

CENTRAL WESTERN BANKER

Omaha

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JANUARY

1931



We Are Always Glad to See You

When you are in Omaha, be sure to drop in and visit us. Make this bank your headquarters in Omaha. Tell your office to locate you here in case of a telephone message, telegram or letter.

We are certain that we can get ideas on banking from talking to you . . . and we hope that you can gain a bit by talking to us.

Nebraska's Oldest Bank



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

CENTRAL WESTERN BANKER

410 ARTHUR BUILDING

OMAHA

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LEGISLATION affecting Nebraska bankers, to come before the present session of the state legislature, will be studied by an executive committee representing the Nebraska Bankers Association, with Dan J. Riley, Cashier of the Dawson State Bank, Dawson, Nebraska, as chairman.

Assisting him will be J. W. Ouderkirk, Vice President, First National Bank, Hastings; Carl D. Gans, Cashier, Farmers and Merchants Bank, Alvo; F. C. Horacek, President, Union State Bank, Omaha; A. D. Spencer, Cashier, Bank of Barneston; J. G. Lowe, Kearney, and E. N. Van Horne, Lincoln, as ex-officio members. This smaller executive committee was named in addition to the regular legislative committee of the Association.

Among the things the bankers are discussing, as proper subjects for legislation, are better division among state banks of the cost of examinations, elimination of politics from the banking department, correcting defects in present banking laws, heavier penalties for bank robbers, establishment of a state constabulary, and a broadcasting station operated by the law enforcement department of the state for quick communication of enforcement agencies within the state; permission to blockade roads following serious crimes, and an appropriation to refund bank taxes collected illegally.

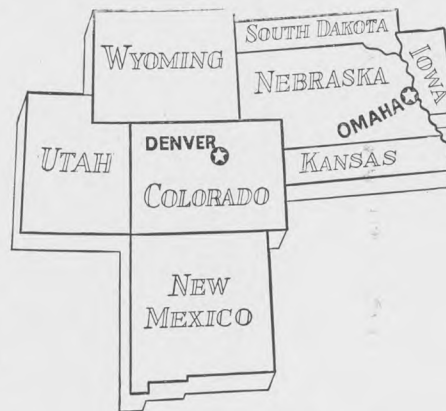
THE STATE BANK OF NIOBRARA, at Niobrara, Nebraska, closed its doors voluntarily December 16th, after action taken by the directors. Examiner J. O. Peck was placed in charge by the state banking department. The bank, with deposits of approximately 275 thousand dollars, had Chris Larsen as president.

FORD E. HOVEY, president of the Stock Yards National Bank of Omaha, who was slightly ill of influenza at his home, early in December, soon recovered.

CHARLES M. FIXA, assistant auditor of the Omaha National Bank, died December 17th, after a week's illness, of a throat infection. He was 41 years old. Since the age of 18, when he became a messenger for the former Merchants National Bank, he was in the banking business. He was auditor of the Merchants National at the time of its purchase by the Omaha National a few years ago.

ONE OF WAYNE'S business men was talking about the prevalence of bad checks.

"I've never been caught with a bad check yet," he said. "I am careful to be sure of every check that comes into



my store before I cash it. I know whether it will go through the bank or not."

Another Wayne man listened, but doubted. The next day he wrote a check and cashed it in the first man's store. The check bore the signature of "U. R. Eezee." It was not subjected to any examination and was accepted readily.

The business man, never noticing it, endorsed it to a Norfolk wholesale house. They in turn endorsed it and gave it to an Omaha man. An Omaha bank accepted it and sent it through the clearing house.

It came back to a Wayne bank. The cashier recognized the handwriting of the practical joker and took the check to him. He acknowledged it, and now has the cancelled slip.

He's laughing at "men who never take bad checks."

FOLLOWING an operation for a blood clot, Clark J. Shimeall, 60, died in Presbyterian Hospital in Denver, recently.

Mr. Shimeall was president of the First National Banks of Goodland and Kanorado, Kan. He had been undergoing treatment for several months.

Mr. Shimeall was a Scottish Rite Mason and had been associated with Western Kansas banking circles for 45 years.

Besides his widow, he is survived by three sons, Robert and Herbert, both of Kansas, and Karl, of Sapulpa, Okla.

GEORGE O. UNRUH, formerly of Bushnell, Nebraska, recently took up his duties as an active vice-president of the Commercial State Bank of Crawford. Mr. Unruh was formerly president of the First National Bank of Bushnell, and has been in the banking business for the past nine years.

BANKERS are not now getting many of the old fashioned large bills. This is especially true of those of a dollar denomination. Most of the bills that come in now are \$20 bills and most are new ones or rather have a new appearance which would lead one to believe that they have been stored away and have not been in general use.

CASPER, WYOMING banks show a much stronger position and are in a much sounder financial condition than they have been in several years and probably in their history, it was revealed by local bank officials who made the announcement in connection with the recent call for quarterly statements.

The cash surplus in the Casper institutions is strong and the banks are operating in a strong liquid position.

What The Service Charge Has Done For Our Bank

By J. V. WEBSTER

*Cashier, First National Bank,
Chadron, Nebraska*

ABOUT five years ago we awoke to the fact that the item increase per dollar of deposits in our bank was increasing volume to the point that taxed the personnel and equipment we then had to care for it in a satisfactory manner.

At first glance it looked as though more clerks would have to be employed to take care of the increased activity in our accounts, but one look at our profit and loss account was enough to convince us that our expense account, which of course included our pay roll account, could not be extended much further if our net earnings were to show a satisfactory return on the capital investment of our stockholders.

It was very apparent that something was getting radically out of line in the existing set-up of our organization. For the first time, we proceeded in a systematic manner to make an analysis of every department of our business to ascertain where the trouble was. To say that we were astonished at some of the conditions revealed by this analysis, would be putting it mildly. It was hard for our directors to believe that some of the conditions disclosed by this analysis could possibly have developed almost unseen and unnoticed.

In our checking account department we discovered the "mother pool" of our troubles. We found, among other things, that at least 65 per cent of the accounts in our individual ledger was being handled at a loss, and that another 10 per cent of the accounts was in the doubtful column. We found further that the 65 per cent of the accounts listed in the "loss" column contributed only 4.84 per cent of the total deposits of our individual accounts, and that the other 95.16 per cent of the deposits was contributed by only 35 per cent of the accounts. This, of course, was rather startling—but that wasn't all we learned.

WE FOUND that the average balance of the accounts with balances under \$50 was \$11.25, the average balance of the accounts between \$50 and \$100 was \$71.13, the average balance of the accounts over \$100 was \$587.70, and that the average balance of all of the accounts in our individual ledger was \$191.19. We also determined that at least 60 per cent of the

entire time of our tellers, bookkeepers clerks was occupied, directly and indirectly, in handling work connected with our individual accounts, and, that 28 per cent of the items handled in this department were checks and deposits against accounts carrying an average balance under \$50.

Very naturally, our directors were somewhat dumfounded when these



J. V. WEBSTER

facts were laid before them, but, knowing them to be facts, there was little difficulty in agreeing to adopt a resolution instituting a service charge of 50 cents per month against accounts with an average daily balance of less than \$50 against which checks had been charged. This charge is com-

(Note.—The article appearing on this page was awarded First Prize in the prize letter contest on the subject: "What the Service Charge Has Done for Our Bank." Other prize winning letters will be published in subsequent issues of the CENTRAL WESTERN BANKER.)

puted from the 25th of one month until the 25th of the next month, the charge ticket being posted prior to the close of the month.

The degree of success we have had with this particular service charge, is largely due, I believe, to the manner in which we instituted the charge. Before the charge was ever announced we had decided two important questions, as follows:

First, since we were convinced of the justification of the charge, we felt that no apology to our friends and customers was necessary, so we proceeded to frankly state the proposition we had decided upon. By virtue of the information we had obtained from our analytical investigation, we were prepared to back up our statements and replies to questions with facts. The only preliminary preparation was to mail to all of our customers a circular letter thirty days prior to the effective date of the charge notifying them of the charge and briefly explaining the reason for it. We then proceeded with the charge on the date set.

Second, the only exceptions of any form or nature we have to this charge are accounts carried by: (1) churches, (2) fraternal organizations, (3) clergy, (4) county telephone lines, and (5) country school districts. All other accounts of this type are charged, regardless of time deposits, other checking accounts, business affiliations, relatives, etc.

THE SERVICE charge on small unprofitable accounts has been in effect in our bank for almost five years, and, what this charge has done for our bank may be summed up about as follows:

(1) It has reduced the number of checking accounts with balances under \$50 by 20 per cent.

(2) It has increased the number of accounts with balances over \$100 by 19 per cent.

(3) It has increased the average balance of all of our checking accounts from \$191.19 to \$431.44.

(4) It has decreased the total number of checking accounts by 20 per cent while our checking account deposits have increased in dollars during the same period by 38 per cent.

(5) It has helped to practically solve the overdraft problem by elim-

inating those accounts principally responsible for 75 per cent of the short checks drawn against our checking accounts.

(6) It alone, exclusive of all other service charges, has produced sufficient revenue to more than pay a 2 per cent dividend on our capital stock.

(7) It has enabled us to pay better salaries and to employ more competent help, thereby, in turn, providing a better class of service for our customers.

(8) It has created among our depositors more respect for the value to them of a checking account, as well as other services, which previously had been accepted as a matter of course.

(9) It has given to ourselves a higher regard of the value of the services we render to our customers and friends.

(10) Last, but not least, it has given to us a thorough demonstration of the

fact that a good customer is ready and willing to pay a reasonable amount for a valuable service well performed.

From our own experience and observation we can truthfully say, that, if we made any mistake in instituting the service charge against small checking accounts, that mistake was in not having the courage in the first place to set this charge at \$1.00 per month on accounts carrying an average balance of less than \$100.

Deposit Slips, *Certificates* and Sub-Agents

The South Dakota Deposit Slip

A SOUTH DAKOTA customer endorsed a bunch of "out of town" checks, deposited them in the A Bank, and the deposit slip which he received contained this clause:

"The depositor using this ticket hereby agrees that all items payable outside of this town shall be forwarded by this bank as agent for the depositor at the depositor's risk; that this bank shall not be responsible for negligence, default, or failure of sub-agents, nor for loss in the mails; that this bank shall have the right to charge back to the depositor's account any items for which actual payment is not received."

The A Bank, in the usual course of business, sent these checks to the B Bank, "for collection and return," the B Bank collected the checks, and mailed the A Bank a check on the A Bank to cover the proceeds, as the B Bank carried a deposit in the A Bank at that time.

The A Bank, however, had closed its doors before receiving the check, the check, of course, was not paid, and the customer claimed the proceeds of his check from the B Bank.

"The checks belong to me, and the A Bank was merely my collecting agent," the customer contended.

"We had no knowledge or notice that the checks had been received for collection, and we will hold the proceeds against the credit balance which the A Bank owes us," the B Bank retorted, and the South Dakota Supreme Court settled the resulting dispute in a case reported in 213 N. W. 857.

In deciding in favor of the customer the Court said:

"Under the law of this state, the B Bank being the subagent of the customer and now having on hand the actual proceeds from the collection of his checks, it is in duty bound to pay said sum to him. The trial court

By M. L. HAYWARD

should have granted his motion for judgment notwithstanding verdict."

The Nebraska Certificate

A NEBRASKA customer of a Nebraska bank delivered to the cashier thereof Liberty bonds to the par value of \$4,000.

"Send these to Washington and trade them into the new issue of bonds that's just coming out," the customer ordered—and the cashier gathered in the bonds. Instead of sending the bonds to Washington, the bank sold them, used the proceeds for bank purposes, and the customer (who was also a stockholder and director of the bank) was far from pleased.

"Give me \$4,000 worth of United States bonds, and I'll be satisfied," the customer agreed, the bank "scraped together" bonds for \$3,800, but was forced to sell them for ready money, and for over two years the customer vainly tried to secure a settlement. Then, at a time when the customer knew that the bank was insolvent, or at least unsafe, he accepted a certificate of deposit for \$4,000, in satisfaction of his demands, the certificate was renewed from time to time, finally the bank "went under," and the customer claimed reimbursement from the depositors' guaranty fund.

In ruling that the customer could not share in this fund, the Supreme Court of Colorado said:

"The delivery of the bonds for a specific purpose by the customer to the bank created the relation of principal and agent. The bank became an agent of the customer, and the transaction did not create a deposit, within the meaning of the guaranty law. The condition and relation thus created continued until the customer consented to accept a certificate of deposit in sat-

isfaction of his claim for bonds, delivered to the bank. At that time the bank was either insolvent, or at least in an unsafe condition verging on insolvency, which fact was well known to the customer. What he surrendered at that time was a claim against the bank founded upon tort. At the time that he accepted the certificate of deposit he did not place money or its equivalent in the bank or at its command, and the issuance of the certificate at that time did not create a deposit protected by the guaranty fund."

"The T. Company . . . Agent"

THE T. COMPANY operated a Colorado branch, A was the manager thereof, and in the course of his business A received several municipal warrants issued by Colorado municipalities, payable to the T. Company. Six of these he endorsed with a rubber stamp: "Endorsed for exchange payable to the order of the T. Company . . . Agent." The seventh warrant he endorsed: "The T. Company, A, Agent."

These seven warrants were deposited by the agent in his personal account with a Colorado bank, misappropriated by him, and the T. Company sued the bank in the Colorado courts.

When the case came to trial the evidence showed that the agent had previously handled similar warrants, disregarded the Company's instructions to forward them direct, and on one occasion at least he had cashed warrants at the Company's direction.

In deciding that the Company was bound by the previous course of dealings which it had sanctioned, and that the bank was not liable, the Supreme Court of Colorado said:

"Had this controversy arisen on any of the early warrants so handled by A, another and different question would be presented. But, having so

(Continued on Page 13)

Fixed Investment Trust Establishes Record

ON JANUARY 1, 1930 there were outstanding some 884,000 Corporate Trust Shares. On January 1, 1931, the figure was well in excess of 12,000,000 shares. This distribution of more than eleven million shares in one year represents a record for investment trust securities of the fixed type. When we consider that 1930 was a year of unusual dullness in the field of investments, the record is all the more remarkable, and an explanation of its accomplishment may be of interest.

This trust was designed after long study, not only of investment trusts and their operation in this country, but of the recent changes in attitude and taste on the part of American investors. Its sponsors saw very clearly that popular interest in the traditional forms of investment in America had decidedly waned. Speaking broadly, the public for several years had been turning away from fixed income obligations and demanding the somewhat speculative character and the chance of larger income and profits inherent in common stocks. On the other hand, it had become apparent two or three years ago that the public speculative fever would take the markets to dangerously high levels, and would probably result in the crash which occurred in the fall of 1929.

In the light of all this the main question seemed to be: what type of security *will* interest investors after the deflation takes place? The answer seemed to be found, after much careful consideration and statistical work, in an obviously sound investment trust of the fixed portfolio type, representing a cross section of American industry at its best, and incorporating several features that would provide an opportunity to realize *in cash* at regular intervals the possibilities for high income and profits offered by the best American common stocks. In other words, a study of the desires and tastes of investors at this time was first made, and then the security was designed to satisfy those demands without departing from the time-tested principles of sound finance. The result was Corporate Trust Shares, the success of which has passed by far the original expectations of their sponsors.

Corporate Trust Shares is a general investment trust of the fixed portfolio type, well diversified as to industries

By CEDRIC H. SMITH

Vice-President, Administrative and Research Corporation

and companies. It operates under a modified form of the "liquidating dividend plan," which has long been used abroad, but is new to this country. The Corporate Trust Shares plan provides not only for paying out to shareholders the income derived from underlying stocks, but also the proceeds of sales of rights and shares of stock received under split-ups or stock dividends. That is, for each unit of 2,000 Corporate Trust Shares issued, the trustee is required to keep only four shares of each stock in the portfolio, and all shares in excess of these four that may be received through stock dividends, split-ups or exchanges are sold and the proceeds included with income from regular and extra dividends on the underlying stocks and interest on the reserve fund to make up the semi-annual distributions to trust shareholders.

OBVIOUSLY such distributions are in part a return of principal and in part cashing in of appreciation in market values; two results commonly attained by holders of high grade stocks, and important factors in the popularity of such stocks. This plan, applied to a fixed trust, enable many who could not afford to hold high priced stocks to secure this practical advantage of so doing. Of course the return of principal may cause the shareholder's investment in the trust to be temporarily reduced; but those who favor this type of trust point out that in fact the increasing values of high grade American stocks more than offset this factor, while at the same time the "liquidating dividend plan" puts into the investor's hands frequent profits in cash which might never get beyond the "paper profit" stage under other plans.

Each Corporate Trust Share represents a 1.2000th participation in a unit of 28 common stock deposited under a trust agreement with The Chase National Bank of the City of New York. Each unit includes four shares each of stocks of the following corporations:

American Telephone and Telegraph Company, Consolidated Gas Company

of New York, General Electric Company, Westinghouse Electric and Manufacturing Company, Western Union Telegraph Company, American Radiator and Standard Sanitary Corporation, American Tobacco Company, E. I. duPont de Nemours and Company, Eastman Kodak Company, Ingersoll-Rand Company, International Harvester Company, National Biscuit Company, Otis Elevator Company, United Fruit Company, United States Steel Corporation, F. W. Woolworth Company, Atchison, Topeka and Santa Fe Railway Company, Illinois Central Railroad Company, Pennsylvania Railroad Company, Southern Pacific Company, Union Pacific Railroad Company, Standard Oil Company of California, Standard Oil Company of Indiana, Standard Oil Company of New Jersey, Standard Oil Company of New York and Texas Corporation.

THE LEADING character of these firms is evident. Their activities cover thirteen major industries, providing excellent diversification. All but one of the stocks are listed on the New York Stock Exchange, the one exception being Standard Oil of Indiana, which is traded in on the New York Curb Exchange. The solidity of these concerns is demonstrated in part by the fact that although many corporations have reduced dividends during the past year not one of these has done so.

One notable feature of Corporate Trust Shares is the Reserve Fund of \$1,000 in cash as an integral part of each unit, established to assure the payment of at least 70 cents per share annually to trust shareholders, who also receive interest on this fund.

The holder of a full unit of Corporate Trust Shares, or 2,000 shares, may at any time surrender it to the trustee and receive in exchange a unit of deposited stock, together with the applicable reserve fund and accumulated distributions. The holder of any smaller number of shares may likewise convert and receive a sum in cash equal to the market value of the applicable portion of the deposited stocks, reserve funds and accumulated distributions, less a service charge of 50 cents a share.

The results obtained from this trust, assuming its existence since 1913, are rather startling. The dividends received on the securities held and the

cash received from the sale of stock dividends, subscription rights and additional shares issued in split-ups in the succeeding 17 years would have meant an annual distribution of \$1.52½ on each Corporate Trust Share, or equal to 14.7 per cent on the indicated average price of the shares. Of that amount 56.3 cents would have

represented proceeds of sales of stock split-ups and 96.2 cents, regular cash dividend interest on the reserve fund, extra cash dividends and proceeds of sales of stock dividends and rights.

The trust has actually been in operation since January 1, 1929. The four distributions made during the period have been as follows: June 30, 1929,

\$1.18½ per share; December 31, 1929, \$0.802; June 30, 1930, \$1.316; December 31, 1930, \$0.41.

Distribution and markets are provided through over 1,100 investment houses and banks in the United States and in foreign countries. The price of these shares in Chicago at present is around \$7.00.

Encourage Home Ownership

PLANS to expedite home ownership through standardization of state mortgage laws are presented by Donald E. Bridgman of Minneapolis in the current legislative bulletin of the Mortgage Bankers Association of America. The article is based upon an address which he made recently before a meeting of Chicago mortgage bankers and lawyers describing the provisions of the Uniform Mortgage Act framed by the National Association of Commissioners on Uniform State Laws for which he acted as draftsman.

"An idea of the diversity of mortgage laws may be obtained from the following facts," he states. "Twenty-eight states regard a mortgage as a lien at all times; four states regard it as a lien until default, and then an estate; 16 regard it as an estate. Twenty-five states give the mortgagee right to possession only on foreclosure; six states do so subject to change by agreement between the parties; six states give the mortgagee right to possession on default; and nine states give the mortgagee right to possession on execution of the mortgage subject to stipulation.

"In eight states the trust deed with power of sale is the form in general use, and in one state, Illinois, the trust deed without power of sale. In the remaining states the mortgage is in general use, with the power of sale in ten of them. In 28 states foreclosure is by suit in court, and in 12 of these this method is required by statute. In 18 states foreclosure is usually by power of sale, and 7 of these have a period of redemption. Seventeen states have no period of redemption on foreclosure, and the remainder have such a period varying from 6 months to 2 years. The details relating to foreclosure proceedings and redemption vary, not being the same in any two states."

Under such conditions the flow of funds from one state to another for financing of home and farm ownership is retarded somewhat more than would be the case if mortgage bankers

and their foreclosure and make clearer and better titles to land, avoid useless trouble and expense, facilitate the flow of money on mortgage loans, and be a great aid in the handling of the enormous mortgage loan business upon which in a large measure prosperity and happiness depend.

could operate under uniform and simple laws. To illustrate the diversity of procedure, Mr. Bridgman cites one instance where \$3,000 in costs and attorney's fees were incurred in one state to foreclose on a \$27,000 mortgage whereas in an adjoining state which has a model up-to-date law, costs and fees of only \$239.80 were reported in foreclosing a mortgage of \$17,000.

"Earlier uniform acts in the field of commercial law have been most successful," he explains. "The Uniform Negotiable Instrument Acts have been adopted in all of the 48 states, while the Uniform Warehouse Receipts Act, Bills of Lading Act, Sales Act, Stock Transfer Act, Partnership Act and Limited Partnership Act have all been passed in a large number of states. The need for uniformity of state laws has greatly increased with improvements in transportation, closer relations between states and the enlarged volume of interstate dealings."

The Uniform Mortgage Act has been endorsed by the American Bar Association, National Association of Real Estate Boards, American Title Association and numerous mortgage law professors and attorneys representing the large lending institutions. The Journal of Political Economy of the University of Chicago maintains that the Act is fair to both borrower and lender, and declares that it "affords better economy of time and money. It relieves the courts, shortens records and promotes uniformity. These features should impress all parties concerned."

Among the economies that can be effected are: general use of 150 word short form mortgages in place of present forms of several thousand words, and consequent saving to taxpayers in reducing expensive fireproof space required for preserving public records; resultant lower costs of recording; less public expense in maintaining courts by avoiding useless court proceedings; lower costs of title search and clerical expense in handling mortgage loan papers.

Mr. Bridgman concluded: "The Uniform (Real Estate) Mortgage Act, if adopted, will simplify mortgages

Issues Rights

Rights for holders of both Selected American Shares and Selected Income Shares, fixed investment trusts sponsored by Selected Shares Corporation of Chicago, were announced last month by Alvin H. Baum, Vice President and General Manager.

During the period from Jan. 1, 1931, to Jan. 31, 1931, inclusive, owners of shares in these two trusts may reinvest the proceeds of their distribution coupons for the last half of 1930 in additional shares of either trust at 5 per cent under the regular current asked price of the shares. The owner of Selected Income Shares may choose to reinvest his distributions in either Selected Income Shares or Selected American Shares. Whatever his choice, he may purchase at 5 per cent under the asked price, to the extent that the proceeds from his coupons will pay for new shares. The same privilege is extended to owners of Selected American Shares.

"While rights are normally to be expected on Selected Income Shares, they will come as a gratifying surprise to owners of Selected American Shares, climaxing a very profitable year," said Mr. Baum. "On the latter trust no provision for rights was originally contemplated. Selected Shares Corporation has merely taken this means of enabling the shareholders themselves to profit from a year which has been particularly profitable to the corporation and the many financial institutions with which it has been associated in the distribution of these shares."

Selected American Shares is believed to be the only fixed trust which has declared rights without having promised or indicated them at the time of initial sale of the shares.

PIONEERS in the field of AMERICAN



FIXED TRUSTS

CORPORATE TRUST SHARES represent an ownership interest in these 28 companies, the shares of which are deposited with an independent trustee.

INDUSTRIALS

American Tobacco
Amer. Rad. & Stand. San.
du Pont
Eastman Kodak
Ingersoll Rand
International Harvester
National Biscuit
Otis Elevator
United Fruit
United States Steel
Woolworth

RAILROADS

Atchison, Top. & Santa Fe
Illinois Central
Louisville & Nashville
New York Central
Pennsylvania Railroad
Southern Pacific
Union Pacific

OILS

Standard Oil of California
Standard Oil of Indiana
Standard Oil (New Jersey)
Standard Oil of New York
Texas Corporation

UTILITIES
and QUASI-UTILITIES
American Tel. & Tel.
Consolidated Gas of N. Y.
General Electric
Westinghouse Electric
Western Union Telegraph

MOODY'S COMPOSITE
PORTFOLIO RATING "A"



AN important factor in the tremendous success of Corporate Trust Shares has been the character of its sponsorship. The men who created this trust and are now sponsoring it have had long experience in this field. Considering the large number of investment trusts now offered, this fact has more than historical meaning.

One of the earliest successful fixed trusts to be brought out in this country, Fixed Trust Shares, was set up and sponsored by these men. They were among the first on this side of the ocean to recognize the peculiar merits of the strong fixed trust and to make a close study of its structure and possibilities. They originated several methods of fixed trust operation that have since been generally adopted. Their thorough researches have yielded a great deal of information that has helped to establish the American fixed trust as a highly secure and desirable type of investment.

CORPORATE TRUST SHARES

are the result of long study of how best to safeguard the investor's interests and to assure him a high return. The confidence of investors in this trust is indicated by their purchase, during the first eleven months of 1930, of over ten million shares.

Price at the market

» «

853 INVESTMENT HOUSES AND BANKS OFFER
AND RECOMMEND CORPORATE TRUST SHARES

ASK YOUR INVESTMENT HOUSE OR BANK
about Corporate Trust Shares

» «

SMITH, BURRIS & CO.

Central Syndicate Managers

DETROIT ✓ ✓ 120 SOUTH LA SALLE STREET, CHICAGO ✓ ✓ OMAHA

This is one of a group of investment trusts sponsored by ADMINISTRATIVE AND RESEARCH CORPORATION



BONDS AND INVESTMENTS

Business and Bonds

THE DURATION of the downswing in business which began in July of the last year has been, with one possible exception, the longest period of this kind in this country for the last half century. Already it has exceeded the average by a number of months. While averages and past experience in general are no sure indication of what the future is likely to bring forth, nevertheless they point the way to what is likely to happen. On this basis, therefore, an upturn in business is likely to take place at any time. In fact, it may very well have taken place before these lines are printed. While the change in the trend of business activity seems imminent, if it has not already occurred, it is by no means certain that statistical evidence of it will be available for some little time, since it seems quite probable that, when we can look back upon this period in the historical past, it will be found that the change came about very gradually. It may be difficult, if not impossible, to determine in which week or month the change actually took place. In this respect, the turning point for the better will be as difficult to locate as was the exact peak of the business boom which reached its height in the early summer of 1929.

The fact that the period of depression has extended over a much longer time than the average is by no means the only indication that it has about run its course. One of the accompanying phenomena of this phase of a business cycle is the decline in commodity prices, especially wholesale prices. This circumstance has, of course, been one of the outstanding characteristics of this present depression. At the time of writing, however, the commodity price level has been relatively stable for a number of months. Usually about such a length of time as this passes between the cessation of the price level decline and the beginning of an upturn in business activity.

ANOTHER factor of significance is the fact that, insofar as can be judged from available statistics, retail stores have reduced their former-

By PAUL M. ATKINS

Engineer-Economist, Ames, Emerich & Co., Inc.

ly limited inventories still farther. Wholesalers and dealers have done likewise. The result is that available inventories are largely in the hands of manufacturers or producers of raw materials, especially the latter. In spite of this fact, the stocks of goods so held are, in many cases, less than they were a year ago, and when greater, are not unreasonably so in the light of the situation just described. It seems highly probable that as soon as consumer buying begins, these inventories will be rapidly depleted.

Moreover, it does not seem likely that consumer buying will be much longer delayed. In the first place, reduced consumption of goods which has extended over a relatively long period of time means that replacement demands are steadily increasing. While purchasing power has been reduced, nevertheless the steady increase in savings deposits indicates that potential purchasing power is being gradually developed. Moreover, in many strata of society at the present time it is fashionable to economize. Fashions change relatively quickly, and past experience shows that an economy fashion is not a natural American characteristic. In the second place, although retail prices generally change more slowly than wholesale prices and the amplitude of their swing is less, they now appear to be feeling the effect of the movement in wholesale prices, and are declining appreciably. This trend, combined with the growing necessity of replacements, is a powerful stimulus to increasing consumer buying.

It does not seem probable that the recovery in business will be rapid, particularly at the start, although once under way it may develop greater rapidity than is now anticipated. It does not seem likely, however, that the upward trend in business will be much longer delayed, if it has not already begun.

THE NATURAL consequent question is in regard to the effect of the business situation on the bond market. Past experience shows that, in general, bond prices tend to rise during a period of business depression and the early stages of its recovery. This is due in part, of course, to the trend in interest rates during such a period. With a slackening in business activity and a resultant reduced demand for credit, interest rates usually fall and a corresponding increase in bond prices follows.

The above statement is general only, and requires certain modifications. When the rise in bond prices begins, the way is led by the high grade issues, particularly those which are eligible for savings banks, insurance companies and trust funds. This is in part caused by the fact that such buyers usually have funds constantly coming into their possession for investment, whereas many individual investors, particularly those who have been adversely affected by the stock market, do not have funds available for this purpose. In part, it is due to the fact that investors of all classes have doubts about the prospects of corporations in general, and hence seek the bonds of those concerns in regard to whose credit position they feel there is no question. In addition, many purchase tax exempt bonds at such a time who would have no cause to buy them under ordinary circumstances. Past experience in this respect has been borne out by the events of the last year. The upward trend in the prices of high grade bonds which began last fall shortly after the big break in the stock market has continued, almost without interruption, to the present time.

Second grade bonds, and by this is meant sound bonds of relatively well established credit position but not of as high quality as those of the class just discussed, do not experience this same rise in price as soon as do the highest grade bonds. The upward trend in their prices begins somewhat later but, on the other hand, it continues after the others have ceased to

rise and even may have begun to decline. It must be remembered in this connection that the yield on the highest grade securities follows rather closely, in amount, and particularly in trend, the interest rates as represented by call and time money, commercial paper, etc. The yield on second grade bonds approximates in only a general fashion the trend of the rates just mentioned. The return from this class of bond is influenced much more than the others by the returns which may be obtained from stocks.

In general, it will be found that the price of second grade bonds begins to rise about the time that business reaches its low point. Until that time investors are hesitant about the future of the corporations whose bonds are

in this class. In practically all cases, bonds which are so classified are in a sound position during a period of falling and depressed business, but the psychological attitude of investors at such a time prevents their realization of this situation. The point is finally reached, however, when the attractive prices at which they can be purchased and a gradual appreciation of the fact that their coupons will be paid when due, begins to attract investors to them. This continues until, in the course of the upward swing of business, increasing earnings and the resulting interest in stocks begins to turn investors from bonds to stocks, and the price of these bonds begins to fall, until their yield at the lowered prices checks any further decline.

DURING the last few years the changes which have been discussed have taken place. Bonds reached their peak prices in the latter part of 1927 and the early months of 1928. Then, with the rapidly increasing business activity and the resulting boom in the stock market, bond prices declined, first the highest grade issues and then the second grade bonds. The low point was reached in the case of the highest grade issues in the latter part of 1929, very shortly after the great crash in the stock market, and in the case of the second grade issues in 1930. Since last fall the trend of the prices of the highest grade issues has been steadily upward. The trend in the price of second grade issues has been much more uncertain, showing at times rather rapid fluctuations. In part, this has been due to special causes, such as the revolutions in Latin America and the elections in Germany, which have been regarded unfavorably in this country. If past experience, buttressed by an analysis of the present situation, can be taken as a guide, it seems reasonable to expect that a distinct upward trend in the price of second grade bonds will begin very shortly.

The thoughtful banker will naturally seek the significance of these facts and events to the secondary reserve and investment accounts of his bank. He will remember that only high grade bonds of relatively short maturity are suitable for his secondary reserve account. Obviously, therefore, if he finds any gaps in this account, he will seek to fill them at once, before the prices of these securities rise any further. He will realize, of course, that he could have purchased these securities at considerably lower prices a year ago, and that eventually they will decline in price. The major consideration, however, is to have a balanced secondary reserve account, and as the bonds which are included in this account should be relatively short-term issues, they are much less subject to price fluctuation than are the long-term issues.

WHEN the banker turns his thoughts to the investment account of his bank, he will realize at once that the present moment offers him golden opportunities. The primary object of this account is, of course, to increase the earning power of the bank. This may be done in two ways, (1) through a relatively high yield obtained from the assets included therein, and (2) through an increase in the capital value of these assets over a period of time. The wise banker built up this account with issues of the highest grade bonds last fall, for they

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were then selling to give a very satisfactory yield. By so doing he was able to take advantage of the substantial increase in price which most of them have experienced. While it is not certain that this type of bond will not continue to increase in price for some months, it seems quite probable that the increase will be relatively small when compared with the advance already made. It is logical, therefore, to begin to dispose of the highest grade bonds in the investment account of the bank, take the profit which their sale will bring, and reinvest the proceeds in second grade bonds, which can now be purchased at prices to give very substantial yields and at a time when there is every prospect of an increase in market price in the course of the coming months.

An analysis of the present business situation and probable future development indicates that now is a particularly good time to purchase long-term securities of a grade slightly below those required by institutions. Such bonds are especially suitable at this time for the investment account of a bank. The banker who makes judicious selections from among the issues available will find in the course of the next year that this account has added substantially to the earning power of his bank.

Bond Sales Through Talkies

"Motion pictures, especially sound films, can be of great help in effective selling of investment securities," said Cedric H. Smith, president of Smith, Burriss & Co. on returning from Omaha, where he directed the first field showing of the first talking picture to used in securities selling.

"One of the great difficulties the bond and stock salesman has to cope with," said Mr. Smith, "is that of making his prospective investor realize the extent and nature of the properties and income-producing power of the companies behind the particular investments being offered. Engraved certificates look much alike, and comparative figures mean little except to statistically minded people; but an investor seeing and hearing a great industrial plant in actual operation instantly gets a vivid and comprehensive idea of the tangible factors back of his investment.

"The investor of today is not so likely to accept generalities as those of a few years ago. He wants all the facts about the securities he buys. Particularly in the investment trust field, the business is tending to concentrate in a few strong trusts, the larger ones who follow the policy of 'cards on the table.' We are using several means to tell the story of Corporate Trust

Shares—newspaper and magazine advertising, and now the talking pictures in the hands of dealers."

Installs New Vault

The Omaha National Bank has completed the installation of a new burglar proof vault. The enormous and heavy structure stands like a big box on four sticks, with all walls, ceiling and floor exposed to view, and no one will be able to have access to it without being observed. The vault cannot fall because its weight rests upon the piers of the building. Walls of the vault are five feet in thickness.

By means of the new vault, the entire east side of the present vault and trust department room is made available for the use of the trust department, with the entire west side for the Omaha National Company.

Of the two doors to the vault, each weighs a little more than nine tons. Protected by the "phonet" system, the electrical connections of the vault are so intricate and delicate that even a smart rap on the vault will sound a burglar alarm.

The custodian's cage is equipped with a bulletproof glass and copper mesh.

Greetings to All Nebraska Banks and Bankers

ON THIS first day of the New Year we find the whole World in the midst of an economic crisis. Pages could be written on financial difficulties and trade depressions on every continent. In the Western Hemisphere, the South American Republics are more or less at ease. In North America, which of course includes Canada and our own United States, it may be said that Canada is fast adjusting itself to new basic principles. In the United States it would appear that depression has touched the bottom and is on the rebound. In Nebraska, the state in which we live and operate, we are without doubt in one of the garden spots of the Union.

During the year 1930, our state generally speaking was blessed with copious rainfall. Consequently farm production was high, and although prices are low, still and all in most counties, production was double that of 1929, for which we are thankful.

Everything depends upon individual energy, courage, upon determination of each to do his share; and I feel that the Powers that be are putting forth their earnest efforts to hasten better times.

The sickest thing in the United States today is not the stock market, is not farm production, nor commodity values; the sickest thing IS our psychology of mind. We must forget prices, depression, and other seeming ailments in business, and hoist the "banner with a strange device, EXCELSIOR"—up higher.

Let us begin now to pull together, cooperate with each other, have a better understanding with our business, professional, and agricultural friends; then early in 1931 all will be well.

Truly yours,

(Signed)

J. G. LOWE,
President, Nebraska Bankers Association.

INSURANCE

Its Application to the Banking Fraternity

Insurance as Desirable Property

A GOOD way to open up the whole subject of Life Insurance as desirable property is to ask: "What type of property would you rather have in your estate—the kind that will function best when the need comes or the kind that will yield the most cash today. (Most men can be easily shown that the former is the kind they should have.) After committing him to this, suggest tests for the most desirable property for his estate.

First. It must be safe. The estate which is to provide for his wife and children cannot be a speculative one. Show him why life insurance is the safest property he can own.

Second. Desirable property must be property that he can reasonably ac-

By C. V. SHEPHERD

*Cedar Rapids, Iowa, General Agent
National Life Insurance Company*

Sixth. Another test of desirable property is marketability—that is, easy to pass title or to transfer. Life insurance passes directly and immediately to his beneficiaries, without legal entanglements or interference of law. There is no shrinkage and it is never a "frozen" asset. A safe and sure income is always assured his family if he so requests the Company to pay in this manner.

How do you get the charts you use in your Agency?

If any one has an idea which helps

A general agent writes that one of his hardest problems is to get his men to build a prospect list, and among the right class of men. This is one of the real problems all of us have. Assuming we pick high class men for our agency force this problem can be met by getting the men to make a list of several hundred of the best citizens in their city or community. Then each day put one to three of these men on their work sheet. Their purpose is to find out all they can about these men and if they then seem worth a call, they make a card on them. As early as possible these men are called on with a definite idea to present which fits their case.

If the man can't be sold at that time he should be cultivated if he has the "ear marks" of a future prospect. A letter now and then, a birthday or Christmas card, a letter of congratulation if you see his name in print, and the occasion seems fitting and a future call whenever you have an idea that should appeal to him.

Try to meet him socially at club or lodge, or possibly work with him on some community or church work. This may enable you to get closer to him than you could otherwise in many a day. Follow through if you wish to make him a client.

"MR. PROSPECT: I am with the Best Life Insurance Company." Agent then stops talking to allow prospect to say, "I have all the insurance I want or can pay for." "Perhaps, Mr. Prospect, you have more life insurance than you need. Have you ever placed a scientific yardstick on your estate? There is a very accurate way of measuring one's needs." Without waiting for an answer, Agent asks for a sheet of paper and pencil. "Mr. Prospect, I do not care to see these figures, as this is a personal matter. At the upper left hand corner place the amount of your yearly income. From this amount deduct these items: personal expenses, lodge and club dues, the amount you save, your life insurance premiums, and income tax. After deducting these items the balance is the amount you spend for your

Illustration No. 1

| Age | Cost 2nd Year | Cost 3rd Year | Cost 4th Year | Cost 5th Year | Total Cost | Average Cost Per Year | Reduction in Insurance 5th Year |
|-----|---------------------|---------------------|---------------------|---------------------|---------------|-----------------------------|---------------------------------------|
| 25 | 10.61 | 5.44 | 2.81 | 3.23 | 22.09 | 5.52 | 45.76 |

quire and in easy installments. A deposit of 2 or 3 per cent annually is all that is required.

THIRD. Another very important quality of desirable property is that it allows Diversification. Undoubtedly no other investment program for the average man so well provides this quality for as a policyholder he owns a fraction of each of the thousands of securities and mortgages his company owns.

Fourth. Suitability for Quick Borrowing is also an important quality, especially for the smaller investor who relies on his small savings as the only means of meeting emergencies. Again life insurance ranks high for the loan values are always available within a few days and some companies even provide over the counter loan service.

Fifth. Reasonableness of Investment return: Here a chart showing cash and loan values, dividends at interest and optional settlements for beneficiaries and at maturity provide a most interesting picture for the prospect.

him put across sales we encourage him to give us a typewritten copy of the plan, drawing, illustration or whatever it may be. If we feel that it will aid others in putting over sales we have photostatic copies or blueprints made of it at a cost of 30 cents per copy. These are made on 8½ by 11 paper so that they will fit in our sales book. For example, we often meet the objection: Yes, I can pay for that this year, but business may not always be so good. To answer this we have a chart that shows the cost at any age to carry a policy for five years if the insured each year borrows back the cash value and deducts the dividends. It is shown on this page in Illustration No. 1.

When the prospect sees that he can keep his insurance in force over a four-year period, right at the beginning of his policy for \$22.09, or an average yearly payment of \$5.52 at age 25, he sees that the deposits can be met even in case of adversity. Even at age 40 the insurance can be kept in force for an average payment of \$7.00 per \$1,000 per year.

family's living each year. Now if you will multiply this amount by 16 you will have capitalized your income at 6 per cent. (Be sure that your prospect understands this.)

"Now, Mr. Prospect, on the right hand side of the paper write down these items and total them—Equity in your home, Equity in any other real estate, stocks and bonds, your present life insurance and a conservative value on your business with you out of the picture.

"Now Mr. Prospect, subtract the last figure on the right side of the page from the last figure on the left side if you can. What did you get for your answer? This is the amount you need to add to your present estate in order that your family may continue to live as they are at present." (Be sure that your prospect understands what you have done.)

"Mr. Prospect, just what can you buy out of your current income that will immediately make up this deficit in your estate?" The only answer is, of course, life insurance.

Business Outlook Encouraging

"WE ARE reasonably sure that the devastating storms which swept through values in late 1929 and middle 1930 are not to be experienced again during this cycle. As soon as business comes to realize that it is the wreckage and not the storm which is our principal problem at the present time, there will be more courage and more enthusiasm for the job ahead."

This reassuring note is sounded in the current issue of the *Business Observer*, monthly publication of the Foreman-State National Bank. While the *Business Observer* notes that there has been no material change in the essential facts of business during the last month, it points to the following evidences of renewed vigor in some sectors of business: (1) total savings deposits of the country are up ten per cent from last year, (2) silk consumption is up thirteen per cent from last year and is twenty-two per cent higher than the average for November in the last five years, (3) the rate of cloth production for November was up ten per cent from October, and (4) chemical activity was speeded up nearly thirty per cent from October to November. On the other hand new insurance written in November was reduced seventeen per cent from 1929, cotton consumption was down 23.7 per cent from last year and 28.7 per cent below the five year average for November, leather production was down 18.7 in a month and automobile production declined by nearly twenty per cent.

The fact that activity is rising in certain industries at this time may have a seasonal explanation in some cases, but for the most part it means that these particular industries have taken the deflation necessary to recovery and are now in a comparatively healthy position, the *Business Observer* states. It adds:

"Contrawise, many industries that are declining now, against seasonal trends, are doing so in delayed recognition of the fact that thorough deflation is the *sine qua non* of recovery. The general recognition, which seems to have come in recent weeks, that thorough deflation is the only way to avoid unnecessary prolongation of the depression, is, basically, a factor of optimism.

"The economic world is witnessing at this time some of the most constructive effort ever made to stabilize production and prices of the major raw materials of world trade. Within the month important progress seems to have been made in negotiations between Cuba, Java, and other sugar producing countries for restriction of exports, under the so-called Chadbourne plan. Numerous other industries afflicted with surpluses are watching this pioneer work in the hope that new principles and formulae will be uncovered which may be supplied widely in the solution of pressing problems."

The Foreman-State review comments as follows on the commodity price situation:

"Month by month, it becomes clearer that business recovery waits upon the stabilization and equalization of prices. However complex the

causes of the depression may have been, most of these causes contributed to the disturbance of price levels, and falling prices brought industry to its knees. Price indices of basic raw materials in the world market have at last begun to show measurable firmness; and, be it remembered, it was in raw materials that commodity prices first began to give way, a year and a half ago."

The liquidation in manufactured goods prices has been spotty and less complete, but "this situation is slowly correcting itself," the review says. "Our principal concern is that necessary readjustments shall continue, and continue with sufficient celerity to give business a chance to recover before needless waste and suffering occur."

A substantial rebound in prices that would give business a sudden stimulus is not to be expected, according to the Foreman-State review and it concludes: "Fortunately, rising prices are not necessary to business recovery. Firmness of prices and confidence in prices are all that good business requires. If, as it appears from our index, the price of basic raw materials in the world market has begun to flatten out and to make a foundation for the support of other prices, it is the most optimistic factor in many weeks."

DEPOSIT SLIPS, CERTIFICATES AND SUB-AGENTS

(Continued from Page 5)

long permitted these practices, and thereby misled the bank into the belief that they were within the terms of the agency, the bank is bound by them. When one of two parties must bear a

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

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Home Office Bldg., 15th and N Streets

B. R. BAYS,
President

JOHN L. OESCHGER,
Sec'y-Treas.

loss caused by the defalcation of a third, he will be charged whose conduct made possible the perpetration of the wrong. Hence, under the doctrine of agency by estoppel, A was the Bank's agent with authority to collect these warrants, deposit the proceeds in his personal account, and remit to the bank by exchange purchased by his personal check."

"That is the general rule, but the rubber stamp endorsement in this case was in itself notice to the bank that A had no such authority," the Company contended, as a last resort, but the

court also overruled this contention in the following words:

"The answer to this is that the so-called indorsement was in fact a mere unsigned form, a rubber stamp placed on the paper by A himself. Without the light of custom and course of dealing it meant nothing. Interpreted by these, it takes the exact meaning which the bank gave it. Moreover, had the indorsement been written on the warrants at the home office of the bank and signed by it, and so presented by A, it doubtless would in the first instance have been binding upon the

bank. But when the Company, by a course of dealing extending over a long period, and affecting many such instruments, has, by knowledge and acquiescence, said in substance to the bank: 'This indorsement is a mere form, to be accepted by you as an indorsement in blank, which authorizes A to cash this paper and remit to us in whatever way he sees fit,' it will not be permitted, when its agent defaults, to repudiate its conduct and stand upon its writing. The general rule of common sense that actions speak louder than words is likewise a wholesome rule of law, which, under such circumstances as those here presented, has been crystallized into the doctrine of agency by estoppel."

Joins Foreman-State

Melvin H. Sowles, for several years vice-president of Walker Brothers, Bankers, of Salt Lake City, has become associated with the Foreman-State National Bank as vice-president.

Mr. Sowles embarked upon his banking career in 1918, when he joined McCormick & Co., Bankers, Salt Lake City, as vice-president. In 1921, when the business of that bank was absorbed by Walker Brothers, Bankers, he became vice-president of that organization, holding the position until the present time. Walker Brothers, Bankers, established in 1859, is the oldest and one of the largest financial institutions in the intermountain country.

The new vice-president of the Foreman-State National Bank has been identified for many years with local and national credit associations and in 1915 was elected a director of the National Association of Credit Men.

Mr. Sowles was born in Salt Lake City, and after completing a high school course entered the employ of the Salt Lake Hardware Company at the age of seventeen, with the ambition at that time of entering the legal profession. Early responsibilities and opportunities, however, carried him along a business career, and at the age of twenty he became secretary and treasurer of the Salt Lake Hardware Company. He continued with that company for fourteen years, during which time he was an important factor in building that organization from a modest firm to one of the most important hardware jobbing concerns in the United States.

Mr. Sowles' business activities have brought him in contact with bankers and business men in all parts of the country. He has a wide acquaintance in banking circles.

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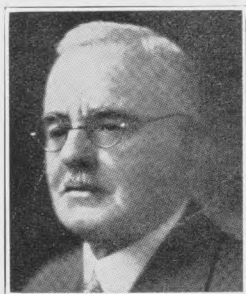
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J. G. LOWE,
President, Nebraska Bankers Association

Nebraska News



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

Creighton Bank Reopens

First among the four recently suspended state banks of Knox county to reopen its doors as a reorganized institution, with all impaired assets removed and the capital stock and surplus re-subscribed in cash in the Bank of Creighton in the town of that name. It resumed business recently, and during the first hour or two new deposits of about \$12,000 were received from its customers, according to information received by the state banking bureau.

Two of the other failed banks in Knox county, at Niobrara and Center, are in process of reorganization. One at Verdigre will be liquidated in receivership.

Depositors in the Bank of Creighton agreed to a general settlement in which they receive credit on the books for 50 per cent of their former accounts. The other 50 per cent was applied on the purchase of slow and undesirable assets which were taken out of the bank and turned over to the depositors' committee. Whatever money is realized on these items will be distributed pro rata among the depositors.

The total amount of deposits made immediately available to patrons of the rehabilitated bank under the 50 per cent settlement is \$316,841.50. An equal amount of cash and good notes is held by the bank, and in addition it has new capitalization of \$25,000 and surplus of \$10,000, all paid in in cash.

New officers and directors have been chosen and are in charge of the bank. Wid L. Tumner is president; William Hengstler, vice-president; and J. O. Peck, cashier. These three, with Roscoe C. Rice and D. A. Van Deveer, constitute the directorate.

State Bank Commissioner Woods said this is the forty-third bank to be put back on its feet and reopened under the 1929 law providing for composition settlements with creditors. The former stockholders and directors, the depositors' committee, and

citizens of Creighton generally gave full co-operation in the reorganization project, Mr. Woods stated.

Mr. Peck, the new cashier of the Bank of Creighton, has heretofore been employed as an examiner for the state banking bureau in northeast Nebraska. He made the recent examination of the bank with which he is now connected. Mr. Peck has resigned his position in order to take up his new line of work.

Pioneer Banker Dies

G. N. Youngson, resident of Minden, Nebraska, for many years and highly respected business man, died suddenly on the morning of December 24.

Ill health for the past few months had caused his retirement from active business as an official of the First National Bank, and plans had been made for his departure for California within the next two weeks. There he had planned to spend the winter in an effort to regain his health.

Mr. Youngson was recognized as an able business man. He was an official of the First National Bank for many years, serving as president until he retired.

He is survived by his wife, three daughters and two sons—Mrs. Waldorf Brach of Hastings, Harriet and Jane, both students at the University of Nebraska, George, a dentist, who resides in Chicago, and Isaac of New York City.

Carsten Re-elected

A meeting of the Lancaster County Bankers Association was held recently at Lincoln, Nebraska, and the following officers elected: F. T. Carsten of Hallam, president, James Hitchcock of Havelock, vice-president, and W. R. Judah of Hickman, secretary-treasurer. Mr. Carsten and Mr. Judah were re-elected to their offices, having served last year. Byron Dunn, Lincoln, was appointed chairman of the program committee and the address of

the evening was given by Ned Brown Arbor. Mr. Brown spoke of the early life in Lincoln, portraying humorously and vividly the problems of the pioneers.

Five Per Cent Dividend

District Judge B. O. Hostetler of Kearney, Nebraska, has ordered the payment of a five per cent dividend to depositors in the Meisner State Bank at Shelton. This dividend will bring the total paid to depositors up to 63 per cent since a receiver was appointed.

The depositor's committee has greatly assisted agents of the department of trade and commerce in making collections, and members of the committee are active, getting in touch with people who owe the bank, and in arranging for settlements.

All the money paid depositors since the bank was closed, has come from assets of the bank, the guaranty commission paying no part of the dividends. Members of the depositor's committee are unable to say whether another dividend will be paid, and if so, when it will be forthcoming.

Gets Post in Head Bank

Lyman C. Sorensen, state bank examiner, formerly of Fremont, Nebraska, has been made an assistant cashier of the Foreman-State National Bank of Chicago, of which Walter W. Head is president.

Levy Made by Bureau

State banks of Nebraska have been called upon by the state banking bureau to contribute their annual assessments provided by law for the purpose of paying salaries and expenses in the bureau during the year 1930. The amount required for that purpose is about \$40,000.

To raise that sum, a levy represented by the decimal .000223 was made on the combined resources of each bank as shown by its last published statement of September 6th.

The total resources of all state banks on the date mentioned were \$183,158,000. The assessment on that amount would raise \$40,850, in round numbers. However, some banks have closed since, which will slightly reduce the proceeds.

Similar assessments are made on trust companies to pay the cost of their supervision.

The assessment in each instance is additional to examination fees which are collected from the banks and other concerns to pay for the services of state examiners.

Bankers Name Officers

Roy Cusack, president of the First National Bank of North Bend, Nebraska, was named president of the

Dodge County Bankers' Association at the annual business meeting held in Fremont. Thirty-five men, representing every bank in the country, attended.

Other officers are: Vice-president, D. D. Rowe, president of the Nebraska Building and Loan Association, Fremont; secretary, Herbert Koysen of the Stephens National Bank, Fremont, and treasurer, Norman Shaffer, cashier of the First National Bank, Hooper.

Discussion of the possibility of making service charges on county and municipal deposits was the principal matter of business at the meeting.

Bank Employees Insured

One hundred and thirty-five employees of the First National Bank and

First Trust Company of Omaha, Nebraska, have been insured for 282 thousand dollars, under a group plan, by the Prudential Insurance Company.

Install Alarm System

The Dawson County State Bank, of Lexington, is the first bank in its county to equip itself to combat the robberies which have been taking place in the State of Nebraska.

An electrical alarm system which rings in five separate places outside the bank, has recently been installed.

The alarm can be set off at seventeen different places in the banking room by hand or foot contact. The alarm is so constructed that when a contact is made it continues an uninterrupted clatter, and is entirely independent of the lighting system.

New Bank Gets Charter

Clarence G. Bliss, secretary of the state department of trade and commerce, has announced the granting of a state charter to the State Bank of Norfolk. The institution was recently organized from the holdings of the Nebraska State Bank which was closed July 23rd, last.

The new bank will reopen with capital stock of one hundred thousand dollars; surplus of 25 thousand dollars, all fully paid in.

Pay Extra Dividends

Four Omaha banks will pay extra dividends in addition to the regular December 31st payments to stockholders. They are the Omaha National, 1 per cent in addition to the regular 3 per cent; United States National, \$1.60 extra per share making total distribution of 16 per cent for the year; the Stock Yards National, \$3.40 per share in addition to regular 4 per cent.

Name Legislative Committee

Officers of the Nebraska Bankers' Association have announced appointment of an executive committee to consider legislative matters during the coming session of the legislature. Dan J. Riley, cashier of the Dawson Bank, Dawson, chairman; J. W. Ouder Kirk, Hastings; Carl D. Ganz, Alvo; F. C. Horacek, Sr., Omaha; A. D. Spencer, Barnston; M. G. Lowe, Kearney; and E. N. Van Horne, Lincoln, are other members of the group.

Increase in Clearings

Twentieth in bank clearings, though thirty-ninth in population, is Omaha's record for the week ending December 19th, according to Bradstreet's report to the Chamber of Commerce. Omaha usually ranks from twenty-first to twenty-fourth in clearings.

The
Continental National Bank

LINCOLN, NEBRASKA

"A Bank for Bankers"

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Experience

that only years can bring

THE FIRST NATIONAL BANK
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OF
LINCOLN, NEBRASKA

"Since 1871"

Declare Regular Dividends

Payments of regular, and in some cases, extra dividends, and of the usual Christmas bonuses to employes, were announced by a number of the Omaha banks at Christmas time.

An extra dividend of 1 per cent was declared by directors of the Omaha National Bank, in addition to the regular 3 per cent dividend for the fourth quarter of 1930, ending December 31. The bank pays an annual Christmas bonus, based on length of service.

The United States National Bank, which is affiliated with the Northwest Bancorporation, declared its regular dividend and an added cash disbursement of \$1.60 a share, making total distribution for the year of 16 per cent. The bank also paid a cash bonus to workers.

The Stock Yards National Bank, which is also affiliated with the Northwest Bancorporation, paid the regular dividend of 4 per cent and an extra of \$3.40 a share, as of December 31st.

The fourth extra dividend of one-half of one per cent, making a total extra disbursement of 2 per cent, was declared by the Live Stock National Bank, payable January 2nd. This is in addition to the regular quarterly dividend of one and one-half per cent.

First National Bank paid its regular quarterly dividend of 2½ per cent, making 10 per cent for the year. One hundred and thirty employes benefited by the Christmas bonus.

Holds Annual Meeting

The Nebraska chapter of the Mortgage Bankers Association held its annual meeting in Omaha December 17th, at the Fontenelle Hotel. Delegates came from Nebraska and Western Iowa cities.

The principal speaker was John B. Sleeper of Topeka, Kansas, president of the National Association and president of the Pioneer Mortgage Company of Topeka. Others who were on the program for talks were W. Dale Clark, president of the Omaha National Bank and C. L. Carter, vice-president of the Nebraska chapter, presided at the sessions. The general topic was mortgage conditions in the mid-west territory.

When officers were elected for the new year, Paul J. Vollmar, president of the Western Securities Company, of Omaha, was named president. John B. Wadsworth, Council Bluffs, Iowa, was elected vice-president.

Mr. Clark, in his talk, suggested that the present was a good time to rally from depression. "There's an upturn to every depression," he said, "and the resources of the Nation are fundamentally sound." He spoke of the value of Eastern mortgage funds in the development of Nebraska.

DAN V. STEPHENS, president of the Stephens National Bank of Fremont, Nebraska, is heading the community campaign to raise an additional \$100,000 for Midland College, at Fremont.

THE STATE BANK OF NORFOLK, replacing the failed Norfolk State Bank, has been organized with the following directors: J. J. Delay and A. R. Olson, Beresford, Nebraska; B. J. Lammers, Hartington; W. O. Eichelberger, Otto Beckenhausser, H. F. Thenhaus, Dr. A. E. Gadbois and W. G. Flint, Norfolk, Nebraska.

DIVIDEND PAYMENTS amounting to \$163,196.67 were made by the Nebraska Department of Trade and Commerce for apportionment to depositors in 12 failed State banks, early in December, according to Clarence G. Bliss, Secretary of the Department.

Depositors of the Denton State Bank of Denton received a 35 per cent payment of \$19,407.40. Depositors of the Thurston State Bank of Thurston received an initial payment of \$5,-

371.92 of 8 per cent of outstanding accounts. Depositors of the Farmers State Bank, St. Edward, received a first payment of \$11,523.95 or 6 per cent.

Other dividends were paid as follows to depositors:

| | |
|---------------------------------------|-------------|
| Citizens State Bank, Superior | \$23,079.14 |
| State Bank of Clearwater.... | 8,231.50 |
| Security State Bank, Wakefield | 19,467.81 |
| Ponca Valley Bank, Monowi | 12,150.12 |
| State Bank of Tilden..... | 9,973.77 |
| Ashland State Bank..... | 17,060.65 |
| Farmers State Bank, Bloomington | 6,250.28 |
| Nebraska State Bank, Humboldt | 20,058.83 |
| Bennington State Bank..... | 6,780.49 |

JOHN S. MCGURK, president of the South Omaha State Bank, has been elected president of the South Omaha Merchants Association. He has served in the past as treasurer. Mr. McGurk has also been made a director of the Omaha Chamber of Commerce, on whose aviation committee he has served for two years.

United States National Bank

O M A H A

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

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| | |
|---|--|
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| JOSEPH C. McCLURE, <i>Vice-President</i> | HARRY E. ROGERS, <i>Assistant Cashier</i> |
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Central Typewriter Exchange, Inc.

(EST. 1903)

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1912 Farnam St. Omaha, Nebraska

VICTOR B. SMITH, vice-president of the Omaha National Bank, returned in mid-December from a business trip to Washington and New York. At Washington he was a guest of the newspaper men at the famed annual Gridiron dinner. Mr. Smith, before he entered banking, was a newspaper man, having been formerly with the Omaha *World-Herald*, and later editor of the Omaha *Bee*.

W. DALE CLARK, president of the Omaha National Bank, has been elected president of the Omaha Community Chest. Gwyer H. Yates, president of the United States National Bank, is a member of the Board of Directors.

AN ELECTRICAL ALARM system to ring in five different places outside the bank has been installed as a guard against robbers and burglaries by the Dawson County Bank at Lexington, Nebraska.

The alarm can be set off at 17 different places in the banking room by hand or foot contact.

The alarm continues an uninterrupted clatter, once the contact is made. Independent of the lighting system, the cutting of the light wires would set off the alarm. At the five places outside the bank where the alarms are sounded are stationed rifles of army calibre and at another place a repeating rifle of high calibre.

ONE OF THE MEASURES to come before the Nebraska legislature, now early in its session, is a proposal for a uniform system of accounting, to be installed in all of the Nebraska

state banks, under the direction of the state banking department.

The proposals were advanced by Judge J. J. Thomas of Seward, Nebraska, following the failure of a number of banks in Saunders county. Judge Thomas had acted as special assistant to the attorney general in conducting an investigation of the closing of the banks.

He recommended a uniform accounting system as a means of helping to prevent falsification in records, and to prevent bankers secreting discrepancies from bank examiners.

FRANK HAMMOND has been elected president of the Union National Bank of Fremont, Nebraska.

Mr. Hammond, who has been a director of the bank, succeeds his brother, the late Ross L. Hammond, who died during the summer.

Frank Hammond has lived in Fremont since early manhood. He is the head of the Tribune Publishing Company, which publishes the Fremont *Tribune*, as well as of the Crystal Refrigerator Company and the Sure Hatch Incubator Manufacturing Company.

Christmas Savings Heavy

Christmas Club savings for the nation have not fallen off in 1930, no matter how hard times may be. Reports just made to the National Association of Mutual Savings Banks show that there has been an increase of Christmas savings in mutual savings banks in some states. A number

of others have about held their own and there will be slight reductions. But for the nation as a whole the total figure is expected to be at least equal to that of last year, which set the record for all time.

In New York the mutual savings banks alone will distribute \$13,170,552 compared to \$11,965,573 in 1929, or a gain of \$1,204,979. This considerable sum of money will be distributed among 280,698 depositors, a slight increase from the 273,251 of last year. The outstanding gain indicates that Christmas saving for 1930 has been more determined than ever before.

Mutual savings banks of Massachusetts will have \$9,926,926 compared to \$9,767,199 last year. There will be holiday savings checks for 221,217 depositors instead of 214,470 a year ago. Despite lack of work in numerous mill towns of the state, some of the savings banks in such towns have equal or larger Christmas deposits.

Connecticut savings banks have \$3,000,693 in their Christmas Clubs, which a little more than balanced last year's figures of \$2,977,075. There are 69,732 depositors.

In New Jersey the Christmas Club funds of the savings banks will amount to \$2,263,574, the holiday savings of 40,489. These figures rank with \$2,230,008 in 1929, distributed among 38,847 depositors. The increase is noteworthy by reason of depression among the state's industries.

All mutual savings banks, operating in 17 states, will have total Christmas funds of \$35,573,391, belonging to 741,995 people, almost the exact number of last year's depositors. This sum will be available between December 1 and 15, assuring a comfortable Christmas for depositors and their families numbering perhaps 2,000,000 people. It is the result of consistent saving during 50 weeks in the year of sums varying from 25 cents to \$20.00.

Not only Christmas funds are prospering but school savings accounts show satisfactory gains. The savings banks of New York have \$9,551,590, an increase from \$7,886,580 last year, deposited by 665,049 pupils.

In Massachusetts the present figure is \$1,775,202, a gain from \$1,611,458 in 1929. Depositors number 187,254. The Connecticut total is \$1,174,149, compared to \$1,132,350 a year ago, the deposits of 84,960 children.

The total in 17 states came to \$16,043,344, a rise of \$2,393,230 from 1929, when the sum was \$13,650,114. Banking officials are disposed to regard the accumulation of this money by the children as little less than remarkable. All of these school banks have 1,386,218 depositors.



OFFICERS

FORD E. HOVEY, President L. K. MOORE, Asst. to Pres.
 JAS. B. OWEN, Vice-Pres. H. C. MILLER, Asst. Cash.
 F. J. ENERSON, Vice-Pres. C. L. OWEN, Asst. Cash.
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Stock Yards National Bank of South Omaha

Affiliated with the Northwest Bankcorporation



The Only Bank in the Union Stock Yards

News of the Omaha Stock Yards

1931 Pig Crop Light

A decrease of about one per cent in the number of fall pigs for the United States as a whole, compared with a year ago, is shown by the December, 1930, pig survey of the Department of Agriculture, covering over 60,000 farms. An increase of about two per cent in the north-central states, which furnish most of the market supply of hogs, and an increase in the western states of 14 per cent, were more than offset by decreases of about 7 per cent for both the north and south Atlantic states, and 22 per cent for the south-central states.

The changes in the number of sows farrowed this fall shown by the survey were about the same as the changes in the number of pigs saved. The number of pigs saved per litter averaged a little larger this year than last in all groups of states except the south-central.

Combining the indications of June survey as to the size of this year's spring crop with those of this fall's survey covering the size of the fall crop, gives a total pig crop for the United States in 1930 as 4 per cent smaller than in 1929 and for the north central states about one and half per cent smaller.

Although the survey shows the number of sows bred or to be bred for spring farrowing in 1931 to be 12 per cent greater for the country as a whole and ten per cent greater for the corn belt, than the number of sows which actually farrowed in the spring of 1930, when allowance is made for the usual spread between breeding intentions and actual farrowings, there is likely to be little change in the number of sows which will actually farrow in the spring of 1931 compared to the spring of 1930.

Past surveys have shown that the number of sows reported as bred in the fall were larger than the number

reported as farrowed the following spring, due to changes in intentions, death losses and other causes. The number of pigs saved per litter in the spring of 1930 was unusually large, being $5\frac{1}{2}$ per cent above average. If the number saved per litter in the spring of 1931 is only average, the pig crop of 1931 will probably be somewhat smaller than that of 1930.

The results of this survey show the effect that the low prices of corn and the continuance of a corn-hog ratio favorable to feeding is having on the trend of hog production. Several months ago, when the very short corn crop of this year became evident, it was generally expected that this shortage, as in other years of very short corn production, would result in decreased hog production the following year. It was also expected that it would result in a heavy early marketing of light weight hogs.

Apparently neither of these results have occurred. The marketing of hogs from October 1 to date have been unusually small relative to the indicated supply and weights and finish have been near the average of recent year. This survey shows that the expected decrease in the spring pig crop next year is not likely to take place unless there is a very marked change in the corn and hog situation in the next two months.

Wheat Acreage Reduced

Nebraska farmers reduced their winter wheat acreage 12 per cent says the State and Federal Division of Agricultural Statistics. The sown area is 3,269,000 acres as compared with 3,715,000 acres sown the fall of 1929. This is a reduction of 446,000 acres, or nearly as much as the total reduction for the United States, which was 1.1 per cent, or 471,000 acres.

The condition of winter wheat is 91 per cent as compared to 96 per cent a year ago. The condition is most favorable in western Nebraska. There was a lack of moisture in eastern Nebraska for a time, but at present the condition is good and the crop is going into the winter under excellent moisture conditions.

A total of 360,000 acres of rye were sown as compared with 343,000 acres in the fall of 1929. The condition is 91 per cent as compared with 95 per cent a year ago.

The area of winter wheat sown last fall for the U. S. is 42,042,000 acres as compared with 42,513,000 acres in the fall of 1929. The condition is 86.3 per cent against 86 per cent a year ago. Rye totals 4,158,000 acres against 3,996,000 acres sown in 1929 and the condition is 82.6 per cent.

The value of 1930 crop production based upon December 1 price is \$259,556,000 as compared with \$347,017,000, the value of crops a year ago. This is a drop of 25.2 per cent, despite the fact that Nebraska crops are above the five-year average. Abnormally low prices are responsible for this marked reduction in value.

Veteran Employee Dies

John William Green, 73, 4612 South Twentieth street, Omaha, superintendent of the hog division at the Stock Yards, died recently following a week's illness.

"Billy" Green was one of the most capable as well as well-liked men around the Yards. He had been in the employ of the company for nearly 44 years and was highly respected by his associates on the market.

Surviving are two sons, Charles of Omaha and Lyle of Dayton, Ohio; a granddaughter, Iowala Louise Green of Omaha, and two sisters, Mrs. Bert Charles Denny of Pasco, Wash., and brother George, also of Pasco, Wash.



Meat Prices Lower

The outlook of the meat industry for 1931 is for moderate supplies of cattle and hogs and a large supply of lambs, according to a statement by William Whitfield Woods of Chicago, president of the Institute of American Meat Packers.

The statement continues:

"Prices of most meats and live stock are now at substantially lower levels than they were a year ago.

"For example, dressed beef is wholesaling from 15 to more than 30

per cent lower than a year ago, the decline varying with the grade and weight.

"Sharp declines also have occurred in the case of dressed veal. Present wholesale quotations on different grades range from 25 to 35 per cent lower than those of a year ago.

"Dressed lamb has declined more sharply than other meat products. The percentage declines in the wholesale price, as compared with this time a year ago, range from 34 to 46 per cent, according to grade and weight.

"Fresh pork cuts also are substantially lower than they were a year ago. The wholesale prices of fresh loins are

about 20 per cent lower than a year ago; skinned shoulders are about 20 per cent lower, and fresh butts, 10 per cent lower. Lard is 8 per cent lower.

"Regular smoked hams and bacon are wholesaling at present at prices that are slightly lower than a year ago. Smoked picnics are more than 25 per cent lower.

"Meats cured by dry-salt process—sides, fat backs, etc.—also are below the levels of a year ago.

"Although stocks of meat products in storage increased considerably during November, they were comparatively light on December 1, the date of the latest official report. Stocks of pork on that date were 16 per cent lighter than on the same date of the preceding year and stocks of lard were 55 per cent lighter. Production also has been lighter.

"Although figures for the entire year are not yet available, it is probable that the production of meat in the United States decreased slightly. Production of lamb probably will show an increase of about 15 per cent. Production of beef and veal probably will show relatively little change, and the production of pork probably will show a small decrease.

"The United States Department of Agriculture estimates that the number of hogs to be marketed during the present hog marketing year ending October 30 may be slightly smaller than the supply during the preceding year.

"As to the export market, it may be said that pork production in most European countries has been expanded to pre-war levels, and marketings of hogs in those countries during the first part of the coming year are expected to be considerably above those for the corresponding period last year."

Nebraska Resources

Nebraska has resources of \$81,263,381.23, with no state indebtedness, according to the biennial report of State Auditor Johnson.

"Compared with 1928," Johnson states, "This is an increase in resources of \$7,283,617.75."

Cash on hand in the treasury on June 30, 1930, totaled \$7,532,903.22, of which \$2,816,987.31 belonged to the general fund, of \$2,436,496.84 after deducting the outstanding warrants.

"I am sure this is the largest general fund balance remaining in the treasury at the close of any fiscal year in the history of the state," Johnson said.

The report shows a total of \$97,000.72 lapsed into the treasury as unexpended funds June 30, 1930.

"Make it better"



A SAFEGUARD to investors in Bell System securities is the continual effort of the telephone personnel to "make it better", to test and improve every piece of apparatus and every step in manufacture and operation.

This wholesome attitude of self-criticism has resulted in equipment which gives maximum efficiency and yet is produced and maintained at minimum cost.

In the business of telephony, where service must be immediate, smooth functioning of

the plant is unusually important. It has proved a contributing factor in the Bell System's growth. As people have learned how dependable and convenient the telephone is, they have used it more and more.

To meet and to keep ahead of constantly growing demand, this System has built a plant whose book value is more than \$4,000,000,000, of which the funded debt is only about one-fourth.

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

BELL TELEPHONE SECURITIES CO. Inc.

195 Broadway, New York City



Annual Bank Stockholders Meeting

Falls City State Bank stockholders met at the bank in annual session at Falls City, Nebraska. W. L. Redwood, E. E. James, L. P. Wirth, Virgil Falloon, J. C. Mullen were chosen as directors.

After the banquet the directors adjourned to the banking rooms and elected these officers: L. P. Wirth, president; W. L. Redwood, vice-president; J. R. Biles, second vice-president; C. W. Thornton, cashier.

A brief talk in which he portrayed great hope for the future, was made by the president-elect, L. P. Wirth.

Plan Reorganization

Banking Commissioner Woods has called a meeting at Primrose, Boone county, of all depositors in the Farmers State Bank of Primrose which has been closed in an effort to effect an orderly liquidation. They will be given the option of a receivership or signing an agreement by which they waive various rights, and which fixes a schedule for paying off deposits in consideration of which the stockholders will guarantee ultimate payment in full to all depositors and unsecured creditors. The deposits total \$60,000. The officers of the bank were president, Rach Gray Kinnier; vice-presi-

dent, N. J. White; cashier, A. F. Kopecky.

Verdigre Bank Has New Home

The Verdigre, Nebraska, State Bank which recently purchased the building owned by the Knox County Bank, now defunct, was moved to its property recently. The department of trade and commerce recently approved the transaction. Effects of the failed institution were moved the same day, and will be used by the receiver, collector and depositors committee while they wind up the affairs of the defunct institution.



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To You and Yours
Thruout Coming Year**

LIVE STOCK NATIONAL BANK

UNION STOCK YARDS

OMAHA

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W. S. HOGUE, *Asst. Cashier*

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BANK OF NEW SOUTH WALES**

ESTABLISHED 1817

(With which is amalgamated THE WESTERN AUSTRALIAN BANK)

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



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

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

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Central Hanover takes pride in the number and long duration of these correspondent relationships. They offer the best proof of the friendly and efficient nature of Central Hanover correspondent facilities.

CENTRAL HANOVER BANK AND TRUST COMPANY NEW YORK



15 Offices in 15 Manhattan Centers

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NO SECURITIES FOR SALE

CAPITAL, SURPLUS AND UNDIVIDED PROFITS OVER 105 MILLION DOLLARS

South Dakota News

Banks Are Consolidated

The consolidation of two banks at Cresbard, South Dakota, into one institution to be known as the bank of Cresbard has been announced by the state banking department. The bank has a capital stock of \$25,000.00.

The failure October 28, 1930 of the Bank of Cresbard and the Guaranty State Bank brought about the merger. Both institutions were reorganized, and following approval of the reorganization and merger by the state department, became one bank.

Will Liquidate Bank

An order was signed by Judge W. N. Skinner in circuit court authorizing a board of trustees selected by depositors of the bank to proceed with the liquidation of the closed bank in Thomas, South Dakota. At present Thomas is without a banking institution. The board of trustees is composed of five leading men of the community.

After filing the necessary bonds members of the board commenced the work of liquidating the affairs of the bank and claims of depositors and others now are being filed with the board. The petition asking that a board liquidate the bank's affairs was signed by the necessary 85 per cent of the depositors and other creditors of the bank, which closed its doors early in the fall.

Orient Bank to Re-open

Announcement is made that the Orient, South Dakota, State Bank, which recently closed its doors, will reopen for business about January 1. Eighty per cent of the deposits have been signed over to the bank under the reorganization, this amount being necessary under the law where a failed bank is reorganized. It is stated that the selling of stock in the reorganized bank and other details will be completed in time for the reopening of the bank on the date stated.

Gary Banks Merged

In line with the spirit of the times and for the purpose of saving expense and extending greater service, the National Bank of Gary, South Dakota, recently sold its business to the First National Bank with the consent of the comptroller of the currency. The First National announces that they will pay on demand all checks drawn on the National Bank of Gary for the amount of the account and the drawee may

have to his or her credit, and all certificates of deposit issued by the National Bank of Gary will be paid or renewed, as may be desired when same mature.

Buys Lake Andes Bank

The Farmers and Merchants Bank of Lake Andes, South Dakota, which was started June 23 by H. D. McKinnon of Flandreau has been sold to the Security State Bank of Geddes. All accounts and deposits were transferred immediately. The bank will be closed but with no loss to depositors. The checking accounts will be on the Geddes bank instead of the Farmers and Merchants.

Leo Pottraz, Flandreau, has been the cashier and Miss Tillie Stedronsky, assistant. The directors had been Frank St. Pierre, Joseph Lindquest, J. B. Hovey, Joseph Melmer and Charles Stedronsky.

Convention Dates

The South Dakota Bankers Association will hold its 1931 convention in Huron, Wednesday, Thursday and Friday, June 24, 25 and 26, according to a report issued by George A. Starving, secretary of the association.

Savings Increase

Despite hard times in other communities of the country, Cheyenne, Wyoming, banks report that citizens have savings on deposit totaling \$126,000 more this year than at the same period in 1929.

A total of approximately \$1,473,077 is now on deposit in the savings department of the two local banking institutions, officers report.

Taking Cheyenne's population as approximately 20,000 and hypothetically dividing the savings among the city's citizens, each man, woman and child would have \$6.30 more for Christmas gifts this year than last, were this division made now. The grand total dividend would allow each person \$73.65 to put into circulation.

Joins Federal Reserve

Announcement that the First State Bank of Newcastle, Wyoming, had become a member of the Federal Reserve System was announced recently by Cashier R. Hurtt and the bank's charter was hung in the bank's lobby. Newcastle is located in Federal Reserve District No. 10 and the First State Bank is a stockholder in the Federal Reserve Bank for that territory which is located in Kansas City. Through Federal Reserve affiliation, the local bank gets the advantages of clearing and rediscount facilities which are available to member banks and in turn offers a more efficient and wider service to its patrons.

THE CHASE NATIONAL BANK *of the City of New York*

PINE STREET CORNER OF NASSAU

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Capital . . . \$ 148,000,000

Surplus and Profits 209,000,000

Deposits . . . 2,073,000,000

The Chase National Bank invites the accounts of banks, bankers, corporations, firms and individuals.

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General Banking • Trust Department
Foreign Department

Colorado News

Colorado Banks Gain

The assets of the 136 state and savings banks and fourteen trust companies under supervision of State Bank Commissioner Grant McFerson showed an increase on the last call of \$4,600,521.76 over the previous call total on June 30, McFerson announced when the data had been compiled.

This was considered a marvelous increase, as the call was purposely made by McFerson before the large payments began reaching the farmers for their sugar beets and other major crops. The state and savings banks showed combined assets of \$39,669,885.22 and the trust companies \$35,958,446.49, or a grand total of \$75,628,331.71.

The total average reserve held by the banks was unusually high, indicating a sound, conservative policy is being followed by the bankers. The total was 28.37 per cent, of which 21.87 per cent was reserved with other banks, 3.69 per cent was in Liberty bonds and 2.81 per cent in cash.

Becomes Vice President

J. A. O'Brien, Pueblo, who has been a director of the Denver Joint Stock Land Bank of Denver for many years, has been elected a vice-president of the organization.

The bank has resources of more than \$15,000,000.

Savings Deposits Reach Million

The really sound financial condition of Florence, Colorado, is shown by large deposits in the savings department of the First National Bank.

The population of Florence is 2,500 and there are 1,360 depositors who have savings accounts in the First National Bank.

On Nov. 28th these deposits totaled \$997,320.87, for an average of \$733.31 per person.

There are very few large accounts included in this and the savings department of the First National Bank shows a great portion of its depositors with excellent savings accounts.

Bankers Urge Farm Records

Hearty cooperation in furthering farm-record keeping was pledged at a recent conference of representatives of the Colorado Bankers' Association and the Extension Service of the Colorado Agricultural College.

These two organizations will also cooperate in conducting annual farm-

er-banker tours to the farms of those who have made substantial progress in their farm operations as a result of keeping accurate records and making a thorough study of their farm business.

Those representing the bankers' association at the conference were L. F. Scarboro, secretary of the association; and E. F. Tighe, chairman of the association's agricultural committee. Those representing the college were Prof. L. A. Moorhouse, head of the department of economics and sociology; E. D. Smith, extension economist in marketing; Fred C. Jans and Wayne Reitz, extension economists in farm management.

It was agreed that the bankers will cooperate with the extension service in encouraging more farmers to keep records of their operations so that the farmers will be able to know exactly whether they are making a profit in each of the various operations and why they are making money or losing it.

The bankers will also assist the extension service in distributing information to their farmer patrons regarding improved methods of farm management.

It is expected that several farmer-banker tours will be planned next summer, during which visits will be made to some of the outstanding farms in various sections of the state.

Enlarges Quarters

The First National Bank of Greeley, Colorado, because of the need for more working space, has enlarged its quarters by connecting a part of the east portion of the bank building with the present offices. The additional room will be used by clerks and stenographers. Rest room for women employes has also been included.

Olathe Banks Consolidate

Consolidation of the Olathe State Bank and the First National Bank of Olathe, Colorado, became effective last month, with the First National Bank building as quarters for the new institution. In reality, the First National Bank of Montrose is buying out the Olathe State Bank and merging with the First National Bank of Olathe.

The officers and directors of the new bank will be: T. B. Townsend, Jr., president; C. B. Akard, vice-president; N. J. Darrow, cashier; A. T. Hawkyard, and N. B. Callaway, directors.

Townsend has been connected with the First National Bank of Montrose for more than 16 years and at present is vice-president. Akard, also, has been connected with the First National Bank of Montrose for more than 40 years and is now its president. Darrow, who will be cashier and active manager of the next Olathe bank has executed those duties for the Olathe State Bank for the past ten years. He is also a director of the First National Bank of Montrose. Callaway, one of the directors of the First National Bank of Olathe, is assistant cashier of the First National Bank of Montrose, with which he has been connected for many years, while Hawkyard, another director of the new institution, has been a director of the Olathe State Bank since its establishment.

Director of Land Bank

P. O. Wells of Colorado Springs has been reelected director of the Federal Land Bank of Wichita, Kansas, from the district consisting of Colorado and New Mexico, for another three-year term beginning January 1, 1931.

Mr. Wells was nominated and elected without opposition.

The territory served by the Federal Land Bank of Wichita consists of Colorado, New Mexico, Oklahoma and Kansas, and the gross loans since the organization are \$100,000,000, of which \$30,000,000 of these loans have been made in Colorado.

Besides serving as director of the Federal Land Bank, Mr. Wells is also director of the Federal Intermediate Credit Bank, also located at Wichita, a government institution with a capital of \$5,000,000.

Merges with Limon National

The First National Bank of Genoa, Colorado, was consolidated on December 22, 1930 with the Limon National Bank.

The merged banks will operate under the name of the Limon National Bank in their commodious quarters in Limon, and Lyle T. Lowe and Albert A. Fruhling of the former Genoa institution, will act in the capacity of cashier and assistant cashier.

In New Home

The Wallace State Bank of Monte Vista, Colorado, has a new home. The recently completed \$50,000 brown pressed brick replaces the building badly damaged by fire last May.

The original bank building was erected in 1888 on the site of the new building by Wallace Bros. & Clark, founders of the institution.

New Mexico News

Group Elects Officers

Representatives from six banks were present at the Artesia hotel roof garden for the regular quarterly business meeting and the annual election of officers for group number three of the New Mexico Bankers Association. This group is composed of all banks located in Chaves, Eddy, Lea, Lincoln and Otero counties.

The main feature of the program was a report of the annual convention of the American Bankers Association, which was held at Cleveland, Ohio. This report was made by Mrs. Margaret Barnes of Albuquerque, secretary of the New Mexico Bankers Association. A general discussion of co-operative advertising and group credit information was given by W. A. Losey, cashier of the First National Bank of Hagerman, and G. K. Richardson of Carlsbad, president of the New Mexico Bankers Association.

W. A. Losey was elected chairman of this group of the state organization with W. J. McInnis, cashier of the Bank of Commerce of Roswell, elected as vice-chairman. Floyd Childress, auditor of the First National Bank of Roswell, was reelected to the office of secretary and treasurer. D. C. Berry, cashier of the Lea County State Bank of Lovington, and E. M. Brickley, cashier of the First National Bank of Carrizozo, were elected as members of the executive board.

Reward Offer to Stand

The reward of the New Mexico Bankers' Association of \$1,000 for each bandit killed in the act of robbing a bank and of \$500 for each bank robber caught and convicted will remain unchanged.

At least this is the recommendation of the executive committee of the association which met in Albuquerque recently. The decision to keep the amount of the association's standing rewards for bandits unchanged came after considerable discussion in which suggestions were made both for raising and lowering the amounts.

The executive committee recommendations will be put up to the state convention of the association in Carlsbad April 24 and 25. The committee will urge all its members to install the burglar alarm system adopted and sponsored by the American Bankers Association. Fourteen member banks of the state association already have the system installed.

Elected Chairman

W. A. Losey was elected chairman of Group No. 3, of the New Mexico Bankers Association, at the annual meeting held at Artesia. W. J. McInnes, of Roswell, was named vice-chairman and Floyd Childress, also of Roswell, was named secretary and

treasurer. G. K. Rihardson, of Carlsbad, is the retiring group chairman.

The Group 3 association is composed of the First National and Bank of Commerce of Roswell, and banks at Hagerman, Carrizozo, Artesia, Hobbs, Lovington and Carlsbad.

Mrs. Margaret Barnes, of Albuquerque, secretary of the New Mexico Bankers Association, gave a talk on the proceedings of the American Bankers' Association convention recently held at Cleveland and W. A. Losey gave an interesting talk on "Co-operative Advertising."

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Hastings State Now a National

The State Bank of Hastings, Nebraska, passed out of existence with the closing hours of the old year, and opened up on the first morning of the new year as the Hastings National Bank. There will be no change in the management, and only such change in methods as are made necessary by changing from the status of a bank chartered by the state of Nebraska to that of a bank chartered by the federal government.

That the change was due was evident several months ago when the bank became a member of the Bancorporation of Minneapolis. By beginning the new year as a national bank the institution is relieved of all further assessments under the Nebraska laws. Some assessments claimed under the old laws are now in the courts awaiting adjudication.

President Howard G. Pratt announced late Wednesday evening, when notice of the charter change was given out, that there would be no change in the personnel of the management. He will continue to officiate as president, with other continuing officials as follows: R. R. Vance, vice-president; O. A. Riley, vice-president; Ivan Riley, cashier; Charles Deets, assistant cashier; H. E. Nelson, assistant cashier. These with C. E. Byers, Bert Mott, Stephen Swigle constitute the board of directors.

Kansas News

Revive County Association

The Montgomery County Bankers' Association was revived at a meeting held in the Chamber of Commerce rooms at Independence, Kansas, recently. Eighteen bankers from over the county, as many as two from each of the banks except from Elk City, which place was not represented, were present.

The association has been inactive since May of 1929, and although a few meetings have been held since then, there have been no regular meetings nor has there been a working organization.

Elections of officers constituted a greater part of the business of the last meeting. Those chosen to direct the affairs of the association for 1931 were president, H. C. Bergman of the Citizens First National of this city; vice-president, W. A. Ball of the Condon National of Coffeyville; treasurer, U. S. Gibbs of the Home National Bank of Caney, and secretary, Fred F. Beal of the Independence State Bank.

The latter part of January or the first of February the first meeting for 1931 will be held in Cherryvale. The association will hold regular quarterly meetings in the future, and in the various towns of the county, rotating as agreed upon from time to time.

Kansas Banks in Merger

The state banking department of Kansas announced the merging of the Ash Valley State Bank, Ash Valley, with the Arkansas Valley State Bank, Larned.

The merger was effective December 15. The Ash Valley Bank has \$13,000 deposits.

Bullet-proof Room

The Exchange National Bank of Hutchinson, Kansas, has just placed a bullet proof room over the door leading into the bank lobby as an extra precaution against bank robbers. The cage, made at the Hutchinson Foundry and Steel works, is large enough to allow a chair in the room, and is equipped with burglar alarms, telephone and gas guns. The attendant will be a full time man.

Land Bank Security Increased

"Amortization of Federal Land Bank loans in Colorado, Kansas, New Mexico and Oklahoma have reduced the amount due on such loans more

rapidly than land values have decreased," said John Fields, president of the bank of Wichita, Kansas. "Borrowers have paid on the principal of their loans approximately \$11,000,000, reducing the amount of unpaid principal to \$89,100,317.

"The U. S. Department of Agriculture figures, indicating land values by years, show the average decrease in land values in these states, since the loans now in force were made, is about 7½ per cent. The amount of security in proportion to the unpaid balance of loans is actually greater now than when the loans were made, despite the decline in land values."

New Company Chartered

The Collins - Chumos Investment Co., of Topeka, Kansas, was granted a charter by the state charter board and a capitalization of \$200,000 was authorized. Directors of the company are Constantine G. Chumos, George Chumos, Earl A. Becker, Robert E. Collins, and C. J. Chubb, all of Topeka.

Elects Director

At a meeting of the board of directors of the First National Bank of Girard, Kansas, Henry E. Sauer was elected a director to fill the vacancy caused by the death of John E. Raymond.

Pay 12 Per Cent Dividend

At a special meeting of the Board of Directors of the Exchange National Bank, Cottonwood Falls, Kansas, the usual dividend of 12 per cent was declared, payable December 31. This is certainly an excellent showing at a time when most business is at the low ebb.

Group Elects Thorne

The annual banquet of the Chase County Bankers' Association was held recently in the card room of the Bank Hotel in Strong City, Kansas. T. E. Thorne of Matfield Green was elected president of the organization for 1931 to succeed George E. Dawson of Clements, who has served during this year. J. E. Stout of the Strong City State Bank was chosen vice-president to succeed W. B. Penny of the Exchange National Bank of Cottonwood Falls. George Dawson of Elmdale continues as the permanent secretary.

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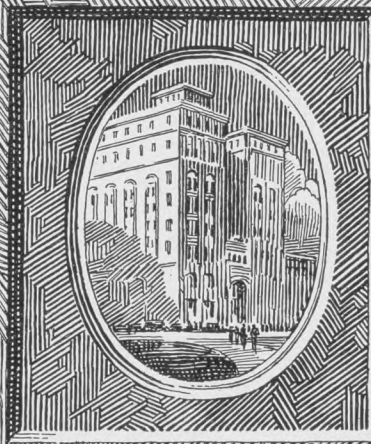
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