CENTRAL WESTERN
BANKER
Omaha

APRIL 1931

OLDEST BANK IN NEBRASKA

A Friendly Institution

When you walk into the lobby of the First National Bank of Omaha, you first experience the feeling of friendliness. The atmosphere is that of being in the home of a friend. It is the reflection of the neighborly understanding of the officers and employes of this bank.

The friendly smile and the exchange of cordial greetings are just the external expressions of our desire and willingness to help you.

Your account is welcome at this bank.

First National Bank of Omaha

A BANKING SERVICE FROM THE DAYS OF GOLD DUST

CENTRAL WESTERN BANKER

410 ARTHUR BUILDING

OMAHA

Clifford DePuy, *Publisher* Gerald A. Snider, *Associate Publisher* R. W. Moorhead, *Editor* L. D. Van Doran, *Associate Editor*
Wm. H. Maas, 1221 First National Bank Bldg., Chicago, *Vice-President* Frank P. Syms, 19 West 44th Street, New York, *Vice-President*
Frank S. Lewis, 840 Lumber Exchange, Minneapolis
Subscription, 25 cents per copy; $2.00 per year. Entered as second-class matter at the Omaha postoffice.

Vol. 26 April, 1931 Number 4

THE FEDERAL LAND BANK of Omaha stood second in 1930 in the list of twelve federal land banks from the standpoint of both number and volume of loans made during the year. The Omaha bank made 1,256 loans for an amount totaling $8,345,-100 in 1930.

The bank takes first place, however, considering the total amount of loans made from its organization to date. These total loans amount to a little more than 225 million dollars, whereas the next largest bank, that at Houston, Texas, has loaned approximately 200 million dollars.

SINCE THE RECENT bank robbery at Hastings, Nebraska, one of the larger banks there has taken extra precautions against future robberies by having two police officers, heavily armed, stationed at the bank each morning at opening time. Several of the institutions in that city have been equipped with tear gas guns.

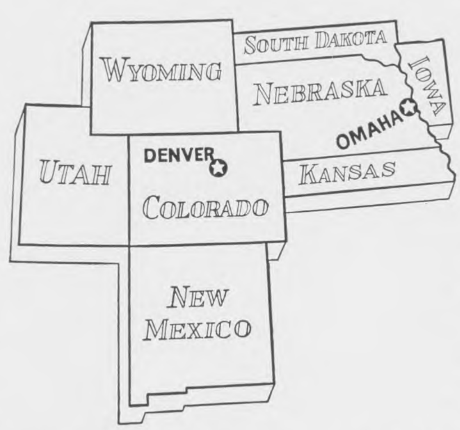
THE NAME of Walker Brothers Bankers, of Salt Lake City, Utah, has passed into history and the institution is now known as the Walker Bank and Trust company.

It is announced that the only changes in the old banking institution is the corporate name, that ownership and management will remain the same. There will likewise be no change in the corporate structure, the alteration of the name being largely dictated by a desire to emphasize the trust business of the bank.

AN INTERESTING EXPERIMENT was recently made by the Chamber of Commerce of Auburn, Nebraska, when that organization issued a check for ten dollars to determin the percentage of business transacted without the use of actual cash. The check was kept in continual circulation within the city for a period of thirty days and in that time passed through 41 hands, paying accounts amounting to $410.

The Chamber issued the check to the Auburn hotel in payment of an account with that company, with the request that it should not be held longer than 24 hours, and then it should be applied on payment of some other account. A long strip of paper was attached to the check for endorsements and this contained 41 names when the check reached the end of its journey and was finally cashed.

THE FIRST NATIONAL BANK and the Hobbs State Bank of Hobbs, New Mexico, have been merged, according to a recent announcement. The consolidation was a business move, as both institutions are reported to be in good condition. This is the



second merger to occur within the state, the previous one having occurred at Las Vegas.

ANDREW KJELDGAARD, president of the Farmers State Bank, Big Springs, Nebraska, has been elected president of the Deuel County Bankers Association, which met recently at Lewellen. Other officers of the county association are: Vice President, B. C. Delatour; Vice President, First National Bank, Lewellen; Secretary, Philip Samuelson, Assistant Cashier, First National Bank, Lewellen.

GEORGE C. EISENHART, president of the Culbertson bank, has been elected president of the Hitchcock County Bankers Association. The secretary of the county group is A. Thuman, president of the State Bank of Trenton.

W. H. McDONALD, chairman of the board of the McDonald Bank, North Platte, Nebraska, is the new president of the Lincoln County banks. The vice president of the group is W. F. Seeberger, president, First National Bank, North Platte; and the secretary-treasurer is Lester W. Langford, of the First National Bank, North Platte.

THE NEBRASKA LEGISLATURE has shown a disposition this session, appreciated by the bankers throughout the state, not to pass hasty legislation affecting the banks of the state. Very little new legislation of any kind affecting the banks is likely to be adopted before the legislature adjourns.

The legislature defeated a proposal to re-enact the bank guaranty law and another providing a means by which the banks could set up their own "guaranty" by depositing, with the state treasurer, securities which would serve as a guaranty of deposits. Both of these measures had been suggested by Governor Bryan as means that could be taken to "restore confidence in banking," but the legislators indicated a belief that the people of the state were fully confident of the essential soundness of the banks.

The third Bryan proposal was for a state operated savings bank system, but this did not meet with favor among legislators.

NEBRASKA BANKERS studying the matter of service charges have approved a new schedule, worked out by a committee headed by J. M. Sorenson of the Stephens National Bank at Fremont, which includes a charge of 50 cents for a stop-payment notice. This is an item new to service charge records in Nebraska, nor have the banks in the state observed it on schedules of charges made in other states. There is general agreement that the additional service charge for this purpose should be made.

Answers to Four Pertinent Questions

By M. L. HAYWARD

A Kansas Accommodation

A KANSAS maker signed an accommodation note in favor of a Kansas corporation, the officers of the corporation endorsed the note, discounted it in the Kansas bank, and the bank sued the maker.

"The note was merely an accommodation, was obtained from me by fraud, and you cannot collect," the maker contended.

"We took the note in good faith, for value, before maturity, and with no knowledge of any fraud," the bank pointed out. "That makes us a holder in due course, and we can collect from you regardless of the fraud."

"That would be true, under ordinary circumstances, but you cannot be a holder in due course in this case, as the officers of the corporation who endorsed the note to me were not duly authorized to do so."

"You gave the note to the corporation, the corporation discounted it, and received the benefit, and the lack of authority of the endorsing officers does not change our possession," the bank maintained, and the Kansas Supreme Court so ruled in a case reported in 206 Pacific Reporter, 743.

"The corporation itself is the only one who can complain of the lack of authority of the officers," the court said.

A Kansas Guest

CASES frequently arise where A offers B a check, B wishes to "play safe," wires the bank asking if A's check "is good," and the bank wires back that, "A's check is good." In these cases it is elementary banking law that this does not bind the bank to pay the check, as all the bank's telegram means is that A's check is good at the time the telegram is sent, and is no guarantee that the check will be good when presented.

On the other hand, if B wires the bank describing the check and asking if the bank "will pay," and the bank wires back saying "we will pay A's check described in your telegram," or words to that effect, then the bank is bound to pay, as the telegram contains a definite promise to that effect.

Suppose, however, that the bank wires a definite promise to pay, but, before the check is presented, A stops payment, and the bank refuses to pay the check. Can B sue the bank on the promise contained in its telegram?

This point arose in a Kansas case reported in 236 Pacific Reporter 828 where a guest at a Kansas hotel asked the clerk thereof to cash his check, before doing so the clerk secured a telegram from the bank promising to pay, the guest stopped payment, the bank refused to honor the check, and the hotel company sued the bank in the Kansas courts.

"It seems clear both by reason and by authority that by its telegram to the hotel before it had either telephone or other requests from the maker to stop payment on the check, the bank had bound itself unequivocally to honor and pay the check to the hotel, as it was precisely the sort of party defined and protected by the statute," the court said.

The Colorado Due Date

A COLORADO customer gave a Colorado bank a demand note secured by a chattel mortgage, but the note contained a marginal quotation that it was "due 2/29," meaning that it was due on the 29th of February, but, after the note was delivered to the bank the astute cashier noticed the notation, realized that it was not a leap year, and changed it to "3/1." The chattel mortgage was duly recorded, a local creditor obtained a judgment against the customer, attempted to seize the chattels, involved, and the bank realized on its mortgage.

"Your chattel mortgage was given as security for a note, the note was materially changed after it came into your hands, which destroyed its validity, and your chattel mortgage is equally invalid," the creditor contended.

"It is claimed that, since the notation was on the note when signed, the change afterwards made vitiated the instrument. We think not, because the change in figures made no change in their meaning or effect. The date of maturity, February 29, would be considered most favorable to the maker, and the note would be due March 1. The change, therefore, was not materially," said the Colorado Supreme Court, in ruling in favor of the bank.

An Oklahoma Mortgage-Note

IF A BANK buys a note in good faith, before maturity, and for value, the bank becomes a "holder in due course," and can enforce the note against all parties thereto, provided always, that the bank took the note without any actual or constructive knowledge of any defects therein.

Suppose, however, that A has a seven hundred acre lot of land which he sells to B for one thousand acres, B gives A a note for the purchase price, secured by a mortgage on the land, and A sells the note and mortgage to a bank, before maturity, and for value.

Does the shortage in the quantity of the land prevent the bank from being a good faith holder for value?

This point arose in an Oklahoma case reported in 239 Pacific Reporter 461, where the court ruled in favor of the bank.

"The purchaser of a negotiable promissory note, secured by a real estate mortgage, in good faith, before maturity, and without actual notice or knowledge of any defect in the title of the assignor, takes good title to the note and mortgage. The fact that the purchaser takes the note with knowledge that it was executed as part of the purchase price of a piece of real estate does not charge it with knowledge of a shortage in the quantity of land or failure of title," the court said.

What The Service Charge Has Done for Our Bank

By LESLIE W. HOVEY

Assistant Cashier, Cache Valley Banking Company, Logan, Utah

OUR BANK, located in the center of a prosperous, well diversified, agricultural section, has deposits of $1,750,000.00, of which amount $700,000.00 is on deposit subject to check.

Over twenty-five hundred customers principally engaged in farming and dairying maintain checking accounts, and about one thousand customers have savings accounts but maintain no checking account.

Some twelve years ago we joined with the other banks in this section, through our county Clearing House Association, in establishing a flat service charge of 50 cents per month on checking accounts where the account did not show an average balance of $50.00 during the month and where more than three checks were drawn against the account. Several months prior to placing the charge in effect, each bank sent circular letters and printed information to their customers in their monthly statements, frankly setting forth the reason and justice for such a charge.

With very little difficulty and with a loss of practically no customers, our bank has received from $1,500.00 to $1,800.00 annually from this source. While there has been criticism on the part of many bankers concerning the flat service charge, it has many advantages in the medium sized country banks where no auditing or statistical department is maintained, since the amount received is clear profit as no additional help is necessary in analyzing accounts or deposits. The bookkeepers who have posted the accounts during the month can very easily detect an under-average account, and about three days prior to the last of the month the bookkeeper will peg the accounts which are to be charged and a stenographer soon has the charge slips made up to be charged against the customers' accounts on the day prior to the last day of the month, the whole operation not taking over about four hours each month.

IN ORDER to stimulate savings accounts, we do not service charge an under-average account when the customer also has a savings account with a balance over $50.00. This has been the means of starting many really profitable savings accounts, since we tell the customer that with a savings account with a balance over $50.00 he will at least receive $2.00 income annually, with no charge for his checking account, which is a savings to him of $8.00 a year assuming that he would be charged each month in the year for an under-average checking account. When the savings account is once started, it usually grows. No service charge is made on accounts of churches, charities, or public institutions.

(Note.—The article appearing on this page was awarded Fourth 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.)

Some two years ago we found that the bank was put to considerable trouble and actual expense in being compelled to re-handle and return checks drawn on the bank by customers whose account was short and the checks returned for Insufficient Funds. We again joined with the other banks through our county Clearing House Association and instituted an Insufficient Fund Service Charge. For each check which a customer drew on the bank when no arrangement had previously been made for overdraft, a charge of 50 cents was made against the account and the check returned for Insufficient Funds.

This charge was widely advertised and backed by the local merchants and business men, inasmuch as it was hoped that it would practically eliminate the drawing of checks without the necessary funds on deposit, which of course would save the merchants considerable loss and expense in attempting to collect bad checks. This charge we regret did not correct the practice to any great extent, but on the other hand it did increase the net profits of the bank far beyond our expectations, inasmuch as we have received more than $2,000.00 annually since the installation of this charge.

ONE MAY ask how we collect on this charge. At the time the check is returned, the charge is made, and while the customer may not have enough funds on deposit to pay the check, he usually has enough to at least pay the charge. However, if the account is practically out and checks still continue to be presented, we make the charges and carry the account covering the charges on an overdraft until the depositor subsequently makes another deposit. We find that less than 5 per cent of the total of the charges made prove to be a loss.

The two service charges we now have in effect contribute to our net profits approximately $3,500.00 annually, which pays the entire salary expense of our bookkeeping department.

There are other so-called free services which we have discontinued. All of our customers pay for the printing of their business cards on business checks, and we charge $1.00 for drawing mortgages and doing the notarial work in addition to the recording fee where mortgages are given to secure a loan, either chattel or real estate, all of which contribute to our net profits.

None of our customers have complained or left the bank on this account, and we are convinced that people are willing to pay for the service they receive, if time is taken to explain the fact that the charge is justified and reasonable.

Cooperation Necessary *In Developing* Life Insurance Trust

By W. A. ROSE

Vice-President of the Trust Company Division of the A.B.A. for Colorado

LIFE insurance to some people means one thing while to others it means something entirely different. However, to all of us, life insurance supplies the minimum protection necessary to safeguard against actual want, and also a reserve capital which is necessary in the financial affairs of any man or woman of business, be that business large or small.

Banks and insurance companies have joined in recent years in seeking to have people realize that life insurance is more than a mere incidental matter; that it should not be limited to merely caring for the expenses incidental to the last illness and interment, but for a sound savings and business program it must build up a reserve, available to carry on one's business and family burdens in case of death.

When this view of life insurance requirements is clearly appreciated, you see at a glance the value of a trust to receive and apply the proceeds of life insurance.

The great problem of life insurance is make it accomplish the purpose for which it was intended when the test actually comes. It is a well known fact to both the bankers and the insurance men that the proceeds of policies aggregating $10,000 or less, when paid over to the beneficiary direct, are all dissipated or out of its hands in a period of five years and that policies aggregating from $10,000 to $25,000 when so paid over are dissipated within a period of ten years. It is frequently said, and that upon good authority, that about 90 per cent of all life insurance proceeds when paid over to the beneficiaries is spent or out of their hands within a period of seven years on an average.

While it is true that the receipt of a considerable lump sum of money often tempts inexperienced beneficiaries to make extravagant expenditures and unwise speculations, or make them a peculiar prey to unscrupulous investment salesmen, it is also true that in too many cases the funds so provided are simply insufficient to meet the requirements of the bereaved family.

It is very difficult for a family where the earner has provided an income of three thousand to four thousand dollars annually to come down on the death of the earner to one or two thousand dollars a year.

THUS it happens quite inevitably that if $10,000 to $20,000 life insurance constitutes about the only estate left by the earner, much of the principal will be used to meet the current expenses of the family, for the income derived from this estate is only one-fourth to one-half of the family allowance before the death of the earner. At least, the expenses of supporting the family and the education of the children will make heavy inroads on the slender provision for their future maintenance.

The important thing in the spending program of any family is a sound and regular element of saving and investment. In too many cases where the savings are carried on in a haphazard and irregular manner, the investments made are usually so highly speculative as to merely amount to blind gambling. The first ten or fifteen per cent of income which should and can be saved should be invested in the most sound and conservative way, yet owing to the inexperience of the saver, his first earnings are too frequently invested in the most unreliable securities.

The great problem that confronts the average banker and insurance man alike, is not the matter of providing funds to meet the passing of the earner or his creation of an estate by means of life insurance, but conserving these funds and making them accomplish the purpose of the greatest good for the family after the earner has passed on.

To meet the needs of the public for a service that would solve these problems, such minds as Charles R. Holden, vice-president of the First National Bank of Chicago, and Gilbert H. Stephenson, president of the Equitable Life Insurance Company, conceived the idea of the Life Insurance Trust, which not only meets the requirements of the age but has revolutionized the method of writing life insurance.

Thus the bankers and life insurance men, working in harmony, have not only formulated the life insurance trust, which has in measures solved the problem of building up and enlarging or expanding estates to the point where a suitable income is provided for the family after the breadwinner has passed on, but has provided a Corporate Trustee for the purpose of adequately conserving these estates and making them accomplish the purpose which the maker intended and protecting the family from their own inexperience and the lures of the unscrupulous men and their deceptive so-called investments.

I RECOGNIZE that in the Life Insurance Trust there is a wonderful field for profitable business to the life insurance writer and the banker alike; that by closely cooperating much business for each will be created, but working independently neither can accomplish much. However, the way this cooperation has been working out in the past reminds me of the story of John Smith's wife, who, having kept a pretty watch on him for a long time, one day surprised him by telling him she would have no objections to his stepping out with one of the Siamese Twins, provided she left her sister at home. My observations of the liberality of the banks and insurance companies towards each other is that it is hedged about by so many "provisos" as to make it next to impossible for either one to secure any business from the other. I am aware of several banks in this state, who while seemingly appreciative of insurance trusts and wills brought them by insurance men, yet in return they were unwilling to allow life insurance men to use their consultation rooms for interviewing prospects, and have done little to aid in or develop this profitable business

(Continued on Page 14)

Kansas City Meeting Is Big Success

ONE OF THE most successful bank conferences ever held in this section of the country was that held in Kansas City when bankers of the midwestern states met in that city for two days of meetings at the Mid-West Bank Management Conference.

The registration neared the 1,000 mark, with Kansas leading with 325 entries and Missouri second with 152 bankers. There was a great deal of interest manifest throughout the various meetings, and the vital problems and their discussion brought out many points which will prove of untold value of those interested in banking in this section.

The list of speakers was unusually strong, and were drawn from all parts of the territory covered by the conference. The subjects chosen, too, covered practically every phase of bank management.

Dan V. Stephens, president of the Stephens National Bank of Fremont, Nebraska, gave a very interesting address on the subject, "Sources of New Bank Revenue and How to Obtain It."

HE SAID in part: "Banks are generally aware of the outstanding fact that an increase of revenue is essential. Increasing costs have been persistent for years past. The question is: how can this added revenue be secured with the least possible irritation to our customers?

"There are five principal sources of revenue in a bank: (1) from the earning assets; (2) from sale of service at a profit; (3) improving on efficiency; (4) reduction of expenses; (5) new profitable business."

He then detailed each of these five sub-divisions, bringing out many ideas of value to his hearers.

The address of J. R. Geis on the subject, "Analysis of Accounts" proved most enlightening. Mr. Geis is the president of the Farmers National Bank of Salina, Kansas. In his talk, he emphasized the importance of account analysis and its relation to profitable bank operation. He closed his remarks by saying: "The sooner all banks analyze their accounts and establish a system of adequate service charges, the sooner will the worries of the bank commissioners cease."

Other addresses were given by M. H. Malott, president of the Citizens Bank, Abilene, Kansas; A. C. Kahn, president, Union Trust Company, Little Rock, Arkansas; Fred L. Dunn, vice-president, First National Bank, Tulsa, Oklahoma; J. R. Burrow, Jr., president Central National Bank, Topeka, Kansas; Craig B. Hazlewood, vice-president, First National Bank, Chicago.

BONDS AND INVESTMENTS

Relationship Between French and British Money Markets

By B. M. ANDERSON, JR.

Economist, The Chase National Bank, New York City

THE ABNORMAL relationship between the French and the British money markets, which first came to light in early 1917, remains unadjusted. The British money market is heavily indebted to the French money market on short account, the Bank of France alone holding enormous quantities of sterling exchange for which it could, if it chose, demand gold from London, while other French financial institutions hold large amounts in addition. Much of this sterling was supposedly acquired by the French people and French banks during the period when the franc was falling and when they put their funds into the form of sterling for safety. More of it is supposed to have been acquired in the period when the franc was rising and in the period after stabilization was attained, as speculators in the franc borrowed sterling with which to purchase francs and French securities. French opinion has been that the volume of this was greatly swollen by money market ease in London, and that much of it could have been prevented by higher discount rates in London.

As sterling was sold in Paris to obtain francs, the Bank of France itself was obliged to buy sterling in vast quantities and issue bank notes therefor in order to prevent the franc from rising above the stabilization level. The alternative was for the Bank of France to issue francs only against gold. Whenever the Bank of France ceased to buy sterling, however, and especially when the Bank of France sold sterling, gold moved from London to Paris.

The difficulty which the British money market has in defending itself in loss of gold to France does not grow out of fundamental financial weakness. Basically, Britain has immense financial strength. The difficulty grows out of British reluctance to make use of the old orthodox measure which would have been employed without hesitation in pre-war days, namely, the raising of the Bank Rate and the tightening of credit in London. Both political opinion and business opinion have been strongly opposed to the employment of this measure in London because of the widespread belief, despite years of disappointment, that low discount rates make good business, and because of a reluctance to go through with the liquidation which firmer money would involve. The flexible wages, prices and costs of production of pre-war Britain have in large measure given way to a system under which concerted effort is made to maintain stability in these matters, and an artificially easy money market is looked upon as a necessary part of this policy. The maintenance of this policy without concerted action from outside money markets has proved itself in-self increasingly difficult. France, although interposing no difficulties in the way of an easing of the money market, has not seen fit to make artificial ease by heavy buying of securities on the part of the Bank of France, and there has been a great deal of criticism of the French money market from British sources.

TO AN observer from a distance, it seems probable that Britain would, in the long run, profit by a reversal of policy, raising her discount rates, liquidating her position, and readjusting her system of wages, costs, and prices, restoring her old flexibility in these matters. To moderate the rigors of this, it might be well to supplement this policy by a funding loan to be placed chiefly in France, but partly in the United States, whereby parts of the short-term obligations of the London money market could be converted into long-term obligations of either the British Government or other powerful British interests, though the same thing could, of course, be accomplished by the sale of foreign securities held in Britain. A readjustment of this kind would, moreover, put British industry in a position to share in a world business revival when it comes. An inflexible wage scale in one country is difficult to maintain in a changing world.

A funding loan on the part of Britain, however, would probably be made unnecessary if the French money market moves vigorously in resuming and extending its pre-war activities in buying foreign securities. If France will lend on long-term to Britain's foreign debtors, permitting them to reduce their sterling obligations in London, this will take up a substantial part of the floating supply of sterling in the outside world, including that held by French banks, provided the British money market simultaneously maintains a firm money policy, and refrains from making a corresponding amount of new foreign loans. France has been slow in using her great financial strength in this direction. There have been technical and legal difficulties connected with taxation, bourse regulations, and even, to some extent, money market complications, which have delayed this, though steps have been taken by the responsible authorities in France to remove these impediments.

But the main point to consider in explaining France's delay in resuming large-scale foreign lending has been the state of the market for foreign bonds all over the world, in the period since France has readjusted her financial position. The low point in the franc was reached in the summer of 1926. De facto stabilization was attained in the winter of 1926-27. But the strong backflow of French funds seeking repatriation continued for a longer time. It was not until the middle of 1928 that French in-

vestors and the French money market were really in a position to forget their own financial problems and to look about over the world. But that time, the edge was off the foreign bond market, and attention in the United States and throughout the world world was concentrated on the American stock market. Our own takings of foreign bonds dropped radically in volume, and foreign bonds began to drop substantially in price. The French investor has not been alone in his reluctance to consider new foreign issues since that time. France has done something in foreign investment and French banks, very especially the Bank of France, have taken a part in meeting the credit strain of the outside world. But France has a very much greater role to play in this connection, both to her own profit and to the benefit of the world, and, with the passing of the worst of the hysteria of the great world reaction, it is to be hoped that developments along this line will move rapidly.

Safe Deposit Convention

The Illinois Safe Deposit Association will entertain the various State Safe Deposit Associations in National Convention at the Congress Hotel, Chicago, May 21 to 23rd; May 21st being devoted to the National Council, the 22nd and 23rd to sessions of the General Convention and Saturday night a banquet, speakers, and a dance.

The Association also extends an invitation to all safe deposit men and women and bankers interested in the safe deposit business whether or not they are connected with any State Safe Deposit Association.

Topics on which it is expected to have papers or discussion are:

1—The Safe Deposit Business Up to Date; 2—Legal Phases; 3—Why Observe Rules; 4—Shall We Modernize the Vault; 5—Construction; 6—Protection; 7—Limiting Liability; 8—The Future of the Business; 9—Insurance; 10—The Necessity for Providing Safes for Savings Patrons; 11—A New Psychology for Safe Deposit Profession; 12—Methods of Access.

This is the first opportunity since 1922 to attend a National Safe Deposit Convention as far west as Chicago. Anyone attending this convention will be well repaid.

Five Hundred at Conference

More than 500 men who, to a large extent, hold the pursestrings of the west, assembled in Salt Lake City March 26th to attend the Western Bank Management conference.

Bankers from eleven western states Oregon, Washington, California, Idaho, Montana, Arizona, Nevada, Utah, Colorado, Wyoming and New Mexico—arrived on every train Wednesday night and Thursday morning.

The conference was sponsored by the American Bankers association. Its purpose was to discuss bank management, banking ethics and various administrative and financial problems.

Authorities on contemporary banking problems were assigned places on the two-day program. They spoke on such problems as loan policies, conservation of banking resources, livestock loans, unsecured commercial loans, bank banditry, a bank's civic responsibilities, operating costs, exchange of credit information and real estate loans.

Pertinent observations of the country's present banking condition were made by Frank Simmonds, New York, deputy manager of the American Bankers association.

He: If I should kiss you, what would you do?

She: I never meet an emergency until it arises.

He: But what if it should arise?

She: I'd meet it face to face.

INSURANCE

Its Application to the Banking Fraternity

The Why of Credit Insurance

By HY. SCARBOROUGH, JR.

EVERY person who has been in business any length of time knows that he must expect some loss from bad debts, and credit insurance does not cover these natural and probable consequences of modern business conditions. A reserve is set aside by every business man of any consequence to provide for inevitable credit losses, but beyond this he is always subject to the risk of unexpected losses from the same source. Our highly organized economic system has produced a high degree of interdependency between all types of business concerns, and the failure of one company may mean a financial handicap or even failure of many other companies with which it has had dealings.

There is a real credit value to the banker loaning to institutions, and credit insurance purchased by these institutions should receive recognition by the loaning officer of your bank, especially when one realizes that the total liabilities of mercantile failures are more than double the fire insurance losses during any one year. Statistics show that this is a real danger, for in 1923 the total liabilities or mercantile failures amounted to over $600,000,000.

THIS credit insurance contract, standard with all companies, is issued, as stated above, to wholesale merchants, jobbers and manufacturers. No provision is made for insuring the retail trade. It is a guarantee to the assured that losses which he may sustain due to insolvency of customers will not exceed those which are normal in the regular course of business. In other words, whenever credit losses during any policy year are greater than those normally expected, the company agrees to pay the excess to the policyholder. The banker will understand this particular point as it might be applied to tellers' "shorts" and "overs."

"Insolvency," defined in the contract, is deemed to occur at the date when a petition in bankruptcy is filed by or against a debtor; when the debtor makes or offers to make a compromise with the majority of his creditors for less than the amount of his indebtedness; when he absconds, confesses judgment or makes an assignment to his creditors; when a writ of attachment or execution is levied against him; when his stock in trade is sold under a writ of attachment or execution; when a receiver is appointed for the debtor; or when an attorney certifies that he has ceased to do business and that an account with the insured is not collectible by law.

Author's Note.—This insurance has not yet been made available for banks, but bankers should know something about this comprehensive new class of indemnity, which aims to protect wholesale merchants, jobbers and manufacturers against excess losses from insolvent debtors.

There are two general types of policies—those having a collection feature and those not having one. Under policies *not* having a collection provision, until the debtor becomes actually insolvent, a claim does not exist.

When the contract includes provision for a collection service, it may either be optional or compulsory.

Optional Collection.—This contract grants to the assured the privilege of placing the overdue account of a customer not yet insolvent with the insurance company within a period from 45 to 90 days after its due date and having it admitted for the purposes of the policy as a proven claim. If an overdue account is not filed within that period, and the debtor should later on become insolvent during the term of the policy, and as defined therein, the account would then be provable with the insurance company. An overdue account must be filed for collection before the end of the policy term in order to be covered. A fixed premium is paid in advance for this contract.

Compulsory Collection.—This contract requires the assured to file his accounts with the company within 75 to 90 days after they become due. Those not filed within that time are excluded from coverage. Subject to the other provisions of the policy, this contract gives protection against all losses regardless of when they occur on sales made during the policy period. The minimum advance premium charged is subsequently adjusted in accordance with the volume of sales.

THERE are three important restrictions on the coverage of all policies which should be made clear to the assured and which if not understood may cause many complaints and dissatisfaction.

Normal Loss.—Credit Insurance indemnifies only for that loss which is unusual, and does not indemnify against the usual and expected losses from bad debts. The amount of expected loss each year will ordinarily be in proportion to the amount of sales. If this "normal" loss were to be insured, the premium would have to be increased with no advantage to the policyholder, while with the "normal" loss excluded, the premium needs only to provide for unexpected losses. Therefore, any decrease which the insured may make in his "normal" loss will be a saving to himself.

This contract stipulates that the "normal" loss which is to be borne by the assured shall be a certain percentage of the gross sales, but in no event less than a minimum specified sum. The "normal" loss rate is established by experience for various types of business. If the loss experience of the assured shows a higher rate for the preceding three or five years, his actual experience is used in determining the "normal" loss rate.

Individual Account Limit.—The liability of the insurance company on the account of the policyholder, limited to any one customer, is determined by the ratings of the credit agency selected by the policyholder and named in the application. (Bradstreet's and Dun's, as well as other agencies, specialize on particular classes of trade.) The insurance company establishes for each rating a maximum limit as to the amount for which it will be liable to the assured on the account of any one customer having that rating. These maximum limits are graded according to estimated capital and credit. These established maximum limits are not necessarily used in the policy. That much protection may not be needed by the assured. He may determine the limits he wishes but of course they must be kept under those set by the insurance company. A limit set for any particular classification will apply to the account of every customer falling within that class.

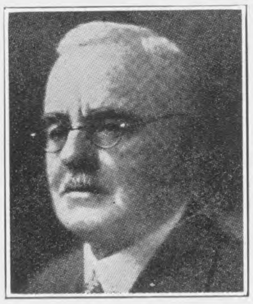
Deductible Clause.—The contract provides that the assured must bear a certain proportion of each net loss, which proportion is usually ten per cent, and the insured bears an even greater share of the loss on accounts termed as "inferior ratings." This may be as high as 33-1/3 per cent or even higher. This, of course, is to discourage the granting of credit to concerns with poor ratings.

AT ANY time during the policy year, at the suggestion of the assured, or at the end of the year, adjustment takes place, but a small additional premium is required for the interim adjustment provision. The assured must furnish a final statement of claim within 30 days after expiration date under ordinary policies, and within 30 days after the last date permitted for filing accounts under "Compulsory Collection" policies. In this statement of the assured, all losses sustained during the policy year must be included.

The assured must assign to the insurance company all accounts admitted in the adjustment together with all securities or guarantees relating to them, with the exception of those accounts where the amount which can be obtained has been mutually agreed upon. If the net amounts realized by the company on the accounts which have been assigned to it exceed in the aggregate the sum paid to the policyholder, the company will refund the excess. In order to determine the amount the assured will receive, the total sum for which the insurance company is liable on the insolvent accounts of the customers must first be computed. Then from this amount are deducted discounts to which the debtor would have been entitled had the debts been paid at the date of insolvency; any amounts received as payments or dividends after the date of insolvency; the amount of merchandise returned or replevined, if goods are in undisputed possession of the insured; and amounts mutually agreed upon as thereafter obtainable. If an account with any given customer exceeds in amount the individual limit placed on his credit rating, it is handled by the insurance company for the joint interest of the insured and itself, and any above credits on such accounts will be shared pro rata. After making the above deductions, the amount of the deductible and the "normal" loss are then subtracted. The balance is the company's liability and is payable within 60 days after receipt by the company of the policyholder's final statement of claim.

The term of the contract is one year and if the policy is renewed, the company's liability may be extended to cover loss occurring during the term of the renewed policy on sales made within the preceding policy term. If this privilege is granted to the assured, he must furnish complete information as to the status of all outstanding accounts on renewal date. This contract is non-cancellable during its period, but will determine if during its life the assured becomes insolvent, liquidates, ceases to carry on business or, if a partnership, dissolves. Death, withdrawal, or admission of a member of a partnership, which is composed of more than two individuals, is not considered as a dissolution which would cause such termination.

(Continued on Page 22)



J. G. LOWE,
President, Nebraska Bankers Association

Nebraska News

WM. B. HUGHES, Secretary,
Nebraska Bankers Association

Court Denies Plea

The state banks of Nebraska, which lost in the United States Supreme Court their suit attacking the special assessments levied in 1928–30 for the benefit of the state bank guaranty fund, have filed a motion for a re-hearsing of their plea. The Supreme Court, however, denied the plea.

In a brief accompanying the plea for a rehearing, the attorneys for the banks asked permission to present two new questions.

The first challenged the constitutionality of the law on the ground that it deprives the depositors in banks operating after the guaranty law was repealed, of the amount of these assessments and gives the money to depositors in banks which failed before the law was enacted.

The second contention involved the assertion that the assessments under the new law are confiscatory.

The new law was enacted in the 1930 special session of the legislature which repealed the old bank guaranty law. Since the special session 32 state banks have failed, it was pointed out.

While the motion for a rehearing is pending, the Nebraska Bankers Association has appointed a special committee to study the situation in the guaranty fund. A. L. Schantz, president of the State Bank of Omaha, is chairman. Other members are W. E. Minier, cashier, Oakland State Bank; J. E. Conklin, president, Hubbell Bank; J. W. Ouderkirk, vice president, First National Bank, Hastings; Carl D. Ganz, cashier, Farmers & Merchants Bank, Alvo

Consolidation

Details have been completed for the sale of the Farmers State Bank of Raeville, Nebraska, to the Petersburg State Bank. The decision of the stockholders of the Raeville bank to sell was due largely to the fact that most of the owners were getting well along in years and felt that they did not care to continue in responsible positions with the institution. It was felt that it was more practical to consolidate with a larger bank as the volume of business at Raeville was scarcely sufficient to warrant continuing as an independent concern. John Beckman Sr. was president of the Raeville Bank; Louis Bueltel, vice president and Arthur Hittner, cashier.

Seward Banker Dies

Walter Cattle, president of the Cattle National Bank of Seward, Nebraska, died at his home last month. Mr. Cattle was active in banking circles the longest of any banker in Seward county and was one of Seward's wealthiest and most influential citizens. He was born in Fealand, Flintshire, Wales, in 1858, and came to Seward in 1876 with his father, John Cattle, Sr. and his brother, John Cattle Jr. They became one of the outstanding families of the community. The father and two sons purchased the State Bank of Nebraska in 1881, of which Mr. Cattle became president, after the death of his father in 1905. Robert Cattle, son of Walter Cattle, has been connected with the bank for several years. The State Bank of Nebraska became the Cattle National Bank about a year ago.

In 1883 Mr. Cattle returned to England, where he was married to Miss Bessie Turner at Liverpool. He is survived by his wife, two sons, Gordon, who is connected with the Colorado National Bank at Denver; and Robert; four daughters, Mrs. Harry D. Landis and Mrs. Claude Tipton, both of Seward; Mrs. William Pauley of Hastings and Mrs. Glen Harvey of Fremont; one sister, Mrs. Ada Roberts of Vancouver and a large number of grandchildren.

Banks Merge

The First State Bank of Traer, Nebraska, has consolidated with the First State Bank of Herndon. All accounts, moneys, etc., have been transferred. One of the officers of the Traer bank, Ross Wingfield, will be associated with the Herndon bank in the future. The assets of the Traer bank amounted to approximately $100,000.

Annual Meeting

Sixty-five employes of the Continental National Bank gathered at the annual dinner of the staff in Lincoln, Nebraska, at the Lincoln Hotel. E. N. Van Horne, president, presided at the meeting which followed the banquet. C. E. Drake and Gardner Perry of Minneapolis, Minn., spoke briefly on the organization of bank departments. The address closed a series of meetings held during the past month in which a study of the bank's various departments was made.

Platte Bank Opens

The newly organized Farmers & Merchants Bank of Platte, Nebraska, has opened for business. N. J. Thompson of Presho is president and G. J. McGregor of Pierre, cashier. The new bank has $25,000 capital stock.

Convention April 22

Rollie W. Ley, Wayne, Nebraska, president of the Northeast Nebraska Bankers Association, is arranging the group's annual convention at Norfolk for Arbor Day, April 22.

ALTHOUGH the United States supreme court decided that the state of Nebraska could collect the special assessments for 1928, 1929 and 1930, levied on state banks for the benefit of the guaranty fund, there has been no indication of an early attempt by the state to collect this amount, which will total, from all the banks, about 3 million dollars. The legislature has given the banking department, headed by the governor, right to extend the time for payment three years, and it has been announced that there is no desire to press the banks in a way that would prove a hardship.

NEBRASKA BANKERS were well represented at the middlewestern bank-management conference held at Kansas City late in March. William B. Hughes, secretary of the Nebraska Bankers Association, was a member of the publicity committee of the conference and also gave a talk.

Other Nebraskans who addressed various sessions of the conference were Dan V. Stephens of Fremont, J. G. Lowe of Kearney, E. N. Van Horne of Lincoln, and I. R. Alter of Grand Island, all of whom have been prominent in state and American banking circles.

THE PROPOSAL that the Nebraska Bankers Association post a permanent reward of $3,000 for dead bank bandits seems about to be abandoned, in the opinion of Secretary Hughes. He writes in the Association record that he had expected a response from banks after the recent robbery at Hastings, Nebraska, but none followed. Says Mr. Hughes:

"The writer has about reached the conclusion that the banks are not very enthusiastic about the big reward project—that is, not a sufficient number of them." The question has been referred to the protective committee of the state association for final action.

DEVELOPING THE LIFE INSURANCE TRUST

(Continued from Page 6)

except to appoint as trust officers men who have made a failure of their work while engaged in selling life insurance. I do not want to be understood as intimating that this lack of cooperation is all on the part of the banks. There are insurance companies, in order to retain their antiquated notions of conducting an individual life insurance trust and retaining their clients' money as long as possible with no returns in the way of interest, who are still declining to change the beneficiary to a bank as corporate beneficiary unless the insured will waive his rights of a future change in beneficiary, in effect making an irrevocable trust where such was never contemplated, forcing their client to this alternative or requiring him to pass his insurance through his estate and undergo the heavy expense of administration in order to avail himself of the benefits of a trust. Just how long men carrying life insurance in this state with these companies are going to stand for such blind folly on part of the insurance companies, is a problem.

I recognize the fact that life insurance men are deeply indebted to the banking fraternity for their splendid advertising of life insurance, and for other reasons, but I also believe that cooperation can be improved in its practical workings so as to result in a greater profit to both sides.

Many banks and trust companies by their literature and advertising matter have been trying to educate insurance men on trust matters, but it seems to me about the only thing they have accomplished is to make poor trust officers from good life insurance men and at the same time, making poor life insurance men out of good trust officers. I am strongly in favor of life insurance men selling life insurance and trust men selling trust matters. As I see it, the life insurance man wants the bank to furnish him with life insurance prospects while the banks desire the life insurance men to furnish them with trust prospects and would like these to come to them with very little inconvenience on their part.

When the life insurance writer succeeds in getting his client to plan the disposition of his life insurance along some well thought out basis, the prospect is then in the right frame of mind for the trust officer to secure his will and perhaps a living trust; likewise when the trust officer secures the will of a client, the trust officer is in a position to furnish the life insurance writer with a splendid prospect for some potential life insurance business, but I venture this is not done in 2 per cent of the cases. When the trust man has secured a will, the client is in the best possible frame of mind for the insurance solicitor to write him some additional life insurance. The client is a made-to-order contract for life insurance, but in most cases the trust man remains discretely quiet. I wonder why? The answer is very simple. The life insurance man has not been in the habit of furnishing the names of his contracts to the trust man, and the trust man does not reciprocate — in other words, neither work to the other's advantage.

MANY trust men claim to solicit only wills, saying their plan contemplates only the handling of estates, but were these men as far sighted and shrewd as they think themselves to be, and work in conjunction with the life insurance men, they could increase their business at least 20 per cent by trading prospects, and at the same time, both factors would be rendering their clients a far better service than they possibly can working independently. I am willing to make a bet, and it is a safe one to make, that if life insurance men and trust men will lay aside their petty jealousies and their so-called conservativeness and work in harmony with each other, trading their prospects, each will very largely benefit by an increased profitable business.

Economic conditions over the country have brought about great changes in methods of doing business. Our merchants of today have learned to their sorrow there is a vast difference in the terms "Keeping Store" and "Merchandising." Likewise, the banker has learned the difference in keeping a "Loan Office" and conducting a "Modern Bank," and the life insurance man who retired twenty years ago, were he to attempt to re-enter the life insurance game of today, would find himself a stranger in a strange land. The changed conditions of today have brought about a change in the demand from the public as to the service it is requiring of the banker and the insurance man. The class of service demanded has brought about a radical departure from the old methods of securing business. The former method, as viewed in the light of today, was "Main Strength and Awkwardness" and has given away to the new scientific sales appeal and the desire to be of real service to the client.

With the creation of large estates, the minds of the public have turned to the matter of throwing about these estates, safeguards unheard of a few years ago. The banks at the present time are putting out a large amount of literature of an educational nature, along these lines. The wide awake insurance man is quick to seize the opportunity made possible by the change in the public mind by taking up the popular sales appeal and aligning himself with the banker in the estate building program which is engaging the public mind at this time. The real up-to-date insurance salesman of today, instead of approaching his prospect with the appeal to purchase a small policy to provide for the immediate needs of his family after the earner is taken away, interests the prospect in the matter of the analysis of his estate and its conservation after he is gone with the view of relieving the widow of the responsibility of his business and the straightening out of the things he had left undone. In his approach, the salesman is careful to conceal the matter of the purchase of additional insurance, and in an adroit manner keeps the prospect's interest centered on the conservation of his estate and possibly the planning of a simple insurance trust. In nine cases out of ten, the prospect of his own accord discovers that he does not have enough insurance to accomplish the plan he has in mind for his estate, and with next to no insurance talk, the insurance man carries to his banker friend a nice insurance trust and to his superiors a very desirable addition in the way of a nice insurance risk. To my way of thinking, I know of no easier or more successful insurance sales appeal than the insurance trust.

To illustrate the above point, might I suggest that an insurance salesman approached a certain man whom he knew carried $40,000 in life insurance with a view of selling him additional insurance, only to be curtly told the subject possessed all the insurance he desired. The insurance solicitor sought the aid of a trust man from a bank and the two made an appointment with the prospect. The trust man approached the subject along the line of planning the disposition of his insurance and the better protecting insurance and the better protection of his family. When the analysis of the estate was completed, the subject discovered that he did not have enough

(Continued on Page 20)

News of the Omaha Stock Yards

Plan Creep-Feeding Tests

In response to the growing interest noted among stockmen of Nebraska in the production of creep-fed baby beeves, the Nebraska College of Agriculture, through its extension service, plans to get some co-operative tests under way this season. W. W. Derrick, extension agent in animal husbandry, is now working on the project, according to a recent announcment from Lincoln.

For the benefit of cattle raisers who are planning to creep-feed the calves they raise this year, live stock men at the college suggest a ration of ground corn and ground rye. Creep-feeding is not usually started until the cows and calves are on pasture, and the calves will get what roughage they need in the shape of grass, so only concentrated feeds need be used in the creeps.

Advantages of creep-feeding are that the calves are on a fairly full feed of grain by the time they are weaned, and that they finish for market much earlier.

Feeders' Day April 17

On April 17, the annual spring meeting of cattle feeders will be held at the Nebraska College of Agriculture, Lincoln. Extension agents and faculty members at the college have been busy for some time lining up their program for this event.

The excellent practical and educational meetings held at the college in recent years have drawn rapidly increasing attendance. Only a year ago, almost 2,000 visiting stockmen were seated in the big activities building for the Feeders' day sessions, and most of the counties in Nebraska, as well as several other states, were represented in the gathering.

Besides the final reports on wheat feeding experiments made last fall, a new batch of data on the best and most economical way of handling calves has been gathered and will be presented at the meeting. There will also be a good speaking program, headlined by Dean W. C. Coffey of the Minnesota College of Agriculture.

Wyoming Lamb Crop Good

Favorable weather this spring has assured one of the greatest lamb crops in the history of Fremont county, Wyoming.

Reports from sheep-growing sections, where shed lambing operations are under way, indicated conditions are the most favorable in years.

Some ranchers have reported more than a 100 per cent lamb crops because many of the well-conditioned ewes are producing twins.

The open winter and the favorable range conditions have placed sheep and cattle in excellent condition.

Seek New Lamb Contract

A new contract for Iowa lamb feeders and growers will be developed by a committee appointed at a meeting of representatives of the Iowa Sheep and Wool Growers Association, lamb feeders, Iowa Department of Agriculture and Iowa State College in Des Moines.

At the meeting, which was called by the Iowa Sheep and Wool Growers, it was found that all Iowa feeders who fed lambs on contract the past year lost money. In brief the contract provided that the Iowa feeder was charged for the lambs based on the weight at the point from which lambs were shipped and that the feeder paid for that weight at the price they sold for as fat lambs. The feeder had to stand all loss from death and shrinkage in transit. Feeders received pay only for gain at fat lamb prices and feeder and grower paid freight, commission and selling charge on an equal share basis.

The contract used was condemned by those attending the meeting and other feeders are being warned against it. A committee was appointed to draw up a new contract which would be fair to the Iowa feeder and to investigate the possibilities of financing lamb feeding operations if lambs must be bought outright instead of being fed on contract. C. W. McDonald, extension specialist in sheep and wool production in Ames, is chairman of the committee.

Fourth in Butter Output

There are 54 local co-operative creameries in the state of Nebraska with a paid capital stock of over $525,000. In addition to this, there are five co-operative central creameries with paid up capital stock of $267,000 or a total of $697,000. The co-operative creameries in 1927 made 15,400,000 pounds of butter.

Nebraska ranks fourth in butter production, the states of Minnesota, Iowa and Wisconsin ranking above, while Illinois and Kansas follow in the order named.

Installs Activity Charge

To reimburse itself for the expense of handling checking accounts against which the number of checks drawn is out of proportion to the size of the average balance, the First National Bank of Lincoln, Nebraska, beginning March 1 will make an activity charge for checks on accounts averaging $300 or less, after allowing one free check for each $10 on deposit.

Notice to that effect has been sent to the bank's customers. The Continental National of that city is working on a similar plan, but formal announcement of it will not be made until a later date. The National Bank of Commerce is studying the plan and analyzing its accounts but has not yet decided whether or not it will inaugurate the charge, M. Weil, president, said.

The First National's announcement says that analysis by many banks has shown that a bank can handle one check for each $10 average balance in a customer's account and that the cost on each check paid in excess of that number in approximately three cents. Accordingly, the bank will charge three cents for each check paid against a customer's account, after allowing one free check for each $10 of average balance in the accounts. This applies in accounts averaging less than $300. Thus, if a customer's average balance is $50 he is allowed five free checks. In addition, fifty cents a month will be charged as an account charge if the average balance is less than $100. Acitvity charges may be avoided, the First National explains, if customers will give attention to their average balances and issue checks accordingly.

Banks over the state are generally adopting this form of service charge in a greater or less degree and Plattsmouth banks make a service charge of 50 cents a month on accounts under $50. The charge for handling checks is expected will also be taken up by the smaller banks in a more modified form, however, as a great many small accounts are to be found in the smaller banks of the state.

South Dakota News

Bank Pays First Dividend

C. W. Hookway, receiver of the First National Bank of Wessington Springs, South Dakota, which was closed October 16, 1922, paid the first dividend to be declared by that institution last month. It amounted to almost nine per cent.

Owing to the length of time since the closing of the bank and no dividends have been declared, hundreds of the receiver certificates are lost, making affidavits necessary to secure the dividends. In many other cases the creditor is dead and the heirs have to prove their case.

Elected President

At a meeting of the directors of the First National Bank of Mobridge, South Dakota, Theodore Albrecht, Minneapolis, was elected president to fill the vacancy caused by the resignation of F. W. Schrber. M. Albrecht is vice president of the Northwest Bancorporation of Minneapolis, of which the First National Bank of Mobridge is affiliated. R. A. H. Brandt, who has been vice president and an active officer of the bank since its organization, will be the managing officer of the bank.

Bank Re-Opens

The Merchants State Bank of Freeman, South Dakota, which suspended business last December, has been reorganized and opened for business. The reorganized bank took over 70 per cent of the individual deposits and all public funds, opening with total deposits of $200,000, and new capital and surplus of $44,000, distributed among 66 stockholders in the Freeman community.

Reopens for Business

The Merchants State Bank, of Freeman, South Dakota, which suspended business December 19, 1930, has been reorganized and reopened for business. The reorganized bank takes over 70 per cent of the individual deposits and all public funds, opening with total deposits of $200,000, and new capital stock and surplus of $44,000 distributed among 66 stockholders in the Freeman community.

Approves Shooting of Bandits

Shooting of bank robbers has the approval of the South Dakota house of representatives, which by a 70 to 18 vote passed a bill providing for life imprisonment of bandits who rob or attempt to rob a bank or trust company.

The bill specifies that shooting of robbers would be justified within 20 miles of the hold-up. It also approved the posting of rewards for the capture of bandits.

Langford Bank Reopens

Reopening of the Langford State Bank, Langford, South Dakota, after it had been closed some time, was a gala event. The work of reorganization was carried out quickly and the bank reopened as a strong financial institution. It has a capital of $20,000 with a $5,000 surplus. V. E. Swenson, who was cashier of the old organization, remains in the same capacity with the new bank. Many of the old stockholders purchased stock in the new concern. The officers of the bank are: president, A. J. McLaughlin; vice-president, A. J. Anderson; cashier, V. E. Swenson; assistant cashiers, G. Anderson and Roger Williams.

Bank Relocates

The Dakota National bank, the oldest bank in Yankton county, South Dakota, has moved its equipment from the building which they have been occupying for the 30 years to the building formerly occupied by the defunct Farmers and Merchants State bank. Mr. E. J. O'Bleness, formerly connected with the Security bank of Sioux Falls, has been appointed cashier of the bank.

Assistant Cashier

H. E. Ketchem, manager of the Springfield Telephone exchange, was recently elected assistant cashier of the Springfield, South Dakota, State bank, to assist Cashier E. B. Dwight with the business of running the bank.

Since the death of the late L. A. Gray, president of the bank, the work has been more than Mr. Dwight could handle so the board of directors employed Mr. Ketchem to help out on the situation. Mr. Ketchem is a business man of considerable experience and education and has a wide acquaintance around Springfield.

It seems to be impossible to have a hot time without the presence of flaming youth.

Colorado News

In Good Condition

Fort Morgan, Colorado, banks are in sound financial condition, their reports show. On February 28, 1931 the Farmers State Bank had deposits of $535,240.73 while the Peoples State Bank had deposits of $338,580.50 on the same date. Last statement of the First National Bank, issued December 31, 1930 showed deposits at that time of $901,848.18.

Longmont Ready for Bandits

Longmont, Colorado, will be no place for bank robbers a few weeks from now. Fast automobiles containing high-powered rifles and other paraphernalia used by desperadoes themselves will be left parked in front of all banks there. Their gasoline tanks will be filled and they will be ready in a few seconds to start on a long chase after fleeing robbers.

Sheriff Robert V. Blum was in Longmont recently working out details of a plan to fail possible bank robberies with local bankers and Chief of Police Orval Barr.

The defense plan, which it is said, originated in Cleveland, Ohio, involves the working out of many details. One of these is a buzzer system connecting all banks with police headquarters. When a bank is entered by holdup men, all that is necessary to start the plan working is for someone in the bank to step on a buzzer button. Police will come rushing to the scene, and automobiles parked in front of the other banks will go at once to prearranged stations on main highways leading into and out of Longmont in an effort to cut off the escape of the robbers.

If one of the defense cars should be unable to stop the robbers, it will give chase, endeavoring to keep in sight of the fleeing car. As soon as its occupants are able, they will send word back of their location, and assistance will be sent.

The plan is said to have worked admirably in cutting down bank robberies where it has been tried.

The bankers have agreed to buy rifles and to supply the automobiles for use in an emergency.

Banks to Pay Million

Interest on savings deposits in Denver banks payable on the quarterly interest date on April 1 will amount to nearly one million dollars.

The seven big downtown banks will credit their savings depositors' accounts with interest amounting to $861,509, according to an estimate. Credits by smaller banks will swell the total amount to nearly a million dollars.

Denver, according to the estimated amount of interest to be paid on April 1, continues to be the champion savings city in the tenth federal reserve bank district.

Interest distributions by the seven downtown banks, as estimated for April 1 credit, are as follows:

Colorado National	$330,000
First National	170,000
Denver National	100,000
U. S. National	90,000
American National	75,000
International Trust	68,500
Central Savings	28,000

Dolores Bank Sold

The banking firm of J. J. Harris and Company of Dolores, Colorado, one of the oldest business institutions in the San Juan Basin, was sold recently by its pioneer owners to fourteen prominent Montezuma county men.

John J. Harris and Andrew F. Harris, brothers, in 1887 established the banking concern known as J. J. Harris and Company, which at that time and until 1917 was operated with a mercantile business. A few years ago it absorbed the First National of Dolores.

The brothers plan to take a well-earned rest from the duties in which they have been actively and closely engaged for the past forty-four years.

The new owners have elected as their board of directors George D. Taylor, merchant of Dolores, Dr. H. Lefurgey, and William Ritter, rancher and stockman near Dolores. George Taylor will serve as president of the organization.

Colorado Banks Sound

The individual deposits in state and savings banks and trust companies at close of business Feb. 28 totaled $30,190,017.22 and savings accounts amounted to $10,341,418.42, according to the abstract of the call of that date made by Grant McPherson, state bank commissioner.

On the date of the last previous call, Nov. 10, deposits were $34,439,603.34 and savings accounts $19,816,599.63. The voluntary closing since the last call of nine state banks, reducing the number in operation to 127, was largely responsible for a decrease of $7,204,304.38 in the combined assets of the state and savings banks and trust companies since the last call.

The total assets of the banks under McPherson's supervision on Feb. 28 were $35,456,467.27, while the fourteen trust companies showed total assets of $32,967,560.21.

The unusually large average reserve reported by the banks, 33.46 per cent, indicates the sound condition of the institutions, the commissioner said. Of this reserve, the average reserve with banks was 24.69 per cent, the average in Liberty bonds was 3.85 per cent and the average reserve in cash was 4.82 per cent.

DEVELOPING THE LIFE INSURANCE TRUST

(Continued from Page 15)

insurance by $10,000 to carry out the plans he had in mind, and turning to the insurance solicitor, he said, "Well, John, I suppose you might as well write me the additional insurance." The net result was the entire $50,000 insurance was embodied in an insurance trust, the bank profiting by a very clean trusteeship and the insurance man by a very desirable piece of business.

However, in this new line of approach, both the insurance man and the trust officer should keep constantly in mind this work must be carried out in a conscientious manner and that they must at all times have in mind the welfare of their client, and their actions and motives at all times, like Caesar's wife, should be above reproach.

The success of the cooperation between the insurance man and the banker in working out the insurance trust depends upon the teamwork and good faith each has in the matter. If both have in their minds the idea of united efforts and that each expects to contribute equally to the venture, it will be a success beyond their fondest hopes. Each must be square shooters; but where either enters into the transaction with selfish greed as his object, nothing but failure can be expected. You must play the game fairly to win, and nothing but winners count.

Wyoming News

County Bankers Elect

Richard Stringham, vice-president of the Bountiful State Bank, Evanston, Wyoming, was elected president of the Davis County Bankers' association at the annual meeting.

Lawrence E. Ellison, cashier of the First National Bank of Layton, was elected vice-president and Grant S. Clark of the Davis County Bank of Farmington, secretary-treasurer.

DeLore Nichols, county agent of Davis county, gave a speech on "Co-operation Between Farmers and Bankers" and outlined future projects for Davis county.

Following the dinner meeting the members and their ladies had a dance on the roof garden. About seventy-five persons were present.

Bank Assets

Nearly $73,000,000 in banking resources stands back of Wyoming business and industry at the beginning of a new year. The strong position of the 25 national banks, 57 state banks and one trust company is shown by the following composite statement of condition:

Assets

Loans and discounts	$36,345,134.66
Overdrafts	62,425.85
Bonds, Stocks and Warrants	15,191,069.69
Banking House, Furniture and Fixture	1,859,386.01
Other Real Estate	557,189.93
Cash and Due from Banks	18,786,775.45
Cash Items	41,454.63
Expenses and Interest Paid	22,050.78
Title and Insurance Investment	8,574.50
Other Assets Including 5 per cent Fund	84,648.14
Total Assets	$72,958,709.64

Liabilities

Capital	$ 4,225,000.00
Surplus	3,274,482.14
Undivided Profits	994,439.50
Reserves	323,329.67
Due to Banks	
Deposits Payable on Demand	
Time Savings Deposits and Debentures	
Total Deposits	62,257,573.23
Rediscounts and Bills Payable	384,720.99
Circulation and Other Liabilities	1,488,206.98
Trust Fund	10,957.13
Total Liabilities	$72,958,709.64
Reserve	30%

DIES IN OMAHA

Hugo A. Wiggenhorn, 68, president of the Farmers and Merchants National Bank of Ashland, Nebraska, died recently at the Nicholas Senn hospital in Omaha, where he had been a patient for 10 weeks.

Mr. Wiggenhorn had lived in Ashland since boyhood, and had been an official of the bank there since its establishment by his father, E. A. Wiggenhorn, in 1883. He became president when his father died in 1904. He had served as mayor of Ashland, and for many years was a member of the school board.

His wife and a daughter, Mrs. Edwin A. Fricke of Ashland, survive.

Bankers Wants

This Bankers Wants Department is for the free use of Central Western Banker subscribers. To all others a charge of five cents per word per insertion will be made. We reserve the right to edit all copy or to reject such advertisements that we deem unsuitable. Address all communications to the Bankers Wants Department, Central Western Banker, Omaha, Nebraska.

Position wanted. Married man, 40 years old, with 15 years' practical experience in country banks, seeks employment with bank in Nebraska. Can furnish the best of references. Address Box 1002, Central Western Banker.

Kansas News

Announce Dividend

C. F. Baldwin, assistant receiver for the failed Cherokee County State Bank, Columbus, Kansas, announced recently that a dividend of 20 per cent will be paid depositors.

This bank, under the direction of Mr. Baldwin, paid a dividend of 40 per cent last November.

Liabilities at the time the bank closed its doors amounted to $220,000. Only about $65,000 remains to be collected in order to pay the creditors in full.

Kansas Banks in Merger

The state banking department has announced the merger of the Herkimer State Bank, Herkimer, with the Citizens State Bank, Marysville.

The Herkimer bank had deposits of approximately $45,000.

Banks Are Merged

The Peabody State Bank has formally taken over the First National Bank of Peabody, Kansas. The Peabody State Bank moved into the First National building and the First National thereby ceased to exist. O. Jolliffe, is president of the Peabody State Bank. He stated that liquidation of the affairs of the First National Bank will start at once. L. J. Whittecar, cashier of the latter bank will maintain an office in the building for some time in order to finish up the many details of closing up the affairs of his institution.

Two Banks Merged

The state banking department of Kansas has announced the merger of the Miners' State Bank, Mulberry, with the First National Bank, Pittsburg. The Mulberry bank's last report showed deposits of $78,000.

County Bankers Elect

At the annual meeting of the Butler County Bankers Association held last month at El Dorado, Kansas, Fred B. Wilson, president of the Andover State Bank, was elected president for the coming year. Ralph B. Varner, assistant cashier of the First National Bank of Augusta, was chosen vice-president, while D. F. Burlin, assistant cashier of the El Dorado National Bank, was re-elected secretary.

It was one of the largest meetings in point of attendance in the history of the association. Fifty representatives of Butler banks and twelve guests were seated at tables in the grill room of the Hotel. Thirteen of the eighteen banks of the county membership in the association were represented.

Decision was made to have the June meeting in the nature of a picnic and golf tournament at the links of the El Dorado Country Club, at El Dorado.

John Wilson, cashier of the Prairie State Bank of Augusta, retiring president, had charge of the business session. Program arrangements were handled by R. H. Kilgore, cashier of the Citizens State Bank of El Dorado.

Open New Building

One of the few new bank buildings erected in Herington, Kansas, in the past year is that of the First National bank, which has just been opened. C. E. Edlin is president; V. C. Kingsbury, vice-president; O. R. Murray, cashier; C. H. Hartke, assistant cashier. The building is on the most prominent corner of the city and has modern furniture throughout.

Depositors Get Payment

Depositors of the closed First State Bank of Alliance, Nebraska, are getting another large payment, the second being made by the bank and amounting to $63,000. It is a ten per cent payment. The first was 35 per cent. C. E. Brown is the receiver of the banking institution.

THE WHY OF CREDIT INSURANCE

(Continued from Page 12)

If the policy is cancelled for any one of the reasons mentioned, final adjustment is made in the same manner as it would have been had the termination date been the date of expiration.

THE PRINCIPAL factors considered in the calculation of the premium are the single account limits of coverage required on the different ratings, and the annual sales volume. The past experience of the applicant, type of policy, special endorsements and the classification of his business are also factors in fixing the premium. Each risk must be considered on its own basis, and the premium and "normal" loss are determined according to individual conditions.

Seventy Broadway

NEW YORK

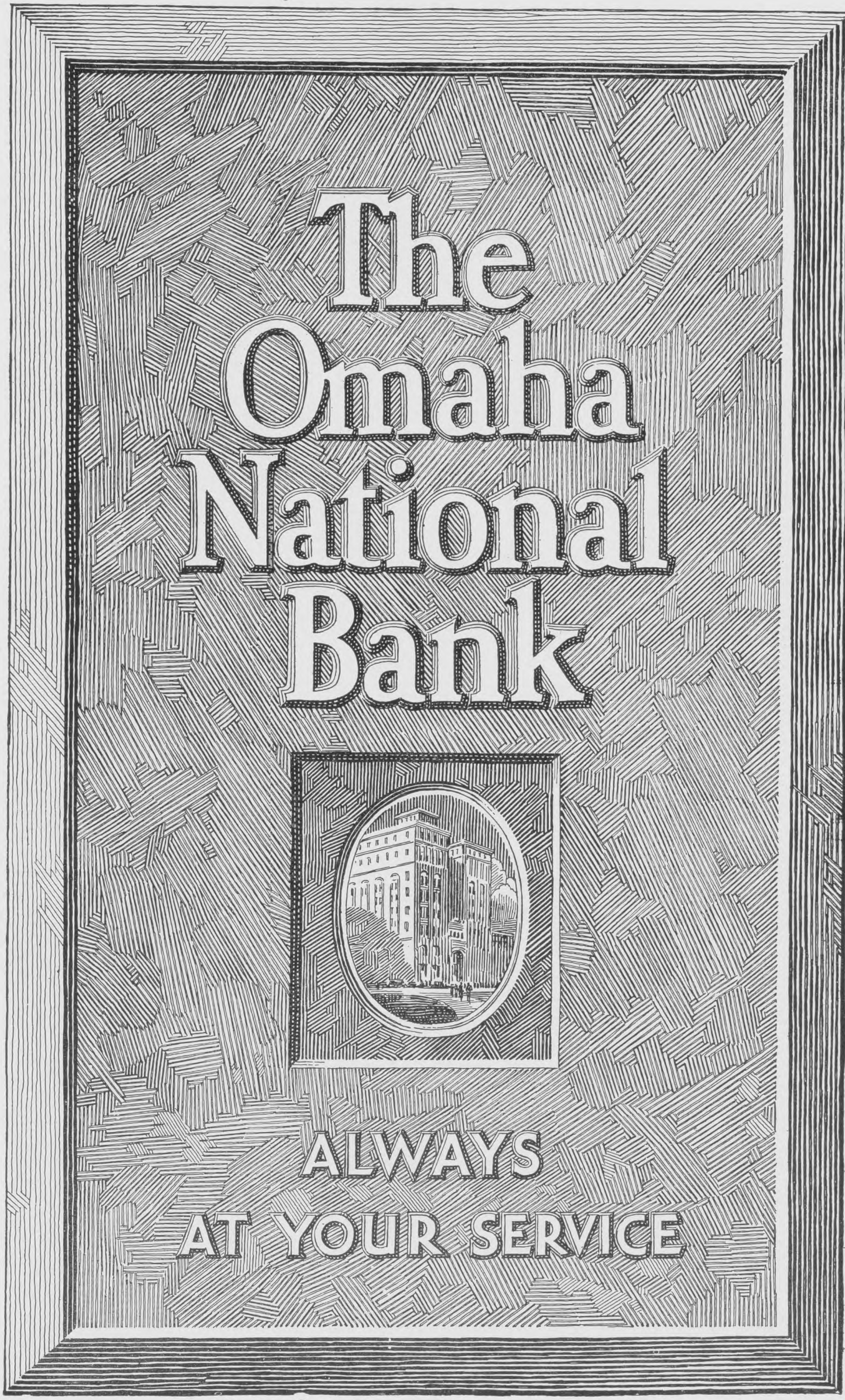
THIS is the address known to the thousands of bankers who find Central Hanover correspondent relationship a helpful and friendly banking connection.

CENTRAL HANOVER
BANK AND TRUST COMPANY
NEW YORK

Representatives in London, Paris, Berlin and Buenos Aires

NO SECURITIES FOR SALE

CAPITAL, SURPLUS AND UNDIVIDED PROFITS
OVER 108 MILLION DOLLARS


The Omaha National Bank
ALWAYS
AT YOUR SERVICE