need can be furnished locally.

He has heard of no distressing situations in the county. He was of the opinion that farmers will have enough feed. Farmers in Lancaster county have had two good crops of alfalfa and had some hay left over this spring. They also had fairly good crops of wheat and barley and a good crop of oats. Pastures are all dried up in the county and farmers are now using winter feed.

No Decrease in Feeders

The number of cattle on feed for market in the 11 corn belt states August 1 this year was about 1 per cent smaller than at the same date in 1929, according to the estimates of the Department of Agriculture.

The states east of the Mississippi river as a whole had about 8 per cent less cattle on feed this year than last, while the states west of the river had 2 per cent more.

Substantial increases in the number on feed are shown for Iowa and Nebraska, while all of the other states had decreases or no change from last year.

Reports of feeders as to the weights of cattle on feed show a rather marked decrease from last year in prospective market supply of cattle weighing over 1,000 pounds with a

corresponding increase in cattle weighing from 900 pounds to 1,100 pounds and little change in cattle under 900 pounds.

Reports of feeders as to the probable number of feeding cattle to be bought by them during the last five months of this year indicate a sharp decrease in the movement of stocker and feeder cattle into the corn belt states during the last half of 1930 compared to the same period in 1929 and 1928.

These reports reflected the poor pastures and unfavorable prospects for corn production early in August as well as the unfavorable returns from fed cattle marketed in recent months.

Improvement in any of these conditions would undoubtedly tend to strengthen the demand for feeder cattle. According to the reports of feeders demand will be centered this year even more than last year on calves and yearlings and a much larger proportion of purchase will be at stock yards markets with a corresponding decrease in direct purchases.

The estimated number of cattle on feed August 1 this year as a percentage of the number August 1, 1929, is as follows: Ohio, 100; Indiana, 90; Illinois, 90; Michigan, 85; Wisconsin, 100; Minnesota, 100; Iowa, 108; Missouri, 85; South Dakota, 100; Nebraska, 108; Kansas, 95; 11 states weighted 99.3.

Studies in Securities

The 1930 issue of Studies in Securities has just been published by Jas. H. Oliphant & Company, 61 Broadway, New York. This book comprises studies of over a hundred different companies selected as outstanding examples of varied enterprises. Copies may be had free of charge on application to this company by mentioning that the writer saw this notice in the CENTRAL WESTERN BANKER.

Announce List of Nominations

TWENTY-TWO nominations for offices in the Investment Bankers Association of America, selected as the regular ticket for submission to its annual convention in New Orleans, October 12 to 15, have been announced by the association's board of governors.

The list is headed by Henry T. Ferriss, executive vice president of the First National Company, St. Louis, nominee for president. Since nomination by the association's board of governors in the past has always been

equivalent to election, it is expected that Mr. Ferriss will take office for the 1930-31 term at the close of the association's October meeting. He will succeed Trowbridge Callaway of Callaway, Fish & Co., New York.

Alden H. Little of Chicago has been named to succeed himself as executive vice president, and Sidney R. Small, Harris, Small & Co., Detroit, and William J. Wardall, Bonbright & Company, Chicago, have been nominated to succeed themselves as vice presidents. The three new vice presi-

dents selected, to succeed Willis K. Clark of Portland, Henry T. Ferriss of St. Louis, and Jerome J. Hanauer of New York, are Charles D. Dickey, Brown Brothers & Co., Philadelphia; William H. Eddy, Chase Securities Corporation, New York City, and Bernard W. Ford, Tucker Hunter Dulin & Co., San Francisco.

William T. Bacon of Bacon, Whipple & Co., Chicago, is proposed for Treasurer, and C. Longford Felske, Chicago, for Secretary. Ten nominations to positions on the association's board of governors for terms expiring in 1933 are:

George W. Bovenizer, Kuhn, Loeb & Co., New York; Robert E. Christie, Jr., Dillon, Read & Co., New York; Robert A. Gardner, Mitchell, Hutchins & Co., Chicago; Samuel W. White, National Republic Company, Chicago; Donald O'Melvaney, E. H. Rollins & Sons, Los Angeles; Philip T. White, Cleveland Trust Company, Cleveland; John R. Chapin, Kidder, Peabody & Co., Boston; Albert E. Schwabacher, Schwabacher & Co., San Francisco; Kenelm Winslow, Jr., Seattle Company, Seattle; and, Almon A. Greenman, First Securities Corporation of Minnesota, St. Paul. Nominations to fill unexpired terms on the board of governors are:

Trowbridge Callaway, Callaway, Fish & Co., New York, ex-officio a member of next year's board; Canton O'Donnell, O'Donnell - Owen and Company, Denver, to succeed himself for his own unexpired term ending in 1931; and Ralph Fordon, Guardian Detroit Company, Inc., to succeed himself for his own unexpired term ending in 1932.

The selection of Mr. Ferriss for the highest honor in the organized investment business of the country is a recognition of his long and active service on the board of governors of the Investment Bankers Association of America and on a number of its committees in furthering sounder principles of long-term financing. He served as a member of the association's board of governors for three years beginning in 1926, and as a vice president from 1929 to date. His committee record includes four years on the real estate securities committee, one year on the industrial securities the membership committee and two years as chairman of the municipal committee, two years as chairman of securities committee.

Mr. Ferriss was born in St. Louis, February 25, 1882. His father, Hon. Franklin Ferriss, was for many years a judge of the Circuit Court of the City of St. Louis, and also of the Supreme Court of Missouri. It is not surprising, then, that Mr. Ferriss

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BONDS • SHORT TERM NOTES • ACCEPTANCES

should have turned to the study of law after graduation from Cornell in 1902. In 1905, with a degree of bachelor of laws conferred by Washington University Law School, he began the practice of law in St. Louis. In 1915 he became vice president and counsel of the Mortgage Trust Company, and, when that company was purchased by the First National Bank of St. Louis in 1920 and renamed the First National Company, he was elected its executive vice president in charge of operations, a position he still holds.

Mr. Ferriss is a member of the St. Louis Country, Noonday, Commercial

and Industrial Clubs, and the Missouri Athletic Association. In 1907 he married Miss Edith Platt of Lake Forest, Ill. They have four children.

In Middle West

Chatham Phenix National Bank and Trust Company of New York announces the appointment of William Hoyt Gray as the bank's special representative for St. Louis and neighboring states. Mr. Gray will be associated with Mr. Robert P. Brewer, vice president, and Mr. Paul L. Hardesty, assistant vice president, in the handling of correspondent bank business.

Mr. Gray is a Minnesotan and a graduate of North Dakota State College at Fargo, North Dakota, where he distinguished himself in athletics as well as college activities. His educational background also includes post-graduate work in the Graduate School of Business Administration, Harvard University. He was formerly associated with Mr. Hardesty in the Union Trust Company, Chicago, and his business experience also includes retail merchandising and sales management.

Many people who have nothing to say keep right on saying it.



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Write for our attractive list of carefully selected bonds

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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
	<hr/>
	\$105,750,000



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

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

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

588 Branches and Agencies in all Australian States, Federal Territory, New Zealand, Fiji, Papua, Mandated Territory of New Guinea, and London.

Legion to Guard Banks

The Redfield, South Dakota, American Legion, as a part of its program of community service, has formed and equipped a corps of 12 of its members to guard the two local banks against daylight robberies. This corps will work in conjunction with Sheriff F. E. Bradley and Chief of Police J. D. Finnerty, and has been painstakingly instructed and drilled as to its duties in case an emergency arises.

High-powered rifles have been secured and issued to the members of the organization, each one of whom will be at a strategic position in case of a robbery. A silent alarm system has been installed to notify the riflemen in case of an attempted robbery, which alarms will be given by a per-

son so situated in the bank building as to have full view of the banking room at all times without disclosing his presence to persons in the room. Automobiles in readiness to take up the chase in any direction are stationed in the streets and alleys of the city, and the members of the corps have been instructed as to what they shall do in case pursuit becomes necessary.

In addition a machine gun has been obtained and Deputy Sheriff Grant Haggerty is an expert machine gunner, having seen service with the 3rd Machine gun battalion during the World war, when he received special instruction in this department of the service, in addition to the usual instruction given to all machine gun troops.

Although the Redfield banks are keeping the absolute minimum of cash on hand in their vaults at the present time, Redfield has experienced one bank robbery within the past year, and is determined that the "easy money" boys shall not get away with another one.

The services of this organization are intended to be at the call of all towns within Spink county and the corps will be ready to take up the chase of bandits whenever called upon to do so.

Hold Quarterly Meeting

Group No. 4 of the New Mexico Bankers' association held its regular quarterly meeting recently in Mountaintainair following a dinner in the private dining room of the Shafer hotel. The group includes the counties of Santa Fe, Torrance, Catron, Valencia, Socorro, Sandoval and Rio Arriba.

Present at the meeting were Chairman L. C. Becker, W. L. Davidson, Harry Culver, Marion Hurlihy and Silvia Wolf, Belen; Guy Rogers, W. J. White, H. L. Snyder, Fred Luthy, Oscar Love, J. E. Cox, Fred Howell, Ira Boldt, and Mrs. Margaret Barnes, secretary of the association, all of Albuquerque; H. B. Jones, Tecumcari; F. M. Brickley, Carrizozo; J. C. Hester, Wilbur Jones, J. L. Hunt, Dr. C. D. Ottosen and C. J. Amble, Mountaintainair.

To Develop Tract in Peru

To a group of American investors headed by W. R. Davis, New York, a tract of 100,000 square miles in the wilds of eastern Peru has been granted. The award ends what was known as the Bertram Lee concession, a colonization and railway project, which included the building of what was designated as the Yurimagnas railway.

Last year the Peruvian Government cancelled Lee's concession, alleging that the time limit had expired. Davis was associated with him in the plan, the capital to be supplied by New York and Pittsburgh interests.

Under the new concession, Davis must build a railway between the Yurimaguas River and the coast, thus opening a new route for Peruvian products. Great petroleum fields are in the area.

Joins American Founders Staff

Malcolm C. Rorty has been elected vice-president of the American Founders Corporation. He is also president of the International Telephone Securities Corporation.



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from 68 years'
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FOREMAN-STATE NATIONAL BANK
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CHICAGO



RESOURCES EXCEED 200 MILLION DOLLARS

South Dakota News

Name Committees

Committees which will serve the South Dakota Bankers association during the coming year were announced from the group's state office by A. B. Cahalan of Miller, president.

C. L. Chase, Willow Lake; Camden Rayburn, Huron, and Walter Burke, Pierre, are the members of the committee on agriculture.

Group chairmen, who will act with the state committee on agriculture, and with county chairmen within their groups, are: J. E. Danforth, Yankton, group one; F. E. Jackson, Hurley, group two; R. H. Seydel, Menno, group three; W. S. Given, Milbank, group four; Russell Bard, Miller, group five; M. I. Larson, Mound City, group six; and W. E. Dickey, Spearfish, group seven.

Three men, L. M. Larsen, Wessington Springs; E. W. Aadeke, Alexandria; and J. V. Lowe, Sioux Falls, were named on the committee on banking practices, a combination of two former committees known as "analysis of accounts" and "service charges."

H. M. Hanten, Watertown; W. F. Mailand, Mobridge; and T. M. Brisbane, Woonsocket, will serve on the committee on insurance.

The executive council of the association will serve as the committee on legislation. Membership of the protective committee is secret, as in all other bankers associations.

Three other committees were named by Mr. Cahalan. They are:

Public relations: Ira A. Moore, Sioux Falls; W. B. Penfold, Belle Fourche; and Scott M. Banbury, Geddes.

Standard forms: George C. Fulinweider, Huron; Charles E. Barkl, Huron; and F. D. Greene, Huron.

Taxation: J. W. Bryant, Mitchell; William C. Rempfer, Parkston; and R. E. Driscoll, Lead.

New Banks at Chamberlain

The First National Bank and Trust Company, Chamberlain, South Dakota, has been organized and opened for business Tuesday, August 5th. The new bank will become a member of the Northwest Bancorporation group.

R. E. Montgomery who has long been connected with the Banking Department of the state of South Dakota, has been selected as cashier.

Chamberlain in Brule County on the Chicago, Milwaukee, St. Paul and Pacific Railroad and on the east side of the Missouri River is the center of a wide area devoted to cattle raising and Mr. Montgomery was selected because of his knowledge of the livestock industry.

The First National Bank and Trust Company, Chamberlain is capitalized at \$25,000, surplus \$10,000, and undivided profits \$2,500.

Announce Rewards

Member banks of the South Dakota Bankers' association have been sent new cards announcing the \$1,000 reward for the capture of bank bandits.

The cards were mailed by George A. Starring, secretary of the association. They contain information that the reward applies only to members of the association, which now includes 95 per cent of all banks in the state. Non-members will be included as soon as they join.

Letters were also sent to state's attorneys, sheriffs and county judges in all counties, listing member banks, to avoid any chance of misunderstanding.

IN this bank your business will be handled in a careful *individual way*. Nothing will be delegated to clerks which should have the decision and experience of an officer.

THE NORTHERN TRUST COMPANY

Northwest Corner LaSalle and Monroe Sts.

CHICAGO

Colorado News

Cashier Resigns

Walter A. Schertz, who has served as cashier of the La Junta State bank in La Junta for several years, has resigned his position to become manager of the La Junta office of the Railway Savings & Building association. The offices of the building loan asso-

ciation are being moved from the Winchell Abstract Co. location to a room in the Draper block, at 106 West Second street.

W. L. Woodall, of La Junta, bookkeeper for the Mason Candy Co., has been made cashier of the La Junta State bank, to fill the vacancy made by the resignation of Walter Schertz. Woodall has had a number of years' banking experience before coming to La Junta, Miss Blanche McCune, of La Junta, will take the position as secretary in the new building loan office under the new manager.

Hotchkiss Banks Consolidate

The First State Bank of Hotchkiss, Colorado, is a consolidation of the North Fork State bank and First National bank, with a capital of \$25,000, surplus \$7,500.

Officers are: J. Edd Hanson, president; H. H. Adams, active vice president; C. E. Myers, cashier; Arley Sylvester, assistant cashier; Fredda Burris, bookkeeper.

The entire directorate of the two former institutions compose the board of directors for the balance of the year of the First State bank.

Kiteley Leaves First National

Rae H. Kiteley, former mayor of Longmont, has resigned his position of Trust Officer of The First National bank of Longmont.

Mr. Kiteley is also disposing of his interests in The First National. Mr. Kiteley stated that he would probably engage in the practice of law, opening offices in Longmont within the next few weeks.

The resignation of Mr. Kiteley was accepted by the board of directors. The directors appointed W. E. Ledford, president of the bank to the position of Trust Officer and Laurence B. Flanders, assistant Trust Officer.

Install Vault Ventilator

To guard against the possibility of anyone suffocating in a bank vault, should they accidentally be imprisoned in the steel structure, an electric ventilator has been installed in the record vault at the First National bank of Leavenworth, Kansas.

A red light is constantly glowing above the ventilator switch. Should the huge door swing shut behind an employe of the institution as he enters the vault, a movement of the lever assures a stream of cold, pure air from the outside. The ventilator operates with a loud, whirring sound, sufficiently audible to attract the attention of others in the bank.

Bank officials explained the ventilator as one of the latest devices for "bank safety."

New Bank at Colome

According to news reports the bank of Wewela has filed with the secretary of state of South Dakota an amendment to their articles of incorporation, by which they increase their capital to \$25,000, and change their name to that of the Bank of Colome, removing the business to that town.

Retail Profit Margins

A schedule of retail profit margins just issued by a research service states that department stores in 1929 operated on a gross margin ranging from 28.7 per cent of net sales to 34.4 per cent, according to the size of the store, and women's specialty apparel stores on a gross margin ranging from 32.2 per cent to 35.8 per cent of net sales. Total expense commonly ranged from 29.8 per cent to 32.8 per cent of net sales for department stores and from 32.2 per cent to 33.8 per cent for specialty stores. Net profit over and above interest on investment ranged from a loss of 1.1 per cent of sales to a profit of 1.6 per cent for department stores of various sizes from zero up to 2.1 per cent for specialty stores.

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May-June number of the

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New Mexico News

Resources Increase

Total resources of 27 state banks in New Mexico had increased to \$14,541,601.01 on June 30, it is shown in the summary issued by Lawrence Tamme, state bank examiner, based upon the call for that date.

Another report released by Examiner Tamme shows that on June 30 the total resources of the building and loan associations of the state had climbed to \$5,039,864.23, a gain of \$632,932.53 in a period of a year.

An analysis by Mr. Tamme of the condition of the state banks follows:

The combined resources of 27 state banks as of the close of business June 30, 1930, were \$14,541,601.01, an increase of \$565,736.04 over the call of June 29, 1929, when 30 state banks reported.

Loans and discounts decreased \$160,323.29 aggregating \$7,596,360.24.

Investments in United States government securities decreased \$497,854.68 showing a total of \$1,775,730.18, which other bonds and securities increased \$360,884.33 to \$1,653,412.45.

Demand deposits increased \$564,829.68 to a total of \$8,247,126.11 and time deposits increased \$52,569.48 to \$340,835.60.

The reserve ratio increased from 16 per cent to 24 per cent.

Balance due from correspondent banks and cash in vaults totalled \$2,916,881.49, an increase of \$1,083,760.33.

Bank borrowings were \$81,357.59 less than a year ago totalling \$389,391.83.

The ratio of loans and discounts to general deposits was 62 per cent as compared with 66 per cent on June 29, 1929.

Bank at New Hobbs

Announcement was made of the granting of a charter for the First National bank in New Hobbs, New Mexico. The bank is capitalized for \$25,000 and will open in about 30 days, according to J. F. Matchett, who will be president of the new organization.

The bank was organized by Harry H. Rodgers, president of the Exchange National bank of Tulsa, Oklahoma, and J. H. Markham, Jr., president of the Petroleum Corporation of America. The Exchange National bank is recognized as the "Oil Bank of America" and in a statement the officers of that bank said "we found

upon investigation that there was no bank in New Hobbs and because of the immense oil development now going on and contemplated we determined to give the community and our oil customers who are developing southeastern New Mexico the same banking service which they would get at Tulsa."

"The attention of hundreds of

bankers and investors who are affiliated with the Exchange National bank and its associated banks have been drawn to New Mexico by this move and so become potential investors," said Frank Matchett, president of the new bank.

Slips

Customer: I'd like to see some good second hand cars.

Salesman: So would I.

To stumble twice against the same stone is a proverbial disgrace.—Cicero.

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Kansas News

President of New Bank

Ben S. Paulen, former Kansas governor and now president of the Wilson County bank, announced recently he had made a tentative acceptance of the presidency of the new Security National bank of Independence.

The new bank will be opened when approval of the reorganization is received from Washington and a charter issued. Should this occur, Mr. Paulen has agreed to accept the presidency.

Mr. Paulen has been president of the local bank since 1919, although connected with the bank as an official since 1916. He does not plan to move to Independence, pending receipt of the charter, until some time later and will of course for the present continue as head of the Wilson County bank.

Under an agreement approved by the national bank governing officials, the new bank is being reorganized under an unique plan. All depositors having \$300 or over in the bank at the time it was closed, have accepted 40 per cent of their former deposits in stock in the new bank. Those having deposits less than \$300 receive it in cash. New officers and directors have been chosen and it has been announced that the Guernsey family will have absolutely no connection whatever with the new bank. With a surplus of \$250,000 and a capital of \$250,000, together with the business already pledged, the new bank, should it be opened, will be one of the strongest in southeastern Kansas.

Apply for Charter

Application for a charter for the proposed Fowler State bank, Fort Scott, Kansas, was received recently by W. H. Koenecke, state bank commissioner.

Included in the list of those who would incorporate the new bank were: J. T. Fowler, Arcadia, president of the Home State bank, of Arcadia; James B. Connolly, Martin Miller, mayor of Fort Scott; State Sen. Harry Warren, W. L. Buzzard, and F. E. Milligan, all of Fort Scott.

Elected Cashier

At the regular semi-annual meeting of the stockholders of the State Bank of Delphos, Kansas, Alva S. Adams was elected cashier of the bank to succeed the late George N. Billings. Mr.

Adams has been with the bank for almost five years, serving as assistant cashier and director.

The stock in the bank held in the name of George N. Billings, passed to his wife, Mrs. Grace G. Billings, and her name appears as one of the directors as G. G. Billings. The other directors of the bank are Mr. Blake Hull, J. S. Olds, H. D. Billings and Mr. Adams.

As yet, no assistant cashier has been elected.

Resigns Bank Post

W. C. Robinson, Jr., president of the Security National bank at Arkansas City, Kansas, has resigned his position, and will leave Sept. 1 for the Pacific Northwest, where he will engage in the investment business.

Mr. Robinson's new location will be somewhere near Seattle, in one of two or three cities that he visited during a trip to the Northwest this summer. He has not made a definite decision.

The Robinson family has lived in Arkansas City for nearly eight years, Mr. Robinson having come to the Security National Bank from Winfield, where his father, W. C. Robinson, Sr., has for many years been a prominent banker.

Wichita Gets Bond Company

A charter has been issued by the Kansas charter board to the Union Plan Bond and Investment Company of Wichita. Capital 500 shares no par class A stock and 200,000 shares no par common class B.

The incorporators are Swan T. Cox, formerly with the Guarantee Title and Trust Company; John Dunn, building contractor; H. R. Godfrey, formerly with the Safety Savings Corporation; H. E. Meyer, former owner of the Southwest Transfer Company and H. E. Riley, formerly regional district manager of the Wimsett System.

The company's offices are at 223 East William Street.

Young and Dumb

"Jones's wife thinks the world of her husband."

"She does?"

"Yes, she even believes the parrot taught him to swear."

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