

CENTRAL WESTERN BANKER

Omaha

The Teller Tells the World 3

The Main Factors in a Bank's Success 4

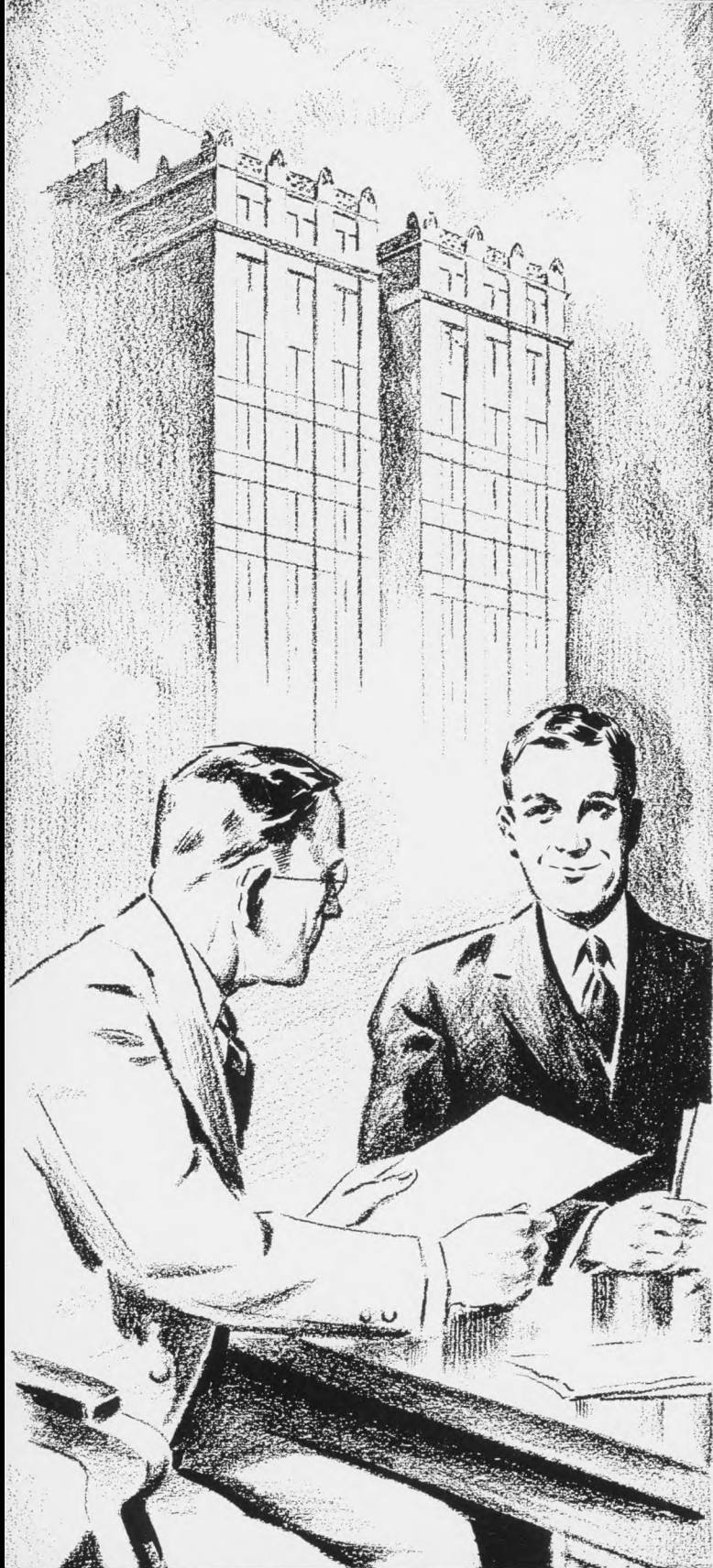
Pueblo Bank Has Golden Anniversary 5

Restricted Management Trust
of the Cumulative Type 7

SEPTEMBER

1931

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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

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The Teller Tells the World

By C. W. FISHBAUGH

THE HOT summer days seem to bother the most cold blooded. I always thought that Oscar, the bank's hired man, could stand any degree of heat or cold. But when he remarked that the only comfortable way he could think of posting was in a hammock, I came to the conclusion that he was feeling the heat.



Recently, a chattel mortgage was recorded that read as follows: "Grain on premises, farm equipment, four mules and increase." That's anticipating a lot.



A banker told me this story about one of his former employers. This particular employer prided himself in the fact that he never forgot a name or face. One day a man came in the bank, who he was sure he ought to know, but couldn't place his face. So, when the man asked for his balance, he inquired: "Now just how do you spell your name?" "S-M-I-T-H," he replied. "Oh, sure, I know that," said the banker, "but I mean your first name." "J-O-H-N," answered the customer, "and my name is John Smith."



It is very interesting to note that the banks below a quarter of a million dollars in deposits are located in a small group of states. Over 50 per cent are in Illinois, Indiana, Iowa, Kansas, Minnesota, Missouri, Nebraska and Texas—the farming states. Which evidently shows that the small banks still serve a purpose.



We hear so much about speed and efficiency that it is somewhat of a relief to see some fellow take life slow and easy and make a success of it. Right now I can think of three men who come rushing into the bank with all the speed of a fast train, make you feel like you are about the slowest mortal they ever saw and rush out again. One is an insurance man, another the town's leading shoe shiner, while the third is the

choir leader. On the other hand, one of the town's leading business men always has time to visit and swap a story. I often wonder "why hurry"? We're going to get there too quick, anyway.



I note that the Northwestern National Life quotes some interesting figures. Eight out of every hundred families have incomes of \$5,000 to \$10,000, while 71 have incomes under \$3,000. The latter must be bankers.



Beulah, the stenographer, won the bronze loving cup for the best laugh of the week. We had just installed a new Ediphone and she was to transcribe. The president wrote a letter saying in part: "Is there a judgment on the farm?" Beulah wasn't used to such work, but that was no reason why she should write: "Is there a Dutchman on the farm?"



Vacation time is about over. But when the boss takes his two weeks it's two weeks extra vacation for the force. Or so I gathered from his remarks before he departed.



We have one customer from whom we need two signature cards. One when he's sober and the other when he's drunk. We rarely need the first signature card now.



Which makes me think now that cross word puzzles have gone the way of all flesh, a new fad for cross word enthusiasts should be the collection of check signatures. Personally, I would like to have one of Henry Ford written on a blank check.



At a bankers' meeting the question of small loans was brought up. The chairman asked one

(Continued on Page 8)

The Main Factors in a Bank's Success

THE SUCCESS of any bank depends largely upon two factors, the proper attitude of the people in its community; second, the proper management of the institution itself. Our success in building savings, particularly, depends upon these two essentials. When thrift is a definite conviction among a considerable number of the people of any community, the marketing situation for the savings department or bank is, to a great extent, solved. It then remains only for the bank to hold these deposits safely, to employ them properly, and to administer the bank efficiently, so that continued public confidence and continued growth are assured. These are the ideal factors; the realities are frequently quite different.

I have suggested that thrift should be a conviction with the public in order to insure the success of the savings department or bank. By that I mean that saving money should be regular and habitual; that the public should regard ready cash in the bank as among the indispensables. A savings account should constitute the first line of defense, never to be used except when unavoidable, and immediately to be replaced as a safeguard for the future. Once you have that viewpoint established, you have done a tremendous service to steady your bank and its deposits, and to safeguard your depositors. You have, in fact, done a great public service in steadying the community economically.

We are confronted today with the greatest need for scientific savings bank management in recent years. The time is opportune for us to go deeper into the fundamental aspects of the savings business and to challenge everything we do from the setup of our organization and the interest rates we pay, to our methods of operation and of handling our funds.

IT IS time we begin to do some hard-headed thinking on savings management problems. Why should two or three out of every five savings accounts be carried at a loss? Why should interest be paid on small sav-

By CRAIG B. HAZLEWOOD

*Vice President, First National Bank
Chicago*

ings accounts that show a loss year after year? Is it sensible for management to eliminate interest on unprofitable checking accounts and then continue to pay it on unprofitable savings accounts? Should any banker compound savings interest quarterly?



CRAIG B. HAZLEWOOD

Should interest be paid on those savings accounts having three or four withdrawals every month, and which plainly serve as checking accounts? What are the standards of personnel efficiency to be expected in the operation of a savings department? What are reasonable costs for savings transactions? Is it reasonable to measure the exact cost of every transaction in a bank's commercial department, place service and activity charges on its checking customers, and then permit 50 per cent of the savings accounts to be carried at a loss without even questioning the matter? Ought we to be guided longer by tradition

in these matters, or ought we to act courageously in solving these problems?

Experience has shown that safety and profits go hand in hand in the banking business. When bankers acquire the profit viewpoint, the introduction of proper management methods follows largely as a matter of course. It is a mistake to assume that any bank can continue to be useful unless it is first profitable with sufficient reserve built out of earnings to meet emergencies, and with adequate income to employ the ablest management.

ASOUND, profitable, liquid bank fosters an independent spirit and a sensible way of looking at unprofitable new business and unprofitable services. It also develops in the community a healthy respect for the bank. Quality savings business is one of the secrets of profit in savings banking. It costs money to handle and protect, to receive, invest, and pay out deposits.

Banking is in evolution. Those who favor the unit plan, the branch plan, the group plan, the chain, are theorizing volubly on the advantages of a particular system. Each finds in his plan an element of safety as well as efficiency which he sincerely believes less abundant in other plans. It is reasonably certain and definitely desirable that some changes in our banking system should be made. But when a whirlwind of public distrust descends upon a community, what banking system is there which public suspicion will not attack equally with blunt fear? The bank that has been mismanaged, that has followed an unsound investment policy resulting in greatly depreciated and frozen assets, and whose earnings have been inadequate, is like one stricken with the plague; all others that are associated with it in any way find themselves regarded with distrust.

We must go to the root of the matter. We must check unsound banking practices in their very beginning. Particularly in our savings institutions and departments we must build what no storm can shake—and then we must develop the proper public viewpoint upon the entire subject of savings.

(From an address before the Mid-West Savings Conference at South Bend, Indiana)

Pueblo Bank Has Golden Anniversary

THE WESTERN NATIONAL BANK, a Pueblo, Colorado, institution for 50 years, celebrated its 50th anniversary August 15. The bank was incorporated in the summer of 1881 at the time of the construction of the C. F. & I. Co.

Necessity for large banking facilities for the employes of the new mills prompted William L. Graham, at that time cashier and assistant treasurer of the Colorado Coal & Iron Co. and a former banker in New York, to suggest to his associates the organization of a national bank on the South side of Pueblo.

Charles B. Lamborn, president of the Colorado Coal & Iron Co., his brother, Robert L. Lamborn, noted philanthropist and capitalist of New York city and Philadelphia; Miss Helen Taylor and her brother, Lowendes Taylor, daughter and son of a noted author and former United States minister to Turkey; Bayard Taylor, William A. Bell, capitalist of Colorado Springs; all took stock in the bank together with William L. Graham, Appleton H. Danforth, Daniel N. Jones, Harry S. Van Keuren, James K. Dempsey, L. J. Taylor, who were all officers and employes of the Colorado Coal and Iron company, and Joseph W. Gilluly, then cashier of the D. & R. G. railroad.

Application for a charter was made July 15, 1881. July 25, 1881, the following were elected as directors: Charles B. Lamborn, Joseph W. Gilluly, Appleton H. Danforth, William L. Graham and Harry S. Van Keuren. William L. Graham was appointed president and Charles B. McVay of Pittsburgh, cashier.

THE ORIGINAL charter was granted August 2, 1881, by Comptroller of Currency John Jay Knox and the bank opened for business on August 15, 1881, with a capital of \$50,000, and two employes, Charles B. McVay, cashier, and Henry M. Keasbey, teller.

September 12, 1881, Charles E. Saxton entered as an employe and in January, 1882, he was elected as one of the directors.

Increase of business was phenomenal for those days and the first state-

ment, published within six weeks after opening, showed deposits of \$182,000, with cash and United States bonds on hand sufficient to pay all deposits.

In April, 1882, W. R. Samuel was employed as bookkeeper. Later A. L. Price was added to the force and H. M. Keasbey removed to New York city.

In the spring of 1883 the need for larger and better banking rooms was overcome by the renting of the corner of C and South Union. The vault of cement reinforced with steel rails, was built by a gang of steel works bricklayers, under the direction of William L. Rees, now county commissioner. There the bank continued in business until June 1, 1915. The rooms were enlarged and improved in the winter of 1890 and 1891 and the finest mahogany fixtures then obtainable were installed under the supervision of George A. Newton.

In the spring of 1886, Charles B. McVay resigned as cashier and the offices of the Colorado Coal & Iron Co. were removed from Colorado Springs to Pueblo and W. L. Graham, as treasurer and cashier of the company, gave part time to the bank's affairs.

In October, 1886, Saxton was elected as cashier, which position he has since continuously filled.

AT THE commencement of business in 1881, accounts were opened at the First National Bank of New York and First National Bank of Chicago, and they have continued as depositories for this bank for 50 years.

In 1887 with the building of the Missouri Pacific railroad into the city, S. H. H. Clark, the president of the road, and S. H. Mallory, one of the firm of Fitzgerald & Mallory, who built the road, both became shareholders in the bank. About the same time Gov. Alva Adams bought stock and served as a director from 1889 to 1904. Also George A. Newton and Whitney Newton became shareholders. George A. Newton was elected a director, serving until his death in December, 1892, when Whitney Newton succeeded him.

Harlan J. Smith entered as an employe in 1888, remaining with the bank till 1897.

In January, 1893, the three cities of Pueblo, Central Pueblo and South Pueblo having consolidated, by order of the comptroller of the currency, the bank's name was changed to the Western National bank.

On the same day that the Western National Bank opened for business the South Pueblo National Bank opened at the northeast corner of C and South Union, later changing its name to the Central National Bank of Pueblo.

In 1898 the capital of the Western National was increased to \$100,000 and it took over the assets of the Central National by consolidation of interests. B. B. Brown was made president, W. L. Graham, vice president and Charles E. Saxton, cashier.

In 1901 a renewal of charter was granted and in 1907 Pueblo was made a reserve city, which permitted Pueblo banks to act as depository of the reserve of other banks. In the same year the Western National added to its facilities by the opening of the savings department, paying interest on savings accounts. In 1914 with the establishment of the federal reserve system this bank took stock and entered as a member of that system.

JUNE 1, 1915, the bank rented its present quarters in the Amherst building on Main at Second, formerly occupied by the Mercantile National Bank, and its deposits, then \$667,000, soon increased to \$1,000,000.

B. B. Brown, its president for 20 years, died in April, 1918, and George F. Trotter, having taken over Brown's interest, was made president of the bank and has conducted its affairs since that time. At the same time, ex-Senator Alva B. Adams became one of the directors and upon the retirement of W. L. Graham in 1924, was elected vice president.

In July, 1921, its second renewal of charter was granted and the following year it was extended for 99 years.

In 1921 Dr. William Senger became a stockholder in the bank, being elected director in January, 1922 and

serving since as one of the vice presidents.

In 1925 Frank S. Hoag was elected a director and continued until the fall of 1930, when he resigned, still holding his stock and remaining interested in the bank.

Present directors are: Alva B. Adams, G. F. Trotter, Dr. William Senger, Charles E. Saxton and H. M. Mertz, with G. F. Trotter, president; Charles E. Saxton, cashier; H. M. Mertz, E. E. Musick and M. C. Hodges, assistant cashiers; bookkeepers, C. O. Sorenson, O. L. Daniels and John E. Brooks; remittances, Harold L. Gilbert; statement clerk and safety boxes, W. R. Samuel;

stenographer, Catherine C. Voris; and messenger and listing clerk, I. J. Biggs constitute the force who gave attention to the details of bank affairs.

To Pay 20 Per Cent Dividend

C. W. Hookway, receiver of the American National Bank of Redfield, South Dakota, which closed last fall, announces that the bank is ready to pay 20 per cent of the money as the first dividend, which will amount to \$90,000. Almost a half million dollars was tied up in the bank last year and the officials are trying to liquidate it as quickly as possible to help the farmers.

Issues Effective House Organ

The illustration below is a reproduction of the first page of a four-page house organ issued monthly by the First National Bank of Holdrege, Nebraska.

Three of the pages are divided into departments which very effectively advertise the various services of the bank. Page four is a full page advertisement of the bank itself.



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Other things equal, there is substantial advantage to the investor in choosing the shares of a fixed trust sponsored by an organization of long experience in the trust field; which knows the practical needs of shareholders and how to provide for them; which is actively creating wider markets and reputation for the shares.

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In commenting on this service, the bank officials remark as follows:

"We have used this form of advertising for over a year and a half and have found it very effective. We have a mailing list of 3,000 names which covers every household in our town and every rural boxholder in our trade territory."

Suits Dismissed

Suits of 59 depositors in the defunct Farmers bank of Elkhorn, South Dakota, to collect amount of their deposits totalling about \$425,000 were dismissed Wednesday in Shelby county district court in Harlan by Judge Kenneth R. Cook.

These depositors sued partners of the defunct bank as individuals. About \$11,000 costs and copy fees were involved in the actions and this matter was continued.

Judge Cook ordered the property of partners in the bank impounded to be held subject to court order and disposition of bankruptcy proceedings.

BONDS AND INVESTMENTS

Restricted Management Trust of the Cumulative Type

By C. B. KLOPPE

President, C. B. Kloppe & Co.
Des Moines, Iowa

ON JUNE 1, 1928 there were 195 investment trusts of all types in existence in America. By June 1, 1931 this number had jumped to 648. The permanence of the soundly constructed investment trust in our financial life is assured. The public has been educated to and has accepted the basic principle of the investment trust diversification.

Investment trusts differ widely. Some are trading companies, buying and selling many types of securities with few or no restrictions. Others have done away with the management factor altogether and have substituted for the personal equation a reliance upon mechanical operation and a remarkable faith in the permanence of a few stocks as sound investments. Still others have combined some of the features of these two classifications.

Within recent months we have witnessed a most important trend in fixed trust growth—one destined to alter its future course more radically than any previous development.

This trend is always from the rigid type of fixed trust toward a type which, while adhering to the fixed trust principle, seeks to provide a flexibility in respect to elimination and substitution of the underlying securities. This type of trust is called the "restricted management" or "semi-fixed."

I believe a semi-fixed trust is far superior to the rigidly fixed type. Fixed trusts were given a fairly adequate test in Great Britain banks in the period of 1880-1900, and the results were so disappointing that this type of trust disappeared from the British financial markets. And, so far as I know, we in America have not yet discovered any invariable statistical rules governing investments which result inevitably in handsome profits to the purchaser.

THE FACT that a given company has certain assets and earnings and that these have been maintained

(within certain reasonable limits) over a long period of years—this (and other statistical data like it) does not prove that the company's record in the coming years will be as



C. B. KLOPPE

good. The record of the past must be coupled with sound judgment in the interpretation of what has happened and clear foresight as to how future conditions will differ, if at all, from past conditions. Statistical data must be combined with human intelligence to insure a reasonable degree of safety.

The fixed trust, by its very nature, denies this general idea, which I consider of supreme importance. The semi-fixed trust, or restricted management trust permits the introduction of a reasonable amount of intelligence (management) and yet safeguards the shareholders' interest by closely restricting the management.

Most fixed trusts are absolutely

fixed as regards to the sale of securities in the portfolio, except that the trustee must sell within a stated time any stocks on which dividends have not been paid during a stated time. Therefore, as long as a stock pays some dividends the trust retains it even if it has lost its investment merit.

Let me cite an actual case along this line:

A certain "restricted management" trust was formed in 1924, which to date has had a phenomenal record. In the portfolio was included a blue chip stock which was a very attractive investment at that time. A few years later it had lost its investment merit and was sold out at about \$100 per share when it was still paying \$8 dividend. Today this same stock is selling at about \$12 per share, paying \$1 dividends. Had this trust been a rigidly fixed type this stock would still be in the portfolio for it could not be sold until the dividend was passed entirely.

WHEN a stock is finally eliminated in a fixed distributive trust the trustee must distribute the proceeds from the sale of the stock to the shareholders, but in the case of a cumulative restricted management trust the money is not distributed but is re-invested in the remaining stocks in the portfolio. This is why it is called "restricted management." The management cannot invest in any stock that is not already in the portfolio, so the shareholders know at all times exactly in what stocks their money is invested, which is not true of a full management trust or trading company for the management can invest in any stock.

Cumulative type trusts are becoming more popular, in fact one state has already enacted a law prohibiting the sale of distributive type trusts.

There is nothing seriously wrong with a distributive type trust returning to an investor a part of his capital

in addition to the ordinary dividends paid out of earnings, but if this is done the investor should understand that the high rate of return not only represents earnings from his capital, but also a return to him of part of the capital itself. It is quite obvious that persistent repayment of capital may result in such a reduction of his equity that the capital remaining in the trust may show a declining rate of earnings, or at least the whole tendency of the distributive feature is to prevent any large building up of the trust capital.

The distributive feature will tend continually to reduce the amount of the trust capital invested in the best stocks and maintain the amount invested in stocks of companies which are not enjoying a rapid growth in business, earnings and capital assets. Why? The companies which are making rapid progress are always the ones which declare large stock dividends and split up their shares; the companies which are standing still as regards growth and earnings cut no large melons and seldom change their capitalization. Thus the distribution of the proceeds of stock dividends and extra shares received through stock split-ups results in the return to the investor of part of his most profitably invested capital. This

process of dilution tends continually to diminish the amount of capital invested in the most prosperous companies, while the amount of capital in the others remains stationary.

THIS is the vital weakness of the distributive trust, and it is not eliminated by giving the shareholder the right to reinvest the capital returned to him by purchasing additional shares. After each return of capital, the trust share is weaker because a part of its cream has been skimmed off and paid out. Why, then, should the investor use this dividend of "cream" to buy additional shares of the "skimmed milk?"

Cash reserve fund with fixed coupons seem to have had their day, and I think it has been merely a device to fool the investor into thinking that he is getting insurance — the assurance that dividends will not be reduced below a fixed minimum — without paying for this insurance.

As a matter of fact, the trust shareholder pays for his "insurance." He is merely putting part of his capital aside as cash and on this cash he either gets the savings bank rate of return, or in some cases none at all. If the dividends available for his fixed trust shares fall below the stated minimum, then the deficit is

made up out of the cash reserve. His investment has failed to yield the stipulated return; so he uses some of his capital to make up the difference.

The fixed trust idea assumes that high grade common stocks are a more profitable investment than putting money into a savings bank. Then why use part of the investors' money to run a savings bank account? Why not invest all the money in stocks and then if the investor finds at any time that he must use some of his capital, he can get it by selling a part of his trust shares?

ANOTHER feature that is becoming more popular in investment trusts is a broader diversification and not limiting a portfolio entirely to A rated stocks, but investing a small percentage of the funds in stocks of companies which have potential possibilities and the makings of an A rated stock.

In brief, a restricted management, cumulative trust works for the shareholder in the same way as though an investor were to purchase outright a certain number of stocks and put them in his safety deposit box, cash all dividend checks received, sell off stock rights, but upon receipt of a stock split-up, which is a return of part of the principal, placed the additional shares with the others in the safety deposit box, and at any time he saw that one of the stocks was losing its investment merit he sold it, but the restriction is that he can only reinvest the proceeds in the stocks of the companies that are already in the list. One can easily see the advantage of buying the trust shares and not the underlying stocks outright, for the investor is freed from these innumerable details.

In conclusion, a restricted management trust of the cumulative type with no cash reserve fund combines the most simple investment features, and the permanency and future growth of this type of investment trust is assured. The largest investment trust of this type is now outselling any fixed trust. This shows which way the wind is blowing.

THE TELLER TELLS THE WORLD

(Continued from Page 3)

of the bankers: "Now, Mr. Smith, what would you do if Mr. A came in and asked to borrow \$25 for a week?" The old fellow replied in all seriousness: "Let him wait a week and he wouldn't need it."

Which, after all is said and done, is worth thinking about.

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Oscar, the hired man in the bank, pulled another high score the other day. He said: "What's the use of looking for a balance every night? I've got an idea that will always make the worst set of books balance." We were willing to listen. "Add the debits and credits all together and then divide by two and you can't be off." (Yes, darn it, the paper weight missed him by a short inch.)



Here in "Ioway" the lawyers tried to pass a law to prohibit banks from practicing law. The bill was killed.

But I believe a good counter bill should be suggested to stop lawyers from making money. That's the banker's job.



A chairman at a bank meeting was speaking of the value of co-operation between directors and officers. He remarked: "The one-man bank is a thing of the past. Now is the time for directors and officers to co-operate. And it's up to the officers to see that they do."

At the end of the speech one banker arose and remarked: "Mr. Chairman,

your speech is all very true, but how in H— are you going to get co-operation from your directors when your wife, mother-in-law, brother and cousin are the board of directors?"



Which makes me think of the Ohio bank that recently purchased a good supply of arms for protection against holdups. At the next meeting, the board passed a resolution forbidding the employes to use the guns. That is co-operation.



It is worth noticing that all but one of the eleven Canadian chartered banks have pension funds for officers. The fund comes from the contributions from officers and from the bank itself, and from profits on the investments of the pension fund. Some of the larger banks have funds that run as high as eight million.

Now, don't every one resign and rush to Canada.



And that reminds me of the old story of the bond salesman who saw the well-known advertising sign: "Drink Canada Dry." The bond salesman had had at least one too many. He looked at the sign and mumbled: "It can't be done! It can't be done!"

Ask Speed in Settlement

Four members of a committee representing depositors in the failed Elkhorn Valley bank at Stanton, Nebraska, accompanied by State Representative Paul Bruveleit of that place, were at the capitol recently to urge Governor Bryan that action be taken to wind up the bank receivership, which has already been in progress two years, as soon as possible.

The committee informed the governor that matters are dragging along in a manner unsatisfactory to the depositors, who fear that the remaining assets may be largely dissipated in expenses if the receivership should continue any length of time.

George I. Parker of Newcastle, a member of the old guaranty fund commission, is acting as receiver of the Elkhorn Valley bank. So far, the depositors have received 40 per cent of the amounts due them. It is estimated that another 10 per cent could be paid from the salvage still available, making 50 per cent in all.

In the party that saw the governor were W. E. Chilcoat, L. C. Schwenck, Emil Entermen, and D. C. Spangler.



The September Horoscope . . .

PRIDE and selfishness are the two great faults of September born folk.

Nevertheless, people of this month are invariably clever, and they are blessed with so many talents that success is open to them in almost any field of work they choose. In finances they are keenly shrewd, and when they speculate they can be relied upon to get good returns for their money.

Originality is strongly marked in September people, and inasmuch as the world pays a long price for originality, you should make the most of this trait.

The Sapphire should be worn constantly, and your dress attire should have either scarlet or light blue in its make-up.

If you are in the life insurance business but not now under contract you should by all means investigate the Royal Union's agency proposition. Seek success and you will find it with us.



ROYAL UNION LIFE INSURANCE COMPANY

DES MOINES, IOWA

A. C. TUCKER, *Chairman of the Board*
 J. J. SHAMBAUGH, *Pres.*
 B. M. KIRKE, *V. P. and Field Mgr.*
 W. D. HALLER, *Sec'y*

INSURANCE

Its Application to the Banking Fraternity

The Fallacy of Bank Depository Bonds

THE CHASE for depository bonds is still on and in this vicious squirrel-cage both bank and surety company have come to serious grief. Over 1,400 banks have failed in 1930 and they are still counting the closed institutions in 1931, and the exact figures guaranteed by surety companies in these closed institutions is unknown, but the amount is staggering.

It is serious enough to have some apprehension over the soundness of the insurance company now offering the depository bond, and yet, why should the bank be concerned over the surety company as to its solvency when the demand is made by the state or city for funds deposited in the bank that the bank buy and pay for a depository bond. And for the premium charged by the insurance company, how can the company afford to audit or investigate the bank as to its solvency and be constantly informed as to withdrawals and a depletion of reserves that suddenly causes the bank Commissioner to place a sign on the door of the bank—"Closed to Protect the Assets of the Bank." The premium is not and cannot be made large enough to permit the surety to so investigate the bank under consideration as to its condition, so other methods are used.

A story is told of a bank president who was a director in a surety company as well as being an officer and director of several smaller banks. He was asked in confidence by his surety company associates just what the financial condition was of the small banks in which he was interested, and even though the situation was delicate, he felt that he should recommend the surety company to write the depository bonds. He was "put on the spot" but could not give his hand away. One morning six banks closed their doors, and the surety company was called upon to pay several millions of dollars on the depository bonds written.

A LODGE recently circularized its entire membership, stating that each local treasurer should demand of the bank a depository bond in a

By HY SCARBOROUGH, JR.

certain surety company, and if it was not obtained, to withdraw the lodge deposit. The smaller banks not being able to obtain a depository bond are now claiming that the big banks are working with the insurance companies against their downfall. The third largest bank in the middle west could not get a depository bond last month because the "market" was full up. A merger was announced and the insurance companies had a line on both banks involved in the merger which meant a concentration of risk greater than the desired line any one company could accept. The dear public hear part of the story and then get fearful for someone said they could not get "insurance" on the bank in question.

A trip to New York was made by the writer in July to obtain a depository bond for a bank in excellent shape, and as additional inducement, offered the personal guarantee of two men worth well over fifteen million dollars to the surety company who would write the bond for \$200,000 protection of state funds. Every company worth while was tried and the answer was NO. Some said they had withdrawn from the field, others that they were not writing any bonds in the entire state. The feeling is bad, even between insurance companies, and it is freely stated that several companies will not be able to get by December 31st when they make their annual statement and replenish their depleted reserves. There is not a single branch office or agent in the country authorized to execute a depository bond without the home office going into the present position of the bank under consideration, and then giving its authorization to the branch office or agent. The next and really serious task is obtaining re-insurance from other companies, for no surety company today carries the entire risk.

A FEW principles of underwriting used by the insurance companies are not amiss. The particular bank must render a complete financial

statement, giving detailed information as to the bank's assets, distribution of the stock of the bank, its correspondent banks, and to the bank's assets, distribution of the stock of the bank, its correspondent banks, and other connections. The more detailed the information about securities to all loans, and also the bond account, the better. The character of the deposits is considered. Banks having more than a certain percentage of their deposits (25% is the general rule) made up by public funds are not considered desirable risks due to the fact that political changes might bring about sudden withdrawals of funds. Of course the character and management of the bank, as well as its past history, plays an increasingly prominent part in the acceptance of the risk; and if it shows a consistent decrease in surplus or a falling off in deposits, the insurance company will ordinarily reject the risk. Locality has been a factor, but after that mess in New York City, the underwriters are not giving so much thought to the location of a bank. However, if there have been several banks failed in a given community, it is going to be difficult for the perfectly good and sound bank to convince the insurance company that their doors will remain open. The bond forms are having recent changes instigated by the insurance companies for their further protection, and the various states where the depository bond is prescribed to protect public funds have taken some of the teeth out of the contract—there being no other alternative.

An interesting development at the moment is the unusually heavy demand by depositors of private funds for depository bonds. These bonds are issued without the knowledge of the bank, and the premium for such a bond is usually double that charged for bonds issued on the bank's application. All companies are demanding the five-day cancellation clause, and, of course, the bond is written for the maximum amount of funds on deposit. If it is not, the company is liable for such proportion of the bond as the limit of the bond bears to the

total net deposit. If the amount of the deposit exceeds the amount of the bond, there is the usual clause for a pro rata distribution of the salvage, and this is often a point of combat. At the issuance of the policy, a

premium figured on the maximum amount of the bond is due and payable, and at the close of the contract period the premium is adjusted in accordance with the bank's average daily balance for the period. The minimum premium is one-half the annual premium on the amount of the bond, regardless of the average daily balance.

As of January 2nd, new rates were established that will be of interest to all banks. The ruling on life insurance funds and fraternal orders is classified as public funds and, as heretofore, all private funds carry a one per cent rate. The new rates are fixed by the capital of the bank only, banks of less than \$50,000 capital pay a rate of \$10 per thousand. Where the capital is \$50,000 and less than \$100,000, the rate is \$7.50 per thousand. \$100,000 and less than \$200,000, the rate is \$6.00 per thousand, and where the capital is \$200,000 or over, the rate is \$5.00 per thousand. Patience on the part of both banker and surety company is required during these testing times, and if the banker can show that the chances will be about 95 per cent for his bank remaining open all business days during 1931 (holidays excluded) the underwriter way up on the 46th floor of some building near old Broadway will authorize his bond, but you must realize that the underwriter in this case must pass upon the solvency of banks over the entire country, and most of these underwriters are from four to six weeks behind in their work. Confidence is established not without some right effort.

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Royal Union Shows Progress

B. M. Kirke, vice-president and agency manager of the Royal Union Life, reports very satisfactory progress for that company since the consolidation of the Des Moines Life and Annuity and the Royal Union Life. The agency force is producing business with consistent regularity, said Mr. Kirke. July's production figures exceeded June's by one quarter of a million—reaching the total of \$1,750,000.

Fortunately, when the Des Moines Life and Annuity and the Royal Union Life were merged, one of the attractive and stabilizing features of the consolidation was the lack of many agency conflicts. This was unusual in view of the fact that both companies had been writing the larger portion of their business in the Mississippi Valley. The natural merger of the agency forces made it possible for the company to go ahead with a constructive development program instead of untangling conflicts. A new rate book has been issued which includes figures on attractive policies

new to the agency forces of either company before the merger.

The Royal Union Life, of which J. J. Shambaugh is president, has a bright future ahead of it. The agency force is loyal and well directed, the company is confining its activities to states in which it already has well organized agencies, and it shows a well balanced financial statement. Insurance in force totals over \$190,000,000. Assets are \$40,000,000, and the company's capital and surplus, including contingency reserve, is approximately \$3,000,000—which is all surplus as to policyholders.

Consolidate Insurance Companies

C. O. Talmage of Omaha has announced that the business of C. O. Talmage and C. O. Talmage Co., relating to insurance of all kinds, the purchase and distribution of insurance securities, ownership and management of insurance companies, has been consolidated under the name of General States Insurance Corporation, of which Mr. Talmage is president. The headquarters of the corporation are in the Arthur Building, 210 South Eighteenth Street, Omaha, Neb. The General States Insurance Corporation will have a wide organization with connections in the larger cities of the country.

Mr. Talmage for many years was secretary of the Columbia Fire Insurance Co. of Omaha and after its reinsurance by the National of Hartford was manager of the Columbia Fire Underwriters until a few months ago. He has recently organized a general agency, representing several companies in Nebraska and adjoining states.

Appoints Receivers

Instead of naming local applicants at Omaha and elsewhere as acting receivers of banks which recently failed in those communities, men who have had previous experience in handling such institutions and shown their ability to convert assets into money for the benefit of the depositors are being given the preference for those positions.

A list of nine appointments as agents in charge of banks that have closed their doors during the past two weeks was announced by Governor Bryan. All of those assigned to take charge of the suspended establishments were chosen from a list of men heretofore employed for such duty. They are:

George E. Hall, Lincoln. State bank of Omaha.

A. J. Barak, Petersburg. South Omaha State bank, Omaha.

J. E. Haase, Norfolk. Farmers & Merchants bank, Benson.

W. M. Whalen, Lincoln. First State bank, Pleasant Dale.

L. H. Reif, Bloomfield. Leigh T. J. Brozek, Chadron. Bruno State bank, Bruno, Bank of Brainard, Brainard.

J. C. Wisda, Ord. Butler County State bank, David City.

E. E. Ruzicka, Schuyler. Dwight State bank, Dwight.

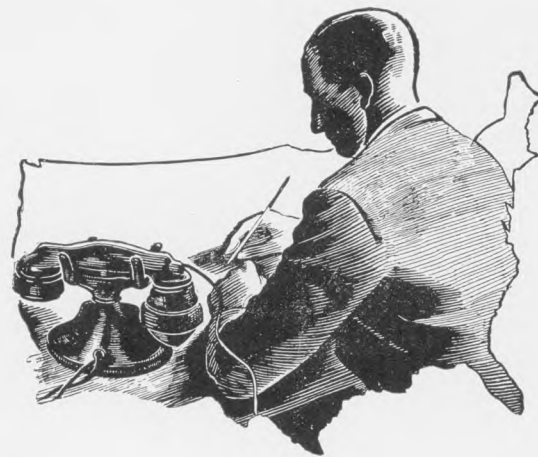
C. A. Lau, examiner in charge, Union State bank, Omaha.

"These are important posts and need to be filled by men who know the work," said Governor Bryan. "Having in mind the interests of the depositors, it is deemed advisable to utilize the services of the most experienced and efficient ones on the banking department's staff than to

appoint local people as assistant receivers who may or may not prove qualified for the jobs.

"These men have been in service for some time and have shown their capabilities for disposing of assets so as to realize the largest amounts of money for the depositors.

"Many requests have come from the different communities, especially from Omaha, to have this or that local man appointed. Yesterday's mail brought twenty-five letters from Omaha in support of a particular applicant, and a number of other letters and telegrams in his behalf had been received the day before. However, I believe the welfare of the depositors will be better served by putting a trained assistant in charge."



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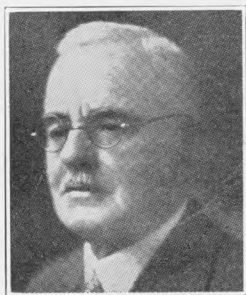
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**J. G. LOWE, President,
Nebraska Bankers Association**

Nebraska News



**WM. B. HUGHES, Secretary,
Nebraska Bankers Association**

Omaha Banks Solve Banking Crisis

Following the closing, within a week, of four state banks, the Omaha banks on Saturday, August 15th, experienced an unusual demand for deposits from depositors who had been suddenly alarmed.

The banks met the situation by providing extra service for the withdrawal of funds, and after a day not without its worries, the situation was cleared. Most of the deposits that had been withdrawn came back to the banks, a certain portion, however, finding their way into the postal savings bank.

The previous Monday morning the State Bank of Omaha, of which A. L. Schantz was president, did not open for business. Heavy withdrawal of deposits, together with depreciation of some of the bond holdings, had been experienced, and the bank was turned over to the state department of trade and commerce for liquidation.

As a result of the closing of the State Bank, the Farmers and Merchants Bank of Benson, an Omaha suburb, was also forced to close. It had a heavy deposit in the State Bank.

Benson depositors and stockholders, however, have been holding a series of meetings with George W. Woods, of the State Banking Department, with a view to reorganizing and reopening their bank.

The next day the South Omaha State Bank, John S. McGurk, president, was forced to summon state officials. Following the closing of the other banks it, too, had suffered excessive withdrawals of deposits.

A similar drain upon the Union State Bank, F. C. Horacek, president, resulted in its directors also closing the bank, to guard the interests of loyal depositors. The banks were thus

left helpless due to the unreasonable fears of depositors.

The closing of the Union State Bank was the occasion for the lobbies of the larger banks, the Omaha, First and United States National banks downtown, and the Packers, Livestock and Stock Yards National banks in South Omaha, being the scene of lengthening lines of depositors withdrawing funds.

To meet this demand and reassure the depositors, the banks quickly decided that instead of closing at the usual hour of 12 noon, they would remain open as long as any depositor wished to withdraw his account. So through Saturday afternoon, and in some instances until 9 o'clock that night, the banks remained open.

In the Omaha National customers waiting in line were served sandwiches and lemonade, and this also helped restore good humor and confidence.

The Omaha Clearing House association, in a public statement pointed out that during the 47 years of the clearing house no member bank has failed to repay depositors in full. L. H. Earhart, of the Omaha branch of the Kansas City Federal Reserve bank, also made a public statement pointing to the strength of the banks.

Public attention was called to the fact that the four closed banks had only 6 per cent of the total deposits in Omaha.

The fear and excitement quickly died away. The banks opened at 8 o'clock on the following Monday morning, an hour earlier than the usual time, but withdrawals had ended.

Many depositors, indeed, came back to the bank to reopen and reconstitute their accounts, and, in the savings department, asked that they be permitted to do this without loss of

interest. In several of the banks this was permitted.

The Federal Reserve branch brought in 3 million dollars in cash by airplane from Kansas City, but it was found that this sum of money was not needed.

The situation was an uncomfortable one for a day or two but the promptness of the banks in meeting all demands without delay, and their anticipation of the depositors' wishes saved the incident from becoming distressing.

J. H. Barnes to Address Bankers

Julius H. Barnes, chairman of the board of the United States Chamber of Commerce, has definitely accepted the invitation of the Nebraska Bankers Association to speak at the annual convention, which will be held this year at Lincoln, October 22nd and 23rd.

C. Q. Chandler, chairman of the board of the First National Bank, Wichita, Kansas, and Fred W. Sargent, president of the Chicago and Northwestern railroad, are also definitely upon the program, with a number of other speakers being secured by William B. Hughes, the secretary of the association.

The railroads have given a special rate of a fare and one-half for the round trip.

Banks Get Service Charge

Fifty-three Nebraska counties now pay their banks a service charge for handling county funds, most of them paying the 1 per cent prescribed by the law passed by the last legislature. The state treasurer has offered one-half of one per cent for handling state funds, and there is a dispute between the banks and the state over this, most banks believing the one-half per cent is not enough.

End Battle for Receiverships

The fight, waged in many district courts of the state, between Clarence

G. Bliss, former secretary of the state department of trade and commerce, and his successor, E. H. Luikart, over receiverships of failed state banks, has been ended with the turning over of the banks to Mr. Luikart.

Bliss had held about 200 receiverships when Luikart was named as his successor. He held that Governor Bryan could not order the transfer of assets to Luikart, and appealed from the governor's orders in the various judicial districts of Nebraska.

The decrees of the judges, however, over-ruled his contention, although several of them conditioned the transfer upon final approval of reports by the former department secretary.

"The courts gave me just what I thought was right," said Mr. Bliss, "and that was from 30 to 40 days in which to prepare final reports and be discharged from liability as the receiver."

Six State Banks Close

Six Nebraska state banks, which had deposits in the failed Omaha state banks, closed August 17.

Officers and depositors of the banks that closed were:

First State Bank of Pleasant Dale: Deposits, \$140,000; F. C. Horacek, president; L. A. Horacek, cashier.

Dwight State Bank: Deposits, \$180,000; F. J. Novak, president, G. J. Tomes, cashier.

Brainard State Bank: Deposits, \$280,000; C. J. Davis, president; Fred C. Sennin, vice-president; J. A. Proskovec, cashier.

Bruno State Bank: Deposits, \$140,000; F. J. Rohn, president; A. C. Tomek, vice-president; A. V. Rohn, cashier.

Butler County State Bank: Deposits, \$180,000; Joseph Shramek, president; Peter Meysenberg, vice-president; R. F. Havelka, cashier.

Leigh State Bank: Deposits, \$200,000; F. L. Vlach, president; W. A. Vlach, acting vice-president; E. M. Nelson, cashier.

\$40,000 Violin in Fairbury Vault

Priceless heirlooms, curious relics, valuable papers, securities—and perhaps even a small sack of worthless "diamonds"—all these things are being entrusted to the safe deposit protection of the banks in the Northwest Bancorporation group. More and more customers are taking advantage of the security, convenience and privacy of the banks' safe deposit facilities.

The most recent example of unusual articles stored in the safe deposit vaults of the group is a 217-year old Italian violin, valued between \$25,000 and \$40,000. It is the prop-

erty of Bert Bergeron, a customer of the First National Bank of Fairbury, Nebraska, affiliated with the Bancorporation. The violin is kept in the modern, steel-lined vault of the bank.

As one of four violins made during the lifetime of its creator, the instrument represents years of patient craftsmanship. The scroll itself, consisting of a hand-carved lion's head, bears the mark of faithful execution in minute detail. Its maker, Rudolph Lupot of Tyrol, Italy, was a contemporary and co-worker of Antonio Stradivari of Cremona, one of the most famous violin makers of all time.

The Bergeron family has owned the instrument for 150 of its 217 years. It was brought to the United States from France by a great uncle and sold to Mr. Bergeron's father for \$8. In 1903 an expert repairer wired an offer of \$1,000 before any examination.

A short time ago the instrument was sent to a famous music house in Chicago. There, an expert violinist:

played the Lupot in comparison to a Stradivarius, and according to his statement, there was not a "dime's worth" of difference. Their advice to preserve the violin carefully prompted Mr. Bergeron to place it in the vault of the First National Bank of Fairbury.

Final Dividend

Depositors of the failed Meisner, Nebraska, State Bank have received the final dividend from liquidation of the assets of the failed institution.

The final payment consisted of an apportionment from the \$5,010 received from the sale at Kearney of the final assets of the bank. The assets sold consisted of \$59,453.54, bills receivable; \$70,623.39 in judgments and a small amount of real estate and stocks and bonds.

The purchase was made by S. E. Vogler, formerly of the department of trade and commerce.

Clarence Bliss, who sold the bank assets as receiver for the bank, also sold the notes, judgments, fixtures of

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the defunct Commercial Bank at Gibbon. They were purchased by Vogler at a price of \$2,240. The Gibbon bank had bills receivable of \$83,694.21; judgments, \$35,217.21 and fixtures valued at \$2,776.19.

Takes Over Barada Bank

The Falls City State Bank of Falls City, Nebraska, has acquired all the deposits of the Barada State Bank. No notes were assumed but deposits approximating \$40,000 were taken over. Officers of the bank said the reason for the transaction was because the town of Barada is without a railroad and has only limited territory.

Merger at Indianola

Representing a merger of interests of the State Bank of Indianola, Nebraska, and the Farmers State Bank, a new institution to be known as the Indianola State Bank opened its doors in Indianola last month.

The consolidation was brought about, the bank officials said, to form a single, strong banking house.

The president of the consolidated bank is H. J. Southwick; vice-president, C. S. Quick, Jr., and cashier, W. A. Reynolds.

The capital stock of the merged institution was listed as \$30,000; surplus, \$6,000; undivided profits, \$5,500, and deposits, \$400,000.

A new charter was issued the consolidated institution by the state department of trade and commerce.

Bertrand Banks Consolidate

The First State Bank of Bertrand, Nebraska, has taken over the deposits of the First National Bank of that city and Moritz Aabel is now cashier of the consolidated institution.

In making this move, Mr. Aabel explained, they are following in the steps of many of the better banks all over the country. The trend is toward fewer and stronger banks. They can operate with greater economy than was possible when the business was taken care of in two separate institutions.

The First State Bank is assuming only those assets which have been approved by the state banking department and are considered 100 per cent good. No "other real estate" has been taken in. The move was made after very careful consideration on the part of both banks and under the supervision of the banking department.

Adds to Staff

Expansion of the executive staff of the Citizens National Bank & Trust company of Sioux Falls, South Dakota, by the election of T. N. Hayter, Vermillion banker, as cashier, was announced recently by W. E. Stevens, president. Ray G. Stevens, who has served in the dual official capacity as vice president and cashier, continues as vice president.

Mr. Hayter goes to Sioux Falls from Minneapolis where for several months he has been attached to the central staff of the First Bank Stock corporation, with which the Citizens National bank is affiliated. He began his banking experience in 1912 with the First National bank of Vermillion and in 1915 was elected assistant cashier of the bank. In 1924 he became cashier and when the First National bank and the Vermillion National bank consolidated in 1929, he continued as cashier of the combined institutions. Since May of this year he has been with the headquarters organization of the group.

Mr. Hayter and his family will move immediately to Sioux Falls. The family consists of Mr. and Mrs. Hayter and two daughters.

"Mr. Hayter is very highly regarded throughout the banking fraternity of this state and we are very pleased with his addition to our organization," Mr. Stevens said. "His long experience in southern South Dakota has given him an intimate knowledge of the banking needs of this section, and I am sure our business community will find him a very acceptable addition to its membership."

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News of the Omaha Stock Yards

Nebraska Cattle Equal 1930

Nebraska had fully as many cattle on feed August 1 as on August 1 a year ago and is the only state in the Corn Belt which does not show a decrease in operations, according to E. V. Jones, assistant statistician for the state and federal Division of Agricultural Statistics. There were 13 per cent less cattle on feed for market in the Corn Belt states on August 1 this year than on August 1, 1930.

Nebraska feeders in general have been very well supplied with corn and feeds of all kinds from the 1930 crops. This enabled feeders to carry on fully normal operations, while conditions in other Corn Belt states, due to the drouth in 1930, forced feeders to reduce operations by approximately 13 per cent. Reports from feeders as to the kinds of cattle on feed indicates a considerable decrease from last year in the proportion of cattle weighing over 1,100 pounds to be marketed during the next four months, a material increase in the proportion of cattle weighing from 900 to 1,100 pounds, and little change in the proportion under 900 pounds.

Reports from feeders in the Corn Belt states as to the number of stocker and feeder cattle they expect to buy during the last five months of 1931 compared to the number bought during the same period in 1930, point to smaller shipments of such cattle into those states this year. These reports indicated a larger movement than last year into some states where the drouth of 1930 reduced the in-shipments, but a decrease into the principal feeding states. The reasons for the indicated smaller movement this year most generally given were the unfavorable returns from feeding operations during the past two years and the resulting difficulty that many feeders will meet in financing feeding operations this year.

While the actual shipments of stocker and feeder cattle this year will be determined largely by the out-turn of the corn crop this year and by the supply and relative price of unfinished cattle, most indications point to a weak demand for such cattle during the rest of this year. Because of continuing poor pasture conditions in many important feeding areas in August, the purchases of stocker and feeder cattle are expected to be made later this year than usual.

Cattle on feed August 1, 1931, as a

per cent of those on feed August 1, 1930:

Ohio	90
Indiana	87
Illinois	80
Michigan	80
Wisconsin	90
Minnesota	95
Iowa	92
Missouri	80
South Dakota	70
Nebraska	100
Kansas	80
Eleven Corn Belt states (weighted)	87.4

Butterfat Production Drops

Butterfat production in the United States dropped in July under that of a year ago, according to E. C. Scheidenhelm, extension dairyman at the agricultural college of Nebraska. Unfavorable conditions lead to the decrease milk production, he says in his report released from the college.

During the past year there has been a somewhat continuous increase in the number of cows in production. This, Scheidenhelm says, has now practically reached a maximum. Very little increase is expected in the future.

Low priced butterfat has brought the price of butter down. This has


been a benefit to dairymen in that butter consumption has been increasing. The month of May saw butter going out of storage, which is an unusual situation, according to Scheidenhelm.

Storage holdings of butter on July 1 were 16 per cent less than a year ago. Butter storage at the present time is about at the normal five-year average. The normal five-year average is 89,025,000 pounds. On July 1 of this year there were 89,286,000 pounds in storage.

Cheese production for the first five months of this year was estimated to be 9 per cent less than last year for the same period of time. Storage holdings on July 1 were 20 per cent less than a year ago and slightly below the five-year average of 58,127,000 pounds.

The only shadow which comes over this ray of hope in the dairy industry is the frozen cream which is in storage, Scheidenhelm points out. On July 1 there were 285,000 10-gallon cans of 40 per cent cream in storage. This is 23 per cent less than a year ago. The five-year average is none of this form of product in storage.

Oleomargarine production in April was 31 per cent less than the same month last year and in the month of May the production of this same



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product was 40 per cent less than for the same month last year.

During the next six months it is expected that cow slaughter will be 20 per cent heavier than last year. The slaughter of calves is above the normal rate. The only area in which a larger number of heifer calves are being saved is in some of the southern states.

Cattle More Valuable than Cars

Cattle owned by Nebraskans are more valuable by approximately \$21,000,000 than are the automobiles owned by Nebraskans, according to

assessment valuation compiled by Tax Commissioner Smith.

The comparative figures show the value of Nebraska's 2,604,990 cattle to be \$78,784,088, while the 331,322 automobiles owned by residents of the state are valued at \$56,312,273. Horses, however, are valued at less than one-half the valuation of automobiles. The state's 633,190 horses are valued at \$21,354,602. Figures of automobile valuations, Smith explains, did not include reports for six counties which last year had 12,100 cars.

While the value of Nebraska cattle fell this year from \$95,267,425 a year

ago to \$78,784,088 this year, the number of cattle in the state was shown to have increased from 2,474,206 in 1930 to 2,604,990 this year.

Stocks of horses on Nebraska farms fell off from 670,137 in 1930 to 633,190 this year and valuations from \$24,750,294 last year to \$21,854,602 this year. Last year there were 337,055 automobiles with a valuation of \$70,258,505, whereas this year's incomplete reports show 331,322 automobiles, valued at \$56,312,275.

Cooper Heads Sheepmen

Wyoming sheepmen in the final session of their 28th annual convention at Rawlins last month re-elected all officers to serve during the coming year. They are Robert S. Cooper, president; Malcom Moncrieffe, vice-president; J. B. Wilson, secretary.

Ways and means of lowering production costs to a point in line with present market prices occupied leading places on the convention program, according to those in attendance.

Among resolutions drawn up with this in mind were those recommending reductions in taxes, wages, marketing costs, and grazing fees. The secretary of agriculture was urged to cancel all 1931 grazing fees except to provide amounts necessary for roads and schools.

Other resolutions decried the broadcasting by the U. S. Bureau of Public Health of advice against the eating of meat and endorsed modification of the packers' consent decree.

Appoints Committees

J. W. Bryant, president of the South Dakota Bankers Association, has appointed the following committees for the current year:

Agriculture: Walter Dickey, Spearfish; R. G. Eilers, Hudson; H. T. Haynes, Spencer.

Banking Practice: L. M. Larsen, Wessington Springs; W. H. Jarmuth, Vermilion; Charles E. Barkl, Huron; Fred B. Stiles, Watertown.

Insurance: M. Plin Beebe, Ipswich; Ira A. Moore, Sioux Falls; L. L. Branch, Pierre.

Legislation: The executive council; J. W. Bryant, Mitchell, chairman.

Protective: O. V. Meyhaus, Sioux Falls; Ed A. Porter, Aberdeen; H. M. Hanton, Watertown.

Public Relations: J. P. Shirk, Faulkton; N. J. Thomson, Platte; W. W. Bassett, Aberdeen; M. F. Patton, Mitchell.

Taxation: William C. Rempfer, Parkston; J. M. Lloyd, Yankton; George C. Fullinweider, Huron; H. A. Schueller, Canova.



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ALVIN E. JOHNSON, *Vice President*
HOWARD O. WILSON, *Cashier*

R. H. KROEGER, *Assistant Cashier*
L. V. PULLIAM, *Assistant Cashier*
W. S. HOGUE, *Assistant Cashier*

New Mexico News

New Cashier at Estancia

Wayne Zumwalt will fill the vacancy of Mr. Null as cashier of the First State Bank, of Estancia, New Mexico. The Nulls are returning to Marysville, Missouri, their former home.

Moore Made Director

Jack E. Moore, assistant cashier of the First National Bank of Roswell, New Mexico, for a number of years, has been elected a director of the bank, to fill the vacancy on the board of directors caused by the death of Frank Divers, who served as a member of the board for many years.

New Mexico's First Bank

The first bank in New Mexico was established in Santa Fe in 1870. Up until that time banking in the state was carried with the big merchants of Las Vegas, Santa Fe and the larger towns of the Rio Abajo.

Plans Farmer Help

The bankers of the state of New Mexico through their state association and in co-operation with the county agents and officials of the New Mexico A. & M. College are making an active campaign for the year 1931, taking special interest in the agricultural and livestock industries of the state.

It is the desire of the State Bankers association to put over what might be termed a state-wide agricultural efficiency campaign, where the bankers of the state will co-operate in trying to get the farmers and livestock men to keep a record of their business with an idea of knowing what it costs to produce the livestock they raise and the agricultural products they grow.

Bankers are giving a great deal of thought to the cost per item of handling checks and other item expenses that are a part of routine banking and the bankers believe that it would be very beneficial to the farmers and livestock men if they could be induced to keep a set of records of their business. They think that if there ever was a time when agriculture and livestock industries needed a helping hand and more efficient management to succeed, it is at this time, with cattle, sheep and farm products all selling far below the cost of production.

The New Mexico State Bankers association is following the plans sug-

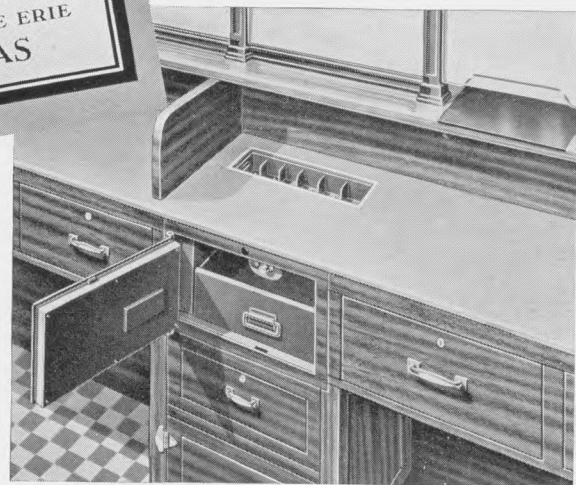
gested by the American Bankers association which through its Agricultural committee set up certain plans for grading the work done by the bankers association of the different states. This was done for the purpose of creating friendly competition as well as to induce the bankers of the

different states to keep a record of the things that were done in assisting their customers along agricultural and livestock lines.

Included in the plans of the American Bankers association was the appointment for every agricultural county in every state a key banker, whose duty it would be to especially see that each banker in that county was active in agricultural work. The agricultural committee of the State Bankers association has appointed bankers as key bankers for the different counties of New Mexico.

HOLD-UPS . . .

*held
down*



BANDITS pay more attention to their get-away than any other phase of their attack. And **DIEBOLD-LAKE ERIE TEAR GAS SYSTEMS** ruin their chances of escape. The tear gas gets into their eyes, smarts, starts a flow of tears that reduces the bandits to helplessness . . . drives them out of the bank . . . makes them easy subjects for police attention.

That is why a bank equipped with this modern form of protection safeguards itself not only against hold-ups, but against the planning of them as well. Insurance rates are reduced 25%. The Diebold-Lake Erie Tear Gas sign notifies the bandit of what is in store for him. And **DETOURS** him!

To provide absolute protection against the possible loss of money in the confusion that follows even an unsuccessful hold-up, Diebold has developed **THE TELLER'S SAFETY LOCKER**.

Cash for ordinary business transactions is kept in the cash troughs in the counter. Excess funds are dropped into the locker beneath. The Locker furnishes each teller with protection suited to his responsibility. It establishes a system for the handling of money that eliminates all chances of error and mysterious disappearance. It is particularly effective with the Tear Gas System.

Diebold furnishes complete twenty-four-hour protection for banks—against banditry and burglary. Service is available at any point in the United States within 24 hours. In metropolitan areas, immediately.

For information, write to the makers of the famous Diebold Vaults and Vault Doors for banks.

DIEBOLD Safe & Lock Co., Canton, Ohio
OVER SEVENTY YEARS OF BANK SERVICE

Colorado News

Vice President Rubey National

H. R. Greene has been elected vice-president and trust officer of the Rubey National Bank of Golden, Colorado, filling the vacancy left by the resignation of H. W. Pratt, who resigned August 1. Lela G. Craft, who has been assistant to President E. A. Phinney, was named assistant trust officer of the bank.

Mr. Greene was already a member of the board of directors and the vacancy on the board, left by the resignation of Mr. Pratt, has not been filled. The other directors are J. C. Burger, chairman, S. A. Koenig and Mr. Phinney.

Mr. Greene joined the staff of the Rubey National Bank in 1917 as a bookkeeper. Previous to that time he had been employed by the Colorado & Southern railroad, the Coors brewery, the Western Union, and the State Industrial school.

Cashier Resigns

Carl C. McMurray, who has been cashier of the First National Bank of Limon, Colorado, for the past several years, has resigned his position.

After taking a short vacation Mr. McMurray will take up one of several propositions which are open to him.

The Board of Directors of the First National Bank have appointed G. R. Bailey to fill the position vacated by Mr. McMurray. Mr. Bailey goes to Limon from Oklahoma, where he has had several years banking experience.

Pays Dividend

Good news for depositors of the defunct Crested Butte bank of Gunnison, Colorado, is found in the announcement by J. A. Lamb, receiver in charge, that dividend checks for

10 per cent have been mailed from the office of Grant McFerson, state bank commissioner. Between \$15,000 and \$18,000 will be paid by the commissioner in the first dividend.

The first dividend, while small, will afford relief for many depositors of the bank in Crested Butte, who have faced stringent conditions since the close of the institution several months ago. With the mines operating with small part-time forces, even a small amount of ready cash will bring joy to the camp.

Bankers Honored

Charles B. Engle, 1628 Colorado Blvd., Denver, Colorado, secretary and treasurer of the International Co., and assistant treasurer of the International Trust Co., was nominated to the board of governors of the Investment Bankers Association of America, last month.

Nomination, it is said, is equivalent to election in the association, and it is expected Engle will take office at the 20th annual convention of the organization to be held in White Sulphur Springs, W. Va., in November.

Other officers nominated were Allan M. Pope, New York, president; Alden H. Little, executive president; Dietrich Schmitz, Seattle, vice president.

Others nominated to the board of governors were Francis Moulton, Los Angeles, and William Cavalier, San Francisco.

A colored man was driving an old flivver in Sarasota, Florida. In lieu of the license plate, he had a shingle attached to the rear of his car and on this shingle were printed these words: "Lost it."

Dividend Notes

Payment of a second 10 per cent dividend to depositors and creditors of the Sugar Banking company of Salt Lake City, Utah, was asked by Joseph N. Leggat, bank examiner in charge of the institution, in a petition filed in Third district court. It is planned to make the payments on September 1.

The petition points out that after the second dividend, the total liability of the bank will be \$285,858.26, and that the book value of assets is \$392,125.51. The assets include \$322,578.27 in loans and discounts. The petitioner further stated that during the liquidation of the bank, interest earnings have been \$2,000 in excess of the costs of liquidating.

It seems there were an Irishman and a Swede. He came from Cork and she from Minnesota and they met in South Carolina and were married. That was fourteen months ago, and two weeks ago twins arrived. The proud parents announced that the twins would be named Amos and Andy.

Newspapers printed the story, the news services spread it. And the thing happened that we had feared. Would you believe it—321 papers featured the yarn: 152 editors head it, "Check and Double Check," 67 entitled it, "Awah! Awah!" and 101 put "Ain't Dat Sumpin" over the story.

One lone, but courageous soul, wielding a stout editorial pencil, scribbled this: "I'se Regusted!"—Aircaster.

A pessimist is a man who would want things different even if things were different.

Senior: What is it that lives in a stall, eats oats and can see equally well at both ends?

End Man: By me.

Senior: A blind horse.

AUSTRALIA BANK OF NEW SOUTH WALES

ESTABLISHED 1817

(With which is amalgamated THE WESTERN AUSTRALIAN BANK)

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

Aggregate Assets 30th September, 1930, \$446,141,890

AGENTS—FIRST NATIONAL BANK, OMAHA, NEBRASKA

GENERAL MANAGER, ALFRED CHARLES DAVIDSON

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

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Wyoming News

To Reopen Bank

Plans for reorganization and re-opening of the Union State bank of Omaha as a strong institution are being formulated with every prospect of success.

Conferences of officials of the state banking department, attorneys and stockholders of the Union State bank have been held daily, and rapid progress in the reorganization program was reported.

The report of the state bank examiners, after thorough checking of the bank's assets, was that the bank was in first class financial condition and could be reopened as a sound state bank.

Some fresh money is to be put into the bank, the \$30,000 owing the state bank guaranty fund is to be paid and probably some new directors added, according to reorganization plans, which provide that none of the depos-

itors in the bank shall lose any money.

State Bank Nationalized

The Antelope State bank of Neligh, Nebraska, has received the certificate authorizing its conversion to a national bank and became the National Bank of Neligh. This change, according to officers of the banks, had been in prospect since the re-organization of the Antelope State about a year and a half ago.

With nationalization of the bank in view when in the opinion of the directors and stockholders the time had come to make the change, the institution followed requirements of the federal reserve system with regard to loan limits at all times. Final approval of the application for a national bank charter was received July 30, and new supplies were ordered.

Prepare for Meeting

Wyoming banks will be well represented at the twenty-third annual meeting of the Wyoming Bankers' association September 4 and 5 in Cheyenne.

It is expected the 1931 meeting, which will be held on the mezzanine floor of the Plains hotel, will be one of the most successful in the association's history.

Banks in the state are in the best condition they have been since the epidemic of bank failures several years ago, according to reports, which state consolidations and reorganizations have clarified the banking situation in the state to a considerable extent. At present banking conditions in Wyoming are more sound than in many states in the country.

Optimistic crop and livestock outlook in many portions of the state, and increased development of Wyoming into an industrial state are major factors in establishment of sound banking conditions, it was said.

Sessions of the September meeting will include committee reports, discussions and addresses by prominent banking and economic leaders. Entertainment features for convention members and their guests will be a bridge-luncheon at the Cheyenne Country club, automobile trips in Cheyenne and surrounding vicinity, and a dinner-dance at the country club.

Elect Officers

Reorganization of the State Bank of Payson, Utah, was completed last month with the transfer of the stock of W. W. Armstrong of Salt Lake and the Tolhurst estate of Payson to a group of Payson business men.

The new interests in control elected the following new directors, all from Payson: George Chase, John Oberhansley, John Lant, William McCormick and William A. McClellan. Mr. Chase was named president to succeed Otto Erlandsen, and Mr. Oberhansley as vice president and manager, succeeding Henry Erlandsen. G. M. Whitmore of Nephi also resigned from the board. The other new directors were named to fill vacancies on the board.

Byron Howells is retained as vice president, and Roy Monson as cashier.

New Payson stockholders in the bank through the reorganization include David Shuler, Earl and A. C. Page, P. C. Wightman, Amos & Street, Sidney Corey, G. F. Ott, David Bigler, Dr. L. D. Stewart, John and Darrell Brown, E. Dean, Fern Gray, George Seabury, Dr. A. L. Curtis and Paul Davis.

THE
CHASE NATIONAL BANK
of the City of New York

PINE STREET CORNER OF NASSAU

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Capital \$ 148,000,000
 Surplus 148,000,000
 Deposits (June 30, 1931) 1,897,000,000

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

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General Banking • Trust Department
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Kansas News

Merger at Coats

The two banks in Coats, Kansas, have merged, the Coats State bank taking the assets of the First National bank.

The First National bank was organized in 1919, and at the time of its last statement had a capital of \$30,000 and deposits of \$76,000. I. N. Shriver was president of the First National bank; A. Staats, vice president; E. L. Trock, cashier, and J. R. McNicholas, assistant cashier.

Under the ownership and management of George W. Lemon and his associates, the Coats State bank will amply serve the Coats community, officers believe. The Coats State bank was organized in 1902, and is one of the oldest banking institutions in the county.

Install Vault Ventilator

The First National Bank of Girard, Kansas, has installed a ventilator in its vault, as a precaution for safety in case bandits should imprison anyone in the vault.

It is a device to draw fresh air into the vault and drive out the foul air.

Should several persons be confined for even a short time within the narrow limits of the vault, they would soon suffer because of the lack of air. This device removes that hazard.

Buxton Heads Kinsley Bank

A. E. Buxton was elected president of the Kinsley, Kansas, bank at a special meeting of the board of directors last month. He takes the place of R. E. Edwards, deceased. Lee Parker was elected cashier to succeed Mr. Buxton. Mr. Buxton was also elected to the board of directors to succeed Mr. Edwards. The other officers of the bank remain the same.

State Bank Absorbed

Absorption of the Bridgeport, Kansas, State bank by the Assaria State bank, effective last month, was announced from the offices of Harry W. Koenke, state bank commissioner. John C. Short was president of both banks. The Bridgeport bank was capitalized at \$10,000, with \$2,500 surplus, \$79,000 deposits, and loans amounting to \$48,000.

Banks to Increase Service Charges

A new schedule of service charges on checking accounts by Cache valley clearing house banks will go into effect September 1, a statement sent out to customers of each bank announces.

The old plan of a 50-cent charge per month will be maintained on all accounts with an average balance of \$50 a month. In the Logan, Utah, and Preston banks an additional charge of 3 cents per check over ten issued during the month will be made, while in the county banks the limit is 15 checks per month.

Where a balance of more than \$50 is maintained, one additional check for each \$10 on deposit will be allowed free.

Two Banks in Merger

The Oakland State bank and the Kaw Valley National bank of Topeka, Kansas, have been merged and will operate as the Kaw Valley State bank at 844 North Kansas avenue, it has been announced by N. E. Copeland, president of the Oakland bank, and Charles J. Stewart, president of the Kaw Valley National.

The new Kaw Valley State bank will be capitalized for \$50,000, with surplus and undivided profits of \$15,000 and total resources more than three-quarters of a million dollars.

Officers of the merged bank will be: N. E. Copeland, president; M. T. Kelsey, vice president; J. S. Swogger, vice president; R. E. Fritz, vice president; Glenn Swogger, cashier. Scott E. Kelsey and J. H. Collingwood are directors.



HOTEL FONTENELLE

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400 Rooms with Bath from \$2.50

100 Rooms Priced From \$3 DOWN!
150 Rooms Priced From \$3.50 DOWN!

Luxurious Accommodations

Popular Dining Rooms

OPERATED BY EPPLEY HOTELS COMPANY

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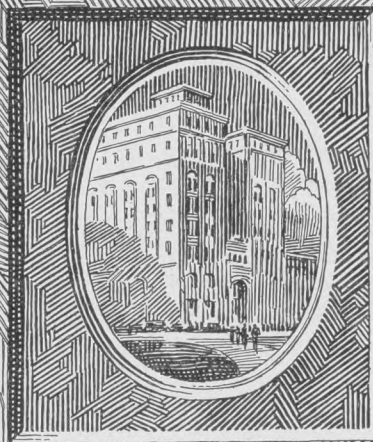
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