

CENTRAL WESTERN BANKER *of Omaha*

CONVENTION
EDITION

OCTOBER
1931



NEBRASKA STATE CAPITOL

Lincoln Awaits Nebraska State
Convention, October 22-23

OLDEST BANK IN NEBRASKA



We
Welcome
Your
Account
and
Are
Glad
to be
of
Service
to
You

**First National
Bank of Omaha**

A BANKING SERVICE FROM THE DAYS OF GOLD DUST

The Hillman Co.

CENTRAL WESTERN BANKER

410 ARTHUR BUILDING

OMAHA

GERALD A. SNIDER, *Associate Publisher*

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NUMBER 10

The Teller Tells the World

By C. W. FISHBAUGH

WHILE not a rabid movie fan, I attend quite frequently. During all the time I've gone I've never seen a banker portrayed as anything but a hard-boiled, tight-fisted scalawag.

Come on, Mr. DeMille, give us a break. Don't you have any friends who are bankers?

Back in the days of Charles I in Britain they used wooden tallies as pass books in the Royal mint. The sticks were notched to represent the amount of deposit and then split, depositors and mint each keeping half.

And in case you don't know it, the Scotchmen are the greatest whittlers in the world.

A good simile: "As welcome as last year's bond salesman at a bank."

Why doesn't some ambitious inventor turn out a stapling machine that doesn't clog up after the first month? It would be a boon to banking. The only stapler that I got any good out of, was the last one. It was just heavy enough to make a good paper weight.

Times certainly have changed. I can remember the days when we had a local character called "Cash" Jones, because he always paid everything with cash. Well, "Cash" has passed on but he left two sons: "Credit" Jones and "Charge-It" Jones.

At the Iowa State Bankers meeting R. R. Schroeder, Marengo, said in brief: "While believing in correspondent banks as an excellent place to invest surplus cash, when Chicago and New York banks speak of paying 1 and 1½ per cent interest, I think of near beer instead of interest rates."

There's one big difference, you can always spike near beer.

Our bank is located next to a drug store. The drug store has a side walk sign in front that reads: "Honk for curb service." Some practical joker moved it over in front of the bank. The only trouble was that the president seems to have an idea who the joker was.

When the average man gets up and makes a speech on the present hard times, he says: "Good times are just around the corner." But let him talk to you in private and he may confidently tell you that the corner is near "Blue Moon Avenue" and "Make Believe Street"—a long ways off.

Statistics are a great help. But I don't believe they half tell the truth. For instance, I believe that over ninety per cent of the people can't read. We have a sign that we place at the window during lunch hour that says: "NEXT WINDOW" and every day customers form a line in front of that window.

There are only one of two things to do, make Axel stop eating or hire a parrot to shout: "Go to the next window you blankety, blank, dumb benny."

After looking through the check files I come to the conclusion that over ninety-one per cent can't write. (Note.—The extra one per cent includes the bankers.)

Paper currency was first used in China. The Emperor Hsien Tsung who ruled from 806 to 820 A. D. put the first paper notes into circulation. But paper money had a stormy career in China and around 1115 A. D. silver became the standard of China and has remained so ever since.

Maybe the Chinese alphabet had something to do with it.

(Continued on page 30)

Excellent Program For 1931

WHEN NEBRASKA bankers reach Lincoln for the 1931 convention to be held there October 22 and 23, they will find that the officers of the State Association, under the guidance of President J. G. Lowe, Secretary Wm. B. Hughes, Executive Council Chairman E. N. Van Horne and Treasurer Denman Kountze, have arranged a splendid program and that all arrangements for the comfort of visiting bankers have been amply cared for by Lincoln bankers.

The following facts concerning registration and places where the sessions will be held have been announced by the secretary's office:

Registration

Wednesday evening, at about 5:00 o'clock, the secretary's desk will be opened on the lobby floor of the Lincoln Hotel for registration of delegates and will be maintained there throughout the convention.

Toward noon on Thursday a registration desk will be established at the Shrine Country club to care for the delegates who go direct to the club.

Shortly before noon on Friday a desk will be opened at the College of Agriculture, in the Student Activities building, where the business sessions on Friday will be held.

Convention

Prominent Speakers to Appear on Program at Lincoln, October 22-23

CONVENTION COMMITTEES

Reception Committee

George W. Holmes, Chairman
M. Weil
E. N. Van Horne

Entertainment Committee

T. B. Strain, Chairman
Stanley Maly

Committee of Local Women

Carl Weil
Mrs. P. R. Easterday, Chairman
Mrs. E. N. Van Horne
Mrs. Carl Weil

Transportation Committee

Byron Dunn, Chairman
W. B. Ryons
W. S. Battey

Business Sessions

On Thursday, one session, starting at 1:30 o'clock will be held at the Shrine Country club, preceded by a

luncheon tendered to the visiting bankers by the banks and others of Lincoln.

On Friday there will be two business sessions in the Student Activities building at the College of Agriculture starting at 10:30 o'clock with a complimentary luncheon at 12:00 by the Lincoln banks, reconvening at 1:30 o'clock for a short session to conclude the convention.

The Executive Council will meet at dinner at 6:00 o'clock Wednesday evening, October 21st, in the Chinese room on the mezzanine, Lincoln Hotel, to be followed by the regular business session to hear reports of officers and committees and to conclude final arrangements for the convention.

The new Executive Council will meet on the rostrum of the Convention room on Friday afternoon immediately following adjournment of the convention.

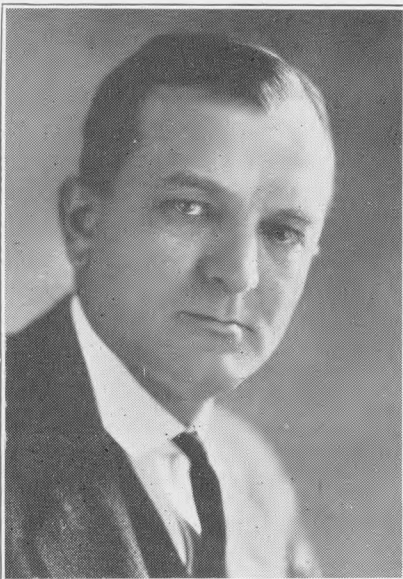
The complete convention program is as follows:

THURSDAY MORNING

OCTOBER 22ND

Registration at the Lincoln Hotel

Complimentary Luncheon at 12:00 o'clock at the Shrine Country club, a luncheon will be tendered to visiting bankers and guests by the Lincoln banks and associated institutions.



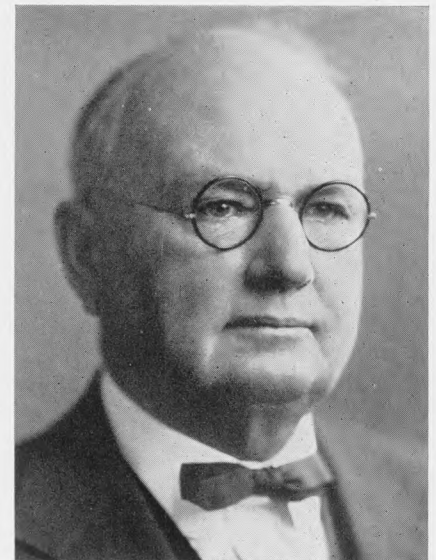
FRED W. SARGENT

President, Chicago-Northwestern Railroad Co., One of the Prominent Speakers on the Nebraska Convention Program.



JULIUS H. BARNES

Chairman of the Board, United States Chamber of Commerce, a nationally known speaker who will address the Nebraska Convention.



W. A. SELLECK

President, Lincoln Clearing House Association; Assistant Trust Officer, Continental National Bank.

LINCOLN AS IT APPEARED IN 1875



Above, a birdseye view of Lincoln, Nebraska, in 1875, when it was a city of 13,000 population. The city now has a population of 79,532, an increase of 40 percent since 1920, when the census showed 54,948 population.

THURSDAY AFTERNOON

1:30 o'clock

(At Shrine Country Club)

Call to Order—President J. G. Lowe

Invocation—Reverend Paul C. Johnson, D.D., Pastor of Westminster Presbyterian Church

Address of Welcome—J. H. Agee, President Lincoln Chamber of Commerce

Response—Otto Kotouc, President Home State Bank, Humboldt

Annual Address of the President—J. G. Lowe, President Farmers State Bank, Kearney

Report of the Secretary (printed)—Wm. B. Hughes

Report of the Treasurer (printed)—Denman Kountze, Vice President First National Bank of Omaha

Report of Executive Council—E. N. Van Horne, Chairman, President Continental National Bank of Lincoln

Address—"CREDITS AND CONFIDENCE" Julius H. Barnes, New York, Chairman of the Board United States Chamber of Commerce

Appointment of Committees—Auditing Committee, Resolutions Committee, Nominating Committee

The committees on resolutions and nominations are appointed by the delegates according to groups. The chair-

man will ask the delegates to assemble by groups in different parts of the convention room to select their representatives on these two committees, reporting the names as soon as possible at the secretary's desk.

Theatre—Dance—Thursday evening visiting bankers will be the guests of the Lincoln banks and associated institutions at a theatre party at the Stuart theatre.

FRIDAY MORNING

OCTOBER 23RD

10:30 o'clock

(Student Activities Building, College of Agriculture)

Call to Order and Announcement of Committees—President Lowe



The University of Nebraska Coliseum
Seating Capacity 11,000

Address—"ZIONISM—A MODERN TREK"—C. G. Chandler, Chairman of the Board, First National Bank in Wichita

Address—"THE MOUNTING BURDEN OF TAXATION AND ITS DEADLY INFLUENCE ON BUSINESS"—Fred W. Sargent, Chicago, President Chicago & Northwestern Lines

Adjournment for Lunch

Complimentary Luncheon—The banks of Lincoln, and associated institutions, tender to the visiting bankers and guests a luncheon to be served at the College of Agriculture.

FRIDAY AFTERNOON

1:30 o'clock

(Student Activities Building, College of Agriculture)

Election of Nebraska Officers for the American Bankers Association—By members of that organization, A. L. Coad of Omaha, State Vice President for the A. B. A. presiding

Address—"TWO BLADES OF GRASS"—E. P. Brown, Davey, Nebraska, Director of the Kansas City Federal Reserve Bank

Report of Auditing Committee

Report of Resolutions Committee

Report of Nominating Committee

Installation of New Officers

Adjournment

*L*ONG IDENTIFIED with the progressive development of Nebraska with a consistent record of sound commercial and investment banking practice, these institutions have grown to their present outstanding positions among NEBRASKA'S financial institutions.

We would be delighted to receive a visit from you during the Nebraska Bankers' Convention, October 22 - 23, and hope that your stay in our city will be so pleasant that you will come again soon.



THE FIRST NATIONAL BANK
AND
THE FIRST TRUST COMPANY
OF
LINCOLN, NEBRASKA

"Since 1871"

Birdseye View of Lincoln, Nebraska



Largest Bankers Supply House

Between Omaha and Denver

Printing

Lithographing

Designing

Photo-Engraving

Indemnity Safety Paper
Mortgage and Deed Forms
Notary Public Fee Cards
Ruling

Bookbinding - Journals - Ledgers
Municipal and Mortgage Bonds

Typewriter Ribbons 50c, post paid

STATE JOURNAL PRINTING CO.

(Opposite Lincoln Hotel)

LINCOLN

Lincoln--Where Lindbergh Learned To Fly!



The New Sharp Building

IN LINCOLN, where Colonel Lindbergh received his first instruction in aviation, the Nebraska Bankers Association will hold its 1931 convention, October 22 and 23, and the visitor will find there one of the most attractive and energetic cities of the Middle West. For Lincoln, a city nearing a hundred thousand population, possesses all the activities of a vast agricultural commonwealth, a state university, an agricultural college, three denominational colleges, new hotels, fine public schools and a civic and industrial life which is second to none.

Some of Lincoln's virtues are summed up by W. S. Whitten, secretary of the Lincoln Chamber of Commerce, who makes this comment on the city:

"It has not been so very long ago since Albert Shaw, Editor of Review of Reviews, visited Lincoln to deliver the Baccalaureate Address on the occasion of one of the Commencement Exercises at the University of Nebraska. Later he wrote a story about his trip to this part of the country in which he said: 'At Lincoln one finds all the central activities of a vast agricultural commonwealth, a State University, an Agricultural College, three denominational colleges, a beautifully boulevarded city nearing a hundred thousand people, magnificent public schools, and a local life at once simple, charming and refined, that is as typical of America at its best as anything between the two oceans.'

"Joe Mitchell Chapple, Editor of The National Magazine, came here a few weeks ago, to learn, first hand, the things he had heard about Lincoln,

to visit the Nebraska State Capitol Building and to see the development of the university city campus on which is located the Arts and Science Colleges, the Museum, housing one of the most remarkable prehistoric elephantine exhibits in the country, the coliseum, the Stadium, where for the second time in four years the National Track and Field Contests of the A. A. U. were held this year; the Agricultural College Campus, with its many 'Branch Factories and Laboratories.' The Lincoln Public School System is not surpassed in modern buildings, in architecture or equipment, by any city in this country.

"Lincoln parks and playgrounds have been scattered throughout the city. In other words, the parks have been taken to the people and located where they will be of the greatest convenience and pleasure to the masses. Further, Lincoln has the distinction of being one city in the United States which does not have a tenement house let alone a tenement housing district.

A Fine Carillon

"On Memorial day this year the First Plymouth Congregational church dedicated its new edifice with its Carillon Bell Tower, one of the finest carillons in America. It had as its guest artist the famous Belgian carillonneur, Anton Breese, who gave a concert every afternoon and evening for ten days, attracting enormous crowds of people from all over the country.

"In this age of rapidly changing traditions Lincoln keeps apace but its people still believe in the good that religious institutions teach and the solace that they derive therefrom. We have modernized our viewpoints on religion to bring them up to date. It is no unusual thing to find most of our people at church on Sunday morning and picnicking of golfing or engaging in some other form of recreation on Sunday afternoon. We have more than one hundred church edifices representing practically every creed.

"We are building here an institutional city. Industry here is represented by some one hundred and fifty-nine manufacturing plants. They are industries, however, that require skilled mechanics and not brawn alone. This makes a desirable situation because the earning capacity of these crafts-



Terminal Building, Lincoln

men is greater, their standards of living higher and the great diversification of products is making Lincoln a market of no mean importance. We have supplanted the packing house by the educational institution, by thirty-one insurance companies and by numerous district headquarters offices of many large outside industrial corporations. Lincoln wholesale concerns are among the largest in the Missouri valley and they distribute their merchandise over a large territory.

"Lincoln as a retail trade center enjoys the distinction of having the largest volume of trade and the widest extent of its trading zone of any city in the United States for a population of one hundred thousand and we are still in the eighty thousand class according to the last census. The Lincoln Chamber of Commerce has a continuous record of more than sixty years having been organized in 1870. It was the second or third organization of its kind to establish, as it did in 1887, a freight traffic bureau for the protection of its commercial interests, and one of the first subscribers to the traffic bureau was the Honorable Charles G. Dawes, Ambassador to England. He was then a resident of Lincoln. Other notables were, General Pershing, who was Commandant at the University of Nebraska; Wm. Jennings Bryan, the Great Commoner; Clare Briggs, the cartoonist; Willa Cather, the author; Roscoe Pound, now dean of the Harvard Law College, and others. It was at Lincoln that Colonel Lindbergh received his first instruction in aviation."

The Capitol

Nebraska's new state capitol building represents the most vivid and orig-

A Strong, Progressive Institution

FINANCIAL CONDITION

DECEMBER 31, 1930

ASSETS	LIABILITIES
Real Estate\$ 3,200.00	Policy Reserves\$2,155,477.55
Mortgage Loans 77,500.00	Disability Reserves 96,043.24
U.S. and Municipal Bonds 2,288,758.54	Premiums paid in Advance 23,290.45
Cash in Banks..... 11,848.58	Death Claims (Proofs Not In) 1,500.00
Renewal Premium Notes.. 384,137.44	Supplementary Contracts.. 52,432.43
Accrued Interest 51,489.96	Special Reserves 85,000.00
Uncollected and Deferred Premiums 56,160.04	All Other Liabilities..... 78,411.22
Total 2,953,910.61	Capital Stock 100,000.00
Non-Admitted Assets..... 3,933.21	Surplus (Assigned and Unassigned) 357,822.51
Total Admitted Assets. \$2,949,977.40	Total Liabilities\$2,949,977.40

OFFICERS

IRA CROOK, <i>President</i> JOS. ALBIN, <i>Sec. and Gen. Mgr.</i> H. L. SCHWENKER, <i>First Vice Pres.</i> C. J. CAMPBELL, <i>General Counsel</i>	GEO. L. TOWNE, <i>Second Vice Pres.</i> W. E. BARKLEY, <i>Treasurer</i> G. H. WALKER, <i>Medical Director</i>
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LINCOLN LIBERTY LIFE INSURANCE COMPANY

LINCOLN, NEBRASKA

NATIONAL BANK OF COMMERCE

LINCOLN, NEBRASKA

THE officers and directors of the NATIONAL BANK OF COMMERCE sincerely hope that you and your fellow officers will attend the Annual Convention of your State Association here in Lincoln, October 22 and 23.

It will give us great pleasure to be of any possible service to you personally during your visit here.

Make your plans now to be with us.

Officers

M. WEIL, <i>President</i>	ERNEST C. FOLSOM, <i>Vice President</i>
CARL WEIL, <i>Vice President</i>	ALBERT A. HELD, <i>Ass't Vice President</i>
BYRON DUNN, <i>Vice President and Cashier</i>	B. G. CLARK, <i>Assistant Cashier</i>

Directors

WM. P. WALLACE <i>Pres. Wallace National Bank, Exeter</i> P. O. SOUTHWICK <i>Vice Pres. First National Bank, Friend</i> M. L. SPRINGER <i>Treasurer, Commerce Trust Company</i> BYRON DUNN <i>Vice President and Cashier</i> CARL WEIL <i>Vice President</i> M. WEIL <i>President</i>	ERNEST C. FOLSOM <i>Pres. Folsom Bros. Co.</i> W. T. BARSTOW <i>Pres. W. T. Barstow Grain Co.</i> L. C. OBERLIES <i>Lincoln Telephone Co.</i> E. W. MISKELL <i>Pres. Saline State Bank, Wilber</i> J. D. LAU <i>H. P. Lau Co., Wholesale Grocers</i> LEONARD A. FLANSBURG <i>Flansburg & Lee, Attorneys</i>
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inal conception ever thought out in the field of American art. It is not only a creation but it is an expression of Nebraska's purpose and ideals. A simple agricultural community has given to the world a distinctive architectural contribution which may be said to possess not a single frill. The geometrical setting of the Nebraska prairies, with a simplicity of contour, forms the background for a building design that is easily understood by the art connoisseur, by the plainsman, and by the casual observer.

The new capitol symbolizes the inherent power of the State of Nebraska and the purpose of its citizens. The base, in the form of a rectangle four hundred and thirty-seven feet square and two stories high, typifies the wide-spread, fertile Nebraska plains. The central tower serving as the chief architectural feature of the building, and rising triumphantly to a height of four hundred feet, expresses the aspirations and ideals of the citizens, reaching upward to the highest and noblest in civilization. The vertical lines of the tower with its semi-classical dome harmonize with the more lofty dome formed by the skies, which seem to descend and touch the prairie land on every side.

A Commercial Center

Lincoln is the most important commercial center between the Missouri River and the Pacific Coast.

Lincoln jobbing houses are among the largest in the Missouri Valley country distributing their goods throughout Nebraska, Colorado, Wyoming, Montana, northern Kansas, and southern South Dakota. Specialty houses find a market for their goods in all of the western territory.

The products of Lincoln factories are marketed in every state in the Union and a large number of the industries have developed a considerable foreign trade.

One hundred fifty-nine manufacturing plants give employment almost wholly to skilled craftsmen requiring a high order of intelligence, with its contributing influence of greater earning capacity and higher standards of living.

Lincoln is Nebraska's most important retail trading point. Its retail stores are of the highest character and carry the best lines of merchandise to meet every demand. A survey of 228 cities in the United States having a population of from 25,000 to 100,000, to ascertain the volume of retail trade and extent of trading zone of each city, found Lincoln ranking first in both sales and extent of territory.

Insurance

Lincoln has 33 home insurance companies writing every kind of insurance. In addition 27 of the more important outside companies maintain district agencies here. Because of the importance of these institutions Lincoln is known as "The Hartford of the West."

Seven modern fire-proof and six older, but finely located office buildings ranging in height from five to seventeen stories furnish attractive headquarters for all sorts of business and professions. Office rents in Lincoln are said to be lower than any other city of comparable size in the Missouri Valley section.

Aircraft Factories

Lincoln was the first city west of the Mississippi River to engage in aircraft production. At the present time there are two airplane factories. Col. Charles Lindbergh received his first instruction in aviation in Lincoln.

Lincoln is a regular port of call for east and west found transcontinental airmail and passenger planes operating daily between Chicago and San Francisco.

Daily service is in operation between Lincoln and Oklahoma City.

Cabin passenger planes operated by local companies supply transit service on demand.

Airports

Lincoln has four airports.

The Lincoln Municipal Airport, 4½ miles northwest of the Post Office is the field used by regular planes operating over the regularly established air routes. The Lincoln Municipal Airport has Class A-1 rating and is connected with the city by a paved highway.

Privately owned commercial airports are operated by:

The Lincoln Aircraft Company, whose field is 4 miles south on the U. S. Highway No. 77.

The Arrow Aircraft Company's port, 1 mile north of Havelock on Warren Avenue.

The Union Airport, adjoins the suburb of Havelock on the north and is on U. S. Highway No. 77.

Lincoln has three private schools teaching all branches of aviation. As of January, 1931, there were 383 students enrolled in these airplane schools. Many outstanding pilots received their training in Lincoln aviation schools.

Lincoln has long since been recognized as the most important educational center west of the Mississippi River. For the school year 1930-1931, 12,768 students were registered in the universities and colleges in Lincoln.



A Great Store . . . Growing Greater

*Cordially Invites Every Banker and His Family
to enjoy the many shopping conveniences
provided for them at
Lincoln's Busy Store*

S & H GREEN STAMPS AN ADDED SAVING HERE!



Mr. Banker---

**WE TURN DELINQUENT MERCHANTS
INTO DESIRABLE CLIENTS**

WHAT ABOUT IT, are there any delinquent merchants on your list, or any of your merchant clients in deep water? Do they need the assistance of an expert merchandising agency?

Naturally you want the merchants who make your bank their headquarters to succeed, first, because they are men you are associated with every day—second, because if they do not make a success and extend their trade with a profit, both you and the merchant suffer.

The Hosburgh-Cannon Sales Co. has for years successfully conducted clearance, reduction and closing-out sales. They have turned "No profits" for the merchant into "nice fat profits." We have been able to extend the merchant's trade territory and bring into his store people who never patronized him before. Mr. Banker, if you know of any merchant in your city who is in financial difficulties for lack of trade, make this suggestion to him. Either write, or have the merchant write the Hosburgh-Cannon Sales Co., and they will convince you beyond a doubt that they are capable and will move merchandise for your merchant at a profit, and in quantities that will surprise both you and the merchant.

HOSBURGH-CANNON SALES CO., Inc.

Since 1900—We Conduct Any and All Kinds of Sales—Since 1900
"America's Greatest Sales Organization"

"We Conduct Guarantee Close-Out Sales on
a Contract that Protects You in Every Way"

Our References in Lincoln—Any Bank or the Chamber of Commerce
Ask Any State Retail Secretary About Us Ask Any Merchant's Trade Journal About Us

Long Distance Phone B3796
2nd FLOOR, MUNGER BLDG.

LINCOLN, NEBRASKA

An Outstanding Bank



E. N. VAN HORNE

President, Continental National Bank, Lincoln. A member of the Convention Reception Committee.

FROM A small bank with one cage to one of the outstanding institutions in the state signifies the growth of the Continental National

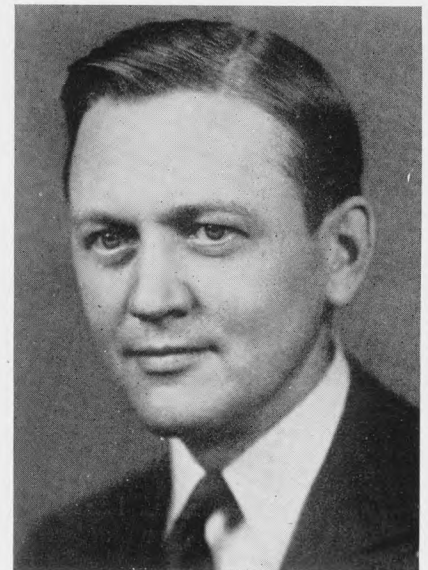
Bank of Lincoln since its organization as the German-American State Bank on March 1st, 1909.

The first annual statement of the German-American State Bank showed deposits of \$239,120.28 and the last annual statement of the Continental National Bank on December 31st, 1930, gave total deposits of \$6,934,346.39. In addition, the institution now has ten tellers exclusive of its Trust, Investment and Insurance departments. The latter are located in the enlarged quarters which include modern safe deposit vaults.

The present officers are, E. N. Van Horne, president; T. B. Strain, vice president; W. S. Battey, assistant vice president; R. C. Johnson, assistant vice president; Edward A. Becker, cashier, and C. W. Battey, assistant cashier.

Mr. Van Horne has been identified with the banking business in Nebraska for the past twenty-five years and both Mr. Strain and Mr. Johnson were originally country bankers and are familiar with rural banking conditions throughout the state.

Since its nationalization in March, 1929, the Continental National Bank



R. C. JOHNSON

Assistant Vice President, Continental National Bank, Lincoln.

has shown marked progress and its business has grown very substantially which has necessitated increased quarters in not only its lobby, but in other departments as well.

Will Sell Life Insurance

OUT of Omaha, Nebraska, comes the news to the effect that the Fidelity Old Line Insurance Company will enter the life insurance field by the first of the year. Previously confining its activities to accident and health coverage, the company has been entirely re-organized and will increase its capitalization from \$50,000 to \$500,000 in order to inaugurate a comprehensive and safe line of life insurance protection and investment.

Lloyd Dort, president, is a prominent attorney at Lincoln, Nebraska, former commissioner of insurance and securities in the Department of Trade and Commerce, State of Nebraska, and former assistant attorney-general.

John A. Farber, executive vice-president and general manager, was formerly executive vice-president and

secretary of the Union Pacific Assurance Company of America. He actively entered into the insurance business in 1908 and has been successively a salesman, agent, general agent and field representative. He is thoroughly conversant with the insurance business, life, health and accident. The companies with which he was connected were making progress under his direction.

The presence of Mr. Dort and Mr. Farber on the official administration of the company are in themselves certain assurances that it will be conducted on a firm but progressive basis, offering sound and secure life insurance values.

Other officers include H. P. Farber, vice-president and actuary; Dr. E. E. Simmons, medical director; M. L. McTaggart, late of the Union Pacific

Assurance Co., secretary, and Irvin A. Stalmaster, G. L. Berger, I. H. Brown and Walter Duda, directors.

As a newcomer to the life insurance field the Fidelity Old Line will possess a nation-wide good will and prestige built up through years of outstanding service to share-holders and clients alike. Within a comparatively short space of time, therefore, it should rise to power in its chosen field through application of the same policies responsible for the past successes of its present executive officials. The favorable circumstances surrounding the entry of the Fidelity Old Line Insurance Company into the life insurance service indicates that it will very rapidly become possessed of strong influence and laudatory recognition in that responsible field of insurance activity.

In New Quarters

One of Nebraska's finest life insurance companies—the Lincoln Liberty Life Insurance Company of Lincoln—just recently moved into new and



IRA CROOK
President

handsome quarters in the beautiful Stuart Building.

The latest available reports show that this company had insurance in



JOSEPH ALBIN
Secretary and General Manager

force as of January 1, 1931, amounting to over \$30,000,000. The company has an exceptionally fine financial report showing admitted assets of \$2,949,977, of which assets \$2,288,758 were invested in United States and municipal bonds.

Chiefly responsible for the progress of the company are Ira Cook, president; and Joseph Albin, secretary and general manager. These two gentlemen undertook the formation of the Lincoln Liberty Life in 1919 and their vision and ability have directed the company along sound lines ever since.

The company confines its business to the more prosperous middle western states, and its mortality experience since its beginning has been exceptional.

Makes Fine Progress

The Service Life Insurance Company of Lincoln is making consistent

progress under the management of B. R. Bays, president. Mr. Bays has a solid insurance and financial background, having been for a number of years an examiner for the Nebraska Insurance Department and for three years, he was secretary of the Liberty Life of Kansas.

As of December 31, 1930, the Service Life had admitted assets of \$1,810,210, net reserves of \$1,435,491, capital and surplus of \$261,678. They have written \$5,972,345 of life insurance in 1930. The company which was only organized in 1923 has on its books approximately \$20,000,000 worth of business.

Well Posted Bankers
Read the Financial Page
Of the Lincoln Star

BECAUSE:

It gives the daily quotations on the New York Stock Exchange.

The bond market is analyzed at a glance.

The prices of the leading curb stocks are reported daily.

Prices of grain and cattle at the important centers are quoted each day.

Associated Press dispatches present the latest financial news of national and international events and all of which have an influence and effect on your bank and your business.

READ the *Financial Page* of the Lincoln Star and keep financially up to date!

THE LINCOLN STAR

NEBRASKA'S BEST NEWSPAPER

FRANK D. THROOP, *Publisher and General Manager*

LINCOLN, NEBRASKA

Understanding Your Problem

North, South, East and West, Central Hanover correspondents find Central Hanover's knowledge of local conditions playing a part in satisfactory correspondent service.

CENTRAL HANOVER BANK AND TRUST COMPANY

NEW YORK

Representatives in London, Paris, Berlin and Buenos Aires

NO SECURITIES FOR SALE



Sixty Years of Service

BACK OF the First National Bank of Lincoln is one of the most interesting historical backgrounds of any bank in the middle west, for the incorporation of the First National dates back sixty years, to February 13, 1871.

At that time, the first state capitol had been occupied but a short time. The first railroad train had entered the city of Lincoln less than a year previous. The state university had not yet graduated its first students. Nebraska still had its first governor and the Indians came to Salt Creek basis just west of Lincoln to gather the salt with which to cure their buffalo meat.

The bank's first statement in April, 1871, is an interesting one, showing total assets of \$128,830, total deposits of \$70,412 and paid-up capital stock of \$35,000. Indeed this was a strong financial institution from the very beginning and fully destined to play an important part in the development of the great state of Nebraska.

When the First National opened its doors for business on March 23, 1871, Lincoln had a population of approximately three thousand. The salt industry was the city's leading industry. The fur business was likewise an important one, almost \$200,000 worth of furs trapped in the vicinity being shipped out in the year 1871 alone.

When first opened, the bank home was located at Tenth and P streets, but two years later a new building was erected on the site of the present building. The First National grew steadily under the management of conservative hands, withstanding booms and panics equally well.

During the 80's the deposits of the First National reached over one million dollars and surplus showed a maximum of \$270,000. The great panic of 1893 hit Lincoln hard. Only three banks, the First National, the American Exchange and the Columbia National withstood the storm. The First National of today stands as the consolidation of the three banks that successfully withstood the great panic of the 90's. In 1899, the directors of the American Exchange National purchased the stock of the First National Bank. S. H. Burnham, who had been president of the former bank now became head of the enlarged bank, which position he holds today. In 1907, the assets of the Columbia National were purchased and combined with the First National.

In 1910 was begun the erection of the present home of the bank, the eight story bank and office building at the corner of Tenth and O streets. This was Lincoln's first large office building. It is interesting to know that when the present building was completed, visitors chaffed the officers about the size of the structure and satirically remarked that it must have been built for the third generation. Since that time, the main banking room has been extended, a mezzanine floor constructed and reconstructed

and the entire basement taken over for the uses of the First Trust Company.

Looking backward over a vista of over sixty years, the First National Bank points with pride to its contribution to the upbuilding of the community which it has served. Thousands of ambitions have been brought to successful realization through its counsel and cooperation.

The First Trust Co.

Along with the First National Bank, the First Trust Company, an affiliated institution, has shown steady growth

Building a Business

BUILDING a successful business is really a slow, deliberate process.

EVERY FACTOR which amounts to much calls for unhurried effort over a period of years. It takes time to build a life insurance company. It takes time to train a responsive agency force, to develop an efficient Home Office personnel and to earn the "goodwill" of the buying public.

THE BANKERS LIFE has served its apprenticeship in the workshop of experience. It now has behind it the momentum of forty-four years of accumulated experience in meeting the problems incident to successful operation in the life insurance field.

IF YOU are interested in a life insurance connection, our years of experience and well established clientele in your community will be an asset to you. Write us about our full time or part time contract.



Bankers Life Insurance Company of Nebraska

Founded in 1887

LINCOLN - - - NEBRASKA

since its inception in 1911, only a few months after a law authorizing the chartering of trust companies in Nebraska was enacted. George Holmes, now president of the First National Bank, likewise of the First Trust Company, was the first active officer of the First Trust Company and under his able management, the company has grown steadily until its present capital, surplus and undivided profits are approximately \$800,000.

The First Trust Company is divided into seven departments, including Investment, Insurance, Farm Mortgage, City Mortgage, Real Estate, Safety Deposit Vault, and Trust. Each has

an executive manager.

On April 30, 1928, the City National Bank was merged with the First National Bank and on May 17, 1929, the Central National Bank was merged with it.

Present officers of the First National Bank of Lincoln include: S. H. Burnham, chairman of the board; H. S. Freeman, chairman of the executive committee; Geo. W. Holmes, president; P. R. Easterday, executive vice president; W. B. Ryons, vice president; L. C. Chapin, vice president; Stanley Maly, vice president; J. L. Burnham, vice president; Leo J. Schmittel, junior vice president; B. O.

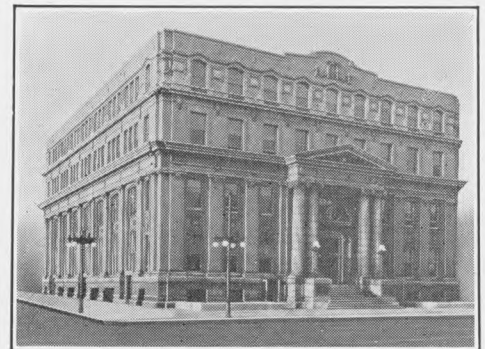
Campbell, junior vice president; E. H. Muldowney, junior vice president; Howard Freeman, cashier; Floyd Pope, assistant cashier; Fred D. Stone, manager service department.

Officers of the First Trust Company are as follows: S. H. Burnham, chairman of the board; George W. Holmes, president; H. S. Freeman, vice president; P. R. Easterday, vice president; Samuel C. Waugh, executive vice president and trust officer; Merle C. Rathburn, vice president; Bennett S. Martin, vice president; Fred R. Easterday, secretary; C. E. Hinds, treasurer; O. F. Schlaebitz, assistant secretary; John C. Whitten, assistant trust officer; A. Suffa, assistant secretary; G. L. Carter, assistant secretary.

A Strong Institution

The Bankers Life Insurance Company of Lincoln is one of the Middle West's strongest life insurance institutions. It commenced business in May, 1887, and has enjoyed a consistently splendid record. Both the company's policyholders and stockholders have every reason to feel satisfied with the progress of the Bankers Life.

The company is housed in its own attractive and efficient quarters, and is managed by an exceptionally able and well-balanced group of executives.



The Home Office of the Bankers Life Insurance Company of Lincoln

As of December 31, 1930, the company had admitted assets of \$39,725,533, net reserves of \$27,034,315, and surplus and special funds of \$3,274,955. In 1930 the Bankers Life's aggressive agency staff produced new business amounting to \$17,120,510, bringing the company's business in force to the total of \$146,355,782.

Officers of the company are H. S. Wilson, president; D. W. Cook, vice president; A. R. Mitchell, vice president and medical director; E. C. Ames, vice president and actuary; F. M. Sanders, secretary; G. R. Westphal, treasurer; C. Petrus Peterson, general consul; A. B. Olson, manager of agencies; F. J. Marshall, auditor.

Welcome to LINCOLN

A City where over 1150 homes
are heated with Natural Gas

There is much in Lincoln to make your visit a pleasant one. Not the least of which, is its many homes heated with Natural Gas — there are more than 1150 now.

If you are visiting friends or relatives here, no doubt, your stay will be made more comfortable and pleasant because of this clean, convenient, automatic gas heating.

A Pioneer

Lincoln, because it is operating headquarters for the Iowa-Nebraska Light and Power Company has been a pioneer in the great natural gas development which has swept the middle-west.

Natural gas is a major asset for Lincoln. It affords advantages to homes and industries alike, not duplicated by any other city its size in Nebraska.

Workers

The tremendous amount of construction made necessary through the coming of natural gas has done much to relieve unemployment throughout the territory the company serves. Thousands of dollars have been paid out to workers. This money has been spent and invested in the various communities reached by natural gas. It has helped make business better.

The Hub

Lincoln has become the hub of this great natural gas development. The company's general offices are here. Its operations in the 237 towns it serves are directed from Lincoln. Natural gas and electricity have done much to create in Lincoln a realm of industry; in addition to one of government finance and learning.

**Iowa-Nebraska Light
and Power Company**

You can buy only good appliances here

Aids Retail Merchants

One of the strong, progressive business institutions of Lincoln, Nebraska, is the Hosburgh-Cannon Sales Company, which conducts all kinds of sales for retailers: The company specializes in contest sales, in particular.

The Hosburgh-Cannon proposition to the retailer is somewhat different than most sales companies. The company developed, some seventeen years ago, unique contest campaigns using large premiums for short sales periods. In 1924 they gave away 102 Ford cars, in 1918 nearly 300 pianos, in 1921, 306 phonographs and last year the premiums used in the special sales numbered 500, consisting mainly of Ford cars, radio sets and equipment, pianos and phonographs.

Through the use of such premiums, the Company reasons that it enables the merchant to secure almost the regular price for his merchandise and to collect at least 80 per cent of his outstanding debts. It enables the merchant to secure \$2,500 to \$5,000 in advance before any merchandise is taken out of his store, and gives him public prestige.

The Hosburgh-Cannon Company operates in Nebraska, Iowa, Kansas, Missouri, Illinois, Oklahoma, Arkansas, Colorado, North and South Dakota, Minnesota and Wisconsin, having more than three thousand regular clients in these states. It is known as the only organization of its kind endorsed by leading trade journals throughout the central west.

Enjoys Good Year

The Omaha Life Insurance Company of Omaha was incorporated under the laws of Nebraska, January 27, 1916, and has had a good growth. 1931 will be one of the best years in Omaha Life's history. The company's agency force is producing in splendid shape, and the lapse ratio of the Omaha Life is better than the average.

This company issues most of the modern forms of contracts including 20 payment and 14 payment optional, and a 20 payment life, optional decreasing premium policy. Disability benefits and double indemnity are included with life insurance.

As of December 31, 1930, the financial statement of the company included the following figures: total admitted assets \$2,655,497, and insurance in force \$16,460,983.

The company is ably managed and well directed by E. M. Searle, Jr., president; W. E. McCandless, vice president; and H. E. Worrell, secretary and treasurer.



COSMOPOLITAN OLD LINE LIFE INSURANCE COMPANY

LINCOLN, NEBRASKA

What's Behind Your Telephone?



An Institution

Founded on Service
Builted on Integrity
Living on Fair Rates

Serving the needs of 136 cities and towns in Southeastern Nebraska.
Proud of the enterprise and progress of the state. Striving to be worthy
of every community it serves.

Lincoln Telephone and Telegraph Co.

"A Nebraska Company Serving Its People"

Attractive Part-Time Contracts and Managers' Contracts

available in

NEBRASKA, IOWA, MISSOURI and COLORADO

to Firms and Individuals Financially Responsible
with Top "General Agents'" First Year Commissions
and Liberal Non-Forfeiture Renewals

For information write

P. ERLENDSON, Supt. of Agencies
1445 N Street, Lincoln, Nebr.

THE SERVICE LIFE INSURANCE COMPANY

A Bank for Bankers...

IN NEBRASKA more and more banks and business firms are finding this bank their logical correspondent. Through years of conservative, yet progressive banking, the name of the CONTINENTAL NATIONAL BANK has come to represent those qualities of service and integrity with which organizations of the highest standing associate themselves. May we serve you, too?



EDWIN N. VANHORNE, *President*
T. B. STRAIN, *Vice President*
EDWARD A. BECKER, *Cashier*



W. S. BATTEY, *Asst. Vice Pres.*
R. C. JOHNSON, *Asst. Vice Pres.*
C. W. BATTEY, *Asst. Cashier*

Continental National Bank

LINCOLN, NEBRASKA

Affiliated with NORTHWEST BANCORPORATION

General States Fire

Of interest to insurance and financial circles is the announcement of the incorporation of the General States Fire Insurance Company, with home offices on the ground floor of the Arthur Building, Omaha.

Brower E. McCague will be president. Mr. McCague has been prominent in Omaha for many years, and is president of the McCague Investment Company. John W. Barnhart, president of the Barnhart Press, will be vice president of the General States Fire Insurance Company. Mr. Barnhart spent many years in the newspaper and publishing business and is well known throughout Nebraska.



CHARLES O. TALMAGE

Harry J. Andrews will serve as secretary of the company. Mr. Andrews for the past ten years has been agency accountant, auditor, and manager of the farm note department of the Columbia Fire Underwriters.

As manager and general underwriter, the company will have one of the best qualified and widely known of middle western underwriters. Charles O. Talmage, until recently president of the Columbia Fire Underwriters, will serve the General States Fire Insurance in the capacity of manager and general underwriter.

Mr. Talmage has taken prominent part in middle western insurance activities for many years. He was one of the original organizers, along with other leading Omaha citizens, of the Columbia Fire Insurance Company, the control of which was sold in 1911 to the National Fire Insurance Company of Hartford, and following this transaction the National Fire organized a Columbia Fire agency, electing Mr. Talmage president and manager, having supervision over ten middle western states.

Mr. Talmage at the present time is president and general manager of the

General States Insurance Corporation of Omaha, and his popularity in agency circles is attested to by the rapid progress his company is making in producing an agency plant with a steady increase in volume of premiums. This means that through the agency now operated under Mr. Talmage's direction, the General States Fire Insurance Company, when licensed to do business, will have an established agency which will be ready to give it a substantial line of business.

Insurance and Investment

In December, 1917, a corporation was organized under the name of the Cosmopolitan Club of America. The company has made substantial growth since that time, and today is known as the Cosmopolitan Old Line Life Insurance Company of Lincoln.

It has maintained consistently the main idea back of the original corporation which was that of regular thrift.

In spite of the fact that the company is authorized to write standard forms of legal reserve life policies little life insurance is written, the company being more of an investment concern.

Thrift certificates are sold by the company in two forms. The increasing benefit certificate is sold on adult lives only, and the increasing educational certificate on juvenile lives. All certificates are sold in units of \$1.00 per month for premiums, and not over twelve units will be sold to one person.

The duration of each contract is ten years, at the end of which time the certificate holder is entitled to withdraw his proportional share of the fund to which he has contributed, separate funds being maintained for each class of business, and the members participating only in the fund to which his contributions are credited.

Jack Matthews, chairman of the board of the Cosmopolitan Old Line Life Insurance Company, Lincoln, Nebraska, has a right to be justly proud of the statement of his company as of August 31, 1931, when they had total assets of over \$1,659,000, and did not own any real estate.

According to Mr. Matthews, "During the life of the company the Cosmopolitan has not suffered the loss of one penny in investments, either principal or interest, and has never had a foreclosure."

Two good aids to health, says a medical authority, are swimming regularly and drinking plenty of water. To insure the best results, of course, these should be done separately.

**CAN PLACE MEN IN
MISSOURI**

**UNDER ENERGETIC COMPETENT
STATE AGENT**

or

**Will give General Agent's Contract
in certain parts of Iowa or Kansas**

H. E. WORRELL
Secretary-Treasurer

OMAHA

Omaha Life Insurance Co.

— Omaha, Nebraska —

G M A C obligations

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

available in convenient maturities and denominations at current discount rates

GENERAL MOTORS ACCEPTANCE CORPORATION

OFFICES IN PRINCIPAL CITIES

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

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

Twenty-nine Years of Service



M. WEIL
President

THE National Bank of Commerce, Lincoln, of which M. Weil is president, was organized in 1902, and is now one of Nebraska's leading financial institutions, one which is progressively interested in the development of not only Lincoln, but of the state of which it is the capital city.

The bank presents a strong financial statement showing a capital of \$300,000, and with surplus and undivided profits totaling \$258,308, as of June 30, 1931. Its total resources at that time were \$7,918,822.71.

Aside from M. Weil, president, the other officers of the bank are Carl Weil, vice president; E. C. Folsom, vice president; Albert A. Held, assistant vice president; Byron Dunn, vice president and cashier; and B. G. Clark, assistant cashier.



BYRON DUNN
Vice President and Cashier

Natural Gas Development

Natural gas is cited as a major factor in relieving middle-western unemployment conditions by L. R. King, president, Iowa-Nebraska Light and Power company.

"Thousands of dollars have been poured into the laps of workers during early spring, summer and fall due to the almost miraculous overnight growth and expansion of the great natural gas systems," he said.

Speaking for the Iowa-Nebraska Light and Power company, which has led the development in Nebraska and Iowa, Mr. King said that in many instances, during the period of construction of gas distribution systems in the various towns served by his company, every available man was put to work. Cases are numerous where workers were recruited from nearby towns because no more local men were available.

It is Mr. King's opinion that this work, offered at a time when many families were in straightened circumstances, has been the means of providing the family with money to pay up its current obligations and establish its credit so that it could carry on through the winter.

"Large sums of money have been put into circulation in the various towns receiving natural gas. Not only are local workers benefited by this in-

flux of new capital but merchants and local business men of the community, as well.

"Practically all of the money paid out by the Iowa-Nebraska Company and the pipe line company constructing the huge transcontinental trunk lines is spent with merchants in towns affected, all lines of business in the town benefitting," he said.

Although the natural gas has enjoyed greater activity in Nebraska this year, pipe line projects are being planned for Iowa, Missouri and other states within the very near future.

"Thousands of acres of natural gas, many of them as yet untouched, remain to be piped to markets and sold. The natural gas business is still in its infancy, but is growing rapidly into lusty adolescence," said Mr. King, in summing up the progress of his company's promising progeny.

Rural Telephone Development

With a grand total of 34,014 telephones in operation on 40,000 occupied farms January 1, 1931 there was a development of eight and one-half telephones for every ten farms in the territory served by the Lincoln Telephone & Telegraph Company—or in other words 85 per cent of the occupied farms in this territory have telephones. These figures were taken from a recent survey to analyze rural development. This development is significant for it indicates clearly that on the farm where home and business

are combined, the telephone has become a daily necessity. Quite as striking is the fact that in practically all the rural areas served by this company the telephone lines are metallic.

This service in rural areas is a recent development which has come as the result of a demand for better telephone service on the farm, also, because metallic lines afford protection against inductive interference from electric light and power lines which in numerous instances parallel the telephone lines.

In the 22 counties in Southeastern Nebraska, which comprise the Lincoln Telephone & Telegraph Company's territory, there are a total of 2,477 farms.

According to this survey the company operates 23,300 rural telephones while 50 other telephone companies located in this same territory operate a total of 10,714 rural telephones.

Favors Window Displays

Discussing the matter of profitable bank advertising, D. A. Beach, cashier of the American State Bank of Loup City, Nebraska, has this to say:

"I believe window display advertising to be the most effective in proportion to cost of all the advertising we have done. Of the various window displays, we like scenes in motion the best. The main objection to the scenes in motion is the cost, thus preventing the number of changes that should be made."



BONDS AND INVESTMENTS

The Problem of Bank Investments

ONE OF the most difficult problems in bank management is the purchase of bonds for bank accounts. The basic function of banks, whether savings or commercial, is the conversion of cash, in the form of deposits or capital, into earning assets; in reality the investment of funds. For the typical commercial bank the investment process divides itself into two phases, making loans, and purchasing investments. The savings bank may make secured loans under certain conditions, but its primary function is the purchase of securities, bonds, or mortgages.

Most bankers are thoroughly familiar with local borrowers. They know their customers intimately—their abilities, their weaknesses, and much regarding the intricacies of their business. Bankers are likewise familiar with the general characteristics of important local enterprises in their communities. Except in cases where gross mismanagement is found, or where entire areas are subjected to severe economic pressure, banks do not usually fail because of their local business loans. A far more important source of trouble is usually found in the bank's bond account. Investments, presumably acquired and held as a reserve against economic contingencies, either fail to provide the anticipated cash when most needed, or can be sold only at severe capital losses.

The typical banker may know his local situation very well, but the purchase of bonds today is a difficult task at best and should be done only under expert guidance. The management of bank investments requires, first, a proper understanding of deposit movements, seasonal as well as cyclical, and secondly, a definite knowledge of bonds and other types of securities.

A Bit of History

Before discussing the problems involved in managing bank investments, I wish to review briefly certain fundamental changes which have occurred in our banking structure during the past two decades. An under-

By RALPH E. BADGER

Executive Vice President, Union Guardian Trust Co., Detroit

standing of these changes has a definite bearing on our present problem.

The Federal Reserve Act has now been in force nearly twenty years. Its working details are familiar to you. I doubt, however, that many recognize the great changes which have gradually taken place in the "economics of banking" under this act.

"Reference to methods applicable to the selection of specific issues has been omitted. The best suggestion that can be made in respect to this subject here is that the function of purchasing bonds for bank account be delegated to a man or committee well trained in bond analysis and willing to spend sufficient time adequately to study each security purchased. All purchases should likewise be reviewed at frequent intervals. Avoid issues concerning which there is any element of doubt. Remember that the character of the sponsoring house is of the utmost importance. Insist upon proper diversity. Bonds of small local corporations, real estate bonds, foreign bonds, second grade utility, industrial, and rail bonds always suffer severely marketwise during times of depression. Caution should be exerted during the period of prosperity; moderate chances may be ventured in second grade issues during times such as the present."

Among the most important of these changes are the following:

1. The ratio of stockholders' equity to deposits of national banks has diminished at a rapid rate. Conversely, much more business is now done on a dollar of stockholders' equity than formerly.

2. The percentage of business loans and United States securities to total loans and investments has declined substantially since 1920. Otherwise stated, there has been a marked increase proportionately in collateral loans, real estate loans, and general market bonds held.

3. Corollary to the preceding tendencies, there has been a substantial reduction in the ratio of capital to slow moving assets.

4. The preceding situations apply in general to all commercial banks.

We need not go far into the reasons for these changes. Briefly the more important causes are:

1. The substitution of Central Bank reserves for strictly cash reserves.
2. The creation thereby of vast potential expansion in bank credit outstanding.
3. The inability of business, progressing at a normal rate, to absorb potential credit as rapidly as individual banks desired to have this credit utilized.
4. The willingness of the investing public to use bank credit on an increasing scale to purchase real estate, speculative stocks, and to engage in other forms of speculative adventures.
5. The policy of banks in adding to their holdings medium and low grade bonds to increase the gross return on ledger assets.

In brief, commercial bank credit has been expanded on an increasing scale, especially during the years 1920 to 1929, for purposes outside the normal function of commercial banks: the making of collateral loans on a scale hitherto unheard of; real estate financing; and the purchase of general market, long-term bonds.

The release of increasing amounts of bank credit for the financing of speculation, real estate operations, and foreign financing, had its effect during the past decade in greatly stimulating business all over the world. In various ways this bank credit found its way into consumers' hands. Consumers' goods, as well as producers' goods, were actively pur-

chased. The tide of business and speculation reached its peak when the banking system could not safely inject more credit into the situation. Strangely enough, further supplies of credit were still available when the crisis came. The dangers lay in the type of security offered by would-be-borrowers. And now the present depression is being greatly aggravated by the over-extended position of a horde of borrowers: foreign nations, municipalities, land companies, and individuals. On the other hand, most business corporations entered the year 1929 with very moderate bank loans. The entire period 1922 to 1930 was marked by conservative expansion on the part of most of our larger corporations, effective inventory control,

and absence of commodity speculation.

The preceding facts have a definite bearing on the investment management of commercial banks. Liquidity, marketability, and safety are more essential than ever today in respect to purchases of bonds for bank accounts. The situation in respect to savings bank investments has been less affected by recent developments and their policies have been subjected to less important changes.

For the purpose of discussing in detail the investment problems of commercial banks it will be more convenient to classify assets into four groups.

1. Primary reserves
2. Loan funds

3. Secondary reserves
4. The investment account

Each of these groups will first be defined, after which certain observations will be made in respect to the proportion of total assets that should be assigned to each classification.

Primary reserves consist of cash, exchange items, and amounts due from other banks.

Loan funds consist of customer loans secured, either by marketable or by valuable collateral, or so-called business loans.

Secondary reserves should consist of readily marketable and highly liquid investments that may be disposed of without loss in order to provide cash for seasonal or cyclical trade movements, or moderate fluctuations in cash requirements due to unforeseen contingencies. Investments for this account should be confined largely to commercial paper; bankers' acceptances; United States securities; short-term state and municipal, public utility, or railroad bonds; and equipment trust certificates.

The Bank's Backlog

The investment account of the bank provides the general backlog of safety upon which its normal activities are protected. The need for safety is no less urgent in respect to securities held in this account than in other accounts, but liquidity in the strict sense is less important. For this account short, moderate, or long-term bonds may be purchased depending on the status of the bond market at the time of purchase.

For reasons to be explained shortly the proportion of deposits and available capital funds allocated to the several reserves will vary in different communities, depending on the nature of local industries, the size of the community, its location, the amount of collateral loans held, and a variety of other factors which bear on banking practice.

It is not my purpose to discuss at length the administration of primary reserves or loan funds. Primary reserves are controlled in part by law, and in part by local banking needs.

Loan fund administration is that function in which the local banker is usually well versed, and as previously indicated, ideally equipped to perform. The only observation which I wish to make here pertains to the fundamental difference between collateral loans and ordinary commercial loans. Failure to observe this distinction is to my mind one of the fundamental causes leading to speculative excesses in the years 1928 and 1929, responsible in part for prolonging the current depression.

The distinction between these two types of loans lies in the self-liquid-

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You can always buy or sell CORPORATE TRUST SHARES because quotations and markets are international. Ask your Investment House or Bank about CORPORATE TRUST SHARES.

5-YEAR FIXED TRUST SHARES are also sponsored by the originators of CORPORATE TRUST SHARES. The total issue of 5-YEAR FIXED TRUST SHARES, under the terms of the offering, is limited to 5000 Full Participations. The unsold remainder of 5-YEAR FIXED TRUST SHARES is now available to investors.

Because of the limited issue of 5-YEAR FIXED TRUST SHARES this trust has not been submitted to the Committee on Stock List of the New York Stock Exchange.

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Central Syndicate Managers

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DETROIT NEW ORLEANS OMAHA

ating character of commercial loans. A commercial loan results in an approximately equivalent deposit which is used to conduct current business operations; such as financing shipments of goods, expanding payrolls to meet seasonal business demands, or financing seasonal increases in inventories. In any event, the transaction is self-liquidating. Assume that a merchant purchases a bill of goods in advance of the Christmas season, the purchase being financed by discounting a note at the bank. The immediate effect when the merchant draws a check against the bank is to create an unfavorable balance against the bank. Gradually, however, goods are sold and the merchant builds up his deposits. Eventually such deposits are sufficient to cancel the note. If a substantial proportion of the bank's loan fund is in this type of loan, the fund is liquid both figuratively and literally. There is constant liquidation through the process of building up deposits.

At first glance collateral loans appear liquid. Their effect on our banking structure, however, is entirely different. In the first place collateral loans cannot be discounted at Federal Reserve Banks. Another distinction must be made, however. The deposit resulting from a collateral loan is used to pay for securities. The maker has no intention of paying the loan at maturity, unless his securities advance in the meantime. If a sale takes place under this condition some other borrower probably borrowed more against the same collateral. Such loans are liquidated in the real sense of the word only out of savings, either present or past. Wholesale liquidation of such loans by banks results in severe declines in stock prices. In fact, from the standpoint of customer good will it is usually impossible for banks to liquidate even the best of their collateral loans at times of emergency.

In view of the lack of liquidity of collateral loans *as a class*, good bank management requires that secondary reserves be increased in size and liquidity as the proportion of collateral loans to commercial loans increases.

The management of the secondary reserve and the investment accounts of a bank requires a very definite knowledge, not only of the local problems of the bank itself, but of security markets in general.

Day to day and seasonal needs of most commercial banks can be taken care of largely through changes in the secondary reserve account. The normal deposit movements of banks differ widely in respect to day to day and seasonal requirements and these

movements must be studied in the light of conditions surrounding the local community in which a particular bank is located. Among the more important factors influencing seasonal changes in deposits and bank debits are the following:

1. The seasonal nature of local industries.
2. Local customs in respect to retail trade.
3. Policies of local corporations in respect to payroll disbursements.
4. The size of the community.
5. The composition of the bank's accounts.

The Secondary Reserve Fund

In addition to providing for seasonal needs the secondary reserve fund should be used to absorb redundant primary reserves during periods of cyclical declines in business, as well as to provide funds for primary reserves during periods of business expansion.

When conversion of primary funds into secondary reserves becomes necessary the banker should bear clearly in mind the following relationships:

1. When business is active, both short and long-term interest rates rise. Yields on bonds likewise advance, and prices of bonds decline. The

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A. G. Becker & Co.

longer the maturity of a given bond, however, the lower its price must fall to effect a given advance in yield basis.

2. Conversely, when business is depressed, both short and long-term bonds advance in price and their yields correspondingly decline. The longer a bond has to run, the higher its price must advance to effect a given drop in yield.

Good investment policy, therefore, requires conversion of assets during declining business, into short term investments. Otherwise the bank will always be buying bonds at relatively high prices, and will be required to sell them at low prices. The exception will be where long-term bonds are

purchased early in the liquidation phase of the cycle, before bond prices have advanced substantially. If purchases are properly timed, and are sold out at the proper time, advantage can be taken within reasonable bounds of price movements in long-term issues. Upon the sale of long-term issues at low point in interest rates, short-term bonds, one to three years, should be purchased despite the fact that at this point short-term interest rates are generally lower than long-term rates. The temporary increase in current yield, however, that might be made by holding or purchasing long-term investments at this point can easily be lost if bonds have to be sold at lower prices after business conditions improve.

The final function of the secondary reserve is to provide against contingencies, possible withdrawals on a large scale due to panic conditions, or large withdrawals by certain customers.

With the above facts in mind, it is possible to evolve certain rules to govern conversion of assets into secondary reserves.

1. The major portion of this fund should be invested in short-term liquid and marketable securities.
2. No bonds known as second or third grade should be purchased for this fund. Nothing but so-called standard types of securities should be purchased. This eliminates real estate bonds, special district municipals, which are not full tax obligations, and obligations of small municipalities, the market for which may be poor.
3. Moderate purchases of very high grade long-term bonds may be made in the early stages of depression for the purpose of taking advantage of price advances. These should be sold, however, in the early stages of business recovery and replaced by short-term investments.

Whereas liquidity, marketability, and safety are all prerequisite in seeking investments for the secondary reserve, safety of principal and income are of prime consideration in respect to the investment account.

Investments may be made here in less marketable securities with the idea of increasing income, although safety should never be sacrificed in an effort to secure yield. Proper diversity of issues should be provided for, both as to geographical locations, types of industries, and maturity dates. A moderate amount of prime mortgages on improved property may properly be held in this account.

Bank Secures Profit

There are several ways by which this account may be made to yield profits to the bank.

1. Banking positions may be taken in new issues for purpose of resale to customers.
2. Bonds temporarily undervalued may be purchased for purpose of resale at higher prices.
3. Advantage may be taken of cyclical movements in bond prices.

The first operation is relatively simple. The second should only be undertaken by an astute bond buyer who is thoroughly familiar with the situation he enters, otherwise losses are more than likely to offset profits.

The third operation, taking advantage of cyclical fluctuations in bond

(Continued on page 29)



The October Horoscope . . .

FAMOUS persons born in October are Christopher Columbus, Liszt, Bancroft, Jennie Lind, William Penn, James Whitcomb Riley, Macaulay, Theodore Roosevelt and Chester A. Arthur.

Hope, ambition, energy and courage are notable characteristics of people born this month.

Excitability is strongly marked, and if you were born in October you should keep a strong grip on your nerves and hold your temperament in constant check.

The Opal is your lucky stone.

Your lucky colors are dark blue and gray.

If you are in the life insurance business but not now under contract, it will pay you to contact the Royal Union. Our General Agency plan of operation offers ample room for your ambitions. Write us today.



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 Largest Bank Embezzlement

WHEN THE headlines of the daily press flashed the enormous sum of \$3,666,929.06 as the amount which a trusted employe embezzled from one of the largest banks in the country, everybody, banks, insurance companies, Lloyd's, London, who carried the risk in the amount of \$2,000,000, were shocked and still are. Yet in this day and age we have been doing things on an enormous scale,—billion dollar corporations, one loan in New York City recently running to the enormous sum of \$65,000,000, the largest on record; stock market losses frequently aired by the gossips on "the street," running into millions of dollars. So we really should not be astounded when a single man embezzles this enormous sum of money. For as long as the human individual is ignorant enough to succumb to the mesmeric suggestion of taking the other man's money with the sincere hope of replacing it the next day, and as long as employers fail to check up and know more intimately about their employes, we shall have these embezzlements.

Why Rates Go Up

The insurance companies merely sit back and raise the rates. On August first of this year Bankers' Blanket Bond rates went up approximately 15 to 23 per cent of what was charged the year before, there having been an increase of 10 per cent on the premium as well as an additional charge of 10 per cent per checking account. From an analysis of the losses paid this raise in rate is not out of line. In fact, there is considerable doubt as to whether it will be sufficient to take care of future losses. Banks country-wide will complain about the increased rate, but it is one more step that should drive home to the employer the fact that the rate charged for insurance is virtually in his hands, and if losses continue on the increase, he will be called upon to pay more for his insurance protection.

In as much as embezzlements within banking institutions seem to constitute about 70 per cent of the total amount of losses filed with insurance com-

By HY SCARBOROUGH, JR.

panies, it brings again to the fore that important subject of personnel and how to handle a situation that is becoming daily and hourly more serious. Every man-made system of audit checking and re-checking is vulnerable to the attack of a dishonest employe and even although the banker on the outside may put his fingers in his vest and say that the system in his bank is such that a loss similar to the one that occurred to his more unfortunate brother banker could not occur in his shop, that is the very attitude that lulls to sleep the executives of banking institutions to a point of where they are subsequently victimized. And strangely enough it is always the trusted employe who necessarily must be in a position to manipulate securities or funds and consequently the one that is less suspected by his employer. Certainly 90 per cent of the people are honest and it is not the intent of the writer to create a suspicion over all trusted employes, but it is surely high time for the banker to make an impartial check-up on his employes regardless of the number of years of service, to have a check-up of his bank made by disinterested auditors, and the report brought to the directors of his institution rather than to himself, and certainly he should know more about how his employes live.

Numerous defalcations within banking institutions have brought to light the necessity of checking on the giving of a receipt, and it is to be highly recommended that a system be installed whereby the receipts are made in triplicate, numbered, and bound in a book which cannot be destroyed. In the case of salesmen selling securities these receipt books should be limited to a maximum of 50 receipts to the book, and when the individual salesman runs out of receipts his book should be turned in to the auditor before he is given another book. This system of receipts should apply to every department in the bank including the trust department and it is to be recommend-

ed that the trust officers making out trust agreements be compelled to deliver their securities forming the trust to another individual who will make out the receipts, preferably the bond cage.

The Next Step

Over-the-counter receipts should be just as carefully handled as any other department in the bank, and even although the customer may be in a hurry, they should be made to wait until the proper official fills in the receipt in detail. The next step to be recommended is to educate the customer public to a definite type of receipt—one that can be easily recognized from the lithographing or printing and not easily duplicated at any print shop. These precautions if taken in advance will result in a definite saving in making it more difficult for embezzlements through this channel and an ultimate saving in premium cost.

The large embezzlement brings to the fore the importance of increasing the amount of fidelity or blanket bond protection that the bank is carrying and even though the premium burden is heavy at this time it is considerably better business to pay out more premium in order that adequate protection may be had in the event of a catastrophic loss rather than to absorb the difference in your reserve account.

New Company in Lincoln

Commissioner Herdman has approved articles of incorporation for a new Nebraska life company to be known as the Union National with Lincoln, Nebraska, as the home office.

The company is capitalized for \$150,000 with \$75,000 additional to be subscribed as surplus. It plans to start business about October 1 occupying an office in the Barkley building. W. E. Barkley will be president and Don Love vice-president. Bert Rodgers, veteran Lincoln insurance man, will have active management.

Organizers stated that no money would be paid out for organization expense. None of those assisting in the organization are to receive any commissions for stock sales, etc.

The Fidelity Old Line Insurance Co.

A STOCK LEGAL RESERVE INSURANCE COMPANY

788 - 796 Saunders-Kennedy Building
Omaha, Nebraska

A THRIFT SAVINGS PLAN

"The Interim Conversion Certificate Bond"

THRIFT, PROFIT, SAFETY AND SECURITY

The "Interim Conversion Certificate Bond" is a combination savings account and investment, having all the possibilities of a handsome investment and none of the usual elements of risk. Each bondholder becomes a partner in the Company, with none of the obligations of a partner, yet enjoys all the benefits afforded a stockholder. The bonds are obtainable in multiples of \$150.00, \$75.00 and \$50.00 per annum, payable annually, semi-annually, quarterly or monthly.

DESIRABLE TERRITORY AVAILABLE—For further information communicate with the Company

LLOYD DORT
President

JOHN A. FARBER
Vice-President and General Manager

A New Slogan

Keeping Nebraska insurance money at home is one of the slogans adopted by the Nebraska Association, organized recently to advance the interests of the state. In a publication just released figures are published showing that 73 per cent of the more than \$59,000,000 paid in premiums in 1930 went outside the state.

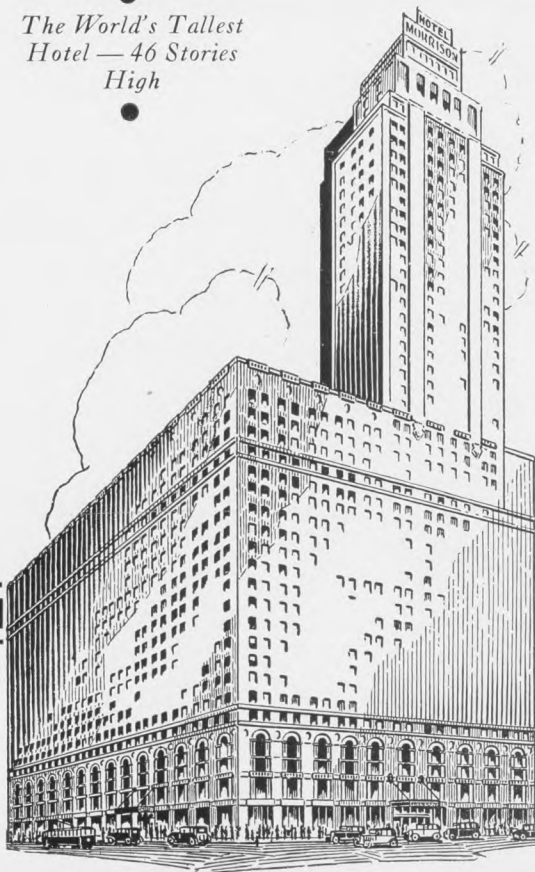
Hold Meeting

The National Fire Waste Council, which is affiliated with the Chamber of Commerce of the United States and which is composed of twenty-one national organizations and four governmental bureaus, met at the chamber's headquarters in Washington, D. C., September 24 and 25, to discuss current fire prevention problems. The council and the national chamber cooperated in mapping out a course of action in furtherance of fire prevention work in the coming year.

Reach for a Sweet

The following letter was received recently by a company which manufactures corn syrup: "Dear Sirs: Though I have taken six cans of your corn syrup, my corns are no better now than when I started."

The World's Tallest
Hotel — 46 Stories
High



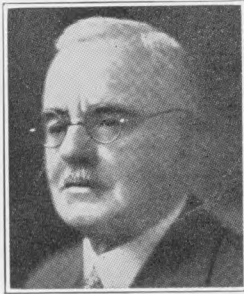
2500 ROOMS
\$3.00 UP

A guest at the Morrison Hotel is at once impressed with its refined atmosphere and exquisitely appointed rooms.

Every room is an outside room with bath, circulating ice - water, bed - head reading lamp and Servidor. Excellent garage accommodations.

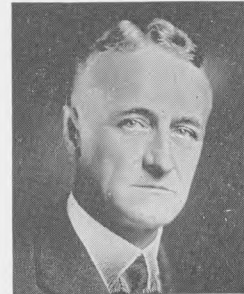
MORRISON HOTEL
CLARK AND MADISON
STREETS . . . CHICAGO

LEONARD HICKS, *Managing Director*



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

Nebraska News



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

Becomes Bank Counsel

President D. P. Hogan of the Federal Land Bank of Omaha announced the appointment of Harvey M. Johnsen to be general counsel of both the Federal Land Bank and the Federal Intermediate Credit Bank in Omaha. Mr. Johnsen succeeds Edward F. Dougherty, who departed recently to engage in business in the Pacific northwest.

Mr. Johnsen is a graduate of the University of Nebraska, and has practiced law in Omaha 11 years with the law firm of Montgomery, Hall, Young and Johnsen. He will sever his connection with the firm, however, upon taking his new office. He has been active in both the Omaha Bar and Nebraska State Bar associations. He is now president of the Omaha bar, and for the past four years he has been secretary of the state bar association.

Four Bandits Sentenced

Four men who recently robbed the Farmers State bank of Brule, Nebraska, of \$2,285 are now under penitentiary sentences ranging from 13 to 15 years each.

The four confessed participants in the bank holdup were sentenced by District Judge I. J. Nisley after they had entered pleas of guilty when arraigned at Ogallala.

Walter Higlet, alias Wallace Heath, 38, who staged the actual robbery, was sentenced to a term of 15 years. Lewis M. Archer, 21, who acted as Higlet's chauffeur, was sentenced to serve 14 years. John Otten, Archer's uncle, and Earl Washburn, farmer, who confessed they helped plan the robbery, were sentenced to 13 and 14 years respectively.

Three of the men have already been taken to Lincoln to begin serving their prison terms. Otten, however, was taken to Ogallala for questioning concerning liquor found on his farm.

Pioneer Banker Dead

Gerhard Rippen, eighty-six, pioneer Hallam resident and Hallam, Nebraska, bank president for the past thirty-two years, died last month. He helped organize the Hallam bank in 1898 and was elected the first president, which position he held until the time of death.

Born at Aldenburg, Germany, Dec. 4, 1844, he came to America twenty-three years later, settling in Iowa.

Nebraska Bank News

ONE OF the most active of the regional clearing house associations in Nebraska is that of the first, which meets at Fremont and includes the bankers of Dodge County and vicinity. J. M. Sorenson of the Stephens National Bank of Fremont is President; L. O. Stoker, Rising City, Vice President, and H. H. Peters, Yutan, Secretary-Treasurer of the group.

THE ASSOCIATION is studying the adoption and extension of service charges, of a uniform nature, among all the banks, as well as service charges for handling county funds.

VICTOR B. SMITH, Vice President of the Omaha National Bank, recently spent ten days in New York, on business.

GUY C. KIDDOO, former Vice President of the Omaha National Bank and afterwards of the Foreman-State National in Chicago, has been made an Assistant Vice President of the First National Bank of Chicago.

ELLSWORTH MOSER, Secretary of the United States Trust Company of Omaha, spent his vacation this year in Yellowstone park and on a dude ranch in Montana.

ROBERT T. YORK, Secretary of the First Trust Company of Omaha,

has returned from a vacation in the Minnesota lake region.

CARL R. GRAY, a director of the Omaha National Bank, has been named to the unemployment relief commission headed by Walter S. Gifford, working under direction of President Hoover.

REDUCED COSTS and better operating efficiency were reported by the receivership division of the department of trade and commerce of Nebraska, last month.

E. H. Luikart, Secretary, announced that 178 parcels of real estate had been disposed of during the first six months of 1931, for a total of \$451,714.

Fifty-five of the tracts were city property and 123 were farms embracing 25,019 acres of land. City property sold for \$119,600 and the farms for \$332,114. The farms were mortgaged for \$83,228, leaving \$368,486 for distribution to bank depositors.

During the last six months of 1930, 160 parcels of land were sold for \$597,970.

Costs of operating the real estate department of the receivership division were \$9,858 for six months, compared to \$17,444.

THE POTTER STATE BANK of Potter, Nebraska, has applied for a national charter. John Seyfang has been elected a director to succeed N. H. Troelstrup. Joe Johnson is the President of the bank, Joe Nelson, Vice President; D. F. Enevoldsen, Cashier; M. W. Mayer, Assistant Cashier.

WITH A DIVIDEND payment of 8 per cent in September, the three thousand depositors of the City National Bank of Kearney have now received 48 per cent of the allowed claims of \$1,563,000.

S. N. WOLBACH, banker at Grand Island for nearly sixty years, merchant there and former state senator, died in September. He was, for six years until 1929, President of the First National Bank at Grand Island, and when he retired from the presidency, became chairman of the board of directors. His son, Emil, succeeded him as president.

Nebraska Crop Report

Prospective corn yields are very poor and have lowered during the past thirty days according to Nebraska bankers in their September report to the State and Federal Division of Agricultural Statistics. Prospective supplies of small feed grains and hay are short in many localities. The general level of farm prices have declined during the past month.

Prospects for corn, according to bankers, have declined somewhat during the past month and the average of the returns now indicate an average yield of 17.5 bu. for the entire state. The official estimate of the bureau on September 1, was 18.5 bu. per acre, but according to bankers, the crop was unable to hold its own against the extremely warm temperatures and high winds which have prevailed since the first of the month. Late corn matured too rapidly and some injury was sustained by much of the corn which had made fair development by the first of September. Corn is the northern half of the state is generally very poor, while the crop in the southwestern counties is fair and in the southeastern counties, fair to good. The condition of the crop in the southern half of the state is spotted.

Moisture supplies on the 19th and 20th of the month were very poor over the entire state according to bankers. Rain since that date has afforded partial relief in some sections.

Somewhat more than the usual acreage of alfalfa has been saved for seed this season. Yields of the crop for hay have been poor in most sections and many farmers, since the yield for seed appears fair, expect better returns from the crop in the form of seed rather than hay.

Prospective supplies of small feed grains, alfalfa hay and wild hay are only fair for the entire state and many localities are extremely short. Apparently the state has sufficient supplies of these feeds if they could be properly distributed but at present, many localities have not been able to obtain enough feed to hold spring pigs and sows for fall farrowing. It is estimated by bankers that somewhere near 8 per cent of the entire spring pig crop has been sold as feeders. Most of this taking place in northeastern counties. About 6 per cent of the sows intended for fall farrowing have been sold on account of the lack of corn.

Approximately 30 per cent of the reports indicate a shortage of small feed grains, about 56 per cent showed sufficient supplies and 8 per cent a surplus. About 43 per cent of the reports show a shortage of alfalfa hay, 52 per cent sufficient and 2 per cent a surplus. Reports on wild hay were 37 per cent short, 50 per cent sufficient and 13 per cent surplus. Supplies of these feeds vary greatly and some shortage is apparent in nearly all sections of the state. The most serious, however, are in the northeastern and north central sections of the state which comprised the most serious drouth area the past summer. The largest shortage in wild hay is noted

SCARBOROUGH & COMPANY

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CHICAGO

Insurance Counselors to Banks

A most important subject is the bank's own insurance, and the program to fit the particular case should be planned by those who know.

Write to us about your insurance problem

Central Typewriter Exchange, Inc.

(EST. 1903)

TYPEWRITERS, ADDING MACHINES, CHECK WRITERS

LATEST MODELS AT BIG DISCOUNT

ASK TO SEE

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

1912 Farnam St.

Omaha, Nebraska

United States National Bank

O M A H A

Established 1856

The Oldest Bank in Nebraska

RESOURCES OVER \$24,500,000

*Invites the Business of Banks and Bankers
Seventy-five Years of Conservative Banking*

Prompt Service to Banks on Veterans' Loans

in the north central district where lack of rainfall and the lowering of the water level in the sandhill lakes reduced the crop by approximately 50 per cent.

Farm prices, on the whole, have declined during the past month. The average price of corn is quoted by bankers as 36c as compared to 38c a month ago. The price of wheat is 33c per bu. the same as last month. Oats remained the same as last month at 21c per bu. The price of alfalfa is now \$7.65 as compared to \$7.86 last month. Cornfed cattle are quoted at \$7.33 per cwt. as compared to \$7.95 last month. Prices of hogs showed the largest drop being \$5.00 per cwt. at present as compared to \$6.19 a month ago. Butterfat prices increased from 23c per lb. to 25c per lb. at the present time, while egg prices increased from 12c per doz. to 13c at present.

Will Issue New Trust

The announcement made recently by the sponsors of Corporate Trust Shares that a new fixed investment trust would soon be offered and that sale of the present trust would be discontinued as soon as 20,000,000 shares had been issued has created much favorable comment in banking and investment circles.

Fear that individual trusts were growing too large has often been expressed by market students on the ground that when the trust has terminated there is the possibility of liquidation of large blocks of stocks comprising the trust portfolio and that such procedure might easily depress the market. Such a situation would have an unfavorable effect not only on the holders of the trust shares but on general market operators as well.

With 20,000,000 Corporate Trust Shares outstanding, this trust alone will be holding 40,000 shares of the common stock of each of twenty-eight companies. While only two fixed

trusts have attained anything approximating this volume, it is possible that if sales of individual trusts were permitted to continue indefinitely, enormous blocks of stocks might be thrown on the market within a relatively short space of time.

The policy such as evidently has been adopted by the sponsors of Corporate Trust Shares of spreading the sales of trust shares over various series, each terminating at different periods of time, should in the opinion of market students alleviate this fear so often expressed by critics of investment trusts.

THE PROBLEM OF BANK INVESTMENTS

(Continued from page 24)

prices, involves the same principles discussed in connection with management of secondary reserves. There are distinct and definite movements of bond prices during the several phases of a complete business cycle. For convenience a complete cycle may be resolved into the following phases: recovery, prosperity, liquidation, depression. Long-term bond prices usually reach a peak late in the recovery stage or early in the prosperity phase of the cycle. Bond prices continue to decline during the remainder of the prosperity phase and during the early stages of liquidation. The low point in the index of high grade bond prices usually comes late in the liquidation phase or early in the depression stage, after which a rapid recovery sets in.

On of the basis of the preceding sequence, conversion should be made into long-term bonds during the period of liquidation or early period of depression. Liberal sales of long-term bonds should be made during the recovery or early prosperity phase, such funds being converted into medium term bonds (3 to 5 year maturities) or even shorter term bonds. Such a process would in effect result in an augmentation of the secondary re-

serve account pending opportunities for repurchase of long-term bonds on a more favorable basis at the proper point in the following cycle.

Savings Banks

The discussion so far has related primarily to commercial banks. Investment requirements of savings banks are fundamentally different. The bulk of savings bank investments should be made in individual mortgages, and in moderate to long-term high grade bonds.

The primary reserve of savings banks may be relatively small. The secondary reserve, while relatively smaller than in the commercial bank, may be handled in much the same manner. The same opportunities are open to the savings bank in respect to making profits from cyclical changes in bond prices that were previously discussed.

The subject under discussion is a broad one, and many important points have been omitted. The relation of Federal Reserve policies to the short-term money market and to bond prices is a complete subject in itself. The relation of broad price movements in commodities to the secular trends of bond prices is likewise important but involves many economic factors: changes in world banking practices; gold production; and the growth of trade. In brief, many economists believe that we are now experiencing a secular down trend in commodity prices which may persist for some time to come, during which period the secular trend of interest rates will be downward and bond prices upward. High grade corporate issues may again sell on a 3½% basis.

Those who have no ear for music must be very careful how they speak about that mysterious world of thrilling vibrations which are idle noises to them.—Holmes.

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
	<hr/>
	\$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

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

THE TELLER TELLS THE WORLD

(Continued from page 3)

Here's one for "Believe It or Not." An association of bankers pay Charlie Becker, a forger, \$500.00 a month for not forging any more checks. They claim it's cheap at that.



Here's a maxim with a lot of truth: "The body of a business is steel and brick—organization is its nerve system—but its heart and soul is the confidence of its customers."

City banks in the mid-west are increasing service charges on checking accounts. They now charge \$1.00 for an average daily balance of \$200.00 with a charge of three cents for each check over the twenty limit.

However the officers of the banks are exempt from payment.



Alex, our efficient teller, almost committed an assault on the body of Oscar. Axel remarked that he was ten dollars short. Oscar told him to fold a bill double and call it balanced.

Which like most of Oscar's ideas was possible but not quite practical.

Joke of the month:

The banker dashed into the employment agency. "Look here," he said to the clerk, "I'm looking for a cashier." "Why, sir," he said, "I thought I furnished you with one last week."

"You did," came the angry retort, "that's the one I'm looking for."



According to a Canadian magazine a Saskatchewan bank received a letter saying in part: "Would you please ball up my pass book and return by first mail."

Maybe that's one reason the bank issues statements.



There are some banks that have such regular overdrafters, they are figuring on getting engraved O. D. notices.



The President has a habit of saying: "I'm busier than a bird dog." Today I saw a bird dog and it confirmed my suspicions as to how busy a bird dog is. This dog was evidently the same one that sat on the cactus and yowled all night but was too lazy to move.



J. L. Slocum, 87, president of the Richardson County Bank at Falls City claims to be oldest bank president. He became president in 1882.

They give medals for valor in war and for flying across the Atlantic. Any man that has been president of a bank for fifty years should get a medal, too. And not a bronze one either. Write your congressman.



I always enjoy the popular music on the radio, and one song has been my favorite for a long time. "Three Little Words." But the other day a banker took part of my enjoyment out of the song by mentioning that he thought the three little words were: "Payable on demand."



Things I can't forget: Posting all the ledgers then finding I didn't have the date key down. . . . Dropping the cash till when I was in a hurry to get away. . . . Trying to convince a customer that statements were better than getting books balanced. . . . The cash letter that was lost and getting duplicate checks on all the entries. . . . The adding machine man that prepared an efficiency sheet on the work I was doing—he said I was "soldiering" on him. . . . The time I wound the time lock so tight it broke. . . . Explaining to an irate customer why it was necessary to protest a check. . . . Filing the checks without canceling them. . . . Clerkinø my first farm sale. . . . And that goes for settling it, too.



Ak-Sar-Ben Live Stock Horse Show and Rodeo

October 31 to November 6, 1931

YOU ARE INVITED to make this Bank your headquarters while visiting these shows.

Live Stock National Bank

UNION STOCK YARDS

OMAHA

OFFICERS

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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*

News of the Omaha Stock Yards

Cattle Outlook Good

The long range outlook for cattle is certainly very promising, according to Jim Poole, veteran live stock reporter and market observer.

"Cattle stocks have been greatly reduced," Mr. Poole told the Wyoming Bankers' association last month at Cheyenne. "There is a shortage of cattle at the present time, the per capita supply being only 50 pounds, compared to 80 a few years ago.

"Practically every other industry, including other branches of agriculture, has surplus stocks. Cattlemen should profit by this situation."

"The trend of the feeding industry is toward the west," he said. "Colorado, Wyoming, Nebraska and Montana will become the great feeding centers. These states have an abundance of small grains to feed.

"In the corn belt, where most of the cattle have been fed, the farmers are turning to dairy herds. This should leave the West as the nation's great source of beef within ten years."

More Lambs

The number of lambs raised in the 13 western sheep states in 1931 is estimated about 1,650,000 head larger than in 1930, says the U. S. Bureau of Agricultural Economics. Losses of lambs to the end of August, 1931, were somewhat larger than in 1930 but were about the same percentage of the lamb crop.

Shipments of lambs from these states to the end of August which were made up mostly of lambs dropped before the middle of March are estimated to have been about 550,000 larger than similar shipments last year, this increase being largely in the shipments from California and Texas.

The supply of lambs at end of August available for all purposes including breeding ewe replacements and shipments were therefore about 1,100,000 head larger than on the same date in 1930.

The proportion of the increased numbers to be used for replacement and for marketing depends upon feed supplies, available credits and the relative demand for old ewes and lambs. No estimate of the number of old ewes on hand at end of August was prepared. The number of breeding ewes, one year and over on January

1, 1931, was 1,500,000 larger than a year earlier. Just how much this relationship has been altered during the nine months by marketings and death losses has not been determined.

Big Ranch Sold

Another of the famous cattle properties of the Southwest has been sold.

The 216,000-acre GOS ranch, founded in 1885, has been acquired by Herbert H. Estes, Edgar Timberlake and W. A. Adams. The consideration was not announced.

The ranch is in the Gila National Forest, and has a large herd of cattle and valuable headquarters and ranch buildings. It was founded by G. O. Smith and the late Victory Culbertson, former president of the National Live Stock association.

In 1882 Culbertson arrived in El Paso from Georgia with \$50. In a few weeks the \$50 disappeared.

Finally Culbertson set out for Deming, N. M. He walked the 100 miles, and from Deming went to Georgetown, a mining camp in Grant county.

G. O. Smith, then a mine foreman, had acquired 121 cattle and wanted someone to care for them. Culbertson took the job, after the two men had agreed they would divide the increase at the end of three years.

This was the start of the GOS ranch.

Wants Corn Held

Nebraska farmers were being called upon recently to hold on Nebraska farms the entire present corn crop until a price of 60 cents per bushel can be obtained for the grain.

In a radio address last month, Mark W. Woods, president of the Woods Brothers Corporation, sounded an appeal for a state-wide organization of farmers to withhold their corn from the market. The plan, he said, is being given impetus in Iowa and Illinois.

"If these three states will co-operate to hold their corn off the market during the next 60 days they can control the supply and secure any price within reason for their grain. When farmers can control the supply, demand will take care of itself."

Sixty-Cent Corn

C. B. Steward, secretary of the Nebraska Farm Bureau Federation, branded the plan advanced by Gov-

ernor Turner of Iowa, to enable Iowa farmers to hold their corn for 60-cent prices, as "just another political brain-storm."

"If the politicians would keep their mouths shut, things would work themselves out, but they're having more brainstorms every day," said Steward.

"When business conditions warrant 60-cent corn, we'll have it and not until then," Steward continued. "They're crazy if they think banks or anyone else are going to provide credit for those warehouse certificates.

"No one is going to advance money on storage corn with only the hope that the market might go up. It might go down, and then who would stand the loss?" he asked.

Hog Production

Hog numbers on farms and supplies of hog products in storage in the United States are larger than a year ago but are smaller than the five-year average, according to a report issued by the Bureau of Agricultural Economics on the 1931-1932 hog outlook, released last month. Numbers in important European producing countries also are larger than in 1930, and United States exports of hog products this year have been the smallest in more than 30 years. Feed supplies in the hog producing states are more plentiful and more evenly distributed than last year. Although hog prices are much lower than last year they have declined relatively less than feed prices. The ratio of hog prices to feed prices, therefore, is somewhat higher than a year ago.

Hog slaughter in the hog marketing year which began with October, 1930, was the smallest in four years and apparently marked the end of a cycle in market supplies which began with 1926-27 and reached its peak in 1928-29. The first evidence of expansion in hog production since 1927 was revealed by the June, 1931 pig survey which showed an increase of 2.5 per cent in the 1931 spring pig crop over that of 1930. The increase in the north central states (corn belt) where most of the commercial supply of hogs is produced was 3.7 per cent. The survey also showed a marked increase in the number of sows to farrow this coming fall, if farmers carry out their intentions as expressed at the time the survey was made.

Promotions at Emporia

E. V. Wood, assistant secretary of the Citizens Building & Loan association of Emporia, Kansas, has been elected cashier of the Citizens National bank. Mr. Wood will fill the vacancy created by the death of W. R. Coulson.

The board of directors in their September meeting also made other appointments. C. V. Morris, for several years a discount clerk and who has been acting cashier since Mr. Coulson's death, has been made assistant to

president and vice president in the handling of the discounts and general business of the bank. C. J. Peters, who has been field man and assistant with discounts for several months has resigned, and Mr. Wood's place in the Building & Loan association will be taken by M. S. Ellis.

Mr. Wood, the new cashier, has had education, and experience, to qualify him for the job. He is a graduate of Baker university where he received an A.B. degree in 1912. Since graduating he has been continuously in the

banking business except for two years when he was district manager of the Mutual Benefit Life Insurance company. From 1917 to 1920 he was a Kansas State bank examiner. Before coming to Emporia two years ago, he was a cashier and executive vice president in Independence, Kansas, banks, having resigned to enter the insurance field.

Merger at Natoma

Natoma, Kansas, now has but one bank—the First National. The stock of the Natoma State was purchased recently by Geo. S. Welling, and following approval of both the state and national banking departments the business of the two institutions was merged.

The charter of the Natoma State bank, issued in 1900, is being dissolved and E. A. Ruggels, cashier of the First National bank, is looking after this for the state banking department.

In merging the two institutions Natoma has followed lead of numerous other towns in the state, where one financial institution is now handling the business which formerly was divided between two.

For the present at least the bank will occupy its old quarters and the state bank building will be unoccupied.

Sterling Banks Merge

The Kansas State banking department announced the merger of the Citizens State bank, Sterling, with the Farmers State bank, Sterling.

The Citizens State bank had \$25,000 capital.

Is Assistant Cashier

Mrs. Lillie M. Ferguson is the new assistant cashier of the Albany, Wyoming, National bank.

She was appointed to fill the position left vacant by H. E. Baumbach. Mrs. Ferguson has been at the bank for 14 years.

Corporate Trust Shares

John Y. Robbins, president of Administrative and Research Corporation, announced recently that the first bulletin to be issued by the New York Stock Exchange with regard to fixed trusts had just been released. Members of the New York Stock Exchange are permitted to participate in the organization and management of Corporate Trust Shares and the distribution of its securities. The New York Stock Exchange has expressed no opinion as to the desirability of the securities of this trust as an investment.

THE CHASE NATIONAL BANK

of the City of New York

PINE STREET CORNER OF NASSAU


□□

<i>Capital</i>	\$ 148,000,000
<i>Surplus</i>	148,000,000
<i>Deposits, (September 29, 1931)</i>	1,670,000,000

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

□□

<i>General Banking</i>	<i>Trust Department</i>
		<i>Foreign Department</i>



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

Recovers from Injury

L. S. Naftzgar, president of the Southwest National bank, Wichita, Kansas, is recovering from the effects of a broken left hip, sustained several weeks ago.

A Suicide

Ralph Newman, president of the First National bank of Sterling, Kansas, in the Hutchinson trade territory, died last month from a self-inflicted gun wound. He had been in poor health for almost a year. At that time he relinquished his stock in the bank but about ten days before his death had purchased it back from bank associates and been reelected president. He entered the bank when a youth as bookkeeper and had been associated with the bank for about 25 years. He was first elected president in 1919.

Let Building Contract

F. M. Spencer & Sons, general contractors, were awarded the general construction contract for the new twelve-story National Bank of Topeka building, it was announced last month by Carl W. McKeen, president of the bank, at Topeka, Kansas.

The 12-story National Bank of Topeka building is to be erected on the northwest corner of Sixth and Kansas avenues, site of the old bank building. Construction work is to start in the near future and the building should be ready for occupancy about the middle of next year.

The National Bank of Topeka will occupy the basement and first two floors of the new structure, while fine office quarters for large and small firms and individuals will be available on the upper ten stories.

T. W. Williamson, Topeka architect, was employed to work with a Chicago firm specializing in bank design, in working out the architectural and structural details of the new National Bank of Topeka building.

Cherokee Bankers Meet

The regular quarterly meeting of the Cherokee County Bankers association was held at the Methodist Ladies home in Weir, Kansas, last month.

W. W. Bowman, Topeka, secretary of the Kansas Bankers Association, was the speaker. Capt. W. J. Watson, Pittsburg, president of the state association, was a guest.

The bankers decided to hold a vigilantes shoot at the Columbus rifle range to pick four men to represent the county at the state shoot.

Columbus invited the county bankers to meet there in November with the Crawford County bankers as guests.

New Credit Firm

The Bankers' Agricultural Credit Corporation, with a capital stock of \$100,000, has been completed in Wichita. It will finance farmers and livestock men in Kansas and Oklahoma and will be able to handle \$800,000 thru the medium of the Federal Intermediate Credit Bank of Wichita. The officers of the new corporation will be with the Reserve State Bank.

The president of the new corporation, elected at the final organization,

is E. S. Tucker of Eureka. L. A. Faris, Norwich, is vice president; P. C. Cory, Wichita, secretary-treasurer. These with the following, constitute the board of directors: George Waitt, Rose Hill; L. S. Gardiner, Valley Center; J. B. Gardiner and Ray F. Foley, Wichita.

Loans made by the corporation on livestock or other farm products will have the approval of the Federal Intermediate Credit Bank of Wichita.

State Banks in Merger

Henry F. Koenke, Kansas bank commissioner, announced consolidation of two state banks at Bennington, Ottawa county. Under the merger the Farmers State bank is taken over by the Bennington State bank.

Sen. W. S. Arbuthnot was president of the Farmers State bank. The institution had a capital of \$12,000, surplus of \$12,000, and \$50,000 in deposits. The Bennington State, which will be the name of the merged banks, had \$12,000 capital, \$18,000 surplus and \$175,000 in deposits at time of the consolidation.

New Mexico News

Hold "Bankers' Day"

One day was designated as "Bankers Day" on the Farmers' Week program at the State College of New Mexico, and a joint bankers' and farmers' meeting was held. This included a meeting of the agricultural committee of the New Mexico Bankers' Association, and was presided over by Arthur W. Jones, chairman.

The first speaker on the program was John Bingham, state bank examiner, who discussed the condition of New Mexico banks, stating they were in as good condition or better than those in any other state.

Arthur W. Jones discussed the purpose of the meeting, its importance and various other phases. W. P. B. McSain, president of the New Mexico State Bankers' Association, spoke on "Banking Trends of Today" and presented the seriousness of the present economic condition and the great care that farmers should exercise in attempting to overcome the present depression.

President H. L. Kent gave a very instructive talk on "The College at Work," using charts to illustrate the various departments of the college

which are under the supervision of the president and board of regents, and showing how the college is directly connected with every vital phase of agriculture in the state.

Dan H. Otis, director, agricultural commission, American Bankers' Association, in his address showed how bankers could cooperate with and influence farmers toward better practices. He stated that much information of value was available through agricultural committees of the bankers' association was furnished to banks cooperating with the Extension Service and other agricultural agencies. Mr. Otis presented charts showing the influence of cost accounting on operations in different sections of the United States.

New Security Company

The New Mexico Security Co. of Albuquerque has been chartered by the state corporation commission. The authorized capital stock is 250 shares without par value and the company begins business with \$1,000. The incorporators are J. W. Burke, A. M. Burke and I. P. Cory, all of Albuquerque.

Colorado News

Clark Mitchell Dead

Colorado bankers were greatly shocked last month to hear of the sudden death of Clark G. Mitchell, vice president of the Denver National bank. Death came suddenly from peritonitis.

Mr. Mitchell was a member of nearly all of Denver's leading clubs and a director of the Denver Community Chest and a regent of the University of Colorado.

He was born in Leadville, Colorado, in 1887.

Following his graduation from Yale and Columbia universities, he followed mining for a number of years before entering the banking business in Denver.

For two years he was a mining engineer with the Britannia Mining & Smelting Co., of British Columbia, and for four years was superintendent, general manager and director of the Isabella Mines Co. of Cripple Creek.

In 1920 he became a vice president of the Bankers Trust Co., and later became associated with the Denver National, of which his father, the late John Clarke Mitchell, was president.

A former vice president for Colorado of the American Bankers Association, Mitchell was widely known among bankers of the state and nation.

During the World War he served with the aviation division of the U. S. army for two years.

Is Assistant Cashier

Robert R. Davis has been named as assistant cashier of the First National bank of Florence, Colorado.

Mr. Davis is a native of Florence, graduate of the Florence high school, and has been connected with the bank for the past seven years. Before his promotion he was general bookkeeper at the bank.

With the naming of the new officer, the list of officers at the bank is as follows: W. L. Morris, president; Robert S. Gast, vice president and chairman of the board; W. A. Rose, cashier; Robert Morris and Robert Davis, assistant cashiers.

New County Clearing House

Believing that it is for the best interests, not only of the banks, but also for the several communities served by them, the J. J. Harris and Co., bank

at Dolores, The Montezuma Valley National bank, of Cortez and First National bank of Mancos have organized the "Montezuma Clearing House Association" in Montezuma, Colorado.

The officers elected for the coming year are, G. O. Harrison, president; C. H. Webb, vice president; W. E. Faris, secretary-treasurer.

Resumes Colorado Loans

The federal land bank of Wichita, which is not a government institution although it bears the "federal" label, is making loans to Colorado farmers again. As a result of Governor Adams' request for a moratorium on

Colorado farm loans, applications from Colorado farmers were held up for a while.

"Colorado loan applications were held up in the Wichita bank for one committee," President John Fields said recently, "while a special committee of three of the most trusted and experienced men in the bank checked up on conditions in Colorado. This action was deemed common business prudence following the statement of Governor Adams that Colorado conditions were such that farmers could not pay interest and principal on their loans.

The committee reported at the close of the week that conditions in Colorado are not deplorable, but that they are quite similar to conditions in Kansas, New Mexico and Oklahoma, and that the bank would be safe in making additional Colorado loans.

"With this additional information substantiating our former belief in Colorado, the loans were made.

Wyoming News

Fair Elected President

The Wyoming Bankers' association closed its 23rd annual convention in Cheyenne last month with the election of officers who will preside over the business of the association during the coming year, until the 24th annual convention of the association in Rawlins in 1932.

William E. Fair, formerly of Cheyenne and now vice president of the Bank of Commerce of Sheridan, was elected president, S. C. Parks, president of the Shoshoni National Bank of Cody, was elected vice president, Kathleen Snyder was elected secretary, and Alex B. Maycock vice president of the Stockmen's Bank of Gillette, was elected treasurer.

Those elected to official positions on various committees were as follows: On the executive committee, M. A. Nelson, vice president of the Lander State Bank of Lander; W. E. Pearson, vice president of the First National Bank of Lovell; and C. H. McFarland, cashier of the Casper National Bank.

Five members were appointed to the agricultural committee as follows: A. E. Maloney, of the Security State Bank of Basin; F. V. Ellis, cashier of the Goshen County Bank of Torrington; A. J. Lowry, cashier of the Wyoming Trust Co., of Thermopolis; H. H. Hine, of the Stockgrowers Bank of Lander; and Paul Chase, cashier

of the American State, of Moorcroft.

Five members were appointed to the important duties of the legislative committee. They were George C. Muirhead, president of the Stockgrowers State of Worland; C. W. Erwin, cashier of the State Bank of Lusk; Osgood Johnson, vice president of the Stockgrowers of Wheatland; R. D. Fitch, cashier of the Albany National Bank of Laramie; and S. H. Weyman, cashier of the Riverton State bank, of Riverton.

A. H. Marble, president of the Stockgrowers National bank of Cheyenne, elected last year to a term of three years on the executive council, has two years to serve.

The following were elected to serve for one year from the opening date of the American Bankers' Association 1931 Convention: State vice president, Don H. Wageman of Cheyenne; member nominating committee, Carl F. Shumaker of Casper; and alternate, P. E. Nicolaysen, of Casper.

State vice presidents to serve one association year from the date of the annual meeting of each division were elected as follows: National bank division, R. H. Walsh, of Sheridan; Savings bank division, W. O. Ratcliff of the First Trust and Savings bank of Casper; State Bank Division, J. F. Watts, of the Wyoming Trust and Loan Co., of Buffalo.

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Capital \$1,000,000.00

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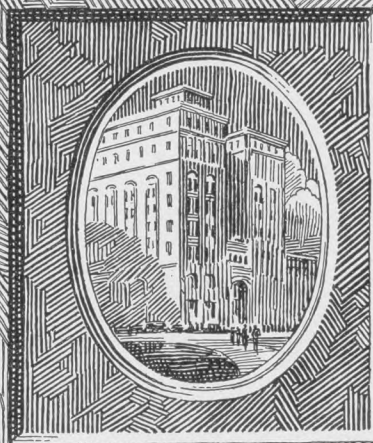
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