

# MID-CONTINENT BANKER

The Financial Magazine of the Mississippi Valley

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ST. LOUIS  
MARCH  
1931  
▼



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**Annual Bond  
and Investment Trust  
Issue**

▼  
Beware of  
the Ides of March  
Page Eleven

▼  
Solving the Problem of  
Diminishing Profits  
Page Thirteen

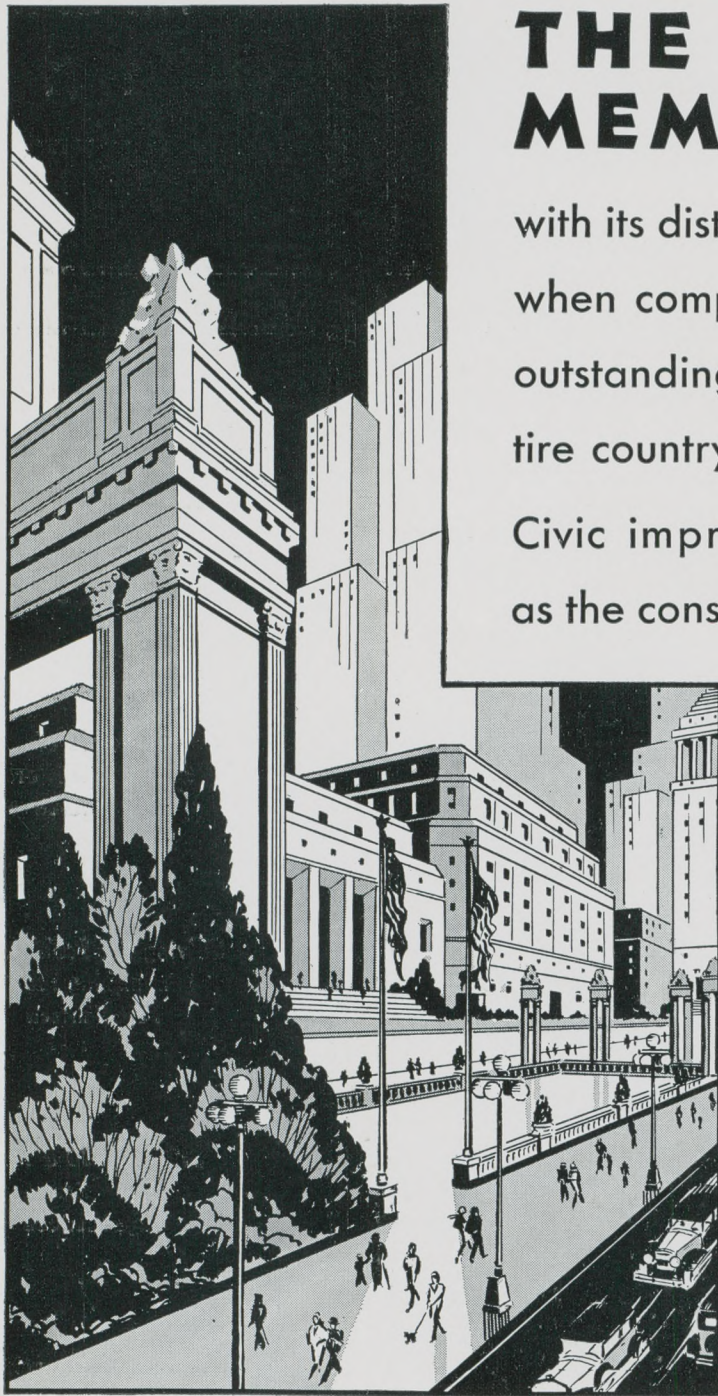
▼  
\$12,000,000 a Year  
for Crime  
Page Fourteen

▼  
Ten Legal Questions  
Page Fifteen

▼  
Special Bond and Investment  
Trust Section  
Page Seventeen

▼  
The Cover

A Section of Chicago's Skyline  
Where Michigan Avenue  
Crosses the Chicago River



## THE SAINT LOUIS MEMORIAL PLAZA

with its distinctive group of public buildings, when completed will represent one of the outstanding projects of its kind in the entire country.

Civic improvements of this type, as well as the construction of bridges, public school

buildings, waterworks, sewers, etc., are made possible through the sale of Municipal Bonds.

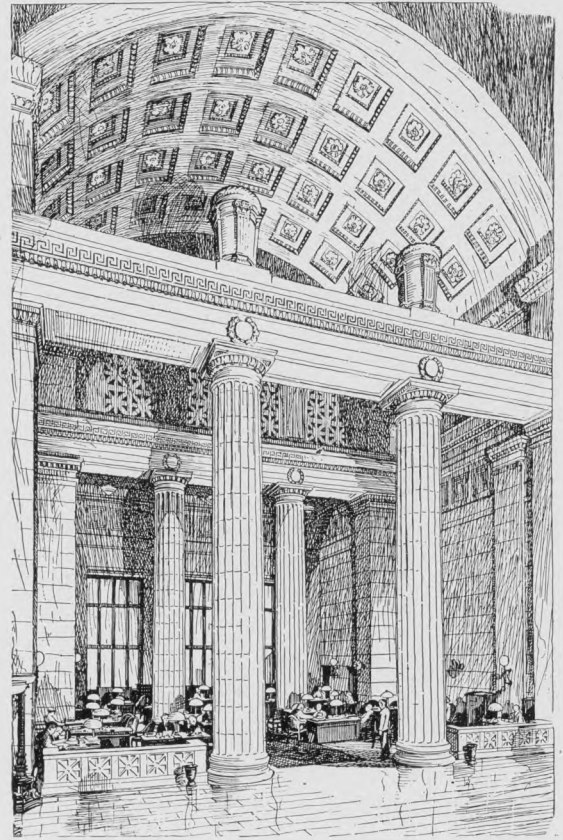
The First National Company offers to banks a selection of high grade Municipals, as well as other types of bonds. An inquiry will bring a list of our current offerings.

# FIRST NATIONAL COMPANY

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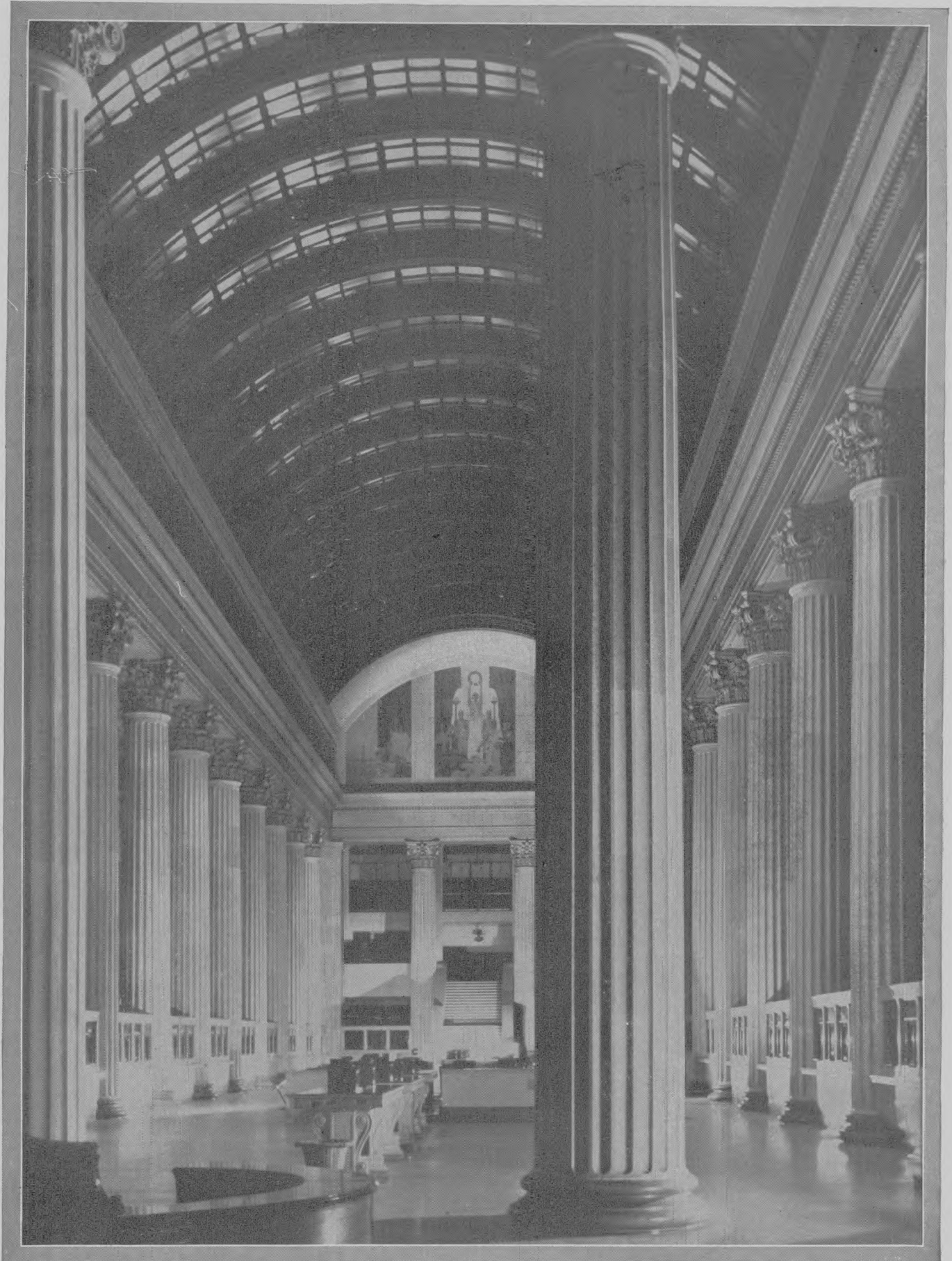
EVERY business item we handle for your bank, receives the same watchful attention from us that you yourself would give.

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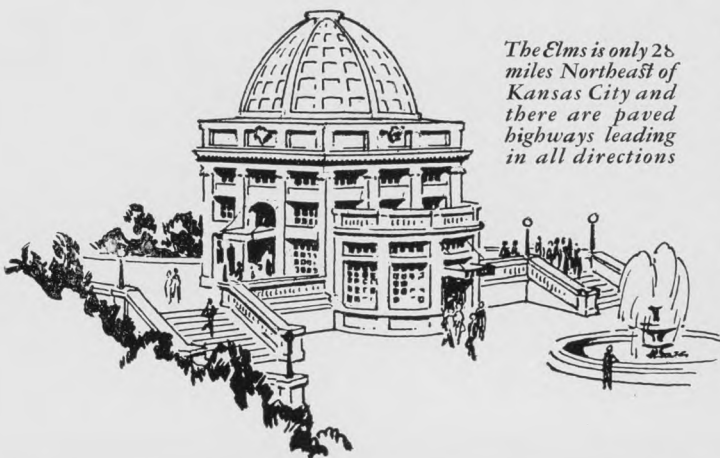
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**One of the World's Most Famous Mineral Springs Resorts**

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The first home of the Canal Bank, costing \$65,000, was built at the corner of Gravier and Magazine Streets. A site where the first Jesuits' Chapel stood.

1831

This Month



One hundred crowded years have come and gone since the New Orleans Canal and Banking Company received its charter in March, 1831.

To New Orleans, these hurrying years have brought many changes. Overcoming panics, depressions, floods, pestilence, wars, today New Orleans is the largest city in the South; and the Canal Bank is listed among the Nation's largest financial institutions and is the only bank in the Mississippi Valley to have carried on for a full century.

In honor of this occasion, we have printed a specially prepared booklet which contains much information to those interested in the history of New Orleans. A cordial invitation is extended interested executives to write for a copy of this booklet.

Rare indeed is the privilege of any institution to achieve its one hundred years in business; and the Canal Bank now begins its second century—ready to serve the New Orleans of tomorrow.

The Canal Bank, in its present home at Common and Baronne Streets, gives the city its largest office building. A monument to a century of progress.

1931

20 Conveniently Located Branches

The CANAL BANK AND TRUST Co. of New Orleans

### **TWO LARGE LOANS FINANCED HERE**

The Mercantile-Commerce Co. last month financed the issue of \$1,800,000 first mortgage 5 per cent gold bonds of the Sisters of Charity of the Blessed Virgin Mary, for completion of the new Mundelein College in Chicago, and the \$1,250,000 first mortgage 5½ per cent real estate gold notes of the Arlington Hotel Co. of Hot Springs, Ark. The total of these two issues was \$3,050,000.

In the entire United States, according to the monthly review of Nelson, Hunt & Co. of Chicago, the total volume of new real estate financing was only \$8,737,000. This nation-wide total was smaller than in January of the two previous years.

The Mercantile-Commerce Bank and Trust Co. was trustee of both the loans handled here.

**. . . This news item  
appeared in the St.  
Louis Post-Dispatch  
Feb. 15, 1931**

**Mercantile-Commerce Co.**  
LOCUST - EIGHTH - ST. CHARLES  
St. Louis

UP-TOWN ST. LOUIS    NEW YORK    HOUSTON, TEXAS  
GRAND & DELMAR    14-WALL ST.    2<sup>ND</sup> NATIONAL BANK BLDG.

**“NATIONAL  
HEADQUARTERS  
FOR REAL ESTATE  
LOANS”**



## Sell Them

NOT so many years ago the average banker was very much opposed to the idea of selling any kind of an investment to his customers. His reasoning was that it took money out of his bank and out of his community.

But times are changing. Now we find that 67 per cent of the banks in the MID-CONTINENT territory sell bonds to their customers, and 17 per cent sell investment trust shares—a form of investment practically unknown to the average bank customer five years ago!

Why the change? We may be wrong, but the reason seems traceable to the amount of money that has departed from various banking communities because the banker didn't sell his customers. He left it to the fly-by-night salesmen who came in with wild promises and departed with hard cash.

Having seen what happens to a lot of customers who have nice savings accounts, the banker has decided that it is not only his opportunity, but also his duty to do something about it.

Customers who have been or are inclined to be tempted by the stock market should be easily interested in investment trust shares. This type of investment offers the customer a chance to enhance his capital and at the same time secure a good return on his investment. Moreover, investment trusts are considered a safe and conservative form of investment, and the banker makes a profit from selling them without the necessity of buying them in advance.

J. J. W.

Reginald McKenna, chairman of the Midland Bank, Ltd. (London's biggest—\$1,900,000,000 deposits), in his annual report to the shareholders of the bank said something right in line with the editorial in the last issue of this magazine: "Earnings in the United States would justify greater expenditures . . . Americans have carried the ideal of thrift to excess." Frederick C. Goodenough, chairman of Barclays Bank (London's third biggest—\$1,600,000,000 deposits), said in his annual report: "If she (the United States) should cancel the war debts due her . . . the gain to her, as a great exporting country, through having solvent customers for her goods and through the increase of their purchasing power, would be immense."

# Mid-Continent Banker

The Financial Magazine of the Mississippi Valley

Vol. 27 No. 3

## CONTENTS for MARCH, 1931

Beware of the Ides of March— <i>Roscoe Macy</i>	11
Solving the Problems of Diminishing Returns— <i>A. H. Frenke</i>	13
\$12,000,000 a Year for Crime— <i>James E. Baum</i>	14
Legal Questions for Bankers— <i>Charles H. Wager</i>	15
The Kind of Securities Banks Buy and Sell— <i>James J. Wengert</i>	17
Buy Bonds— <i>Leroy D. Peavey</i>	23
Forces of Gloom Gradually Spend Themselves— <i>Max Winkler</i>	24
Answering Critics of the Fixed Type Trust— <i>Averell Broughton</i>	30
Water Company Bonds— <i>William S. Leeds</i>	32
Cumulative vs. Disbursement Trusts— <i>L. L. Howe</i>	38
Should Banks Buy Long-Term Bonds— <i>C. F. Cooley, Jr.</i>	46
Olive Street Notes— <i>James J. Wengert</i>	52
Sidelights on Financial News	56
Facts About Federal Land Bank Bonds— <i>Wood Netherland</i>	64

### STATE NEWS SECTIONS

Illinois	66	Mississippi	73
Kentucky	68	Tennessee	73
Indiana	69	Missouri	74
Arkansas	70	Kansas	75
Alabama	72	Texas	76
Louisiana	72	Oklahoma	77

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# For Collections



**CONTINENTAL ILLINOIS  
BANK AND TRUST  
COMPANY  
CHICAGO**

●  
INVESTED CAPITAL 150 MILLION DOLLARS



Look out for «Quick Assets» during March

**A**S this is written, another First of March—moving time on the farm—is almost upon us. I can remember when this was a day of hurrying and scurrying; we'd come down to the bank at daybreak, rush all day from here to there and back again, and finally lock the front door about dark, with the whole day's business still to be balanced up after supper.

In those days, the country banker spent a good share of the first of March in making out deeds and mortgages, covering transfers of real estate. More recently, the clerk of court and the county sheriff have been getting all this business away from us—about our only part in the proceedings is the matter of releasing our second mortgage in order to save somebody the expense of foreclosure on the first lien. The sheriff gets twenty cents a mile for driving down and serving the foreclosure notices; we used to cover just as much distance, in repeated trips from the counter to the typewriter and back again, for about the same fee, and we had to do our traveling on foot.

It used to be a lot of fun, in the old days, to watch the footings mount on March first. Even in a vest-pocket bank like ours, the individual debits on that day would sound like the Chase National, or the Federal Reserve—“000's omitted,” you know.

# BEWARE of the Ides of March

says **ROSCOE MACY**

This year, we'll probably cash two or three cream checks and sell the barber a package of nickels, and then, about two in the afternoon, we'll yawn a couple of times and put a sign on the door telling any stray customer to phone the house if we're needed for anything before closing time.

Not that the first day of March has lost all its terrors for the country banker. Not a bit of it. The bank that makes loans to farm tenants on chattel mortgage security sometimes finds that around March first, these are the quickest of all its assets. Too darned quick, as a matter of fact. Loaded in a late model truck, they can travel as fast as sixty miles an hour, and occasionally do. Which wouldn't be so bad, except for the fact that they're usually traveling away from the bank, instead of getting closer.

I've often thought that someone

with a knack for handling animals could make a fortune training collateral bloodhounds for country banks. Dogs, you know, that could take one sniff at the chattel mortgage in your note case, and then go out and tree all seven of Bill Jones' cows, together with their natural increase, as specified in the mortgage.

We've tried employing a “chattel mortgage detective,” to “shadow”

livestock on which we hold a lien. This fellow did pretty well, until one day we saw a truck drive through town with Jess Stanley's “1 muley cow, named Betsy,” as a passenger. We had a purchase price mortgage on Betsy, but it had been given a long time ago—farther back than Betsy could be expected to remember. Well, we got our chattel detective on her trail, and he did a good job of shadowing. He shadowed Betsy clear to Chicago, and finally wired us from one of the big packing plants, for instructions; it seems that Betsy was disintegrating too rapidly for him, and he was at a loss to know whether to shadow her liver or her brisket. They were going in opposite directions, and he didn't know which to follow.

Now, that's the proposition that confronts the country banker, these days, when moving time rolls round. How shall we keep tab on our chat-

tel mortgage security? I have a lot of ingenious schemes worked out to solve this problem, but for some reason, I am more enthusiastic over these schemes than are my associates. Quite a bit more. For example, I can't persuade them to adopt the plan of branding our security when we take a mortgage, the way they do out West. I admit this scheme wouldn't work out so well on a stack of hay—or even a crib of corn. But our directors think it has its objectionable features, even in the case of livestock; they say it's unreasonable to ask any cow to submit to being branded "Mortgaged to the Merchants-Prudential State Savings Bank

and Trust Company." One director estimates it would take no less than three cows, end to end, and that even then some of the "Company" might run over onto the bull. Personally, I can't see any harm in that, but that's the reception my schemes get here at home. They'll be sorry some day, when they see me out branding mortgaged sheep for the Federal Intermediate Credit Bank.

Not that I am complaining. I'll soon have my patent Mortgage Jack on the market, leading me to financial independence. You see, it is sometimes the case that our mortgage is so heavy that the poor mortgagor, when he gets ready to move

the first of March, finds he is unable to move his property. It is too heavily encumbered. In such cases, my patent mortgage jack, with ratchet attachment, will be sufficiently powerful to lift at least a corner of the mortgage, so the property can be moved.

One of the worries we used to have to face on March first was the interest payments our customers had to make to real estate mortgage loan companies. This worry has now disappeared; instead of interest, the loan companies are now accepting rent—when the tenants are able to pay it.

Yes, business is quiet—so quiet you can almost hear a quotation drop. But maybe we're just lucky and don't know it. There were a few years when this section of the country appeared to have a corner on bank prestidigitatorial ability. We were the champion sleight-of-hand bankers. On Monday evening, Grassville, for example, had a bank. Tuesday morning, presto! The bank was gone! Just like that—and a notice pasted on the front door to prove it. The hand was quicker than the eye, and the liability was quicker than the asset.

Now, though, we seem to have lost some of our cunning, but the public for which we used to perform has learned our best tricks. Arkansas, Florida, and a dozen other states have taken the spot light away from us. Maybe it's a good thing we aren't having quite so much to do this first of March.

## Bank Management Conference at Kansas City

**P**LANS are practically complete for the midwestern bank management conference to be held at Kansas City, Missouri, March 19 and 20, under the auspices of the Bank Management Commission of the A. B. A. and the state bankers' associations of Arkansas, Kansas, Oklahoma, Missouri, Nebraska and Iowa. Fred B. Brady, vice-president of the Commerce Trust Company, Kansas City, is to be general chairman.

Four sessions will be held. The first session, the morning of March 19, will consider the topic "Loan Administration." The general theme of the afternoon session that day will be "Profit-producing Policies." The third session, in the evening, will take up "Investment Policies." The closing session, the morning of March 20, will discuss "Bank Administration and Management."

At the session devoted to loan administration fundamental loan principles will be presented and discussed, comprising diversification of loans, safety, length of maturity, installment loans, security back of loans, liquidity to correspond with character of deposits, rate of return, analysis of customers' requirements, etc.

At the session on profit producing policies discussion will include analysis of general operating costs to determine and eliminate nonessentials; installation of expense control; analysis of accounts to determine their profit-producing status; service charges to put small accounts on a paying basis; per item charges to take care of excessive activity costs; payment of interest with relation to

and profits against lean years; cooperation through city and regional clearing-house associations; credit bureaus and the elimination of duplicate borrowers and other banking menaces.

The third session will consider investment policies in relation to the type of deposits a bank carries and the type of paper making up a bank's portfolio. Subjects will be the factor of liquidity in loans and discounts, and the value of commercial paper, bankers' acceptances and call loans in building up adequate secondary reserves against deposit withdrawals. Essentials of sound bank investment will be treated in the light of types of desirable securities for bank investment and diversification as to quality, maturities, incomes and marketability. The necessity for following and analyzing bond price trends to enable a judicious shifting of holdings at opportune times and comparison of bond yields and short-term money rates under different conditions will also be taken up.

At the session on bank administration and management there will be discussed the responsibility of directors with regard to the machinery for sound management and proper control; the application of efficient business technique to directing and operating a bank; responsibility of directors to stockholders and depositors; cooperation between officers and directors. Loans to officers and directors and to corporations in which they are interested will also be treated, covering authority to grant such loans and the precautions to be taken.

### Hibernia Official Honored for Long Service

Benjamin Roach, assistant cashier of the Hibernia Bank and Trust Company of New Orleans, recently celebrated the anniversary of his 25th year of service with the bank. With appropriate ceremonies, Mr. Roach was inducted into the membership of the Quarter Century Club, an organization composed of directors, officers and employes who have served their institution for twenty-five years or more.

R. S. Hecht, president of the Hibernia Bank and Trust Company, presented Mr. Roach with a gold button emblematic of his service, and complimented him highly upon his faithful and efficient record.

There are now 23 members of this exclusive organization whose length of service with the bank totals 737 years, with an average for each member of 33 years.

## Those Days Are Gone Forever

*In days gone by a man's bank account  
Was taken no matter how small the amount  
We never considered how much the bank lost  
For banks could never quite figure the cost  
If we wanted to charge him for cashing his draft  
The customer simply pooh-pooed us and laughed  
He probably thought we had a side graft  
But those days are gone forever.*

*Our customer admits his account's never large  
Yet will not submit to a small service charge  
His habit to o'erdraw he will not estop  
But wants a check book with his name at the top  
Our notice of past due notes is ignored  
We send him another with date underscored  
He says a part payment he cannot afford  
But those days are gone forever.*

*We bankers would pay and let him o'erdraw  
In response to a notice we got the haw-haw!  
We gave him exchange on St. Louis or New York  
And never were paid for our time or our work  
Our service was gratis, our customer spoiled  
If we mentioned a charge he thought us hard-boiled  
We just worked for nothing and worried and toiled  
But those days are gone forever.*

—Anonymous.

**W**ITH the advent of the World War, the nation became obsessed, and justly so, with the idea of service; and the banks, very fittingly, as semi-public institutions, fell in line with the ideas then current.

However, even the best of things can be abused by being carried too far or by being prolonged beyond the period of necessity that gave them birth.

This is precisely the case with the superabundance of free service that the banks of the nation have been giving for the last ten years—it has been unduly prolonged beyond the national necessity that justified it.

Bankers all over the country have been awakened gradually to this condition by having it brought home to them very forcibly in the form of diminishing profits.

Whereas bank stocks formerly averaged at least an 8 per cent return, today they can scarcely be said to average much better than a 4 per cent return.

This is a situation which, in justice to stockholders, calls for some

# Eliminate "Free Service" and Solve the Problems of Diminishing Profits

By A. H. FRENKE, Ph.D.

Assistant Cashier, Liberty Bank and Trust Company  
Louisville, Kentucky

corrective measures. A holder of the common stock of any business is just as much in the class which economists call the "entrepreneurs"—those who assume the risks—as any man who engages in business for himself, and is therefore entitled to more than a mere investment return on his capital.

If the element of risk involved in common stocks did not entitle common-stock holders to additional compensation for the risks incurred, all the surplus wealth of the country would be seeking only gilt-edge investment opportunities where the element of risk would be practically eliminated, and the nation's business

ities; and they share the risk-burden of them all.

They are, therefore, entitled to better than a mere investment return on the capital which they risk and it behooves those in charge of their interests to use due diligence to procure adequate compensation for them.

In substance, it is the bounden duty of those in whose hands lie the destinies of the commercial banks of the nation, not only to safeguard the interests of the depositors, but also to watch over the interests of the stockholders.

This is no mere selfish consideration, for it is in the nature of the

would come to a standstill: of invention, expansion and progress, there could be no word.

Now, the holders of the common stock of a commercial bank are preeminently "entrepreneurs," for they participate in the risks, not of one business, but of many businesses; they are directly and financially interested in practically every industrial and commercial activity of their respective local-

(Continued on page 34)

For the past five years the direct loss which crime has inflicted upon banking has averaged more than twelve million dollars annually. Of this amount the embezzler gets seven million; the holdup bandit gets two million; the forger gets one million; the burglar gets four hundred thousand dollars; and the remainder is divided among credit sharps, sneak thieves and swindlers.

# \$12,000,000.00 a Year for Crime !

By JAMES E. BAUM

Manager, Protective Department  
American Bankers Association

**E**XPERIENCE of casualty and surety companies and the records of the American Bankers Association's Protective Department indicate that during the past five years the direct loss which crime inflicted upon banking averaged more than \$12,000,000 annually. Of this yearly burden the embezzler accounted for not less than \$7,000,000, and the forger took another \$1,000,000. This means that two-thirds of the total losses resulted from crimes of opportunity which are preventable with reasonable care and controllable within the banks.

Oddly enough, the amount doled out annually to the latest and most serious menace to bankers, the hold-up bandit, is less than \$2,000,000, or only one-sixth of the annual crime bill against banking. Losses from bank burglary average but slightly more than 3 per cent, or about \$400,000 annually, and the remainder is divided among credit sharps, sneak thieves and swindlers.

Premium rates for insurance against robbery give a simple but illuminating story of fact, and they also furnish a fair, though belated, index to the popular trend in bank robbery. Twelve years ago the night burglary hazard in banking was so much greater than daylight robbery that insurance premiums for the latter risk ranged from one-fourth to one-half of the burglary rate. Prior to 1918, the holdup coverage was literally "thrown in" the burglary and

Today the reverse is true, and in many states the gap between premiums on the two risks has steadily widened, not alone because hold-up losses have mounted, nor from the popular fallacy that yeggmen have deserted their brothers in slow-motion robbery to take up banditry. A good torch man or one expert in the handling of "Dan" (dynamite) makes the best burglar and so long as he is free and inclined to crack a safe, he sticks to burglary. Burglary losses have also dropped in that period.

The same inventive genius which facilitated the bandits' surprise attack and speedy escape with automatic firearms and high-powered motors also devised automatic alarm systems and created torch-, drill- and explosive-proof metals, laminated or composite—all of which have gone a long way toward making bank burglary unprofitable. Our burglary problem is not entirely solved, but it is a matter of record that only the "soft" safes and vaults are yielding to the burglar's tools. It is also significant that one of every three bank burglaries attempted during recent years has been either completely frustrated or the resulting loss was from damage alone, and not in money or securities. If experience means anything, science and invention have caught up with the burglar, and many bankers have availed themselves of its products with at least the same care in choosing their equipment for resisting attack as the burglar has prepared for attacking.

Not so with the bankers' defensive measures against daylight hold-up. Even the casual reader of the daily press is awake to that fact—

and why not bankers? Because of the greater danger to life, is it due to their inclination to rely entirely upon indemnity of financial loss through insurance, the line of least resistance? With the exception of a few states where the vigilantes, town guards or rangers are well organized, the record answers in the affirmative.

**B**ARRING messenger robberies, nine out of every ten bank hold-ups are directed against undermanned or unguarded banks, and the majority of these occur during the luncheon periods in small or outlying communities, isolated and lacking modern means of protection within the bank and oftentimes without the police power outside to match strides with the bandits in their get-away. "To stage the hold-up and dodge traffic, the bandits used a stolen light car, which was later abandoned to avoid their identification, and the robbers shifted to a high-powered car a few miles out of town and sped away"—thus read the stereotyped news items, which admit "there were but two employes in the bank" and the familiar assurance that "the bank's loss was entirely insured."

Against the bankers' effort in foiling one out of every three burglary attempts, which is nothing to crow about, they fare considerably worse against the bandit, the record showing only one holdup being frustrated out of every seven attacks. Moreover, the average haul in a bank holdup is much greater than in burglary, which is another way of saying that banks with weak vaults or safes have learned to keep a minimum of cash and securities overnight, and those carrying larger amounts are equipped with burglary-proof vaults and modern alarm systems.

With the continuous stream of warnings which bankers receive in

the Protective Section of the American Bankers Association Journal, and others sent by state bankers associations, they must realize that the bank bandit of today is a specialist, versatile and highly developed in working out the finest details of staging a successful surprise attack. He ranks among the intelligent criminals who rarely strike simply on an impulse of the moment. Investigations of these crimes and the confessions of their perpetrators give ample proof that they are planned with the utmost care and preparation. Advance scouts are usually detailed to get the "lay" of the bank selected for a raid, and they are chosen not to take part in the holdup, but for

their ability to analyze and report the strong and weak spots in the routine, personnel, alarm equipment and whatever police protection the bank may have.

**W**HAT to do before the bandit's arrival is the most serious crime question now confronting all bankers, and little hope of relief or solution of the problem is offered by alarm systems or other protective devices which depend entirely upon the strength or weaknesses of the human element for their operation. The majority of alarms now installed do not measure up to the needs of the situation because they fail to offset the bandits' well-known ad-

vantage of surprise threat which instantly places his victims' lives in the balance, thus rendering them powerless to think of anything short of self-preservation. The professional bandit knows this only too well, and old-style, open-circuit, loud-sounding gong alarms hold little or no terror for his kind—and their wire-cutting tools. Nothing short of a countersurprise will stop them, and the only signal systems which have proved dependable are those which are not only silent within the bank when the alarm is sounded, but also those which operate regardless of the uncertainties of the human element.

(Continued on page 35)



Correct answers to these questions will be found on page sixty of this issue.

# 10 LEGAL QUESTIONS for BUSY BANKERS

By **CHARLES H. WAGER**

Attorney at Law, St. Louis

**1.** The directors of an Ohio corporation were sued individually for a loss to the corporation alleged to have been sustained because they failed to care for its property and manage its affairs in good faith. They successfully defended the suit. Can they pay out of the corporation treasury the necessary cost of attorneys' fees in defending the suit?

**2.** A Kansas county procured a bond guaranteeing deposits in the bank that was the depository for its funds. The bank failed and the county brought suit against the guarantors. At the time the bond was executed and at the time the loss occurred the Bank Guaranty Law of Kansas, which has since proved a failure and which has been repealed, was in effect. It provided, among other things, that county officers should not require bonds for the security of county funds from banks participating in the guaranty fund and also that county officers requiring bonds in such cases should be removed from office. The guarantors defended on the ground that the bond was in violation of the law and therefore void. Is the defense good?

**3.** A two hundred dollar deposit was made in an Ohio bank in 1911 and the bank issued a deposit certificate on the deposit. Nothing further was done in regard thereto until 1929 when the depositor demanded the return of his money. The bank refused to return the money, stating that the 15-year statute of limitations had run. The depositor sued the bank. Can he recover?

**4.** The commissioner of finance of the State of Missouri brought suit on a two thousand dollar note on behalf of a defunct bank. The defendant admitted the execution of the note but set up a counterclaim that the bank owed the administrator of his mother's estate, of which he was the sole heir, certain sums of money exceeding the amount of the note. Can the deposit in the name of the administrator be set off against the note?

**5.** A tenant rented a Tennessee farm for a year on February 5,

1929, paying rent in advance, and planted corn thereon. On July 10, 1929, a mortgage given and recorded prior to the rental contract was foreclosed and the property sold. The purchaser demanded possession of the property and proposed to enter thereon when the tenant filed an injunction to restrain him from interfering with the gathering and removing of the corn. Is the tenant entitled to the corn?

**6.** John Smith conveyed a farm to his second wife for life with remainder to the children of his first wife. At his death the second wife entered into possession of the property and held it for more than fifteen years. At the death of the second wife her sole heir took over the farm and brought suit to quiet title against the children of the first wife of John Smith. He based his claim to the title on the ground that his mother had held the land for more than fifteen years, which was

the statutory requirement for adverse possession. Is this claim good?

**7.** In a suit on a note in Missouri for \$5,000 the defense was made that there was a material alteration of the note in that it originally provided for no interest but was altered without the maker's consent to provide for 5 per cent interest. The blank providing for the amount of interest was originally filled in in ink in the maker's handwriting with "no" but this had been marked over in indelible pencil in an unknown handwriting with "5%." The payee had died and suit was brought by the administrator of his estate, who had no explanation for the alteration, if any. Upon whom was the burden of proving there was no material alteration?

**8.** On November 19, 1924, five shares of stock in a Texas state

bank were sold by James Johnson to Gerald Smith. Johnson endorsed the stock certificate to Smith and wrote the bank that he had sold the stock. Smith never presented the stock for transfer on the stock records of the bank. The by-laws of the bank provide that the bank stock is transferable only on the books of the bank. On May 17, 1926, the bank failed and the banking commissioner sued Johnson for a 100 per cent assessment levied against the five shares. Can he recover?

**9.** A Massachusetts bank negligently failed to send notice of protest for nonpayment to the endorsers on a note held by John Jones. The note was worth \$6,500. The maker had gone into bankruptcy. The two endorsers were fairly worth \$2,500. How much could John Jones recover from the bank?

(Continued on page 36)

## A New Plan That Will Build Business and Good-will

By H. A. RICHARDSON

Vice-President, Conqueror First National Bank  
Joplin, Missouri

**H**OW often have you heard someone say that they were "completely through" with such-and-such store or bank because of the discourteous or undiplomatic treatment of some clerk or teller? Often enough, probably, to agree with the statement that every business enterprise, whether manufacturing, merchandising or banking, is either advanced or handicapped to a certain degree by its personnel.

All of us know how important it is to have the good-will of our customers. We select and train our tellers and clerks with this in mind, but in spite of their best efforts, a customer occasionally takes offense at something a teller has said or done—perhaps through no fault of the teller. He does the best he can, but he works under a severe handicap. He meets hundreds of the bank's customers each day—but the meetings are brief, and through the bars of a cage!

Under such circumstances it is just as hard for the customer to become friendly with the teller as it is for the teller to become friendly with the customer and, unless they do become friendly with each other, it is

comparatively easy for a misunderstanding to arise and a customer to take offense.

Our bank has hit upon a plan, de-



H. A. RICHARDSON

signed to overcome this difficulty, that is proving very effective. Briefly, this plan calls for releasing each teller from his respective duties, one

day each week, for the purpose of calling on customers of the bank.

The manner in which our tellers operate is left largely to them. Their business is to spend one day each week getting acquainted with the bank's customers. They go out and call on the customer at his place of business. They make the customer realize that his business is appreciated. They familiarize themselves with the customer's business and equip themselves with a general knowledge of the prospects for the future development of this business. Very often, they increase the customer's use of the bank's facilities and occasionally they correct some misunderstanding that a customer has been grumbling about. The customer appreciates these visits from tellers and a better understanding between the bank and its customers has come about through this avenue of personal contact.

The teller in calling on his customers, of course, keeps a record as to the calls he makes and briefly gives a description of each visit made, as to whether he has any suggestions to offer for the benefit of the bank, as to whether he is satisfied or not, etc. When the territory has been covered, the tellers are switched from one territory to another and in this manner it is not a boresome proposition to any of them. Each teller, of course, is also calling on new prospects for accounts and offering the bank's facilities generally. His place at the window during his absence is filled by a utility man and there is no lost motion in the organization during his absence. In this bank, where we have seven paying and receiving tellers, the above arrangement has proved very satisfactory in every respect.

A teller has one of the most trying positions in a bank. He is the receiving line and is at all times keyed up to a high tension. His nerves are under a strain, for he bears the responsibility of receiving his customers in a satisfactory manner. His appearance and his manner of receiving customers is very important. When done efficiently, it is one of the greatest assets that a bank or any other institution that is dealing with the public can have.

The arrangement we have put in effect relieves the teller from the strain, diversifies his thoughts and places him in a position to work for the benefit of his institution, a better and bigger cog in the wheel of a successful organization.



## Special Bond and Investment Trust Section

# The Kind of Securities Banks BUY and SELL

By JAMES J. WENGERT

**N**INETY per cent of the banks in the Mid-Continent territory buy bonds for secondary reserve purposes, and sixty-seven per cent of these banks sell bonds to their customers.

These facts are brought out in the tabulation of more than 1,400 returns

number of banks selling bonds—in spite of the intervening interest in the stock market!

An astonishing increase in the amount of interest shown by banks and their customers in investment trusts is also indicated in the tabulation of results of the survey. Although only 17 per cent of the banks answering the questionnaire reported that they were selling investment trust shares, 71 per cent replied that their customers were exhibiting an increasing amount of interest in investment trusts, and 38 per cent reported that they were interested in the idea of selling investment trust shares to their customers!

Replies indicated that customers who formerly bought any kind of security on their own judgment are now coming to the banker for advice. A number of bankers stated that customers who formerly bought stocks are now buying investment trust shares or bonds.

While 1930 was not generally considered a good bond year, public bond and note financing amounted to \$5,846,064,000 which was approximately \$1,000,000,000 larger than the 1929 volume of \$4,879,953,000, and it must be conceded that a large part of this volume was absorbed by banks because the total bondholdings of banks throughout the country are now reported to be greater than ever before.

The chart on this page gives the answer to the first question, "Does your bank buy bonds for its secondary reserve?"

Now, let's consider the second

question, "Of the total amount of bonds bought for your secondary reserve, what is the percentage of the following classes: Industrial, Railroad, Government, Real Estate, Foreign, Municipal, Public Utility and Federal Land Bank?"

Chart I

Does Your Bank Buy Bonds for Its Secondary Reserve?

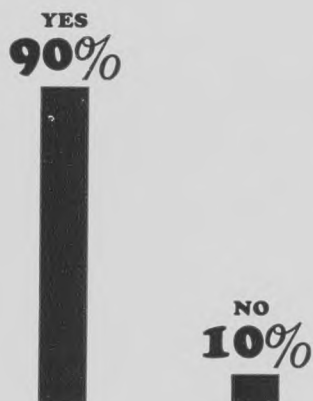
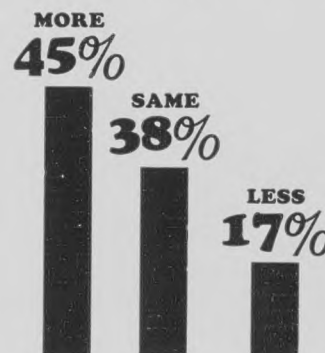


Chart II

Will Your Bond Purchases for Your Secondary Reserve in 1931 Be More, the Same or Less Than in 1930?

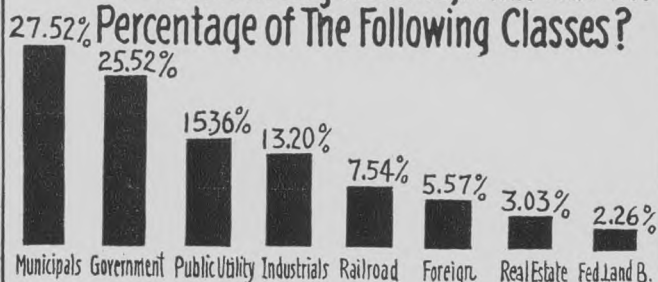


from 3,000 questionnaires mailed recently in the seventh annual investment survey made by the MID-CONTINENT BANKER among banks in the territory which it serves.

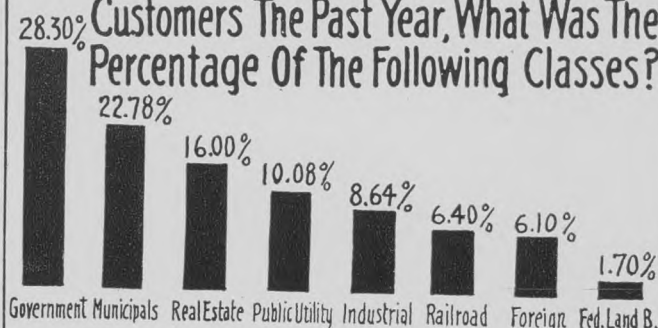
Three years ago, the results of a similar survey indicated that only 35 per cent of the banks in this same territory sold bonds to customers. So, since 1928, there has been an increase of nearly 100 per cent in the

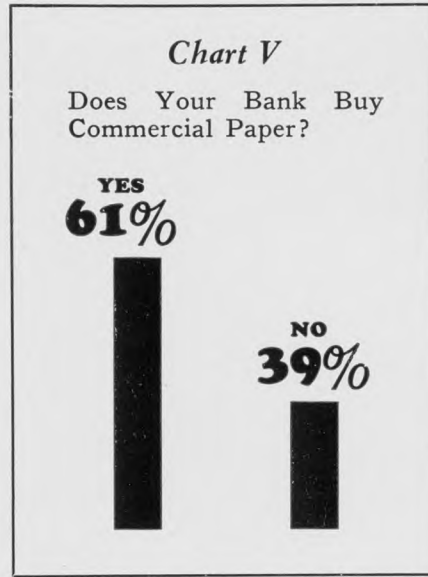
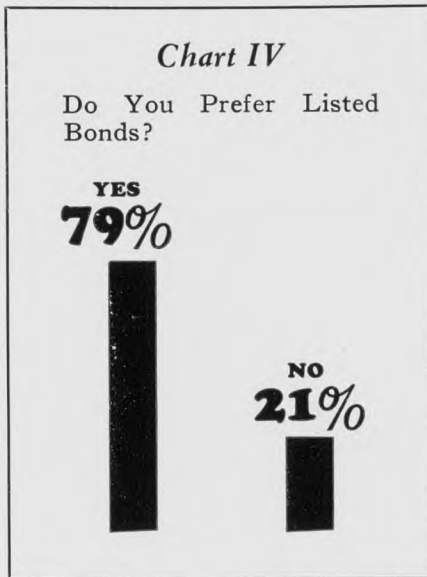
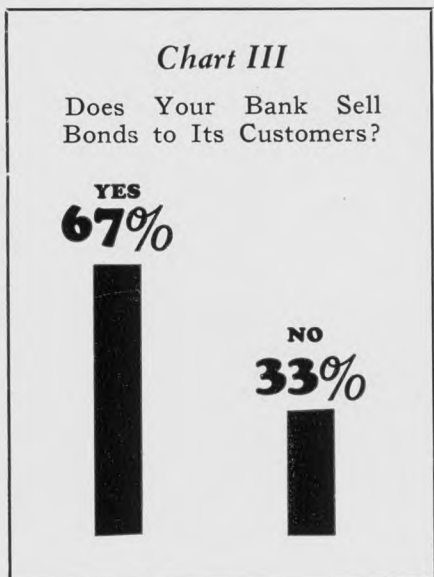
The chart at the bottom of this page shows the results. Compared with last year's figures, we find that there has been considerable change. For the first time since the MID-CONTINENT BANKER started making these annual surveys, seven years ago, Municipals rank first with 27.52 per cent. Last year they ranked second with 18.48 per cent, and Governments ranked first with 28.29 per

Of The Total Amount Of Bonds You BOUGHT For Your Secondary Reserve, What Was The Percentage Of The Following Classes?



Of The Total Amount Of Bonds SOLD Your Customers The Past Year, What Was The Percentage Of The Following Classes?





cent. Governments are now second with 25.52 per cent. Public Utility bonds again rank third with 15.36 per cent which compares with 15.90 per cent last year. Industrial bonds have dropped from second to fourth place and now represent only 13.20 per cent of the total. Railroad bonds have climbed from sixth to fifth place, but have lost nearly 1 per cent from last year's total of 8.32 per cent. Foreign bonds occupy sixth place with 5.57 per cent, and Real Estate bonds are now in seventh place with a mark of only 3.03 per cent to compare with last year's fifth place total of 10.82 per cent. Federal Land Bank bonds rank eighth with 2.26 per cent—an amount nearly four times greater than it was last year.

To the question, "Will you buy more bonds for your secondary reserve in 1931 than you did in 1930?"—45 per cent replied "more," 38 per cent, "same," and 17 per cent, "less."

The average percentage of listed

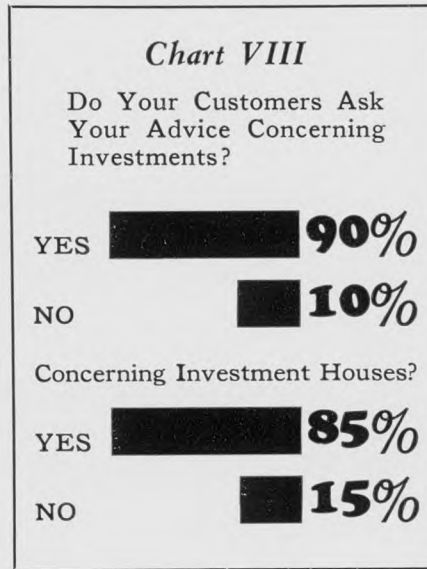
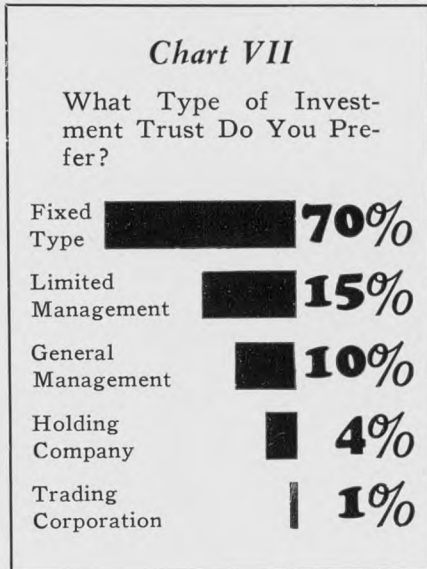
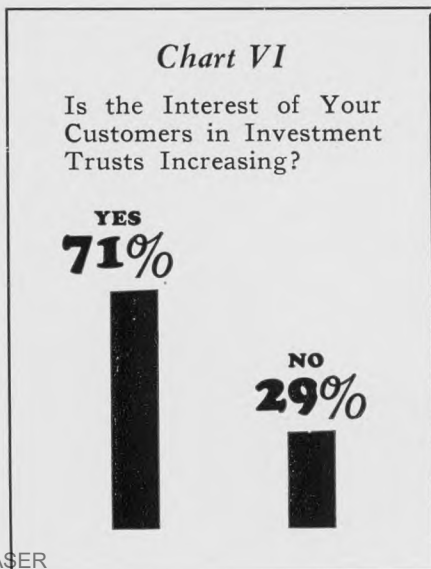
bonds bought by banks is shown to be 61.32 per cent, while 79 per cent of the banks replying to the questionnaire expressed a preference for listed bonds. Sixty-one per cent reported that they bought Commercial Paper and a number of others took the trouble to explain that they intended to buy Commercial Paper as soon as the rates improved.

The chart showing the kinds of bonds sold by banks to customers appears at the bottom of the preceding page. Here there has been less change in percentages than there was in the case of bonds bought for secondary reserve purposes. Government bonds rank first with 28.30 per cent, and Municipal bonds rank second with 22.78 per cent. Last year Governments ranked first with 26.89 per cent and Municipals ranked second with 19.65 per cent. Real Estate bonds again rank third, but now represent only 16 per cent of the total as compared with 18.05 per cent

last year. Public Utility bonds rank fourth with 10.08 per cent compared with 16.24 per cent last year; Industrial bonds occupy fifth place with 8.64 per cent compared with 12.92 per cent last year; Railroad bonds rank sixth with 6.40 per cent compared with 3.94 per cent last year; Foreign bonds are in seventh place with 6.10 per cent compared with 2 per cent last year; and Federal Land Bank bonds are in eighth place with 1.70 per cent compared with .31 per cent last year.

Some of the questions relative to investment trusts have already been commented on, and charts tabulating the returns appear on this page. The preference of bankers for investment trusts of various types is also indicated in a chart on this page. Fixed trusts are an overwhelming favorite with 70 per cent; Limited Management trusts rank next with 15 per cent; General Management trusts rank next with 10 per cent; Holding Company trusts rank next with 4 per cent; and Trading Corporation trusts rank last with 1 per cent.

(Continued on page 36)



# The Largest Fixed Trust

## NORTH AMERICAN TRUST SHARES

NORTH AMERICAN TRUST SHARES—the original distributive type fixed investment trust—was first offered in January, 1929.

<i>By</i>	<i>Investors had purchased over</i>
J u l y 1 9 2 9	— \$ 10,000,000
J a n . 1 9 3 0	— \$ 40,000,000
M a y 1 9 3 0	— \$ 75,000,000
J u l y 1 9 3 0	— \$100,000,000
O c t . 1 9 3 0	— \$125,000,000
<b>January 1931</b>	<b>— \$150,000,000</b>

In the depression year 1930 investors, more than ever careful, critical and hesitant, placed more than \$102,800,000 in newly created NORTH AMERICAN TRUST SHARES—a larger sum than was invested during 1930 in any new issue of corporation bonds (excepting two major issues), or of stock offered generally to investors in the United States. This sum exceeds the amount invested during 1930 in the newly created shares of any other fixed trust.

### A FEW REASONS:

1. The name of this trust—NORTH AMERICAN TRUST SHARES—has become virtually synonymous with the term, "Fixed Trust."
2. The farflung popularity of this trust is proof of the wide appeal of a grouped common stock investment available for all classes of investors at a moderate original charge.
3. Purchasers realize the accuracy with which the price of these trust shares is based upon the actual transaction prices of the underlying stocks during market hours.
4. Purchasers appreciate the privilege of converting these trust shares through the trustee into underlying stocks or cash without payment of a conversion penalty.

NORTH AMERICAN TRUST SHARES are certificates of ownership in a fixed group of common stocks listed below deposited under a trust agreement with the Guaranty Trust Company of New York, Trustee.

#### Railroads

Atch., Top. & S. Fe Ry. Co.  
Canadian Pacific Ry. Co.  
Illinois Central R.R. Co.  
Louisville & Nash. R.R. Co.  
New York Cent. R.R. Co.  
Pennsylvania Railroad Co.  
Southern Pacific Company  
Union Pacific R.R. Co.

#### Oils

Royal Dutch Company  
(N. Y. Shares)  
Standard Oil Company  
of California  
Standard Oil Company  
(New Jersey)  
Standard Oil Company  
of New York  
Texas Corporation

#### Industrials

Am. Radiator & Stand.  
Sanitary Corp.  
American Tobacco Co. (B)  
E. I. du Pont de Nemours  
& Co.  
Eastman Kodak Co. of N. J.  
General Electric Company  
Ingersoll-Rand Company  
National Biscuit Company  
Otis Elevator Company  
United Fruit Company  
United States Steel Corp.  
Westinghouse Electric &  
Mfg. Co.  
F. W. Woolworth Co.

#### Utilities

American Tel. & Tel. Co.  
Consolidated Gas Company  
of N. Y.  
Western Union Tel. Co.

Moody's composite  
portfolio rating "A."

5. Purchasers recognize the soundness of providing for continuing administrative expenses of the trust, including trustee's fees, through payment to the Depositor of interest on the reserve fund and accumulations.
6. Purchasers appreciate the liberal reinvestment program, the significance of which is brought explicitly to their attention twice each year.
7. The character of the investment banking interests represented in Distributors Group, Incorporated, assures the continuation of a superior sponsorship.
8. NORTH AMERICAN TRUST SHARES are distributed by more than 1,400 investment dealers and banks throughout the United States, Canada, England and Continental Europe.

## Distributors Group, Incorporated

(Owned by a nation-wide group of prominent investment houses)

63 Wall Street, New York City



*A Bank  
for Bankers*

*Broad Facilities*

*Efficient*

*Prompt*



**MISSISSIPPI VALLEY TRUST COMPANY**  
— **SAINT LOUIS** —

## INVESTMENT SERVICE

Banks interested in securities, either for the investment of their own funds, for offering to customers, or to meet some special requirement, are invited to utilize our facilities.

These facilities include recommendations of conservative bonds, statistical information on all issues, information on called bonds, and suggestions for the arrangement of your holdings.

**MISSISSIPPI VALLEY COMPANY**

*AFFILIATED WITH THE MISSISSIPPI VALLEY TRUST CO.*

**SAINT**



**LOUIS**

# *Two Great Agricultural Credit Institutions*

Prepared to Supply the Credit Needs of Farmers  
in  
ILLINOIS, MISSOURI, AND ARKANSAS

*The Federal Land Bank of St. Louis*

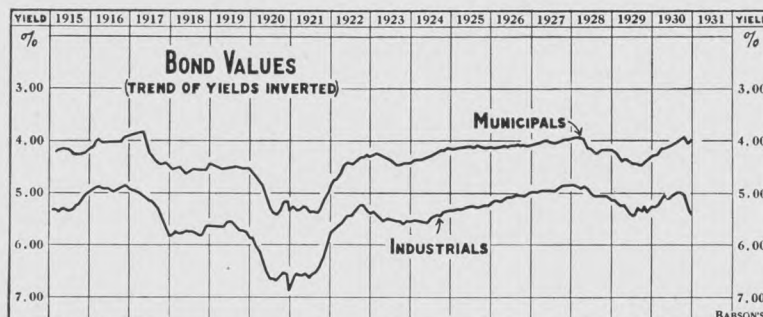
through  
National Farm Loan Associations  
and

*The Federal Intermediate Credit Bank  
of St. Louis*

through  
Banks, Agricultural Credit Corporations  
and  
Cooperative Marketing Associations

---

*Federal Land Bank Bonds  
Federal Intermediate Credit Bank Debentures  
Are Good Investments*



**I**NVESTMENT ideas have passed through a period of wild fluctuations. As the stock market boiled upward in 1929, people forgot all about the bond market. When the stock market boiled over during the latter part of 1929, the public learned a fundamental lesson in investments. No longer are people scorned who have regularly maintained a portion of their funds in good substantial bonds. I recall very clearly Secretary of the Treasury Mellon's message in March, 1929, when he advised people to pick up good investment bonds. Very few took heed. However, only a few months afterwards, the bond market touched its low point and since August, 1929, has marched upward almost without interruption. The rise was from 90.8 to 97.7 at a recent date. In fact, bonds are now not very far below 1912 levels. In the meantime, stocks have had the greatest tumble in history.

Even though bonds have acted very well in the past few months, the outlook is still promising for the best issues. It is particularly important to note that in each preceding depression period, bonds have led business recovery and rising stock prices. Moreover, strength in bonds has usually continued for many

# Buy Bonds

By LEROY D. PEAVEY

President, Babson's Statistical Organization

months after business has turned upward. For some time, the outlook is for unusual opportunities in the bond market. The signals are not yet set for clear weather ahead. The backwash from 1930 must be disposed of. This removes the possibility of another wild orgy of speculation. After all, it will be best for us to go ahead from this point at a gradual pace. The general gloom and pessimism of 1930 have probably passed. However, caution and conservatism will carry on and will impart underlying strength to the bond market. People are not in a frame of mind today to throw their funds blindly into the stock-market whirlpool.

Most people are not aware that money rates have seldom been as low as they are today in the large financial centers. This factor in itself is stimulating to the bond market. In addition, so long as money rates remain low, they will exert a favorable influence on bonds. Of course, investors cannot expect to select good investment issues by the hit-and-miss method. Be sure to pick out the old-

fashioned bonds and not the new miscellaneous securities which are bonds in name only. In reality, some of these issues are only preferred stocks of a highly speculative type. Careful discrimination, therefore, is essential.

▲ Look at the chart which gives the major swing of bond prices. It is interesting to note how the present bond-market trend from 1920 to date has closely paralleled the major upward bond swing from 1870 to 1890. The marked similarity of the trends during these two periods strongly suggests that the same relationship will persist, although differences may occur in temporary movements.

Another situation which should be studied: A period of higher income taxes is ahead. This is because of the rising cost of government and the flotation of large bond issues to help out unemployment conditions. To pay the interest charges on these bonds, more taxes must be collected and a heavier tax burden will fall on the country. Even though this situation is not at all encouraging, there is one outstanding opportunity when taxes are going up. The chart comparing municipal and industrial bond

(Continued on page 37)



Illustration, Courtesy Mississippi Valley Trust Co., St. Louis.

« . . . the stage seems set for the onward march of prosperity. »

**T**HE World War, which commenced with the assassination of an Austrian archduke by an irresponsible Serbian youth subsequently immortalized by his bigger and more powerful fatherland, came to a conclusion some twelve years ago. The official cessation of hostilities was followed by the enactment of a most stupendous spectacle in the same

historic Hall of Mirrors where, about half a century earlier, an equally spectacular performance was given. Little change was noted in the contents. Only the dramatis personae had changed places.

Prompted by the doctrine of their Latin ancestors, the victors, or those among them who assumed leadership, felt called upon to carry out to the letter the Roman dictum: *Una salus victis nullam sperare salutem*. (One salvation is left the vanquished: to expect no salvation.) In consequence, an impossibly large indemnity was imposed upon Germany.

However, most of the Allies who had financed the greater part of the conflict by means of borrowings, were also called upon to pay the fiddler. Thus, there came into being what has since come to be known in

# FORCES OF GLOOM

## Arising from War

# GRADUALLY

# SPEND THEMSELVES

By **MAX WINKLER**

Vice-President, Bertron, Griscom & Co., Inc.

financial history as political or intergovernmental obligations, that is, reparations and inter-ally debts.

Irrespective of whether or not the nations affected can meet their obligations, they have constantly endeavored to have their burden lightened—a rather obvious phenomenon. Their efforts were crowned with success. The Allies managed to have their debts to the United States funded on a basis which represents a cancellation of about 57 per cent, while Germany's burden was also reduced by the so-called Dawes and Young plans.

The status of the so-called inter-ally debts owing to the United States is presented in the table at the bottom of the next page.

We are today confronted with an economic crisis which, because

of the interdependence among nations, has assumed a universal aspect. The causes of the prevailing depression are directly traceable to the great cataclysm.

What has been built up in the course of decades was destroyed within a relatively short time, and it is decidedly easier to destroy than to rebuild. In addition to the physical losses, there are

those of a moral and spiritual character, which do not lend themselves to ready rebuilding. Many economists and students of finance have, therefore, come to the conclusion that the debts which arose from the conflict should be eliminated, and that salvation resides exclusively in the cancellation, or further drastic downward revision of political obligations.

Regardless of one's personal views on this question, we must face realities, and not theories: The inter-ally debts due the United States have been settled definitely, although perhaps not for all eternity. Cancellation or revision would, therefore, tend to seriously upset home politics. Hence, cancellation, from the standpoint of home politics, is definitely undesirable. Viewed from the stand-



point of international politics, cancellation might easily tempt most of the debtors to effect larger expenditures for armies and navies, and thus further national hatreds and racial animosities. Hence, cancellation from the standpoint of international politics is equally undesirable. Economically, cancellation, leading as it well might to nonproductive outlays, is equally injudicious; while, psychologically, cancellation, presupposing as it doubtless does insolvency or inability to pay, might merely tend to add to the prevailing feeling of uncertainty.

Viewed, therefore, from all possible angles, cancellation at the present juncture would not bring about the blessings which the sponsors of such step anticipate. Many, including the writer, would be prepared to endorse cancellation, if they felt assured that the moneys so saved would not be expended by our neighbors in a manner which would enhance the suspicion and fears already prevailing throughout the world. I am prepared to concede that real peace will continue a merely theoretical proposition, so long as

nations are called upon to make payments because of a war in which they had foolishly engaged. Every time a payment is made, the debtor cannot help thinking with bitterness, and perhaps latent desire for revenge, on those to whom payments are made. This feeling increases in intensity as time goes on, because, with the passing years, the newer generations cannot be expected to whole-heartedly pay for the sins of their fathers.

**A**SIDE from the considerations presented above, intergovernmental payments tend to seriously disturb the economic equilibrium of the nations involved. They deprive many a nation obliged to meet payments on account of political indebtedness of much of the gold, which cannot readily be spared, without bringing corresponding blessings to the nations receiving payment. The result is a maldistribution of gold and a disorganization of foreign commerce. In order to remedy the situation, all sorts of palliatives are resorted to. Attempts are made to stabilize prices of commodities at levels which are not warranted by

the statistical position of the commodities in question. Others introduce extravagant tariffs, believing that they could play some trick on their neighbors which would enable them to sell their surplus products and, at the same time, exclude from their own markets surplus goods of others.

We should bear in mind that the world has become more and more of an economic unit, the proper and successful functioning of which is seriously impeded by the adoption of policies by some sixty different political units.

**I**F we are to have genuine and lasting prosperity, we must adopt political policies which conform strictly to economic laws and necessities. It is also of interest to observe that political difficulties are almost invariably the result of economic unsettlements. This is amply proved by the series of revolutions in Latin America; by reports of unrest in Cuba and Chile, Uruguay and Venezuela, and even Bolivia and Peru which have already revolted;

(Continued on page 45)

## STATUS OF WAR DEBTS OWING TO THE UNITED STATES \*

(As of January 1, 1931)

	Amount Originally Received	Principal received or to be received under funding agreements	Present values of funded debts as of dates of funding on basis of interest rate of 4 1/4 per cent per annum and percentage that present value bears to debt prior to funding**		Total Indebtedness Outstanding	Total Payments to Date
			Present Value	Per Cent		
Armenia .....	\$ 11,959,917	\$	\$		\$ 18,421,141	\$
Austria .....	24,055,709	24,614,885	†		24,039,773	575,112
Belgium .....	379,087,200	417,780,000	225,000,000	46.5	404,730,000	46,516,273
Cuba .....	10,000,000					12,286,752
Czechoslovakia .....	91,879,671	185,071,023	91,964,000	74.3	168,511,023	16,804,178
Estonia .....	13,999,146	13,830,000	11,392,000	80.5	16,375,440	1,001,442
Finland .....	8,281,926	9,000,000	7,413,000	80.7	8,604,000	2,825,625
France .....	3,404,818,945	4,025,000,000	1,996,509,000	47.2	3,865,000,000	465,400,891
Great Britain .....	4,277,000,000	4,600,000,000	3,788,470,000	80.3	4,398,000,000	1,845,828,299
Greece .....	27,167,000	32,497,000	††		31,760,000	2,616,936
Hungary .....	1,685,836	1,982,555	1,596,000	80.4	1,908,560	439,838
Italy .....	1,648,034,050	2,042,000,000	528,192,000	24.6	2,017,000,000	84,223,797
Jugoslavia .....	51,758,487	62,850,000	20,030,000	30.3	61,850,000	2,363,772
Latvia .....	5,132,287	5,775,000	4,755,000	80.7	6,838,128	530,829
Liberia .....	26,000					36,471
Lithuania .....	4,981,628	6,432,465	4,967,000	79.9	6,235,207	997,527
Nicaragua .....	431,849				323,628	168,783
Poland .....	159,666,972	178,560,000	146,825,000	80.5	207,870,429	19,555,284
Rumania .....	37,922,675	66,560,560	35,172,000	74.9	64,550,560	4,061,946
Russia .....	192,601,297				308,566,519	8,748,879
	\$10,350,490,596	\$11,671,953,489	\$6,862,285,000†	57.0	\$11,610,654,408	\$2,514,982,634

\* Figures as of July 1, 1930, were given in "The Inter-Ally Debts," The Guaranty Survey, Guaranty Trust Company of New York, Vol. X, No. 8, November 24, 1930, p. 7-9. On the basis of a Report of the Secretary of the Treasury giving the status of these debts as of November 15, 1930, and a Treasury Department press release of December 15, 1930, the figures in the last two columns have been revised to show the total indebtedness outstanding and total payments made as of January 1, 1931.

\*\* Interest rates on foreign obligations prior to funding ranged from 3 to 5 per cent.

† Time of payment of principal and interest extended to June 1, 1943.

†† New loan made at time of funding agreement.

‡ On the basis of an interest rate at 3 per cent per annum, the present value of these debts would be \$9,174,167,000, and the result would be to indicate that all our debtors except Belgium, France, Italy and Jugoslavia had been overcharged. (Cf. Lewis Webster Jones, "The United States and the War Debts," F. P. A. Information Service, Vol. III, Special Supplement No. 1, pp. 20-21.)

# Judging Aviation Securities

By JAMES C. WILLSON

James C. Willson & Co., New York and Louisville

The popular habit of grouping all aviation securities together is not a happy one for the keen-eyed investor. The problems of air-line operators are utterly different from those of manufacturing and equipment companies. Still another set of problems concerns the accessory manufacturers.

THOSE who recall the troublous days of early railroad finance and expansion can achieve the clearest perspective of the aviation industry today. It is a case of a new industry, with ample problems of its own, even under normal conditions, hit squarely by one of the world's major business depressions. Yet right through the trough of that depression, it has shown, in certain branches, an astonishing rate of growth, an unexpected efficiency of operations and a real ability to master the problems of cost in relation to revenues.

One aviation manufacturing company increased its dividend rate during 1930; the leading schedule passenger lines carried 180 per cent more passengers in 1930 than in 1929, at the same time greatly reducing serious accidents per million miles flown; non-schedule flying showed a comparable increase, and the leading manufacturing units in general put through drastic economy programs with a flexibility and promptness to be met in few other industries. On the whole, this is not a bad record for a period in which many of the country's oldest and largest industries barely earned their dividends or operated with deficits!

The popular habit of grouping all aviation securities together is not a happy one for the keen-eyed investor. The problems of air-line operators are utterly different from those of the manufacturing and equipment companies—as different as the problems of the New York Central from the American Locomotive Company. Private flying makes a further difference. Making and selling planes for individual use approaches the problems of the automobile industry. Still another set of problems concerns solely the accessory manufacturers—the makers of parachutes, flying instruments, radio

equipment, tires and other essentials.

The securities of each of these groups of companies will respond to two main factors—current earning power and estimates of future earning power. Certain companies, such as United Aircraft, are in the double capacity of manufacturers and air-line operators; others, such as Curtiss-Wright, are almost exclusively manufacturing, selling and servicing organizations, including airport operations; still others, such as North American Aviation, have a substantial current earning power from subsidiaries independent of aviation, but also have an interest in airplane manufacturing and air-line operation. Bendix and Irving Airchute are in the accessory field, while Douglas, with its excellent current earnings' record, is exclusively an airplane manufacturer.

In other words, certain companies will grow as the whole aviation industry grows; others can earn substantially quite aside from aviation; and a third group will grow within the industry itself according to the excellence of their engineering and the ready salability of their individual products.

▲ As to air-line operations—which, as I have said, are closely analogous to the railroads—the majority of air-line operators are entering 1931 under the most favorable conditions which they have yet faced. It is estimated that the lines carried well over 400,000 passengers on scheduled services in 1930, or about 280 per cent of the total carried in 1929. As this fact becomes better known publicly, there is no question but that investors will look more favorably upon the air-lines as potential earners. In face of a general depression, their 1930 record is quite astonishing. Furthermore, they have done a great

deal to increase the safety of flight. In the millions of passenger miles flown in the last half of 1930—estimated about 60,000,000 passenger miles—there were but two passenger fatalities as compared with nine in the corresponding period of 1929—this in face of the greater number of passengers carried and miles flown in 1930. When full figures are available, it is probable that the fatality record per million miles of 1929 will be cut by one-half to two-thirds. The fact that newspaper headlines during 1930 carried many more accidents from railroad than air-line operations will probably do a great deal in a quiet way to provoke a still further increase in the public use of the scheduled air-lines.

In another branch of their operations—namely, air mail—the records show a steady increase in volume throughout that part of 1930 for which figures are available. The total air-mail carried for the first eleven months of 1930 was 11.7 per cent greater than for the first eleven months of 1929, and the month of October showed the highest poundage record ever carried. Under the Watres Bill, air mail is now flown on many of the scheduled passenger routes as well as over exclusively air mail lines. This provides one source of stable income on a mileage basis in which ever-increasing volume is still of great importance since, as the volume mounts, individual carriers can work into the higher poundage brackets with larger contract payments per mile.

In line with other forms of transportation—notably railroads and ocean carriers—many people believe that high-speed air express at very low rates will provide one of the steadiest and constantly increasing items of revenue for scheduled air-lines. This whole matter has received very close attention and study dur-

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4 " duPont (E. I.) de Nemours & Co.  
4 " Eastman Kodak Company  
4 " Ingersoll-Rand Company  
4 " International Harvester Company  
4 " National Biscuit Company

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4 aktier Atchison, Topeka and Santa Fe Railway Company  
4 aktier Illinois Central Railroad Company  
4 aktier Louisville & Nashville Railroad Company  
4 aktier New York Central Railroad Company  
4 aktier Pennsylvania Railroad Company  
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4 aktier Atchison, Topeka and Santa Fe Railway Company  
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4 aktier Texas Corporation

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4 aktier Consolidated Gas Company of New York Aa  
4 aktier General Electric Company Aa  
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4 aktier Western Union Telegraph & Manufacturing Co. Aa

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In Holland

In England

**TAX ON STOCK DIVIDENDS.**

An interesting contribution, though not necessarily of general application, to the question of the liability to British income tax of dividends received in the form of stock from foreign companies comes in a statement by the sponsors in this country for the Corporate Trust—an American "fixed trust" trust formed last year.

This is the statement:  
According to the ruling of H.M. Inspector of Foreign and Colonial dividends, only that part of the distributions on Corporate Trust shares which comes under the following heads is subject to British income tax:—  
1. Cash dividends on the underlying stocks.  
2. Interest on the reserve fund.  
3. Value of stock dividends declared but paid in stock of a company other than the parent company.

Distributions which represent the value of other stock dividends, stock rights, and the proceeds of the sale of any excess sub divided shares are not subject to British income tax. The distribution on Corporate Trust shares for the 6 months ending June 30, 1930, of \$1.31 per share is only taxable to the extent of 16 cents, the balance, i.e., \$1.15, being not subject to tax.

"Parent company." we are informed, means a company in which the trust holds stock. That is to say, if, for instance, the American Telephone and Telegraph Company, in which the trust holds stock, declares a dividend in form of stock of one of its subsidiaries, the proceeds of this stock dividend, distributed by the trust to British shareholders, is liable to British income tax. But if the American Telephone and Telegraph Company declares a dividend in the form of its own stock, there is no liability in respect of the proceeds distributed through the trust.

## CORPORATE TRUST SHARES

are internationally advertised, internationally sold and enjoy an international market. In the year 1930 alone, more than 12 million shares\* were issued and sold—a volume exceeding that of any other trust.

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\*Does not include duplication resulting from resales.

ing 1930 and at least one line—the Transcontinental & Western Air, Inc.—has already announced a general express service with rates far below any previously put into effect. Express service is even less seasonal in character than passenger operations and like other high-speed transmission—for example, the telegram as against the letter—can easily justify itself on a profitable commercial basis, both for the shipper and for the air-line.

Another interesting development in air-line operations is the very sharply lowered operating costs effected

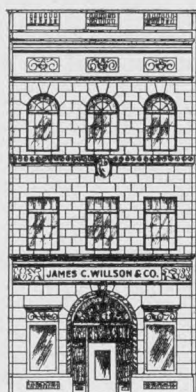
without any decrease in essential efficiency. Experience has also shown one fact of great significance—namely that planes and engines are not wearing out with anything like the rapidity first anticipated. Air-lines which originally started to depreciate engines in 500 hours and planes in 18 months or two years, now find themselves operating the same engines up to 1,000 to 2,000 hours and the planes up to three years or more, and with entirely satisfactory results. This experience table of air-lines will make it possible to lighten the cost of operation per mile considerably,

through a lessening of the very high depreciation charges originally made as a matter of extreme conservatism. All in all, there are very strong indications that the air-lines which have done so well in adverse business conditions may look forward to increasingly profitable operations during the period of general business recovery ahead.

▲ The position of the manufacturing and equipment companies—alogous to that of the locomotive and car building companies of the railroad industry—is naturally improved greatly by all the signs of increasing stability in air-line operations. It goes without saying that if the air-lines continue to expand and to show promise of profitable operations, the orders for new equipment and for replacement equipment will form a substantial background for the manufacturing and equipment companies. In addition, many of these companies have made valuable contributions to the progress of military and naval aeronautics and are the constant recipients, subject to test and performance records, of substantial Government business. The importance of aircraft defense is becoming more clearly understood every year. The cost of aircraft defense, compared to its effectiveness, is slight and the manufacturers who have plowed back a large part of their earnings of other years into efficient engineering and development work may look forward confidently to a substantial source of revenue from military and naval contracts. The excellence of American aircraft and engines is also being recognized abroad and the relative stability of American aircraft exports during so difficult a year as 1930 indicates that the foreign, as well as the domestic market, is on a very substantial basis.

A third important field for the manufacturing company comes from private flying activities. A large increase in the number of pilots licensed in 1930, compared to 1929, indicates that even in hard times the popularity of flying as a sport and as a convenience is definitely on the increase. One of the largest non-schedule flying services also reports an increase of over 155 per cent in the number of passengers carried in 1930 over 1929. This increase in private flying activity has not yet been reflected in increased earnings for the manufacturing companies. This is due almost entirely to the glutting of the market with commercial planes during 1929 when a hasty enthusiasm

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led dozens of small companies to enter the field with manufacturing programs far in excess of the existing market. This has resulted in the disappearance of many of the smaller companies from the field during 1930 and in a policy of sacrifice inventory sales on the part of the larger companies. This, however, is obviously a temporary condition and with the actual amount of private flying showing a large and steady increase, it is only a matter of a short time before demand will catch up with reasonable manufacturing schedules of new commercial equipment. Great strides have been made, moreover, in the engineering field and the recent successful tests of an airplane so constructed that it can land itself with safety—even with the pilot removing his hands entirely from the controls—indicates that we are approaching a time when flying training for private purposes will be less prolonged and costly, and when the safety of the casual flying “commuter” will stimulate a much larger market from farmers and sportsmen.

The majority of the aviation accessory manufacturers are not dependent entirely upon the aviation industry, most of them manufacturing instruments for automobiles,

yachts and larger ships as well as for airplanes. However, the contribution of these companies to the growth of aviation is a very important matter. Instruments, such as the Sperry Horizon, which will enable a pilot to fly through foggy weather without losing his attitude toward the ground, and also the Gyro automatic pilot, are all distinct advances calculated to increase safety and regularity of flying with consequent benefit to scheduled air-lines and to individual operators.

All in all, the aviation industry has many reasons to congratulate itself on the strength and vitality it has shown under conditions of universal difficulty. Many aviation securities today are selling on what might be called a “disappointment basis”; that is, people who expected too much in 1928-29 are now hoping for too little. The stock of one of the four major units in the industry was selling last December at about four and one-half times actual current earnings. The stock of another large unit was selling at substantially less than the per share holdings of cash and Government securities. As soon as a real perspective is restored, it is quite evident that investors will no longer be placing a discount on a large new industry showing a high

percentage of growth in activity even during the depression year of 1930.

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The record of new business secured under this plan was little short of phenomenal, for the friendly rivalry of the workers and their appreciation of The Central Group organization was the only motive power of the campaign. No reward was offered to any one except an invitation to a celebration party to be held following the drive.



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# Answering the Critics of the Fixed Type Trust

By Averell Broughton

Edwin Bird Wilson, Inc.

IT is estimated by the Chicago Curb Exchange that the holdings of fixed investment trust securities total over \$1,000,000,000. Much of this was the result of sales during the year 1930.

Therefore, while the inception of the fixed investment trust dates back to the years immediately following the war, its great importance as an investment medium is recent enough to justify the following brief summary of the arguments for and against it which have come to this writer's attention recently.

Before embarking on this, however, let me—as evidence of the present importance of the fixed investment trust—quote the following excerpt from the Wall Street Journal of December 3, 1930, which, in referring to Louis F. McFadden, chairman of Committee on Banking and Currency of the House of Representatives, and author of the Banking Act bearing his name, states:

**"Mr. McFadden proposes that the present banking laws applicable to the investment of savings bank funds be so amended as to permit banks to purchase shares in certain types of fixed investment trusts whose portfolios represent wide diversification, and whose operations are subject to the ablest investment counsel. Certain high-grade common stocks, especially if purchased through the media of the proper types of investment trusts, he said, are infinitely more suitable as investments for bank funds than many foreign and domestic bond issues which are available for the placement of bank funds."**

The primary argument for the fixed type investment trust is that of diversification. By a comparatively small investment, the purchaser is enabled to distribute his risk over a number of securities. Conversely, of course, he also limits his possibility of profit.

But, during 1930, with the lessons taught by the drastic declines in the securities market fresh in mind, the average man was immediately interested in the safety offered by diversification, and the stability of income

assured by the investment trust certificate. Prospects of appreciation were viewed from the long-term standpoint and a study of the performance of the stocks over a past period almost invariably gave a strong argument for increased capital value in the years to come.

▲ Criticisms incurred by certain of the management trusts engendered suspicion of all investment trusts. One able critic summed up his opinion of the fixed type investment trust somewhat as follows: "The principles of this kind of investment seem sound—its difficulties lie in finding them actually put into practice for the benefit of the investor. The service charge, or load, exacted by the depositor corporation may be out of all proportion to the service rendered the investor.

"Again," says this critic, "the most valuable feature of a well-conducted general investment trust—that is, the management—is totally lacking in the fixed type trust.

"And, too, it is easy enough to select 20 or 30 stocks today in any field which, bought at the price of 20 years ago, would show a considerable appreciation as well as a substantial income yield over the period. But it would have been a different matter to have made this same selection in 1910."

Mr. Abraham Tonkin selected for review the 20 years from 1901 to 1920. In an analysis made up for Barron's Weekly, Mr. Tonkin pointed out that a fixed-type trust made up from 20 high-grade stocks including such then market leaders as Amalgamated Copper, American Cotton Oil, Brooklyn Union Gas, General Electric, etc., among the industrials and utilities, and Baltimore & Ohio, Boston & Maine, Chicago, Milwaukee & St. Paul, Manhattan Elevated Railway among the rails, would have presented a very unsatisfactory picture at the end of the 20-year period.

The above are frequent criticisms of the fixed type investment trust as at present constituted but it is my belief that they are not answered as

strongly and as fully as they should be.

It is true that hindsight is still better than foresight but there are many developments in statistical research which were not available in 1901. Organizations scanning the securities field today with a view to the selection of securities which will show yield and appreciation above the average for the next 20 years have a wealth of information formerly not available. The business of investment research has become a profession to which some of the best brains in the country are devoted. Large organizations, like Standard Statistics, Brookmire, Moody, Pears, have expanded their facilities and there are dozens of competent investment counsel.

In addition, corporate practice has trended in the direction of fuller and franker reports. The heads of large corporations such as United States Steel, American Telephone & Telegraph, recognize clearly that it is to their interests as well as to the public's interests to make available full and impartial statements of their positions. This tendency is reflected throughout the bulk of our large companies today and offers a far better chance for practical results from honest and scientific analysis.

Again, the corporations which comprise the bulk of those in fixed investment portfolios today are in a very different condition from the leading industries of 30 or even 20 years ago. Corporate growth has been so rapid in the United States during the past 20 years that the leaders in industry today are giants compared with the leaders of 1910. They are giants which dominate their fields and which stand apparently unshakable and secure as regards their relative position.

▲ While we cannot foretell the future, it seems unthinkable that some other corporation could at any time seriously endanger the position of the American Telephone & Telegraph Company in the field of communication, or that of the United

(Continued on page 48)

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By **WILLIAM S. LEEDS**

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WILLIAM S. LEEDS

**D**URING the year 1930 water companies were obliged to face unusually adverse conditions, which, it would seem, are not likely to occur again for a long time to come. These were the severe industrial depression and one of the worst droughts in the history of this country. For this reason the securities of those water service companies that were able to report relatively satisfactory earnings during 1930 are well worthy of the consideration of the careful investor at this time.

The situation last year proved conclusively that for a water company to show satisfactory earnings under adverse conditions it must have an adequate supply of water to meet unusual contingencies, ample capital, sound management, and a preponderance of domestic business. The latter end of the water business was, of course, not affected to any appreciable extent last year, because water is a vital necessity and people cannot get along without it even in periods of the greatest depression. On the other hand, industrial revenues of water companies were naturally affected adversely during 1930, because of the closing down of numerous plants and others operating on reduced schedules.

The three largest independently operated water systems in the United States are those controlled by the Federal Water Service Corporation, American Waterworks and Electric Corporation and the Community Water Service Company. These are all large public-utility holding companies which control through subsidiaries numerous water properties

throughout the United States. The largest of these groups is that controlled by the Federal Water Service Corporation. Total subsidiary property values of this system are in excess of \$160,000,000 and gross revenues are running at the rate of more than \$17,000,000 annually. Second in importance is the group of water properties controlled by the American Waterworks and Electric Corporation, which total about 20 per cent less than Federal Water Service Corporation as regards property values and gross revenues. The third important group is that controlled by the Community Water Service Company, which is substantially smaller in property values and gross revenues than the other two. Among other well-known and highly successful water companies, which are not part of large consolidations, are the Hackensack Water Company and the Indianapolis Water Company.

Unification of operations has, of course, brought about many advantages. There have been substantial reductions in overhead charges. Supplies, of course, can be purchased on a more satisfactory basis in larger than in smaller quantities. What is more important still is the fact that a large consolidation is able to employ a much larger and more experienced staff of engineers than a small local organization could do.

During the summer of 1930, when drought conditions were very serious throughout a large portion of the Middle West and Southeast, the advantages of systems owning properties throughout the United States became very apparent, because con-

ditions were nowhere near as acute or as unusual in the North Atlantic, Middle Atlantic, and certain Pacific Coast states as they were in the Middle West. However, the leading companies were apparently able to meet the drought conditions successfully.

As in the selection of other types of public utility securities, reasonable care should be exercised in the purchase of water bonds. There are, of course, several factors that should be taken into consideration, particularly percentage of mortgage to sound property values, current earnings, character of territory served, management, and outlook for increasing profits. Earnings are, of course, the most important and these should cover interest requirements approximately twice after operating expenses and maintenance, but before depreciation. The latter item in the case of water companies is small as there is comparatively little to depreciate. The character of the territory served is of great importance as care should be taken not to invest in the securities of some small local water company, the profits of which may depend largely on the satisfactory operations of one particular industry. There should, of course, be a preponderance of revenues from domestic sources in a territory which in the future may be expected to show a normal growth in population. A company operating in such a territory would practically be assured of gradually increasing revenues from its domestic business. First-mortgage bonds on a well-managed water property may be outstanding on as high a basis as 70 per



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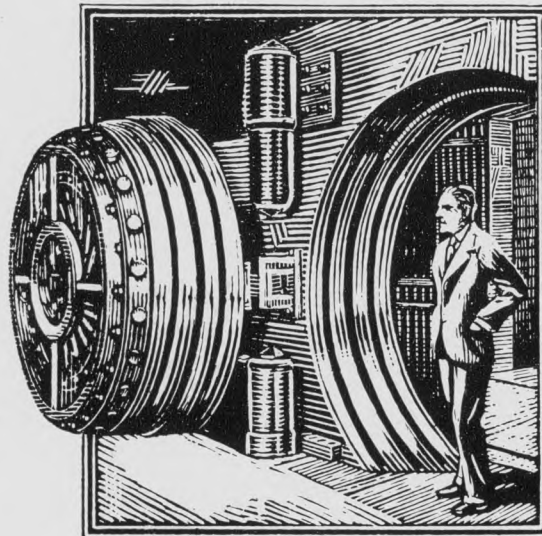
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American Telephone & Tele-  
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 Consolidated Gas Co. of N. Y.  
 The North American Co.  
 The United Gas Improve-  
 ment Co.

**OILS**

Standard Oil Co. of California  
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 Texas Corporation



**INDUSTRIALS**

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 American Can Co.  
 American Tobacco Co. (B)  
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cent of sound appraised values less depreciation, although a 50 per cent to 60 per cent mortgage would be preferable.

In conclusion, because of the indispensability of the service rendered, water company first mortgage bonds are well worthy of consideration as conservative investments, but as in the case of all corporate securities, reasonable care should be taken in selecting only the bonds of such corporations that have demonstrated a good earning power in the past and have been able to cover interest requirements by a fair margin during periods of depression.

### Solving the Problems of Diminishing Profits

(Continued from page 13)

matter that, when the interests of a bank's stockholders are well cared for, those of its depositors are doubly safeguarded.

**T**HERE are only four ways by means of which a business of any sort or kind can increase its profits and they are:

- By increasing volume,**
- Quickening turnover,**
- Widening the margin of profit,**
- Or stopping losses.**

Now, for a commercial bank, only the last of these methods is very feasible.

The first, "increasing volume," is of some value, but it cannot, in most cases, be carried very far with perfect safety.

The second, "quickenning turnover," is impossible, since the turnover of the goods in which a commercial bank deals is absolutely limited by specified periods of time.

The third, "widening the margin of profit," is likewise impossible since this is controlled by legal enactment.

There remains, therefore, but the fourth, namely, "by stopping losses." Now, in speaking of stoppage of loss, I do not mean losses incurred by bad investments or bad loans, for these will always be kept down to the lowest possible limit by all conservative, well-managed banks.

The stopping of losses that is meant today whenever this topic is brought up and discussed in banking circles as a means of increasing profits, refers to such items as unprofitable checking accounts, interest on daily balances, dunning drafts handled by the collection department, legal and credit investigations of an extended character, and sundry other services which have hitherto been furnished gratuitously to customers by the banks, but which entail enormous expense for the banks.

The ideal at which banks all over the country today are beginning to aim, is: **maximum of service and compensation commensurate with the service rendered.**

This program does not mean high-hattedness, aloofness, discourtesy, or anything of the sort. It implies merely the age-old principle of natural justice, aptly expressed in the Biblical phrase: "The laborer is worthy of his hire."

### 528 Bank Holdups During 1930

Figures announced recently by The J. H. Wise Company, Inc., protection engineers, St. Louis, indicate a total of 528 bank holdups during the year 1930.

In the MID-CONTINENT territory, alone, there were 263 holdups during the year 1930—almost as many as there were in the entire United States the year before. The list, by states, follows: Alabama 3, Arkansas 4, Illinois 85, Indiana 37, Kansas 35, Kentucky 4, Louisiana 17, Mississippi 2, Missouri 31, Oklahoma 34, Tennessee 5, and Texas 6.

## More Income with Safety *by either of two plans*

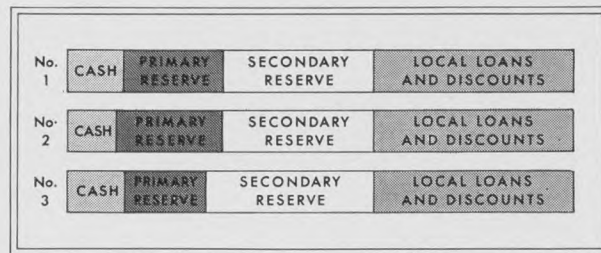


Chart No. 1 above shows the distribution of assets which existed when we were asked to make a detailed study of the investment policy of a Middle Western bank.

Charts No. 2 and 3 represent alternative plans worked out for this bank with a view to utilizing additional earning power without exceeding the limits of strict conservatism. The rearrangement suggested in Chart 3 was estimated to increase the income of this bank by more than 2.4%.

It sometimes happens, as in the case of this bank, that more than one course might be adopted in working out an improved reserve structure. It is our practice, in such cases, to outline just how acceptable alternative plans differ from each other, in order that they may be judged in accordance with the views and preferences of the bank management.

Further information in regard to bonds and their selection for bank requirements will be found in our folder, *Sound Investment Practice for the Commercial Bank*. Any banker may have a copy upon request.

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BONDS TO FIT THE INVESTOR

## \$12,000,000 a Year for Crime!

(Continued from page 15)

Confusion invariably upsets the best-planned holdups, and equipment is now available to give bankers an even chance to stage a strong "offensive defensive" against these killers of bank officers and employes. There are protective devices now being marketed which meet these requirements, and it is no idle jest to say that knowledge of such equipment registers a wholesome respect among criminals for banks thus protected. Bank bandits are too businesslike and possess too keen a prison sense of humor to risk chances of defeat, when there are so many other banks offering less resistance against robbery.

Bankers in many cities could profit from the experience of those in the smaller communities, where the quick-firing vigilante system has worked wonders. Crowded thoroughfares have always been choice stamping grounds for criminals, and tall buildings mean elevators and more floors, and these give crooks so many more hiding places and exits for escape. To be effective, therefore, any vigilante campaign in the cities must be decentralized and operated upon the silent alarm principle, so that enough trained marksmen will be outside the place attacked within two or three minutes after the alarm has been struck. Five minutes is often too late.

It must be apparent to all bankers and business men that the smart criminals of today, concentrating and planning as they do upon a definite objective, are always a few steps ahead of their victims. Ordinary safeguards usually leave the victims crawling on the floor or herded into the vault, panic-stricken and unprepared to do more than pay tribute, thankful for keeping body and soul together. Yet this situation is largely due to the same victims' excessive reliance upon indemnity of financial loss through insurance and only moderate use of effective means for crime prevention.

It is truly a modern version of "Cold pausing, caution's lesson scorning," and unless bankers awaken to the real needs of the situation with a more diligent and determined effort toward prevention, crimes of opportunity will spread so that society and not the criminal will become the underdog in its contest with criminality.

of heart and a stronger, clearer conscience toward law enforcement and the administration of justice. We must modernize the criminal code and procedural laws in at least forty states if we are to have certain and speedy administration of justice.

We must also realize that modernizing the laws alone cannot restore the order to which this country was accustomed before it became a criminals' paradise. The police forces must also be improved and extended beyond the obsolete systems of guardian protection, if they are to match strides with present-day

crooks and their facilities for surprise attack and speedy escape. We are entitled to adequate and more efficient police power, equipped with modern arms and other devices such as radio, to give the police an even chance with the underworld. State-wide police forces should also be extended beyond the eastern states where they have operated successfully for many years. Last year there were thirty-eight bank holdups in eight eastern states with state-wide police protection, as compared with two hundred and eleven similar attacks upon banks in five central

## We Recommend

The diversifying of bank bond accounts among High Grade Bonds of the following classifications in Ratios approximately as shown below:

Short Time Notes.....	20%
Railroad Bonds.....	20%
Municipal Bonds.....	20%
Public Utility Bonds.....	15%
Industrial Bonds.....	15%
Foreign Government Bonds.....	10%

If an analysis of your present bond holdings reveals the necessity of switching certain issues to obtain proper balance, we solicit the opportunity to submit our recommendations and extend our investment services.

Shall We Send You Our  
Monthly Bond Offer-  
ing List?

BOND DEPARTMENT

Commerce Trust Company

KANSAS CITY

and far-western states where there are about the same number of banks, but where they are denied the advantages of speedy, coordinated action of statewide police. These figures speak for themselves, but anybody who questions the merits of state police should be converted by the fact that these trained organizations of picked officers invariably produce an operating profit to the state.

There is, of course, much more to be done toward suppression of crime, but these two defects in law enforcement stand out as two of the major outside causes underlying crime.

Their correction need wait no longer upon more surveys or reports that embrace an endless number of other contributing causes.

With its unusual strength in organization, local, state and national, the banking fraternity has the machinery for carrying out this program.

**Mr. Driver:** "I'm off this fellow Preston. His game is so rotten that he slices even his putts."

**Mr. Niblick:** "Huh! You've never seen a real dub. Yesterday I went around with a man who slices all his practice swings."

### Legal Questions

(Continued from page 16)

**10.** Gerald Jackson pledged certain shares of stock in a coal company to the Centerville Bank as security on a loan. The bank notified the company of the pledge and requested that dividends accruing on the stock be paid to it, which was done. One of the dividends was a stock dividend. This was paid to the bank. Jackson defaulted in his loan, and all his stock, including the stock dividend, was sold. He thereafter sued the company for the stock dividend claiming it was not rightfully paid to the bank. Can he recover?

### The Kind of Bonds Banks Buy and Sell

(Continued from page 18)

agement trusts next with 10 per cent; Holding Companies next with 4 per cent; and Trading Corporations last with only 1 per cent.

The cumulative type of fixed trust is slightly favored over the disbursement type with 52 per cent of the banks expressing a preference for it as compared with 48 per cent who favor the disbursement type.

Ninety per cent of the banks replying to the questionnaire stated their customers came to them for advice concerning investments and many reported that this has been especially true since the stock market crash in 1929. Eighty-five per cent of the banks stated that customers also came to them for advice concerning investment houses.

Some of the bankers gave their opinions concerning the outlook for the bond business in their communities, and here, also, we find some varied and interesting replies. One of them follows:

"Country banks should and will continue to buy bonds and commercial paper for secondary reserve purposes. They need the kind of diversification that they can get from these two forms of investment, and for that reason the future of bond sales among country banks looks bright. The casual attempt at investing in common stocks by the small-town man will be of small volume because he has paid for his lesson. We feel that bonds of \$500 denomination will meet with constantly increasing favor among savers who have accumulated sums large enough to make them want to start an investment account."

## A REPRESENTATIVE LIST OF BONDS FOR INVESTMENT AND SECONDARY RESERVE ACCOUNTS yielding from 5.00 to 8.70%

	Approx. Yield
CHESTER WATER SERVICE COMPANY 1st Mortgage 4½s, 1958.....	5.00%
NEW YORK WATER SERVICE COMPANY 1st Mortgage 5s, 1951.....	5.25%
PEOPLES LIGHT & POWER CORP. 5s, 1931.....	5.32%
OHIO WATER SERVICE COMPANY 1st Mortgage 5s, 1958.....	5.45%
ALABAMA WATER SERVICE COMPANY 1st Mortgage 5s, 1957.....	5.50%
WESTERN NEW YORK WATER COMPANY 1st Mortgage 5s, 1951.....	5.55%
WEST VIRGINIA WATER SERVICE COMPANY 1st Mortgage 5s, 1951.....	5.62%
ARIZONA EDISON COMPANY 1st Mortgage 5s, 1948.....	5.62%
SOUTHERN NATURAL GAS CORP. 1st Mortgage 6s, (with Com. Stock Pur. Priv.) 1944	8.20%
PEOPLES LIGHT & POWER CORP. Debenture 5s, 1979.....	7.30%
TRI-UTILITIES CORPORATION Convertible Debenture 5s, 1979.....	8.15%
POWER, GAS & WATER SEC. CORP. Coll. Trust 5s, 1948.....	8.70%

Above quotations are subject to prior sale and change in price

Write for more specific information on any or all of these issues

### G. L. OHRSTROM & Co.

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### Travelers' Cheques May Be Used to Pay Duties

By a recent decision of the United States Treasury Department in regard to Section 648 of the new tariff act, collectors of customs of the United States are authorized by law to receive at their discretion uncertified checks, including travelers' cheques, in payment of duties. The decision prohibits them, however, from receiving checks on foreign banks, or travelers' cheques issued by foreign organizations.

According to George Weston, vice-president and treasurer of the American Express Company, "this decision clarifies the situation and authorizes the acceptance in payment of customs duties of travelers' cheques issued by recognized responsible American institutions. This will be welcome not only to travelers returning from overseas, but to the large number of tourists who by rail and motor cross the Canadian and Mexican boundaries."

Mr. Weston further stated that it is estimated that more than 1,500,000 people each year safeguard their travel funds through the use of travelers' cheques. This procedure has long been advised by banks, about 18,000 of which sell travelers' cheques as a part of their regular financial service to their patrons. The business has greatly increased since the war and it is estimated that, in the year 1930, between \$400,000,000 and \$500,000,000 worth of travelers' cheques were used.

### Buy Bonds

(Continued from page 23)

values clearly brings out how higher taxes create a greater demand for nontaxable securities. Note particularly the spread between municipal and industrial bond values since the beginning of 1929. I feel that there will be a large volume of investment funds placed in sound, nontaxable issues and that, as taxes climb, a better market for these securities will gradually develop. Unquestionably, every investment program calls for the inclusion of sound investment bonds. Yields on the best issues are still favorable to the investor and unusual buying opportunities can be found. These bargains will not last forever. Don't waste any more time, therefore, before making careful selections of good bonds for a successful investment program.

Irving Investors Management Company, Inc., of New York, at its annual meeting elected the following board of directors: Messrs. George S. Franklin, of Cotton, Franklin, Wright & Gordon; Harold A. Hatch, vice-president of Deering Milliken & Company, Inc.; William H. Hubbard, of William Skinner & Sons; John F. B. Mitchell, of Wood, Low & Co.; Lewis E. Pierson, chairman of the board of Irving Trust Company; George Emlen Roosevelt, of Roosevelt & Son; Edgar Lawrence Smith, president of Irving Investors Management Company, Inc.; and Harry

E. Ward, president of Irving Trust Company.

**Kenneth R. Medd has been elected** assistant secretary and George M. Erhart assistant trust officer of the Chemical Bank and Trust Company, New York.

**The recent statement of condition** of the Bank of Manhattan Trust Company shows total resources of more than \$552,000,000, with deposits of more than \$404,000,000. The statement of condition of the International Acceptance Bank, Inc., shows resources of more than \$162,000,000.

## Representative Trust Shares

Concession to Banks 15 Cents per Share

### SECURITY

The risk is heavily diversified. Each stock represents the leading corporation in its industry.

### MARKETABILITY

An active market for the shares is maintained. Besides this the trustee, Chase National Bank, will convert the certificates into cash at any time during the life of the trust.

### YIELD

The regular dividends bring an income of approximately 5% at the present market price. There is also the very definite possibility of

### GROWTH IN VALUE

The portfolio is composed of stocks of growing corporations. Next to their soundness this is the most important characteristic of these shares.

### SPONSORSHIP

Cassatt & Company  
G. H. Walker & Co.  
Hornblower & Weeks  
E. F. Hutton & Company  
Edward B. Smith & Company  
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Descriptive Booklet on Request

Approximate Price, \$17.00

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Members of New York Stock Exchange

ST. LOUIS, MO.

# Cumulative

vs.

# Disbursement Type of Fixed Trust

By **L. L. HOWE**

**Vice-President  
The Equity Securities Corporation  
St. Louis**

**T**HE fixed investment trust, originated in America, an outgrowth of the long-existing European form of investment trust, has been offered in the American market for a comparatively short time, yet the record of the demand for this security is conclusive evidence of its popularity.

It has been estimated that at least \$500,000,000 of fixed investment trusts were distributed during 1930, and officers of the Chicago Curb Exchange Association, on which 32 fixed investment trust issues are listed, recently estimated that 150,000,000 shares of all fixed investment trusts have been issued, with a total market value of more than one billion dollars.

In the past, other forms of investments have attracted nation-wide interest, only to lose their popularity later due to some inherent weakness. It would seem that the fixed trust has come to stay, as it possesses requisites of investment which merit the confidence of bankers and individual investors.

In the selection of any fixed investment trust in which to safely employ one's funds, consideration should be given to the quality and diversification of the securities in the portfolio, the character of the sponsorship of the investment and the provisions of the trust indenture creating the investment.

If the trust under consideration qualifies satisfactorily in these three essentials, it is next important, and extremely so, that the investor determine the type of fixed trust which best fits his particular needs.

There are two distinct types of fixed trust existing, known generally as disbursement and cumulative. The principles of these two diametrically opposed types, when applied to exactly the same portfolio, over the same period of years, produce quite

different results. The former type emphasizes the payment of large dividends to the investor, whereas the cumulative type encourages the growth of principal, and at the same time produces a dividend which should exceed the return available on high-grade bonds.

The portfolios of the majority of the fixed investment trusts include only equity securities, and from this type of investment five different forms of revenue, namely, regular cash dividends, extra cash dividends, stock dividends, split-ups and rights, are derived. The principle of the disbursement type provides for the distribution of all of these forms of investment return. The cumulative type of trust construes stock dividends and split-ups as capital distribution, and therefore retains in the portfolio such new shares as may be issued, with the result that invested capital is conserved and allowed to accumulate.

The disbursement type of fixed trust is popular with many investors because of the lucrative dividend payments. The investor in this security must recognize, however, that his dividends, to a certain extent, represent a pay-back of invested capital. In an actual dividend payment of a disbursement trust recently brought to our attention, the distribution amounted to 65.8 cents per share—50.59 cents represented a return of principal, leaving 15.21 cents

which represented true income.

Some trusts of the disbursement type provide the investor the privilege of reinvesting that portion of his dividends which represents a capital pay-back, at a price below that asked for the trust shares. The result is an investment which more closely approximates the cumulative type.

An outstanding difference is the change in the monetary value of stocks in the portfolio

due to the disposition of split-ups and stock dividends—for example, if a disbursement type trust has four shares of a particular stock, and this stock is split two-for-one, the trust disburses the proceeds of the sale of four shares, and retains the other four shares, thus reducing the dollar value of this stock to approximately one-half the original amount.

A striking example of the results due to applied disbursement principles is observed in the case of one trust which has been in existence for about two years. Originally 20 per cent of the dollar value of the portfolio was invested in railroad stocks, whereas today this percentage has increased to 30 per cent.

By observing the effects of the application of the disbursement and cumulative principles to an exact portfolio for a period of years, one may more readily appreciate the difference in results which an investor may expect. The sponsors of one fixed investment trust have developed some figures which are most interesting. They assume that two trusts, one of the disbursement and one of the cumulative type, were created simultaneously January 1, 1915, at which time the trust shares would have been selling at \$12.50 for each type. At the end of 1930, using the averages for that year, the value of the disbursement type trust shares would have been \$7.75, while the cumulative shares would have had a

# Investment Suggestions

*for March Funds*

*Including a Special List of  
Important Bond Redemptions*

**Mark C. Steinberg & Co.**

*Members New York, Chicago and St. Louis Stock Exchanges*

Mezzanine--Boatmen's Bank Building

Garfield 4600

ST. LOUIS

### *A High Grade Industrial Bond*

#### **Inland Steel Company**

First Mortgage 4½s—Due 1981

The total funded debt of this conservatively managed steel manufacturer, \$43,000,000, is only slightly in excess of net current assets of \$40,000,000. Net tangible assets amount to more than \$105,000,000. Inland is the second largest producer of steel in the Chicago district, enjoys the stability of a widely diversified line, and is well integrated in its organization for supplies of raw materials. Its financial strength is indicated by the absence of any bank loans for the past 20 years. Net earnings for 1930 were 4½ times interest on all funded debt, and for the past five years averaged more than five times such interest. Issue is listed on the New York Stock Exchange. Denomination, \$1,000. Nearest call price, 102½.

Price, 96½ and interest, to yield 4.68%

### *Great Strength and Stability*

#### **North American Company**

5% Debentures—Due 1961

Company's earnings of more than \$29,000,000 for the year ended September 30, 1930, were in excess of the entire funded debt of \$25,000,000 and over 23 times annual interest on this debt. Net assets were more than \$9,000 for each \$1,000 bond, and preferred and common stocks have present market value of more than \$500,000,000. North American has progressed phenomenally and is today one of the largest utility systems, supplying chiefly electric light and power to St. Louis (Union Electric Light & Power Co.), Cleveland, Milwaukee, Washington, and 703 other communities. The strength of the company, the character of its properties, the diversification of its income, the type of services it supplies, and the dividend policy of its management are exceptional factors of safety afforded these bonds. Application will be made to list them on the New York Stock Exchange. Denomination, \$1,000. Nearest call price, 105.

Price, at the market, to yield about 5.15%.

### *Security of a Leading Railway*

#### **Missouri Pacific Railroad**

First and Ref. Mortgage 5s—Due 1981

Company operates more than 7,450 miles of road, extending from the St. Louis gateway westward to the lines of the 50% owned Denver & Rio Grande Western, southwest to the Mexican border and south to New Orleans and other Gulf ports. This issue is secured by a first lien on 5,229 miles of owned railroad and lesser liens on other mileage. Total funded debt of \$411,500,000 is 67% of net investment of \$613,000,000. Junior securities have current market value of more than \$185,000,000. Average earnings for the past five years have been equivalent to about 1½ times total fixed charges. Listed on New York Stock Exchange. Denomination, \$1,000. Nearest call price, 105.

Price, 95 and interest, to yield 5.25%

### *A Prosperous World-Wide Business*

#### **International Match Corp.**

5% Convertible Debentures—Due 1941

Convertible into 12½ shares of participating preference stock at any time. (Currently selling on N. Y. Stock Exchange about 65-67.) Company, controlled by Swedish Match Co., and in turn controlling 120 match plants in various countries, is part of the largest match manufacturing and distributing organization in the world. Exclusive match making and selling concessions are held in a number of European and other countries. Total net assets are more than \$240,000,000, or over 240% of entire funded debt. Average net earnings for the four years ended December 31, 1929, were \$20,124,377, or over four times annual interest requirements, including this issue. The match industry has been practically undisturbed by business depression. Application will be made to list these bonds on the New York Stock Exchange. Denomination, \$1,000. Call price, 102½.

Price, 96 and interest, to yield 5.50%

### *An Operating Utility First Mortgage*

#### **Washington Gas & Electric Co.**

First Mortgage 5s—Due 1955

An attractive utility bond, selling at 90 to yield over 5.75%. These bonds constitute only a 49% loan on the property of this operating company, and are further protected by the substantial earning power of wholly owned subsidiaries. Company furnishes electricity and gas and some water service to prosperous sections of Washington state and adjacent territory, including the cities of Tacoma, Olympia and Everett. The territory served has shown substantial growth in recent years, its prosperity becoming less dependent upon any single industry. Net earnings are more than three times interest requirements on the bonds. The management has demonstrated its ability and has a large investment in the equity securities of the North American Gas & Electric Co., which controls Washington Gas & Electric. Listed on the Chicago Stock Exchange. Denominations, \$500 and \$1,000. Nearest call price, 105.

Price, 90 and interest, to yield over 5.75%

### *Strongly Secured Mortgage Issue*

#### **Booth Cold Storage Co.**

First Mortgage 6s—Due Serially to 1941

This issue is unusually well secured by a first (closed) mortgage on the company's land, buildings and equipment in St. Louis, conservatively valued at more than five times the amount of the bonds. These bonds were issued to refund the remainder of the old issue of 1916, on which a perfect record of interest and principal payments was always maintained. Average annual net earnings of Booth Cold Storage for the past five years exceeded ten times interest on this issue. The company's business is closely allied with the so-called "depression-proof" food industry. Denominations, \$500 and \$1,000. Call price, 102½.

Price, 100 and interest, to yield 6.00%

## **Mark C. Steinberg & Co.**

**St. Louis**



## Other High Grade Investment Bonds

Indications point to a good bond market for a number of months to come, and we believe that many sound bonds may now be purchased for liberal income and for appreciation in price. Following are a few that we suggest for present investment:

	Rate	Maturity	Approximate Yield
American Telephone & Telegraph Company, Debenture	5 %	1960	4.58%
Liggett & Myers Tobacco Company, Debenture	5 %	1951	4.59%
Northern Indiana Public Service, 1st and Refunding Mortgage	4½%	1970	4.87%
Consolidated Gas Company of New York, Debenture	5½%	1945	4.88%
Ohio Edison Company, 1st and Consolidated Mortgage	5 %	1960	4.90%
Philadelphia Company, Secured, Series "A"	5 %	1967	4.96%
Columbia Gas & Electric Corporation, Debenture	5 %	1952	5.05%
United Drug Company, 25-Year Debenture	5 %	1953	5.06%
International Cement Corporation, Convertible Debenture	5 %	1948	5.08%
National Dairy Products Corporation, Debenture	5¼%	1948	5.11%
Purity Bakeries Corporation, 25-Year Debenture	5 %	1948	5.29%
North American Edison Company, Debenture "B"	5½%	1963	5.34%
General Motors Acceptance Corporation, Debenture	6 %	1937	5.37%
Baltimore & Ohio Railroad, Refunding and General Mortgage "C"	6 %	1995	5.41%
American I. G. Chemical Corporation, Convertible Debenture	5½%	1949	5.48%
American Power & Light Company, Debenture	6 %	2016	5.67%
Electric Power & Light Corporation, Debenture	5 %	2030	5.72%
Loews, Incorporated, Debenture, ex warrants	6 %	1941	6.05%
Erie Railroad, Refunding and Improvement Mortgage	5 %	1967	6.26%

## Some Attractive Preferred Stocks

Each of the following preferred stocks is well protected and dividend requirements amply covered by earnings. All of these stocks are currently selling at or below their call prices and offer attractive returns:

	Rate	Price	Approximate Yield
General Motors Corporation, Cumulative Preferred	\$5	Market	5.00%
Public Service Corporation of New Jersey, Cumulative Preferred	\$5	Market	5.13%
Loose-Wiles Biscuit Company, Cumulative First Preferred	7%	Market	5.64%
Bethlehem Steel Corporation, Cumulative Preferred	7%	Market	5.75%
Standard Brands, Cumulative Preferred	\$7	Market	5.78%
Mathieson Alkali Works, Cumulative Preferred	7%	Market	5.79%
Coca-Cola Company, Cumulative Class "A" Stock	\$3	Market	5.82%
Brown Shoe Company, Cumulative Preferred	7%	Market	5.99%
United Corporation, Cumulative Preferred	\$3	Market	6.02%
Commonwealth & Southern Corporation, Cumulative Preferred	\$6	Market	6.15%
Standard Gas & Electric Company, Cumulative Preferred	\$4	Market	6.19%
Illinois Power & Light Corporation, Cumulative Preferred	\$6	Market	6.20%
Penney (J. C.) Company, Cumulative Preferred	6%	Market	6.24%
Kresge (S. S.) Company, Cumulative Preferred	7%	Market	6.31%

*Information on any of the above issues furnished upon request.*

We do not guarantee or assume any responsibility for the information given herein, but have obtained it from sources believed reliable.

**Mark C. Steinberg & Co.**  
St. Louis

# Important Bond Redemptions

This list is designed to provide investors with a periodical check on their holdings of callable securities. While the greatest diligence has been used in compilation, no responsibility is assumed for error. This list is given simply as a part of our service and as a supplementary check on investors' holdings of which we have no record.

Following is a partial list of securities called, as a whole or in part, for redemption in the near future. Further information gladly furnished upon request.

TITLE	Amount Called	Called Price	Interest Ceases	TITLE	Amount Called	Called Price	Interest Ceases
Alpine Montan Steel Corp. 1st 7s, due Mar. 1, 1955	\$12,200	100	Mar. 1	Holland America Line, 6s, due May 1, 1947	1,500,000 gldrs.	100	May 1
Aluminum Co. of America Deb. 5s, due Mar. 1, 1952	\$747,000	105	Mar. 1	Huntingdon Valley Light & Power Co., 1st 5s, due June 1, 1947	Entire Issue	102½	June 1
American (U. S.) 3½% Treasury Notes, Series A (1930-32), due Mar. 15, 1932 and Series B (1930-32), due Sept. 15, 1932	Entire Series	100	Mar. 15	Indian Hill Bldg., 1st 6s, due Mar. 15, 1932	\$15,000	103	Mar. 15
American Machine & Foundry Co., 15-Yr. Sec. 6s, due Apr. 1, 1939	\$39,000	103	Apr. 1	Kansas City Power & Light Co., 1st "A", 5s, due Sept. 1, 1952	Entire Issue	105	Apr. 6
American Sales Book Co., Ltd., 1st 6s, due Oct. 1, 1939	\$11,000	104	Apr. 1	Klots Throwing Co., 1st & Ref. 30-Yr. 6s, due Mar. 1, 1939	\$10,500	100	Mar. 1
American Telephone & Telegraph Co., Conv. 4½s, due Mar. 1, 1933	Entire Issue	100	Mar. 1	Loop Building Corp., 1st Lshld. 6½s, due Sept. 1, 1940	\$8,900	105	Mar. 1
Argentine Govt. 4½% Conversion Loan of 1888-1889, redeemable by Oct. 1, 1934	\$122,800	100	Apr. 1	Madera Gas Co., 1st 6s, due Oct. 1, 1943	Entire Issue	105	Apr. 1
Aransas Pass—Rockport Light, Ice & Power Co., 1st 6s, due June 1, 1932-1940	Entire Issue	102	June 1	Merion & Radnor Gas & Electric Co., 1st 5s, due May 1, 1954	Entire Issue	105	May 1
Associated Laundries Inc., 15-Yr. 6% Notes, due Mar. 1, 1940	\$12,000	105	Mar. 1	Merkel Bros. Co., 1st R. E. 6s, due Mar. 1, 1934	\$10,000	101½	Mar. 1
Associated Oil Co. 6% Notes, due Sept. 1, 1935	\$1,230,000	102½	Mar. 1	Minas Geraes (State of) Ext. Sec. "A" 6½s, of 1929, due Sept. 1, 1959	\$48,000	100	Mar. 1
Beloit Water, Gas & Electric Co. 5s, due Mar. 1, 1937	\$28,000	103	Mar. 1	Minas Geraes (State of) Ext. Sec. 6½s, of 1928, due Mar. 1, 1958	\$56,000	100	Mar. 1
Bergen (City of) Norway, 25-Yr. 6s, due Oct. 1, 1949	Entire Issue	100	Apr. 1	National Hungarian Industrial Mortgage Institute Ltd., 1st "A" 7s, due Nov. 1, 1948	\$60,000	100	May 1
Bristol & Co. 1st 6% Partic. Cfts., due Sept. 1, 1931-1933	Entire Issue	100	Mar. 1	New Hetherington Apartments, 1st 6s, due Mar. 1, 1932-1935	Entire Issue	102	Mar. 1
British Columbia Telephone Co., 1st 4½% Deb. Stk., due May 1, 1962	Entire Issue	105	Nov. 1	New Jersey Power & Light Co., 1st 5s, due Aug. 1, 1956	\$1,969,400	105	Mar. 1
Brown Hoisting Machinery Co., 1st Serial 6s, due to Jan. 1, 1941	Entire Issue	100½-105	Mar. 12	New Orleans Cold Storage & Warehouse Co., 1st 6s, dated Mar. 1, 1929	\$15,000	102	Mar. 1
Buenos Aires (Prov. of) Argentine Rep., Ref. Ext. 6s, due Mar. 1, 1961	\$241,500	100	Mar. 1	Newaygo Engineering Co., 1st 7s, due Sept. 15, 1933	Entire Issue	102	Mar. 1
Buffalo & Fort Erie Public Bridge Co., Deb. 8s, due Apr. 1, 1945	\$131,600	104½	Apr. 1	Pacific Light & Power Corp., 1st Ref. "A" 5s, due Sept. 1, 1951	Entire Issue	100	Mar. 1
Buffalo Board of Trade, 2nd 5s, Extd. to Sept. 1, 1936	\$15,000	100	Mar. 1	Paru (Republic of) Sec. 7s, due Sept. 1, 1959	\$90,000	105	Mar. 1
Century Electric Co., 1st 5½% Notes, due Mar. 1, 1932	Entire Maturity	100½	Mar. 1	Philadelphia Electric Co., 1st Lien & Ref. 5½s, due June 1, 1947	Entire Issue	107½	June 1
Cespedes Sugar Co., 1st 7½s, due Sept. 1, 1939	\$78,000	105	Mar. 1	Philadelphia Electric Co., 1st Lien & Ref. 5s, due Jan. 1, 1960	Entire Issue	105	July 1
Chester County Public Service Co., 1st 5s, due June 1, 1941	Entire Issue	105	June 1	Philadelphia Suburban Gas & Electric Co., 1st & Ref. 6s, due Feb. 1, 1960	Entire Issue	105	Aug. 1
Chile (Republic of) Ext. 6s, due Sept. 1, 1961	\$90,000	100	Mar. 1	Port Aransas Properties, Inc., 1st & Coll. Tr. 6½s, due Sept. 1, 1931-1936	Entire Issue	102	Mar. 1
Chile (Republic of) Ext. 6s, due Mar. 1, 1962	\$55,000	100	Mar. 1	Portland Railway, Light & Power Co., 1st Lien & Ref. 7½s, "A", due May 1, 1946	Entire Issue	105	Nov. 1
Chilean Consolidated Municipal Loan Ext. "A" 7s, of 1929, due Sept. 1, 1960	\$80,000	100	Mar. 1	Saar Basin Consolidated Counties Ext. 7s, due Mar. 31, 1935	\$208,500	102	Apr. 1
Chinese Govt. (Imperial) 5% Hu Kuang Rys. Loan of 1911, due June 15, 1951	\$140,060	100	June 15	St. Mary's College & Academy (Monroe, Mich.), Deb. 5½s, due Oct. 1, 1932	Entire Issue	101	Apr. 1
Christiana (now Oslo) (City of) Norway Municipal External 6s, of 1924, due Sept. 1, 1954	\$34,000	100	Mar. 1	St. Patrick's Academy of Chicago, Deb. 5½s, due Sept. 1, 1933	Entire Issue	102	Mar. 1
Cleveland Union Terminals Co., 1st "A" 5½s, due Apr. 1, 1972	\$41,000	105	Apr. 1	Salt Lake Union Stock Yards Co., 1st 7s, due Apr. 1, 1933	\$10,000	103	Apr. 1
Cleveland Union Terminals Co., 1st "B" 5s, due Apr. 1, 1973	\$64,000	105	Apr. 1	Saru Paulo (State of) U. S. of Brazil, Sec. 7s, due Oct. 1, 1940	\$1,750,000	100	Apr. 1
Columbia Water & Light Co., 1st 6s, due July 1, 1941	Entire Issue	103	July 1	Saxon State Mortgage Institution Coll. Gtd. 6s, due Sept. 15, 1947	\$16,000	100	Mar. 15
Commercial Investment Trust Corp., Conv. Deb. 6s, due Mar. 1, 1948	Entire Issue	104½	Mar. 1	Southwest Utilities Corp., 1st Lien "A" 6s, due Oct. 1, 1943	Entire Issue	103	Apr. 1
Costa Rica (Republic of) Pacific Ry. 7½s, due Sept. 1, 1949—Series "A-E"	\$20,000	100	Mar. 1	Sun Oil Co., 15-Yr. Deb. 5½s, due Sept. 1, 1939	\$133,500	101½	Mar. 2
Counties Gas & Electric Co., Gen. 50-Yr. 5s, due Oct. 1, 1962	Entire Issue	105	Apr. 1	Terminal Holding Co., 1st Ser. 6s, due to Sept. 1, 1937	Entire Issue	102	Mar. 1
Credit Consortium for Public Works of Italy Ext., Sec. 7s, Ser. "A", due Mar. 1, 1937	\$203,000	100	Mar. 1	Terminal Holding Co., 2nd 5s, dated Feb. 15, 1926	Entire Issue	100	Mar. 1
Credit Consortium for Public Works of Italy Ext., Sec. 7s, Ser. "B", due Mar. 1, 1947	\$113,000	100	Mar. 1	Toledo, Bowling Green & Southern Traction, 1st 6s, Extd. to May 1, 1941	Entire Issue	110	May 1
Detroit Edison Co., 1st & Ref. Series "A", "B" & "C" 5s and 6s, due July 1, 1940	Entire Series	105	Mar. 1	Toho Electric Power Co., Ltd., 1st "A" 7s, due Mar. 15, 1955	\$275,000	100	Mar. 15
Dewey Portland Cement Co., 1st Serial 6s, Series "A", due Apr. 1, 1932-1937	Entire Issue	100½-103	Apr. 1	Trumbull Bldg., (Chicago), 1st 6s, due Mar. 1, 1934	Entire Issue	102	Mar. 1
Farmers Manufacturing Co., 1st 7s, due Sept. 1, 1943	\$37,000	105	Mar. 1	Ujiyawa Electric Power Co., Ltd., 1st 7s, due Mar. 15, 1945	\$56,000	100	Mar. 15
German-Atlantic Cable Co., 1st 7s, due Apr. 1, 1945	\$141,000	107½	Apr. 1	Underground Electric Rys. Co., of London, Ltd., Income 6s, due Jan. 1, 1948	Entire Issue	103	Mar. 2
Goodyear Fabric Corp., 1st 6s, due Apr. 1, 1935	\$39,500	100	Apr. 1	Wabasso Cotton Co., Ltd., 1st 6s, due June 1, 1947	\$10,000	105	June 1
Gossard (H. W.) Co., 5-Yr. 6% Notes, due Sept. 1, 1932	\$33,500	100¾	Mar. 1	West Kootenay Power & Light Co., Ltd., 1st 6s, due Sept. 1, 1940	Entire Issue	110	Sept. 1
Grand Rapids Land Contract Co., 1st 6½s, due Sept. 1, 1931-34	\$13,000	102	Mar. 1	West Kootenay Power & Light Co., Ltd., Gen. "A" 6s, due June 15, 1943	Entire Issue	104	June 15
Great Western Power Co. of California, 1st & Ref. "D" 5½s, due Feb. 1, 1955	Entire Issue	102½	Apr. 1	Wilson Building Co., 1st 7s, due Sept. 15, 1934	\$19,000	102	Mar. 15
Guatemala (Rep. of) 8% Completion Bonds, due Sept. 1, 1934	113 Bonds	100	Mar. 1	Wilson River Lumber Co., 1st 6½s, due Mar. 1, 1934	Entire Issue	102	Mar. 1
				Yuba River Power Co., 1st 6s, due Serially Oct. 1, 1931-1948	Entire Issue	100½-105	Apr. 1

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St. Louis

value of \$47. Of course, no allowance has been made for the reinvestment of the larger dividends received from the disbursement trust during this period.

In developing these figures, all forms of dividends were distributed in the case of the disbursement trust, while, generally speaking, extra stock dividends and split-ups were retained in the cumulative trust. The disbursement trust would have in the portfolio at the end of the 16-year period the exact number of underlying shares as were originally included, whereas the number of shares in the cumulative portfolio would have increased by over 760 per cent.

For the reason that the fixed investment trust is inherently sound, provided the portfolio includes a scientific diversification in high-character stocks, the trust indenture is properly created and the sponsorship reliable, the investor's particular concern then becomes the selection of the type best suited to his individual needs, maximum yield being provided in the disbursement type, while conservation and accumulation of capital are emphasized in the cumulative type.

### Bullet-Proof Equipment Foils Bank Bandits

Bullet-proof equipment foiled the attempt of two bandits to hold up the New Augusta State Bank, New Augusta, Indiana, a few weeks ago.

Two bandits, unmasked and roughly dressed, took part in the attempt while a third waited outside the bank in an automobile. The two bandits followed a customer into the bank, forced him into a back room and commanded Robert E. Huffman, cashier, to "stick 'em up."

Huffman replied by reaching for the telephone with his left hand and into a drawer for a revolver with his right. Both bandits opened fire. Shots crashed repeatedly into the bullet-proof glass in front of the cashier's cage and into the woodwork surrounding it, without penetrating. Meanwhile, Huffman had telephoned the sheriff's office and was firing at the bandits through a loophole device beside the cashier's window.

The bandits' shots couldn't harm Huffman because of the bullet-proof fixtures, but his shots soon made it too hot for the bandits and they turned and ran when one of them was grazed with a bullet. The sheriff, arriving a few minutes later, followed the bandits' trail for a short



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# Facts Concerning Securities of Catholic Institutions

**T**HE financing of the construction of Catholic institutions through the medium of loans is likely as old as the Roman Catholic Church itself. Adequate financing has always been an important problem in any building project whether for commercial or religious purposes.

The Roman Catholic Church has for generations officially recognized the value of credit for capital improvements and, foreseeing both its benefits and hazards, has formulated a general policy tending to regulate its use. Such recognition or policy exists chiefly in the sanction of proposed loans by experienced ecclesiastical authority, thereby largely eliminating unsound projects and contributing to the maintenance of a superior credit. With the enviable credit record developed, loans to institutions of the Catholic Church have come to be universally regarded as proverbially safe and desirable investments.

In the United States leading bankers and discriminating investors have assisted in the building of literally hundreds of millions of dollars of churches, schools, hospitals and homes and other establishments ministering everywhere to the humanitarian, as well as the spiritual, welfare of the community, mainly without regard to race, creed or color.

The history of the United States is interwoven with the history of these institutions, many of which were only made possible through the charity and sacrifice of the religious orders of the church and the extension of private loans in their behalf.

**By Kenneth H. Bitting**

**President, Kenneth H. Bitting & Co.  
Saint Louis**

In establishing hospitals and other institutions in the early development of this country, the Catholic Church has pioneered in relieving the distressed, tending the wounded and healing the sick. Hospitals, particularly, are imperative necessities of life and few would hazard their family in a community without hospital

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For many years the purchase of loans on humanitarian institutions was limited largely to insurance companies and large investors. But today such loans are within the reach of both the small and large investor.

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facilities. Because of the essential character of these institutions and the unselfish and consecrated service of the nuns for the benefit of mankind, they have increasingly enjoyed the enthusiastic and generous support of the communities they serve. This is exemplified in the case of a small group of nuns in a southern

city of 30,000, where for sixty years they conducted a hospital. The antiquated facilities being long overtaxed, a campaign for funds for a new hospital building was inaugurated the day before the great stock market collapse of October, 1929. Within two weeks the citizens of that town subscribed over \$300,000 for the new hospital building, a majority of which was given by non-Catholics.

For many years the purchase of these loans was limited almost exclusively to insurance companies and large investors. But today such loans are within the reach of both the small and large investor in the form of coupon bonds or mortgage notes, affording a sound and convenient investment carrying a liberal return commensurate with the safety of principal.

The careful scrutiny of the proposed loans by competent church authority, together with the essential goodness of purpose, long credit record, and unquestioned moral responsibility, combine to give loans on Catholic church and institutional properties a high place in the investment portfolios of banks, trust and fiduciary funds.

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**The recent statement of condition of the First National Bank of Atlanta shows total resources of more than \$101,000,000, with deposits of more than \$84,000,000.**

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We cannot abandon our education at the schoolhouse door; we must keep at it all through life.—Calvin Coolidge.

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## Forces of Gloom Gradually Spend Themselves

(Continued from page 25)

by restlessness in India; by chaos in China; and financial instability in Australia. Russia continues the great enigma. She is both feared and ignored. Hitlerism and Fascism are regarded as menaces to the peace of the world. A new world war is predicted. Ludendorff, erstwhile German general, has even fixed the date of the outbreak of hostilities—May 1, 1932.

However, all these dire prophecies and disturbing situations would soon disappear if economic conditions throughout the world assumed a more encouraging aspect. Events within recent weeks seem to point to the fact that a change for the better is taking place, and that the forces of gloom are being spent. The rapprochement between France and Germany is one of the most constructive moves on the Continent. The participation by France in an international credit to Germany should go a long way towards allaying fears incident upon the alarming spread of Hitlerism and communism in Germany. Similar results are expected from the amicable adjustment of the German-Polish controversy over the minorities problem in Silesia; the calling of free elections in Spain; and the scheduled disarmament conference. Thus, the stage seems set for the resumption of the onward march of prosperity, in which not only the United States but the entire world should share.

## Trust Shareholders Exercise Reinvestment Rights

According to preliminary reports received by Administrative and Research Corporation, sponsors of Corporate Trust Shares, at least two-thirds of the rights granted holders to reinvest a part of the December 31, 1930, coupon distributions have been exercised.

It is through these rights coupons, attached to every Corporate Trust Share certificate, that holders are automatically given the option of retaining the maximum distributions under the trust or of reinvesting the part accruing from stock dividends, rights and split-ups of the underlying stocks in Corporate Trust Shares at a discount under the current offering price.

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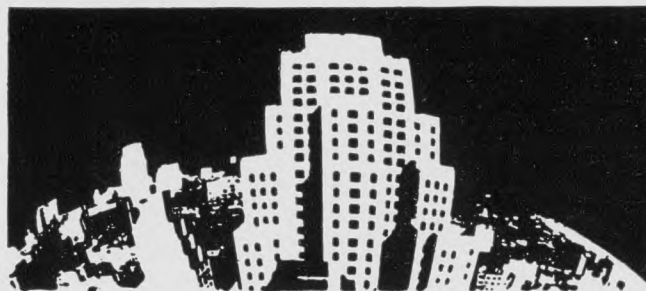
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# Should Banks Buy Long-Term Bonds?

By **C. F. COOLEY, Jr.**

of **Mark C. Steinberg & Co.**  
St. Louis

**T**HE profitable employment of bank resources is an endless problem requiring constant serious thought and careful analysis on the part of those charged with the execution of this public trust. Today many of us undoubtedly find this problem the most acute in our experience because of economic events of great moment occurring in rapid succession during the past year and a half.

Sudden and extreme liquidation in stocks, business depression, drastic declines in interest rates, and a disposition on the part of the public to hoard money in savings and other deposits are some of the elements that have forced the banker to the question of making even a fair return.

Uncertainty is, of course, playing a leading role in his thoughts if he is burdened with a large cash surplus lying idle. He must make not only expenses but dividends for stockholders. How to do that safely in 1931 is his natural immediate concern.

History has a strange way of repeating itself, particularly economic history, and there is nothing in the present situation that departs radically from similar series of events that have gone before. There is no uncertainty as to what has happened since the fall of 1929, and there is no good reason to look forward with uncertainty to the inevitable adjustment that is bound to follow.

Where are we now in the cycle and what channels are open for bank investment? Should funds be kept idle for the anticipated pick-up in commercial loans? The most optimistic expect an increase of not more than 25 per cent in business activity by the end of this year. Such a gain would still fall far short of the average for 1929. In addition, business firms generally are in good cash position and not in need of extensive bank support to finance a moderate increase in activity.

The call money market, a generous provider of revenue during recent years, has lost glamour and profit in its decline to 1½ per cent from a 1929 peak of 20 per cent and an average for that year of 7.61 per cent.

Liberty bonds and short-term United States Treasury notes yielding from 1½ to 3½ per cent, have

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A timely discussion of present yields, commonly believed low, but which, in proper perspective, are actually almost the reverse.

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advanced to prices that make them relatively unprofitable for banks to purchase.

▲ In spite of these unfavorable conditions it is necessary for banks to make a profit in some manner. Inevitably, therefore, these surplus funds will be forced into the general market for high-grade bonds, regardless of current objections that

this class of security has already been strongly in demand during the past year and that its average yield has steadily declined.

The very forces that have depressed interest rates indicate a strong bond market for a good many months to come. Such temporary setbacks as year-end liquidation for seasonal money demand, veterans' legislation, contemplated or actual, liquidation of foreign bonds due to political conditions abroad, and the

possible current transfer of funds by investors to deflated common stocks should be regarded as purely transitory and not due to any fundamental lack of inherent strength in the bond market, whose trend has been steadily upward.

Ignoring the advantages of price appreciation that go hand in hand with an advancing bond market, and despite the heavy buying of bonds by banks in the last year or so, let us examine closely the matter of yield and whether it points to continued heavy buying by banks because of the necessities they face.

The present average yield on high-grade bonds, according to the leading statistical services, is about 4½ per cent. Is that a low yield? If we think so we have been confused and misled by the abnormality of the past few years. With the exception of 1920 and 1921, which were all out of proportion to normal, the average yield on similar bonds has gone above that figure in only eleven years of the thirty-one since 1900. In only two other years has it reached 5 per cent.

These averages take into consideration railroad, utility, industrial and municipal issues, the last named yielding almost continually less than 4 per cent during that period. To take the story back much earlier, the table of American railroad bonds is more complete and dependable, having recently been the subject of a

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study by the National Bureau of Economic Research.

▲ In the 52 years since 1879, during which time this country has been on a gold basis, high-grade railway bonds have sold at prices to yield less than 4½ per cent for 47 years. For 29 years these yields were under 4 per cent, and for 8 years they were less than 3½ per cent. In only 5 years, or less than 10 per cent of this time, were the yields above 4½ per cent.

This is strong evidence that we have lately acquired a misconception of normal yield. The popularity during the last few years of 6 per cent securities, which were brought out

in great numbers simply to meet the demand for this rate of return, built up an unwholesome acceptance of 6 per cent as the conservative price for money. This has no doubt helped to cloud the viewpoint. Perhaps we need to revise our ideas of yield. The present average return on prime issues, which to us seems low, is actually on a long-term review of the past, a high yield.

In other words, if it is true that yields are high compared with a fifty-year record, then strictly high-grade bonds which yield above 4 per cent at present prices may soon be acknowledged as high-yield securities.

It seems obvious that banks will

and should continue heavy buyers in the general bond market as the best available outlet for their funds, and it is certainly desirable that they be not stampeded into selling the good issues they already hold, bought probably at even more attractive prices than now prevailing, by the temporary reactions that beset the path of every general market movement.

A more comprehensive long-term view of bond yields will be a great aid in dispelling much of the uneasiness and discouragement resulting from widespread short-term judgment, and it will make more understandable the common view among economists that we have in prospect a good bond market of considerable duration.

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## Answering the Critics of The Fixed Type Trust

(Continued from page 30)

States Steel Company will be seriously challenged by other combinations. These corporations, by virtue of their size as well as their progressive management, are almost certain to adapt for their own purpose new inventions and improvements in their fields as they come along. They constitute the natural market for such in addition to the constant research they carry on.

Again, it seems to me that the claim that a fixed investment trust has no management feature is completely mistaken. The larger fixed investment trusts have a very valuable phase of management, although it might seem at first to be of a negative variety.

The securities in portfolios are under the most constant and careful scrutiny of able investment men, whose sole business is detection of any sign of impaired value by reason of change in internal management, position in the industry, or reflection of world-wide conditions. The investor could no more do this for himself on this same scale than he could make the exhaustive analysis which was preliminary to the selection of the securities for the portfolio in the first place.

On the question of the load, or charge made for the services of the depositor corporation—which is the difference between what a unit of the shares of the underlying securities would sell for in the open market and their price as sold through the medium of fixed investment trust shares—there is this to be said:

The average of this load in a num-



ber of the well-established trusts with which this writer is familiar is somewhat under 10 per cent of the cost of the investment trust shares. This amounts, in a 30-year trust, to about 3/10 of 1 per cent annually on principal. Assuming an annual return of 7 per cent in income from all sources, which seems a fair assumption, the charge would be only 4.3 per cent on income annually—no more than the usual trustee's fee on personal trusts; and with no distribution charge of 1 per cent or more on principal.

For this, the investor receives:

*The advantages of diversification for a small investment.*

*The convenience of one certificate instead of many.*

*Simplification of income tax details.*

*The service of able investment counsel in the first selection of the securities and in their constant supervision after the trust has been formed.*

*The service of the trustee in the safe-keeping of the securities as well as the forwarding of income in accordance with the provisions of the trust.*

*Two large dividend checks per year instead of a multitude of smaller checks.*

There is, of course, nothing to prevent the man who wishes to do so and can afford to do so from buying these same securities in the open market, eliminating the charge made by the depositor for its services and profit. However, the tendency of the individual to defeat his own ends by unwise sale or retention of securities from time to time, plus the bother and detail of the handling of many certificates in addition to their safe-keeping, do not make a very strong argument for this procedure. Curiously, however, it is almost the first impulse of every man of means confronted with the fixed type investment trust for the first time. That the final decision is by no means the same is evidenced by the many large sales made and the increased use of this investment medium by banks and fiduciaries.

**The recent statement of condition** of the Chemical Bank and Trust Company, New York, shows resources of more than \$478,635,000, with deposits of more than \$360,-689,000. Capital, surplus and undivided profits of the bank amount to more than \$64,425,000.

Good banking is not necessarily a

## New Trust Announced by Six N. Y. Stock Exchange Houses

**R**EPRESENTATIVE Trust Shares is one of the most interesting fixed investment trusts to appear on the market in some time. The first shares were sold on February 1, 1931, at \$15.30 and the trust has the unique distinction of being one of the few whose first certificates were offered at the lowest price at which any of its shares were sold. Present quotations are approximately \$16.50.

The trust is managed by six investment banking houses, all members of the New York Stock Exchange and each occupying a leading position in the financial affairs

of its city. They are: Cassatt & Co., Philadelphia and New York; G. H. Walker & Co., St. Louis; Hornblower & Weeks, Boston and New York; E. F. Hutton & Co., New York and the Pacific Coast; Edward B. Smith & Co., Philadelphia and New York; and Mitchell, Hutchins & Co., Chicago.

The Chase National Bank of New York is trustee. Each unit of the trust, consisting of 2,000 shares, represents a deposit of the common stocks of thirty-five corporations. All are listed on the New York Stock Exchange. The interest is well diversified among industrials, railroads

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and public utilities and the investment has been limited to the leading corporations in each industry.

The market value of the shares is based on the actual market price of the trustee stocks and regular New York Stock Exchange commissions, plus a charge of 5½ per cent which covers all expenses of the trust, including management and fees of the trustee. The banking group made every effort to hold the loading cost to the lowest possible figure and are confident that their 5½ per cent is the lowest fee of any trust in the country. Another distinctive feature of the trust is that while the trustee stocks necessarily are bought in odd lots, the New York Stock Exchange commissions are based on the

full-lot rate which is lower than the standard odd-lot fee.


A commission of 1 per cent of the selling price is allowed to banks. Many banks have found the sale of Representative Trust Shares a source of profit by placing these shares with customers seeking advice about common stock investments. Most such customers want a low priced security and it is extremely difficult to find cheap stocks which are not speculative in character. The thirty-five stocks in Representative Trust Shares are the sort of securities in which the great, substantial investment fortunes of the country are being made.

Contrary to the popular impression about such matters, Representative Trust Shares have found particular favor with large investors, and

in New York and Philadelphia most of the sales have been made to men of considerable means. Many such investors have objected to investment trusts in the past on account of the size of the direct and indirect load charges provided for.

The bankers are maintaining an active market for the shares and in addition to this the trust agreement provides that the trustee will convert the shares into cash at any time. The holder of 400 of the shares is entitled to receive his proportionate share of the trustee stocks if he wants them. Dividends received from the trustee stocks are distributed semiannually. No substitution of the deposited stocks is allowed. All stock dividends and splits, except fractional shares, are retained by the trustee and added to the units.

The trust is designed to terminate in ten years, namely on January 31, 1941. Provision is made however for its earlier termination if the bankers see fit; so that if another bull market should take stock prices to absurd heights before 1941, the bankers will have the power to liquidate the holdings and return the cash to each individual investor. The investor then may continue in the market on his own initiative if he feels that prices are likely to move higher than the level which the bankers have considered the limit of reasonable possibilities as to price.



## A. G. Edwards & Sons

### STOCKS, BONDS AND GRAIN

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# In St. Louis

## Hotel Mayfair.....

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In the center of theatre and shopping districts. Floor lamps, fans, circulating ice water in every room. The quiet, refined atmosphere of an exclusive club—an hotel of distinction. Dining room. Coffee shop. Garage service.

400 ROOMS — \$3<sup>00</sup> to \$6<sup>00</sup>  
BATHS



## Hotel Lennox.....

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St. Louis' newest and smartest hotel opened September 3rd. In the heart of business district. Dining room. Coffee shop. Garage service.

400 Rooms with tub — \$3<sup>00</sup> to \$6<sup>00</sup>  
bath and shower



## Hotel Kings-Way...

*West Pine at Kingshighway*

Opposite beautiful Forest Park. Near bus, street car and motor highways. 20 minutes from downtown. Club breakfasts, table d'hote dinners. Rooms for two from \$4. Special rates for permanent guests.





## Heiss Hotel System KMOX

### Advertising Is Large Factor In Growth of Fixed Trusts

The remarkable growth of fixed investment trusts, during a period when there has been little public interest even in the high-grade stocks underlying the trusts themselves, is due in large measure to the fact that people have been told about this new form of investment through consistent newspaper and magazine advertising. This is the opinion of Cedric H. Smith, vice-president of Administrative and Research Corporation, sponsors of Corporate Trust Shares.

"Of course, the soundness of the basic idea of the fixed trust is the main factor in its success," said Mr. Smith, "but without the power of the press the idea could not have spread so far in so short a time. Next in importance in our sales work we find talking motion pictures, with which we supply our dealers. Showings have been made twice a day in many towns, and so far these have invariably resulted in sales, as well as publicity."

# Facts Concerning Maximum Distribution Trusts

By **CEDRIC H. SMITH**

**Vice-President, Administrative and Research Corporation**

IT is a well-known fact that in normal times high-grade stocks often command prices in the market far higher than is justified by the returns they pay in regular dividends. Investors buy these stocks, however, knowing that over a period of years they will produce a total return, consisting in part of extra cash dividends, stock dividends, rights and extra shares issued as a result of split-ups or exchanges that will prove equivalent to a handsome rate on the original prices paid for the stocks. Experience shows too that a well-selected list of American common stocks will, as a group, grow substantially in value over a period of years due to the continuous expansion of American business and the success of the leading companies in various lines. The distributions mentioned above, other than regular dividends, result, of course, from the growth of the companies, from large earnings accumulated as surplus.

It is more or less common practice to consider this growth as capital appreciation, with respect both to the corporations and to the holders of their common shares. And there is a "school of thought" in investment circles that regards it as unwise, not to say reprehensible, for anyone to treat extra distributions on common stocks as income rather than capital return. From the standpoint of basic accounting principles, as against bookkeeping practice, it would probably be difficult to support such an opinion.

Most investors are not interested in discussion of abstract theory. Their chief desires are to keep their capital, in the long run, substantially unimpaired, and to receive in the meantime a general annual return, in cash, which they can use for current needs or reinvest from time to time, depending on their changing situations.

The maximum distribution type of fixed investment trust we find as an answer to the practical demands of today's investors who want general cash return from funds conservatively placed.

The theory of this type of trust contemplates that the corporations in the portfolio will follow the policy

of paying out a substantial part of accumulated earnings in the form of extra distributions; but that the part retained in surplus with increases in value of tangible properties owned, will cause the stocks, as a group, to maintain their capital value, or to rise somewhat during an extended period of years.

**J. G. Geddes**, vice-president of the Union Trust Company, Cleveland, is spending several weeks in England, France and Germany, where he is making a survey of the present economic conditions for the bank.

Announcement has been made that **Robert L. Clarkson** has retired as vice-chairman of the Board of Directors of the Chase National Bank of New York to devote all of his time to Chase Securities Corporation, of which he was made chairman of the Executive Committee. No other change in executive personnel of Chase Securities Corporation was made.

## TODAY'S Outstanding Type of SECURITY

A type of security has recently come into the market that seems to have been made to order for banks to sell—the fixed trust. Because the fixed trust offers, in one investment, safety, diversification of investment, certainty of income, marketability, a good income return and chances of price appreciation, there cannot be any possibility of an unfavorable reaction upon the part of the bank's clients now or at any future date.

Matthews & Lewis Co. can supply your bank with fixed investment trusts for resale to your customers at a substantial profit—in fact, a profit greater than you could secure from the sale of bonds having the same high degree of investment merit.

*We shall be glad to give you complete details on the trusts which we can supply you.*

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Confidence

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JAMES W. COLLINS  
RAY P. WALTON  
WALTER M. GODIN

UNION TRUST  
COMPANY  
OF EAST ST. LOUIS



*Member Federal Reserve System*

## Olive Street Notes

By JAMES J. WENGERT

☞ Alex Berger and Henry I. Cohn have formed the investment firm of Berger, Cohn & Co., with offices in the Landreth Building, St. Louis. Mr. Berger is a former Jonesboro, Arkansas, banker who has been in the investment business in St. Louis for the past five years. Mr. Cohn has been in the investment business in St. Louis for the past three years.

☞ Auburn Automobile Company has added 185 new dealers since January 1, according to advice of N. E. McDarby, vice-president in charge of sales, who also states that additional dealers are being added at the rate of four a day.

☞ John H. Drummond, London representative of Calvin Bullock, New York investment company, and brother of Kenneth Drummond of the St. Louis office of Calvin Bullock, addressed a number of St. Louis investment bankers at a luncheon meeting last month at the Noon-day Club. Mr. Drummond described the operation of English investment trusts.

English investment trusts, he said, have separated management from interested brokerage houses, have attained true diversification through investment in varied types of securities in diversified industries of widespread geographical location, and have learned to accumulate reserves by never disbursing trading profits or capital appreciation.

England, having weathered more depressions than America, looks on the present depression here as but a point in a regular cycle, he said.

America's prosperity, in Drummond's opinion, depends on its volume of export trade and its willingness to reduce war debts and the tariff.

☞ J. Spencer McCourtney, a partner in the firm of Mark C. Steinberg &



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Copyright  
W. C. Persons

Co., has been elected a director of the Key Boiler Equipment Company.

☞ William H. Burg, of Smith, Moore & Co., has been elected vice-president of the St. Louis Stock Exchange to fill out the unexpired term of John Aid, who recently was elected president to succeed Arthur C. Hilmer.

☞ C. C. Talley, well-known in St. Louis investment circles, has become connected with the sales department of the St. Louis office of A. B. Leach & Co.

☞ The firm of Seddon, Morfit & Harvey, Inc., has opened for business in

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in the United States are without electricity.

The room for expansion of the electric light and power industry in this and other fields is amazing.

**United States Electric  
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are secured by deposit with the Central Hanover Bank and Trust Company of New York of securities of electric light and power companies which serve over two hundred of the largest cities, do over 80% of the electric power business of the United States and operate in every state in the Union.

*Further details on request.*

**O. E. ELLIS & CO.**

**Investment Securities**

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BOATMEN'S BANK BLDG.  
ST. LOUIS

the Landreth Building. It is composed of Bruce Seddon, president; Thos. U. Harvey and Collins Thompson, vice-presidents; T. Garrison Morfit, treasurer; and Elmer B. Klein, secretary.



❑ **Oliver J. Anderson & Co.** announce that James B. Bergs is now associated with their organization.



❑ **New security offerings** in 1930 totalled but \$7,116,345,000—a loss of about 24 per cent from the record-breaking volume of 1929—according to figures compiled by Lawrence Stern & Company. Of this amount \$5,846,064,000 represented bonds and only \$1,270,281,000 represented stocks. Bond financing in 1930 was nearly \$1,000,000,000 more than it was in 1929.



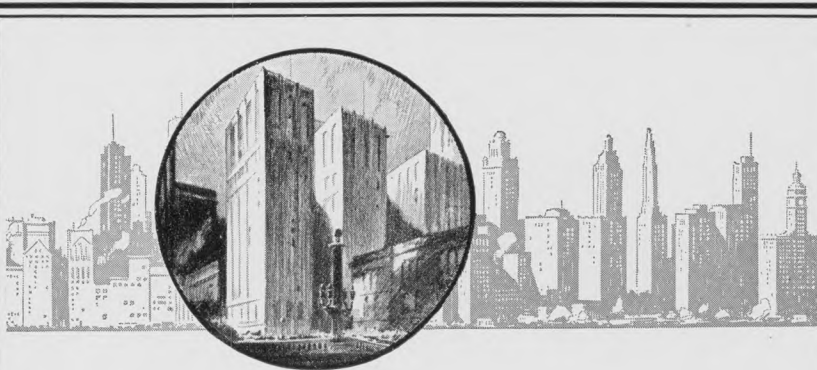
❑ **Richard Baldwin** has been admitted as a partner in the firm of G. H. Walker & Co.



❑ **Representative Trust Shares**, a new investment trust brought out recently by Cassatt & Co., Hornblower & Weeks, E. F. Hutton & Co., Mitchell, Hutchins & Co., Edward B. Smith & Co. and G. H. Walker & Co., has been meeting with unusual favor from investors. Chase National Bank is trustee, and each unit represents a deposit of common stocks of thirty-five leading corporations, all listed on the New York Stock Exchange. Market value is based on the actual market price of the trustee stocks and regular New York Stock Exchange commissions, plus a charge of 5½ per cent which covers all expenses of the trust. The six houses managing the trust, all members of the New York Stock Exchange, are maintaining an active market for the shares, and in addition to this the trust agreement provides that the trustee will convert any number of the shares into cash. The holder of 400 trust shares may have either his proportionate share of the trustee stocks, or cash.



❑ **Henry T. Ferriss**, president of the Investment Bankers Association of America and executive vice-president of the First National Company in St. Louis, returned recently from a western trip in the interests of the Association. He addressed divisional groups of Association members and Bond Clubs in St. Paul, Minneapolis, Spokane, Seattle, San Francisco, Los Angeles, Denver and Omaha.



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have justified the policies on which this Bank was founded, and have made it, today, the Financial Center of Chicago's Lake Front.

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Complete Banking, Trust and Investment Service Resources More Than \$35,000,000

# CURRENT QUOTATIONS

FURNISHED BY EDWARD D. JONES & COMPANY  
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On 100 Unlisted Bonds as of March 3, 1931

Security	Bid	Asked	Security	Bid	Asked
Adams Express, 4s, 1947.....	83	85	National Theater, 6½s, 1942.....	49	50½
Alabama Power, 5s, 1946.....	104	105	Nebraska Power, 6s, 2022.....	109	110
Alabama Power, 5s, 1968.....	103¾	103¾	Nev. Calif. Electric., 5s, 1956....	92	92¾
Algoma Steel, 5s, 1962.....	61	63	New England Pr. Assn., 5s, 1932..	98¾	99¾
Alliance Investors W. W., 5s, 1949	76	78	New England Pr. Assn., 5s, 1948..	88	89
Alliance Power, 6s, 1952.....	35F	45F	New England Pr. Assn., 5½s, 1954	93	93¼
Alton St. Louis Bridge, 7s, 1947..	61	63	New Orleans Pub. Serv., 4½s, 1935	91	92
Ambassador Hotel (La), 6s, 1943..	86	90	New Orleans Pub. Serv., 6s, 1949	91	92½
Amer. Com. Power, 5½s, 1953....	64½	66½	New York Water Serv., 5s, 1951	95½	96½
Amer. Com. Power, 6s, 1952.....	70	71½	Northern Indiana Public Service,		
Amer. Community Pow., 5½s, 1953	69½	72½	4½s, 1970 .....	93¼	93¾
Amer. Gas & Electric, 5s, 2028..	98½	99	Northwestern Terminal, 5s, 1977..	35	40
Amer. Gas & Power, 5s, 1953....	69	71	Nugent Realty, 6s, 1944.....	95	97
Amer. Rolling Mills, 4½s, 1933..	97½	97¾	Ohio Edison, 5s, 1960.....	101½	101¾
Amer. States Pub. Serv., 5½s,			Ohio Public Service, 5s, 1954....	102½	103¼
1948 .....	76	78	Okla. Gas & Elec., 5s, 1950.....	101¾	101¾
Amer. Waterworks & Elec., 5s,			Okla. Natural Gas, 5s, 1948.....	51½	52¾
1975 .....	87	89	Pacific Gas & Elec., 5s, 1942....	103½	103½
Arkansas Power & Light, 5s, 1956	97	97½	Penn Ohio Edison, 6s, 1950.....	102	103¼
Associated Gas & Elec., 5s, 1950..	73	74	Pa. Public Service, 6s, 1947.....	104½	105
Binghamton Light, Heat & Power,			J. C. Penny Bldg. & Realty, 5½s,		
5s, 1946 .....	101¼	102½	1940 .....	100	100¾
Birmingham Electric, 4½s, 1968..	94¼	95	Pa. Water Power, 4½s, 1968.....	96¾	97¼
Camden Rail & Harbor, 6½s, 1943	17	20	Pa. Water Power, 5s, 1940.....	103¼	104¼
Canadian Nat. Railway, 4½s, 1956	98¾	99¾	Peoples Lt. & Power, 5½s, 1941..	80½	84
Cape Breton Electric, 5s, 1932....	57	63	Pere Marquette, 4½s, 1980.....	99¼	99½
Can. Ill. Pub. Serv., 5s, 1956.....	90¾	99¼	Rochester Railway, 5s, 1930.....	33	36
Can. Ohio Lt. & Power, 5s, 1950..	88½	89¾	St. Joseph Water, 5s, 1941.....	97½	98½
Consolidated Cities Lt. Pr. & Trac.,			Savoy Plaza, 6s, 1945.....	77½	78¼
5s, 1962 .....	75	78	Sioux City Gas & Electric Ist,		
Consumers Power, 4½s, 1958....	101½	101½	5½s, 1950 .....	100½	102
Credit Alliance, 5½s, 1938.....	83¾	84¾	Southeastern Pr. & Light, 6s, 2025	102½	103½
Detroit Edison Co., 4½s, 1961..	101½	101¾	Southern Calif. Edison, 5s, 1952..	104¼	104¾
E. St. Louis & Suburban, 5s, 1932	97	98	Southern Gas, 6½s, 1935.....	98½	100½
Elec. Power & Light, 5s, 2030....	87¼	87½	Southwest Gas, 6½s, 1937.....	70	71½
Fox Film, 6s, 1931.....	98	98½	Standard Building, 6s, 1948.....	96	98
Fox New England Theater, 6½s,			Swift & Co., 5s, 1940.....	101½	101¾
1943 .....	44	48	Tenn. Electric Power, 5s, 1956....	100¾	101½
Ga. Power & Light, 5s, 1978....	83¾	85	Tenn. Public Service, 5s, 1970..	96¼	96¾
Houston Gas & Fuel, 5s, 1932....	94	94½	Tennessee Water, 4½s, 1968....	97	97¾
Houston Lt. & Pr., 5s, 1953.....	101	101¾	Texas Power & Light, 5s, 1937..	102¼	102¾
Ill. Power & Light, 5s, 1956....	95¾	96½	Toledo Light & Power, 5s, 1932	99¾	100¾
Litchfield & Madison, 5s, 1934..	99¾	100½	Twin States Gas & Elec., 5s, 1953	104	105
Little Rock Railway & Elec., 5s,			Twin States Nat. Gas., 6s, 1933..	19	21
1933 .....	100½	101	United Light & Power, 6s, 1975..	93½	94½
Los Angeles Gas & Elec., 5s,			United Light & Railway, 5s, 1932	100¾	101½
1961 .....	102¾	103½	United Public Utility, 5½s, 1947..	80	81
La. Power & Light, 5s, 1957.....	96¾	97¾	Ward Baking, 6s, 1937.....	100	100¾
Louisville Gas & Elec., 4½s, 1961	97	97¼	Wis. Hydro Electric, 5s, 1947....	92¼	95
Memphis Power & Light, 4½s, 1978	95	96	Wis. Power & Light, 5s, 1956..	101¾	102½
Minneapolis Gas Light, 4½s, 1950	91¼	91¾	Wis. River Power, 5s, 1941.....	100½	101½
Miss. Power & Light, 5s, 1957....	96	96½	Yellow Manufacturing Acceptance,		
Mo. Power & Light, 5½s, 1955	100¾	101½	6½s, 1934 .....	99¾	100¾
Montreal Lt., Heat & Pr., 5s, 1951	103½	104½	West Penn. Traction, 5s, 1960...	93	95
Montreal Lt., Heat & Pr., 5s, 1970	103¼	104	United Pr. & Lt. (Kansas), 5s, 1947	97¾	98¼
Nat. Electric Power, 5s, 1978....	74½	75½			

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51 CITIES

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**ASSETS OVER \$40,000,000**

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FOR two IN A  
DOUBLE BEDDED  
ROOM at the USUAL  
SINGLE RATE,  
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rooms... each  
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Federal Reserve Bank of St. Louis

## St. Louis Stock Exchange Transactions

	Par Value	February 20 Sale Price	Month's Range of Prices		Sales for Month
			Low	High	
Boatmen's Nat'l Bank	100	.....	175	175	2
First National Bank	20	.....	65	70	1237
Franklin-American Trust	100	.....	185	195	155
Mercantile-Commerce Bk. & Tr. Co.	100	.....	189½	194	1015
Mississippi Valley Trust Co.	100	.....	209½	221½	298
St. Louis Union Trust Co.	100	.....	475	485	69
American Credit Indemnity	25	.....	30	30	125
American Inv. "B"	No Par	9¼	9¾	10	385
A. S. Aloe Co., Pfd.	20	.....	92	95	105
A. S. Aloe Co., Com.	100	.....	29	30	210
Bentley Chain Stores, Com.	No Par	¾	¾	1½	3760
Boyd-Welsh Shoe	No Par	.....	18	18	300
Brown Shoe, Pfd.	100	.....	117½	117½	7
Brown Shoe, Com.	100	33½	33½	35½	631
Chicago Ry. Equip., Com.	25	.....	8	8	14
Chicago Ry. Equip., Pfd.	25	.....	19½	19½	98
Coca-Cola Bottling Co.	1	.....	25	32½	2490
Consolidated Lead & Zinc, "A"	No Par	.....	1½	2½	988
Corno Mills Co.	No Par	.....	22	23½	240
Curtis Mfg., Com.	5	17	16	17¾	590
Dr. Pepper, Com.	No Par	.....	29	31½	432
Eisenstadt Mfg., Pfd.	100	.....	80	80	10
Elder Mfg., 1st Pfd.	100	104½	104½	104½	4
Elder Mfg., "A"	100	.....	59	59	13
Elder Mfg., Com.	No Par	.....	17	17	162
Emerson Electric, Pfd.	100	.....	83	83	25
Ely & Walker Dry Goods, 1st Pfd.	100	.....	90	92	43
Ely & Walker Dry Goods, Com.	25	.....	15¾	18	1527
Fulton Iron Works, Pfd.	100	.....	5	5	20
Hamilton-Brown Shoe	25	6¾	5	7	1805
Hussmann-Ligonier	No Par	4½	4	4½	1507
Independent Packing, Com.	No Par	.....	4	5	180
International Shoe, Pfd.	100	.....	105½	108½	454
International Shoe, Com.	No Par	47½	47	48¼	9710
Johnson-S.-S. Shoe	No Par	.....	25	34	8975
Key Boiler Equip.	No Par	.....	18½	25	13178
Laclede-Christy Clay Prod., Com.	No Par	.....	14	15½	681
Laclede Gas Light, Pfd.	100	.....	99	100	18
Laclede Steel Co.	20	.....	31	33	150
Landis Machine, Com.	25	.....	25	29	320
McQuay-Norris	No Par	36½	35¼	38	424
Marathon Shoe, Com.	25	.....	5	6¼	60
Meyer Blanke, Com.	20	.....	6	10	260
Moloney Electric, "A"	No Par	52½	52½	55	433
Mo. Portland Cement	25	28½	25½	29	1276
Nat'l Bearing Metals, Com.	No Par	.....	30	30	50
Nat'l Candy, 2nd Pfd.	100	.....	96½	97	27
Nat'l Candy, Com.	No Par	22	19	22	1285
Pedigo-Lake Shoe	No Par	.....	10	10	65
Rice-Stix Dry Goods, 2nd Pfd.	100	82	80	80	184
Rice-Stix Dry Goods, Com.	No Par	.....	7	7¾	1325
Scullin Steel, Pfd.	No Par	.....	6	9	1268
Securities Inv., Pfd.	100	.....	103	103	53
Securities Inv., Com.	No Par	.....	27	31	115
Skouras Bros., "A"	No Par	.....	10	10½	950
Southwestern Bell Tel., Pfd.	100	120¼	119¼	120½	1457
Stix, Baer & Fuller, Com.	No Par	.....	11	15	4361
St. Louis Bank Bldg. Equip.	No Par	.....	6	6	10
St. Louis Car, Pfd.	100	.....	80	80	18
St. Louis Pub. Serv., Pfd. "A"	No Par	.....	18	18	200
St. Louis Pub. Serv., Com.	No Par	.....	3	4	1456
Wagner Electric, Pfd.	15	.....	105	106½	95
Wagner Electric, Com.	100	17½	15	18¾	6288

### Corporate Trust Shares 28 Stocks

..... *Instead of 1*

The owner of a single stock participates in the earnings and growth of only one company. By investing the same amount of money in Corporate Trust Shares he participates in 28 companies—all leaders in American industry. Thus his principal is securely diversified and his return stabilized. Moody's composite portfolio rating "A."

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**ADDS** dignity and beauty to your bank. **PROTECTS** the lives of officers, employees and customers.

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**LICENSED** as Installing Company by Protection Council, Underwriters Laboratories B. P. 292.

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Quotations on This Protection.

**J. H. WISE CO., INC.**  
PROTECTION ENGINEERS  
SYNDICATE TRUST BUILDING  
ST. LOUIS, MISSOURI

## Sidelights on Financial News

☞ **Cheer up.** If you have fewer dollars in your pocket than you had a year ago, comfort yourself with the fact that, theoretically at least, each dollar you have today is almost as good in raw commodity purchasing power as a dollar a quarter was a year ago. **Bradstreet's** monthly commodity price for February 1 showed a decline of about 2 per cent from January 1, 1931, and a decline of 19 per cent from February 1, 1930.

❖ ❖ ❖ ❖

☞ **John G. Lonsdale**, president of the Mercantile-Commerce Bank and Trust Company of St. Louis, and vice-president of the United States Chamber of Commerce, has been one of the active workers in recent weeks in the nation-wide effort to raise Red Cross funds for relief in the drouth area. He not only accepted a place on the national committee headed by Calvin Coolidge and Alfred E. Smith, but has also worked with the St. Louis organization in its campaign, and with members of the Missouri Drouth Relief Committee.

☞ **Owen D. Young** appeared recently before the Glass Senate Committee and advocated having all banks become members of the Federal Reserve System. *He asserted we must have a national policy in regard to banking and said that if it was necessary to change the Constitution to have an effective national banking system, he was for changing the Constitution.* Mr. Young pointed out the fact that the majority of the banks which have failed in the past few years have been banks which were not members of the Federal Reserve System.

❖ ❖ ❖ ❖

☞ **Frank Fuchs**, advertising manager of the First National Bank in St. Louis, gave out some interesting figures in a recent address at Little Rock, Arkansas, where he recommended advertising as a means of lessening the evils of depression.

"Records for 1930 are still incom-

## O. E. Ellis & Co. Occupies Enlarged Quarters



Pictured above is the office of O. E. Ellis in the recently enlarged quarters of O. E. Ellis & Co. in the Boatmen's Bank Building, St. Louis. The firm was organized three years ago to deal in a general line of investment securities.

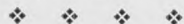


plete, naturally, but the Advertising Federation of America has found available the experience of seventy-seven national advertisers for that year," he said. "Twelve of these concerns reduced their advertising from 15 to 100 per cent. Thirteen companies decreased their advertising by less than 15 per cent, and fifty-two companies actually increased their advertising.

"But the group which cut its advertising by more than 15 per cent showed a decline in its net profits of 41.2 per cent. The group which reduced advertising by less than 15 per cent had a decline in profits of 13.2 per cent. The group which was able to increase their advertising showed the smallest decline in profits, only 9.6 per cent."



☐ **Fred Staker**, assistant vice-president of the Commerce Trust Company, Kansas City, Missouri, is the author of one of the most interesting little folders that has come to our attention in some time. The title of this folder is: "It May Cost You \$5,000 to Read This." If you haven't seen it, I'm sure that Fred would be glad to send you one.



☐ **We've heard** a lot of wild yarns about the amount of collateral required to secure a loan, but here is a new one: *An aged colored woman applied to a Thomasville, Georgia, bank recently for a loan of \$5. It was explained to her that she would have to get a reliable indorser or put up acceptable collateral. A few hours later she returned with a shining ten dollar gold piece. An official of the bank accepted the security and made the loan. We offer a reward for any banker who can freeze that kind of a loan.*



☐ **Club-like atmosphere** will impress the customers of the 35 and 37 East 72nd Street office of the Central Hanover Bank and Trust Company, New York City, now under construction. The main floor is to be devoted to a lounge, ladies' sitting room, ticker room, officers' platform and banking space. The new office will be completed in about seven months.



☐ **Slowly but surely** the mental fog of depression is rising. James H. Farrell, president of the U. S. Steel Corporation, tells us that the turn came around the first of the year. *Albert H. Wiggin, chairman of the board of the Chase National Bank of New York, says that "he expects*

# What Do You Want?

—tell us and we will help you find it. We have created this new classified ad department as a free service to subscribers. If you have something to buy or something to sell, or if you want anything, you can make it known to the bankers in the Mid-Continent territory without cost. If you are not a subscriber, your check for \$3 will pay for a year's subscription and entitle you to free use of the want ad columns.

**Opportunity for High Grade Salesman** calling on banks, trust companies and building and loan associations to carry supplementary line syndicated financial literature. Give present affiliation and territory covered. Carl W. Art Advertising Agency, Inc., 301 Orpheum Bldg., Seattle, Washington.

**For Sale:** Ten small nests of safe deposit boxes. Address S. E. Castator, 408 North 4th Street, St. Louis, 3-31.

**Wanted:** Steel safe for lobby; outside lock; section of safe deposit boxes. Must be in good condition and low priced. Address The Mendon Bank, Mendon, Missouri, 7-30.

**Wanted:** Would like to buy two bronze "First National Bank" signs. With or without Federal Reserve Emblem. Address J. A. A., care Mid-Continent Banker, 3-31.

**For Sale:** A nice set of bank fixtures and a real up-to-date manganese steel safe. Safe when new cost \$1,500. Both fixtures and safe for sale at bargain prices. Address Oklahoma State Bank, Hastings, Oklahoma, 5-30.

**For Sale:** A nice set of marble bank fixtures, up-to-date steel safe, vault doors and safe deposit boxes. Real bargains. Address Farmers and Mechanics Savings Bank, Troy, Missouri, 12-30.

**For Sale:** Practically new \$10,000 set of white marble bank fixtures at a big sacrifice on account of consolidation. Also practically new York vault door equipped with time lock. Call or write to the Astoria State Bank, Astoria, Illinois, 7-30.

**Bond Salesmen Wanted:** Well-known Chicago bond house with branch office in St. Louis has openings for two or three salesmen in St. Louis or in Illinois or Missouri territory. Bond experience preferred, but not essential. If you care to arrange for an interview, please write to B. M. S., care Mid-Continent Banker, 3-31.

**For Sale:** 40 foot bank counter (four windows), 35 foot low counter partition; 1½ to 3 inch vault door, about 200 safety boxes, all only slightly used. Address C. R. S., care Mid-Continent Banker.

**Wanted:** Large outside clock. Must be in good condition and low priced. Also want bronze First National Bank sign. Send picture with prices. Address First National Bank, Black Rock, Ark., 6-30.

**Wanted:** Experienced seasoned banker wants to buy interest in some good country bank carrying position. Will also buy insurance or other business with or without bank. Will invest in bank stock enough to be director. Can give best of references. Address G. B. C., care Mid-Continent Banker, 3-30.

**For Sale:** At a sacrifice; one 4½ inch Bank Vault Door that is in exceptionally good condition. Address: S. Edwin Castator, 408 North 4th Street, St. Louis, Mo., 3-31.

**Wanted:** Telephone booth for use in bank lobby. Write to the Oklahoma State Bank, Hastings, Oklahoma, 12-29.

**Situation Wanted:** Real Estate Loan Department manager thoroughly experienced and able to take complete charge of department in bank or loan house. Understands appraising, estimating cost from plans and the handling of construction loans, etc. Also experienced in general banking; able to fill in any capacity in bank, having held responsible positions at all times. Best of references. Address A. E. F., care Mid-Continent Banker, 3-30.

**For Sale:** Rectangular Diebold vault door equipped with triple time lock and double combination. Good condition. Also vault lining and quarter-sawed oak fixtures with four windows. Price reasonable. Address First Trust and Savings Bank, Alton, Illinois, 12-30.

**Wanted:** To buy controlling stock in three hundred thousand dollar bank or larger. Address O. S. T., care Mid-Continent Banker, 7-30.

**Wanted:** To buy vault door not less than 6-inch thickness with time lock. Can also use about 100 boxes. Address J. J. W., care Mid-Continent Banker, 2-31.

**Wanted:** Position in bank in country town of 200 to 2,500 population. Have had twenty-five years actual banking experience working from ground up. Not afraid of work. Desire cashier or assistant cashier position. Age fifty-one. Protestant. Widower. Best of references. Address S. S. D., care Mid-Continent Banker, 5-30.

**Wanted:** Opportunity to join in organization of new bank in good location or desirable connection with a bank. Have had considerable experience in theoretical and practical banking. Address A. C. C., care Mid-Continent Banker, 9-30.

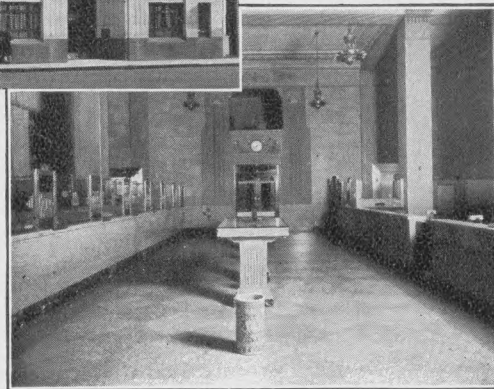


OKLAHOMA  
NATIONAL  
BANK

Chickasha  
Okla.

Designing  
Engineering  
Construction  
and  
Equipment  
by

ST. LOUIS BANK  
BUILDING AND  
EQUIPMENT CO.



## Build Economically Now

**T**HE EFFECT of the depression has caused a great reduction in the cost of building materials and the net cost of skilled labor. Skillful buying indicates a reduction in wholesale building prices averaging 25%.

It is not necessary to economize today by using an inferior grade of material or workmanship, as the very best may be had now at prices your bank can afford. Under these conditions it is not wise to utilize present levels for the physical improvement of your bank building and interior equipment?

Our service, which includes complete Investment Surveys, Architectural Design, Engineering, Construction and Interior Equipment, is fully explained in our Preliminary Service Booklet. Copy sent upon request.

## ST. LOUIS BANK BUILDING AND EQUIPMENT COMPANY

Designers, Engineers and Builders for Banks Exclusively  
CHICAGO    ✓    ✓    ✓    SAINT LOUIS    ✓    ✓    ✓    MEMPHIS

conditions at the end of 1931 to be a good deal better than they were at the end of 1930."



❖ **Threefold increase** in business of the St. Louis Federal Intermediate Credit Bank in 1931 has been predicted by Wood Netherland, president of the bank. Last year the bank loaned more than \$10,000,000 to 7,000 farmers through cooperative marketing associations, local banks and agricultural credit corporations in Illinois, Missouri and Arkansas.



❖ **C. A. Wisdom**, cashier of the Farmers and Merchants Bank of Green Ridge, Missouri, and chairman of the committee on analysis and service charge of the Missouri Bankers Association, points out the fact that out of 151 banks and trust companies closed in Missouri in 1930, not counting bona fide mergers and consolidations, there were only 5 service charge banks that failed. If you are superstitious, you had better adopt the service charge NOW.



❖ **In 1803**, several eastern states disapproved of the expenditure of \$15,000,000 by the United States for what is known as the "Louisiana Purchase." Last month several banking syndicates met with state officials at Baton Rouge, state capital of Louisiana. Each tendered bids for a \$15,000,000 highway construction bond issue. Ten minutes after the bids were opened, the issue was awarded to a syndicate of all the New Orleans banks and two Shreveport banks, headed by the Hibernia Bank and Trust Company of New Orleans, syndicate managers. President R. S. Hecht of that bank handed Governor Huey P. Long and O. K. Allen, chairman of the Louisiana Highway Commission, a check for \$15,121,500, in full payment of the bonds.



❖ **Three gangsters** confessed recently to Assistant State's Attorney Charles E. Lounsbury of Chicago that they had participated in a long series of jewelry store and bank holdups. \$4,800 was obtained from the Itasca State Bank; \$4,150 from the Hillsdale State Bank; and \$1,250 from the Rockton State Bank. The only bank where they failed to obtain any money was the Plainfield, Illinois, State Bank, where their attempt was foiled by bandit- and bullet-proof fixtures.

"The real leaders do not always march at the head of the procession."

## Two New Investment Houses Formed in St. Louis

Two new St. Louis investment houses have been formed as a result of the segregation of the activities of the firm of Love, Reinholdt & Gardner, which had been formed last October. Love & Co., Inc., will do a general investment and real estate mortgage business. Reinholdt & Gardner, with a membership in the New York, Chicago and St. Louis Stock Exchanges, will do a brokerage as well as an investment business.

Love & Co.'s activities become a continuation of the general investment and real estate mortgage business done by John A. Love and his associates the last twelve years through the various predecessor organizations. It was started as John A. Love & Co., in 1919, and branched out into Love, Van Riper & Bryan, in 1924. In 1927, it became Love, Bryan & Co., and in 1930 it consolidated with Reinholdt & Co.

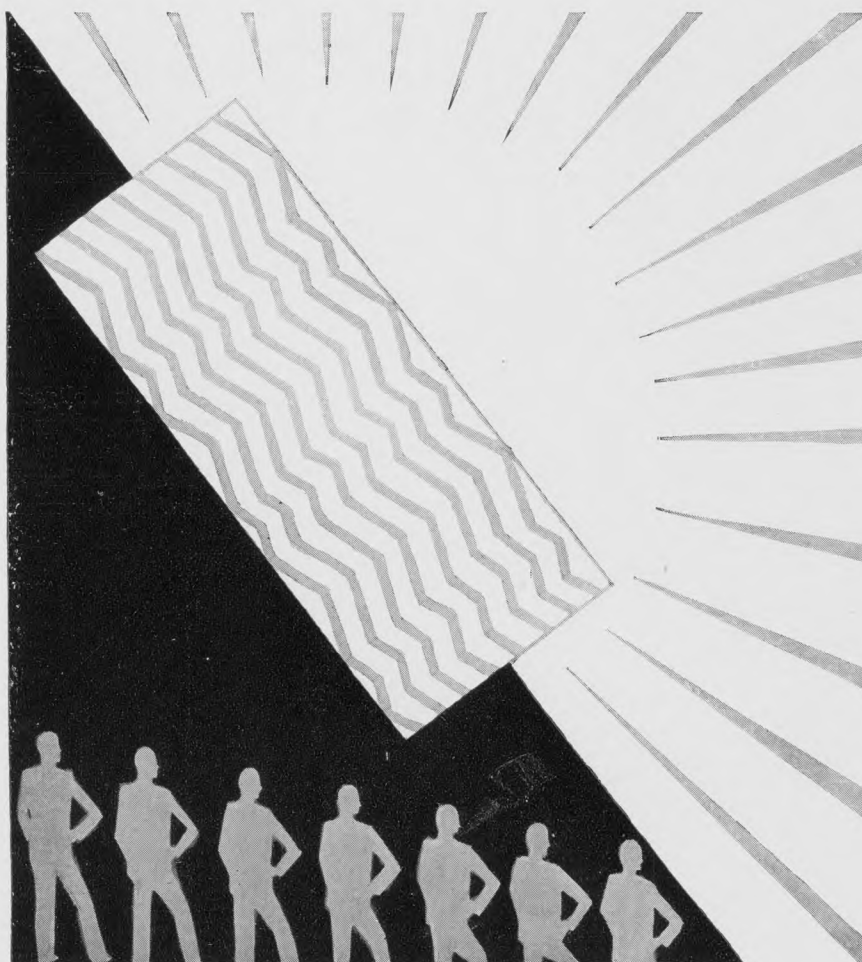
Virtually the same relations so far as activities are concerned will be in effect between the two new firms as existed in the consolidated Love, Reinholdt & Gardner, which is now dissolved. They will continue in the same offices on the ground floor of the Security Building, Reinholdt & Gardner having the east half, and Love & Co., Inc., occupying the west half.

With the formation of the new firm of Reinholdt & Gardner, Fred W. Gardner, who purchased a seat on the New York Stock Exchange several months ago, becomes a partner. He is a brother of Russell E. Gardner, Jr., also a partner. In addition to the continuation of the brokerage business, the firm of Reinholdt & Gardner will conduct the investment business formerly done by Reinholdt & Co. for the last seventeen years. Julius W. Reinholdt, Jr., and the two Gardners are partners, and interested with them in the firm are Freen B. Nulsen, John J. Little and Arthur A. Christophel.

Officers of Love & Co. are: John A. Love, president; Wilbur I. Christopher and Louis W. Ochs, vice-presidents; and Charles Kahn, secretary and treasurer.

I think the first virtue is to restrain the tongue; he approaches nearest to the gods who knows how to be silent, even though he is in the right.—Cato.

The learned man has always riches in himself.—Phaedrus.



EVERY CHECK OF YOURS IS A MOVING ADVERTISEMENT... a continuous reflection of your service and standing... as it passes down the line of customers and contacts.

And that reflection is a favorable one, if your check is well designed and produced on La Monte National Safety Paper. With your name and emblem incorporated into the La Monte background of color and distinctive wavy lines, your check has individuality. It stands out. With La Monte's safety... crispness... smartness, your check has character. It does its duty.

You can put La Monte to work for you... capture the goodwill and appreciation of your customers with La Monte checks. And we'll gladly help you. Ask us for samples of La Monte Paper... in all its attractive tones... and for help in re-designing your check. Our service is free. George La Monte & Son, 61 Broadway, New York.

FREE—An unusual sample book of checks, C-10, made on La Monte National Safety Paper.



## Answers to Legal Questions on Page Fifteen

**1.** No. Unless the stockholders authorized the expenditure or the corporation received a benefit from the litigation in question, such fees cannot be paid out of the corporation treasury.

**2.** Yes. From an illegal contract no action arises. It is a general rule that contracts made in violation of law are void and no action to en-

force a contract made in violation of a statute can be maintained.

**3.** Yes. The statute of limitations does not begin to run on the certificate until a repudiation has been made by the bank of its obligation to pay the money represented by the certificate and such repudiation is brought to the attention and knowledge of the depositor. The transac-

tion, in the popular sense, was the receipt of the money for safe-keeping by the bank for a long period of time, if the depositor wished, and the deposit was to be returned to him upon demand.

**4.** Yes. A depositor may, as a general rule, set off his deposit against his note due a bank. The test is the mutuality of the indebtedness, that is, the parties must owe each other in the same capacity so that a judgment might be recovered in the same right by each other. The administrator held as trustee for the defendant, who was the real party in interest. He could have brought suit in the name of the administrator for the deposit and recovered a judgment against the bank. This satisfies the rule as to mutuality, and since there was a mutual indebtedness the deposit may be set off against the note.

**5.** No. If the mortgagor leased the property while he was allowed to retain possession, which is the usual situation, the tenant can only enjoy such rights as the mortgagor possessed. The tenant had notice of the mortgage and his rights can rise no higher than those of his landlord. It appears that Missouri, Illinois, Kansas and South Carolina follow this rule and that Indiana, Ohio, Delaware and New Jersey hold to the contrary.

**6.** No. In order that a life tenant may maintain a claim of adverse possession against the remaindermen it is essential that the life estate be renounced and notice brought home to the owners of the remainder estate that their property is being held and claimed adversely and not as life tenant.

**7.** Generally alterations and erasures of written instruments are presumed to have been made at or prior to the time of their execution unless an alteration or erasure appears suspicious on its face, such as the use of a different kind of ink at the point of erasure. In the presence of circumstances of a suspicious nature the law presumes nothing and the circumstances surrounding the apparent irregularity are matters of fact to be found by the jury, upon proof adduced by the party offering the instrument in evidence. In the present case the plaintiff had no benefit of a presumption in his favor and, lacking that and also any favorable

### *From the Beginning*

the management of this  
Bank has acted on the  
principle that the only  
true source of real finan-  
cial prosperity is to be  
sought in the deserved  
confidence of the public.

**CHEMICAL  
BANK  
&  
TRUST COMPANY**

NEW YORK

1824

Member New York Clearing House Association

testimony concerning the apparent alteration, he could not and did not recover on the note.

8. Yes. Generally the stockholder's liability may be enforced against one who, though not the real owner of a block of bank stock, allows the stock to stand in his own name, as owner, on the books of the bank. Johnson is estopped as against the banking commission from disclaiming ownership of the stock at the time the bank closed.

9. The measure of damages for failure to give notice to the endorsers would be prima facie the amount of the note and interest thereon, but if the bank could show that the loss of John Jones was merely nominal and that he suffered no actual loss on account of the negligence of the bank, the amount recovered would be limited to nominal damages. In this case Jones could not recover the full amount of the note with interest, neither was the liability of the bank limited to nominal damages. The measure of damages was the loss shown to have been the natural and proximate consequence of the negligence of the defendant, which was \$2,500.

10. No. Generally the pledgee of stock is entitled to cash dividends thereon for which he must account to the pledgor. The same rule applies to stock dividends. The value of outstanding stock is determined by the capital and surplus of a corporation. Issuance of a stock dividend lessens the value of such outstanding stock. To permit Jackson to receive and appropriate a stock dividend on his stock held by the bank as collateral to secure an indebtedness, is to permit him to wrongfully depreciate the security held by the bank.

At the first regular meeting of the Board of Directors of the National Bank of the Republic, Chicago, following the annual stockholders' meeting, all the officers of the bank were reelected. The following changes were also announced: D. M. Sweet, formerly assistant vice-president, was made a vice-president; N. W. Wendell, formerly assistant cashier, was made an assistant vice-president; and Martin J. Callahan was elected an assistant vice-president.

I think we are apt to magnify the evils from which we are suffering

—Philip Snowden.

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eral Reserve Bank of St. Louis

## Elimination and Substitution vs. Elimination Only

By H. G. CARPENTER

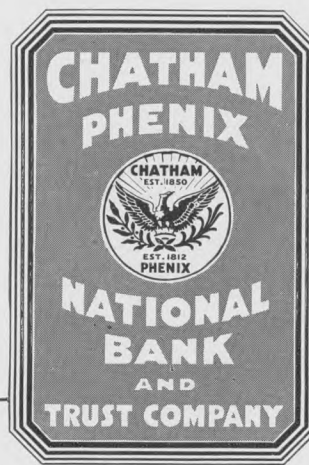
Vice-President, Transcontinental Shares Corporation

THE above title might imply a comparison of the "Fixed" trust with the "Management" trust, but such a comparison is not contemplated by the author. This article has to do only with the "Fixed" type of investment trust.

The term "Fixed Trust" has been rather loosely applied to all investment trusts which do not provide for

changes in the underlying stocks at the will of a management. There are very few truly "Fixed" trusts, that is, trusts which contemplate no changes whatsoever throughout the entire term of the trust.

There seems to be a general feeling on the part of "Fixed" trust sponsors, as well as investment services, that weaknesses are bound to devel-



Charter Member  
New York Clearing House  
Association

Eminently qualified by its  
119 year record, conservative  
policies, nation-wide contacts,  
and neighborly spirit to serve  
those who require New York  
correspondent facilities.

**CHATHAM PHENIX**  
**NATIONAL BANK AND TRUST COMPANY**

New York  
MAIN OFFICE: 149 BROADWAY  
16 Branches in New York City

Established 1812 : Resources More Than \$300,000,000

op in any list of twenty-five or thirty stocks, and the customary method of meeting this situation is to provide for the dropping of weakened stocks by "mechanical elimination." Thus, one "Fixed" trust provides that any stock which fails to pay a regular dividend shall be eliminated from the trust one hundred days after such failure to pay. Another eliminates at the end of six months; another in thirteen months after the regular dividend is passed.

These are all "elimination only" trusts. Provision is made for the "mechanical elimination" of the

weakening stocks with no provision, however, for substituting other stocks of stronger companies in more favored industries.

Are we safe in assuming that this is a sound policy? Some years hence, it will undoubtedly be true that many of today's leading corporations will still be leaders. They will still be in the "elimination only" trust. Others will have weakened, passed their dividends and will be "mechanically eliminated." But just as surely some stocks which are obscure today will have loomed into prominence as the best profit-makers. Why

should the investor forego participation in tomorrow's leaders?

In their anxiety to shy away from any "taint" of management, have not the "elimination only" trusts cut off a very possible source of additional revenue and profit to their shareholders?

The problem is to provide for "elimination and substitution" instead of "elimination only"—without management. This has been accomplished by one "Fixed" trust as follows: Both eliminations and substitutions must be approved by a majority of three independent, expert investment counsel satisfactory to the trustee. Investment counsel are retained with the understanding that the trust is essentially a "Fixed" trust and that substitutes are to be made only when it is apparent that one of the portfolio stocks is definitely on the long-term down grade. The sponsors may suggest substitutions but the decision rests entirely with the three unbiased investment counsel.

### Warren Browne Forms Own Investment Company

Warren Browne, former partner in the firm of Knight, Dysart & Gamble, has formed the Warren Browne Company, with offices at 1820-21-22



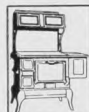
WARREN BROWNE

Boatmen's National Bank Building, St. Louis. The new firm will do a general investment business and will specialize in Massachusetts Investment Trust shares.

Mr. Browne resigned from Knight, Dysart & Gamble, effective February 16. He has been in the investment business in St. Louis for more than



### NASHVILLE HAS FIVE STOVE MANUFACTURERS SIX\* BANK HERE . . . .



In Nashville, five progressive stove manufacturers operate foundries the value of whose products in 1930 amounted to \$4,850,000. One thousand, six hundred and fifty Nashville people, with an average weekly payroll of \$33,000, are employed in their making, and through their industry homes throughout America are made comfortable and attractive.

Two of these companies have been manufacturing stoves in Nashville for more than sixty-five years, two more for more than ten. One is comparatively new . . . We consider their patronage a strong endorsement, for, with the exception of two and three years respectively when two of these manufacturers

did not do business with us, each of them has banked here since they first began operation. And in addition to these five, another stove manufacturer,\* whose plant is not in Nashville, banks with us.

The number of years which these manufacturers have been in business indicates that they have grown steadily with Nashville, and so the American Banks have grown. Consistently we have added to our facilities for service, and consistently have these facilities been recognized. Today, largely because of our close cooperation with the business interests of this city, we are able to offer you a banking service never before equalled in Nashville.

Bank with the American Banks. Our strength is yours to use.

## THE AMERICAN BANKS NASHVILLE



twelve years. He is a graduate of the University of Missouri and a member of the Noonday and M. A. A. Clubs.

**Bramman Now Executive V. P. of Mississippi Valley**

William J. Bramman, familiarly known to hundreds of bankers throughout the Mid-Continent territory as "Bill," is receiving the congratulations of his many friends upon his appointment as executive vice-president of the Mississippi Valley Trust Company, St. Louis.

Beginning as a messenger in 1905, he had been advanced to senior vice-



W. J. BRAMMAN

president of the former Merchants-Laclede National Bank, the position he held when that institution merged with the Mississippi Valley Trust and the State National Bank in July, 1929. Thereafter, he became one of the ranking vice-presidents of the consolidated institutions.

Mr. Bramman has been active in the affairs of the American Bankers Association for a number of years and is also a member of the Reserve City Bankers Association.

**New Investment Trust Has Some Unusual Features**

James C. Willson & Co., New York and Louisville, announce a new five-year fixed trust, "Low-Priced Trust Shares," which incorporates several unusual features.

The new investment trust was started on the premise that stocks selling in the low-price bracket have been depressed to a point out of proportion to the balance of the market and in support of this premise, the

sponsors submit the following facts:

"After 1897, 58 stocks which had sold under \$12 per share showed an average profit of 215 per cent in three years.

"After 1907, 56 similar stocks advanced 270 per cent in three years.

"After 1914, 40 such stocks appreciated 260 per cent in three years.

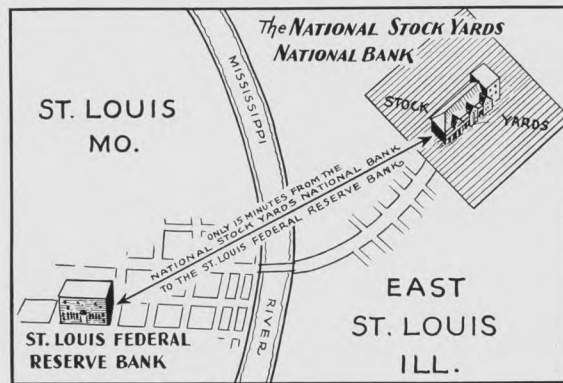
"After 1921, 93 such stocks advanced 229 per cent in three years.

"Twenty-five stocks in the portfolio of 'Low-Priced Shares' advanced 82 per cent in the five months from the low of 1929, to the high of 1930."

The twenty-five stocks in "Low-Priced Shares" are all listed on either the New York Stock or New York Curb exchange and all of them (at the time of selection) were selling below \$20 per share.

Another feature of this new trust is that the smallest denomination in which the shares are issued (50 shares) carries the privilege of conversion without cost through the trustee into the deposited stocks themselves.

"You can change your job every month and still remain in a rut."



**Let Us Act as Your St. Louis Correspondent**

Drafts on this bank are exactly the same as St. Louis exchange as they are received by the Federal Reserve Bank of St. Louis for immediate availability. We are located just 15 minutes from the downtown business district of St. Louis, and have the same mail service in addition to hourly messenger service.

We credit your account with the proceeds of livestock shipments the same day the livestock is sold—A SAVINGS OF THREE OR FOUR DAYS' INTEREST ON THE PROCEEDS OF EACH SHIPMENT. We can handle good steer loans for your customers, where their statements are satisfactory, without the endorsement of your bank. We can handle your securities in our safe-keeping department without charge. We buy or sell Liberty Bonds for you on the market without brokerage charge, and we pay 2% on daily balances.

**The National Stock Yards National Bank**

OF NATIONAL CITY

NATIONAL STOCK YARDS

ILLINOIS

**OFFICERS**

OWEN J. SULLIVAN, *President*

HAROLD W. KRAMER, *Vice-President*  
 RAYMOND E. LAW, *Vice-President*  
 JOHN W. MINTON, *Vice-President*

ROBERT D. GARVIN, *Cashier*  
 WALTER SINGER, *Assistant Cashier*  
 HARRY G. WALL, *Mgr. Bond Dept.*

# Facts Concerning Federal Land Bank Bonds

By **WOOD NETHERLAND**

President, Federal Land Bank, St. Louis

**W**ITH the exception of government bonds there is perhaps no one class of outstanding securities which has obtained a more general distribution in the investment field than Federal Land Bank bonds. As the so-called "war debt" is re-

tired from year to year, for which there must be substantial securities having certain preferred features, it is reasonable to assume that Federal Land Bank bonds will forge gradually to the front and become more and more in demand. Since present

market prices afford an attractive yield to the investor who looks into the future, it is quite fitting that bankers should give consideration to this form of investment.

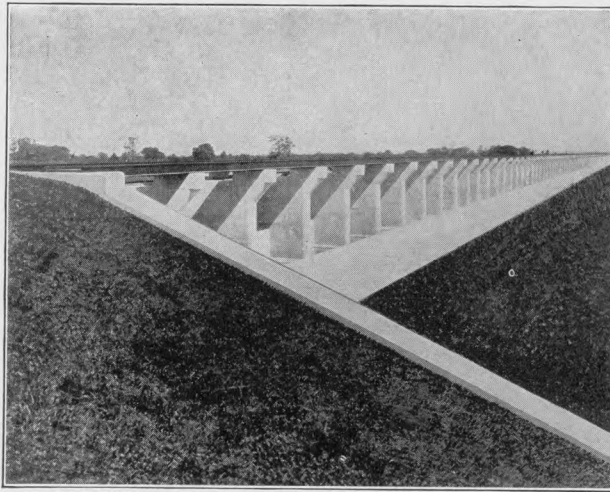
Federal Land Bank bonds, both as to principal and interest, are exempt from federal, state, municipal and local taxation. They are lawful investment for fiduciary and trust funds under the jurisdiction of the United States, and eligible for investment by savings banks in most states. They are also acceptable to the United States treasury as security for government deposits, including postal savings.

The basic and underlying collateral insuring their eventual payment is the first mortgages on selected farm units. From time immemorial land used for agricultural purposes has been regarded as offering the best of security, and, notwithstanding the unhappy era through which we have passed during the last ten years with respect to agriculture, man must always depend upon the products of the soil for sustenance. The collateral, therefore, sustaining these bonds represents a lien on a national asset which has been the foundation of our republic and which constitutes a guaranty of its continuity.

Each Federal Land Bank bond is not only the primary obligation of the bank of issue but, under the conditions stated in the law, is likewise the liability of the other eleven Federal Land Banks, both as to principal and interest.

▲ Federal Land Bank bonds are issued with the approval, both as to form and security, of the Federal Farm Loan board. The law requires that they be secured, dollar for dollar, by the deposit of first mortgages on farm lands, representing not more than 50 per cent of the appraised value of the lands and 20 per cent of the appraised value of the permanent, insured improvements, or by United States Government bonds. Under the conditions stated in the Federal Farm Loan Act, they are guaranteed jointly by the twelve Federal Land Banks, with total capital, reserves and undivided profits of approximately \$100,000,000.

Federal Land Bank bonds have all the safety of a first mortgage plus the guaranty of the twelve banks. Aside from the "amortization" payment, which annually or semi-annually reduces the principal, each bank may charge borrower's interest at a rate not in excess of 1 per cent above the interest rate borne by its



The New Mississippi River Bonnet Carre Spillway

## NEW ORLEANS

XXXIX

### Flood Control

The Bonnet Carre Spillway, 25 miles above New Orleans, now approaching completion, represents part of the \$325,000,000 authorized by the 1928 National Flood Control Act.

This massive concrete dam, a mile and a half long, is capable of relieving the Mississippi River of its flood waters at the rate of more than 250,000 cubic feet per second, or more than one-sixth of the total flood discharge of the river, thus assuring New Orleans and contiguous territory continued safety during flood seasons.

Hibernia Bank & Trust Co.

New Orleans, U. S. A.



last issue of bonds, at the time the loans were made, to provide for operating expenses, the absorption of losses, and the creation of reserves.

The farms upon which loans are made through national farm loan associations have been twice appraised; first by a local committee composed of members of the national farm loan association which guarantees the loan; second by an appraiser appointed by the Federal Farm Loan Board.

▲ The set-up of the Federal Land Bank system is somewhat analogous to that of the Federal Reserve System. For each there is a board at Washington acting in a supervisory capacity, and in each system the country is divided into twelve districts, which, however, do not cover the same areas. National farm loan associations take stock in and do business with the Federal Land Bank of their district in a manner somewhat comparable to that in which state and national banks have an interest in the Federal Reserve Banks.

Each association appraises the security back of, endorses, and becomes liable for, each and every loan accepted through it by the Federal Land Bank of its district. These associations vary in size from ten member borrowers with a total of \$20,000 in loans to more than one thousand members with loans aggregating five millions. Each borrower is required to take stock in his local association in an amount representing 5 per cent of his loan, and is equally and ratably liable for the association's obligations in an amount equal to his stock holdings. In other words, the stock carries the double liability feature as does stock in national banks.

Each national farm loan association has its officers and board of directors the same as any other corporation, and each is a distinct entity. The association receives applications for loans and makes such investigations as it may deem necessary as to the character and solvency of the applicants and the sufficiency of the security offered, and makes a written report of the result of such investigations. Upon receipt of this report the application is either rejected or is sent, with written approval of the association, to the Federal Land Bank. The bank in turn refers the application and report received from the association to a trained appraiser appointed by the Federal Farm Loan Board. This appraiser then inspects the property and makes his report thereon in writing. The application,

and the land bank appraiser, is then submitted to the officers of the bank for approval or disapproval. The land bank officials cannot make any loan which is not approved by the association or which is reported on adversely by the land bank appraiser; nor can it grant any loan for an amount in excess of that which either has recommended. After the loan has been made by the Federal Land Bank it is submitted to the Appraisal Division of the Federal Farm Loan Bureau at Washington where it must receive final review before it is approved as collateral security for Federal Land Bank bonds.

The Federal Land Banks are examined at least twice each year, and the national farm loan associations at least once, by the examining division of the Federal Farm Loan Board; and out of an experience of some twenty years in both state and national banks, I think I can say with some degree of certainty that the Farm Loan Board as now constituted is fulfilling its duty most efficiently in this respect, and the manner in which the board and the banks cooperate in following out suggestions for improvements made by the examining division, augurs well for the system.

# The Chase National Bank

*of the City of New York*

Pine Street corner of Nassau

Capital .....\$ 148,000,000.00  
 Surplus and Profits..... 209,791,140.83  
 Deposits (December 31, 1930) 2,073,775,922.95

### DIRECTORS

- |                          |                         |                            |
|--------------------------|-------------------------|----------------------------|
| Albert H. Wiggin         | Paul D. Cravath         | John C. Martin             |
| John McHugh              | Bertram Cutler          | Thomas N. McCarter         |
| Charles S. McCain        | Gerhard M. Dahl         | Chas. G. Meyer             |
| Robert L. Clarkson       | Thomas M. Debevoise     | Albert G. Milbank          |
| Winthrop W. Aldrich      | Clarence Dillon         | Jeremiah Milbank           |
| Harry M. Addinsell       | Franklin D'Olier        | George M. Moffett          |
| Frank Altschul           | Frederick H. Ecker      | George Welwood Murray      |
| Vincent Astor            | Halstead G. Freeman     | Joseph D. Oliver           |
| Gordon Auchincloss       | Tom M. Girdler          | Henry Ollesheimer          |
| Earl D. Babst            | David M. Goodrich       | Eugenius H. Outerbridge    |
| Howard Bayne             | E. Carleton Granbery    | Thomas I. Parkinson        |
| Amos L. Beaty            | Edward H. R. Green      | Frank L. Polk              |
| Hugh Blair-Smith         | Augustus H. Griswold    | Robert C. Pruyn            |
| Henry S. Bowers          | William E. S. Griswold  | Samuel F. Pryor            |
| Edward N. Brown          | Henry O. Havemeyer      | Lyman Rhoades              |
| Francis H. Brownell      | Charles Hayden          | Andrew W. Robertson        |
| Kenneth P. Budd          | James N. Hill           | Ferdinand W. Roebling, Jr. |
| H. Donald Campbell       | Arthur G. Hoffman       | Reeve Schley               |
| Henry W. Cannon          | Ralph C. Holmes         | Carl J. Schmidlapp         |
| Newcomb Carlton          | George H. Howard        | Charles M. Schwab          |
| Walter S. Carpenter, Jr. | Daniel C. Jackling      | Alfred P. Sloan, Jr.       |
| Malcolm G. Chace         | Otto H. Kahn            | Lloyd W. Smith             |
| Harold Benjamin Clark    | Lewis Cass Ledyard, Jr. | Robert C. Stanley          |
| Joel S. Coffin           | James T. Lee            | Cornelius Vanderbilt       |
| Howard E. Cole           | L. F. Loree             | Thomas F. Vietor           |
| Edward J. Cornish        | H. Edmund Machold       | George E. Warren           |
| Harvey C. Couch          | John R. Macomber        | George P. Whaley           |
| Frederic R. Coudert      |                         | Henry Rogers Winthrop      |

*Foreign and Trust Department Facilities*

## Illinois Bank News



M. A. GRAETTINGER  
Executive Vice-Pres.

OFFICERS ILLINOIS BANKERS ASSOCIATION: W. R. McGaughey, vice-president, Citizens National Bank, Decatur, president; Paul S. Abt, vice-president, Southern Illinois National Bank, East St. Louis, vice-president; M. A. Graettinger, 33 North La Salle Street, Chicago, executive vice-president; J. A. Tubbs, president, National Bank of Monmouth, treasurer; O. S. Jennings, 33 North La Salle Street, Chicago, secretary.

GROUP CHAIRMEN: 1. S. R. Amlong, Aledo State Bank, Aledo; 2. F. W. Longan, American National Bank, Lincoln; 3. R. F. McCormick, DeKalb Trust and Savings Bank, DeKalb; 4. Roy F. Wright, Lake County National Bank, Libertyville; 5. S. J. Marshall, Peru State Bank, Peru; 6. J. D. Morse, Morse State Bank, Gifford; 7. J. E. McCann, Farmers State Bank, Buffalo; 8. R. R. Wallace, First National Bank, Hamilton; 9. A. E. Eidman, St. Clair National Bank, Belleville.

GROUP SECRETARIES: 1. C. R. Johnson, Farmers State Bank, Sherrard; 2. John B. Fleming, Bank of Peoria, Peoria; 3. G. M. Poley, Stillman Valley Bank, Stillman Valley; 4. A. G. Jacobek, Peoples Trust and Savings Bank, Elmhurst; 5. Gordon V. Day, State Bank of Lane, Lane; 6. Wade A. Holton, First National Bank, Sidell; 7. H. G. Bengel, Illinois National Bank, Springfield; 8. S. G. Smith, Neat, Condit & Grout, Bankers, Winchester; 9. W. C. Webster, First National Bank, Olney.



W. R. MCGAUGHEY  
President

☐ The Edgar County National Bank and the Citizens National Bank of Paris, Illinois, have taken over all assets and liabilities of the First National Bank and Trust Company.

☐ Pleasant T. Chapman, 76, president of the First National Bank of Vienna, Illinois, died recently. He had been in ill health for a year.

☐ The bookkeeping department of the Rockford National Bank at Rockford, Illinois, has moved into its new quarters.

☐ H. R. Gregory was recently elected president of the National Bank of Decatur, Illinois, to succeed J. A. Meriweather, who retired.

☐ H. F. Wuehrmann has been elected president of the Uptown State Bank of Chicago, Illinois, to succeed E. M. Warner.

☐ The Central National Bank of Peoria, Illinois, has building projects for 1931 which will mean an expenditure of \$500,000.

☐ A recent statement of the First Bank and Trust Company of Cairo, Illinois, shows that institution to have total resources of \$2,478,807, capital stock of \$250,000 and a surplus fund of \$50,000. Reed Green is president and H. R. Aisthorpe, cashier, of this bank.

☐ F. J. Mitchell was recently elected president of the Farmers and Mechanics National Bank of Roseville, Illinois.

☐ The First Granite City National Bank of Granite City, Illinois, a consolidation of two local banks, opened for business recently with resources totaling over \$5,000,000.

☐ Official announcement of the consolidation of the First National Bank

and the Farmers State Bank of Stonington, Illinois, was made recently. The merged institutions have been chartered under the name of the First State Bank and J. J. Dwyer has been elected president. Total resources of the merged banks is \$200,000 and capital stock is \$25,000. J. J. Owen is cashier.

☐ The Salem State Bank and the Salem National Bank of Salem, Illinois, have merged and will operate under the charter of the National Bank. The combined resources of the two institutions is approximately \$1,750,000.

☐ Roland Bradley has been elected president of the Citizens National Bank of Chicago Heights, Illinois. Mr. Bradley succeeds Cecil Evans, forced to retire because of failing health.

☐ The State Bank of Cuba and the First National Bank of Cuba, Illinois, have merged. The name of the resulting institution will be the State Bank of Cuba and business will be carried on in the building of the First National Bank.

☐ Dr. Walter Metcalf has been elected vice-president of the Citizens State Bank of Deerfield, Illinois.

☐ W. A. Hammer, assistant cashier of the Millikin National Bank of Decatur, Illinois, for the last fifteen years, was appointed cashier to succeed the late Guy P. Lewis.

☐ J. M. Friedlander has been elected vice-president of the First National Bank of Barrington, Illinois.

☐ H. V. Bortel has been elected cashier of the Corn State Bank of Easton, Illinois, to succeed J. H. Heberling, who resigned and was elected vice-president.

☐ James H. McFarland was elected chairman of the board of the North Town State Bank in Chicago, Illinois, and A. W. Anderson is the new president of this institution. Mr. Anderson succeeds O. A. Christensen, who resigned. E. L. Kunz is executive vice-president and Walter T. Larsen, formerly cashier, vice-president. Victor Eckersall is the new cashier.

☐ Miss Nevada Greenlough, 70, assistant cashier at the People's Bank of Camp Point, Illinois, died recently.

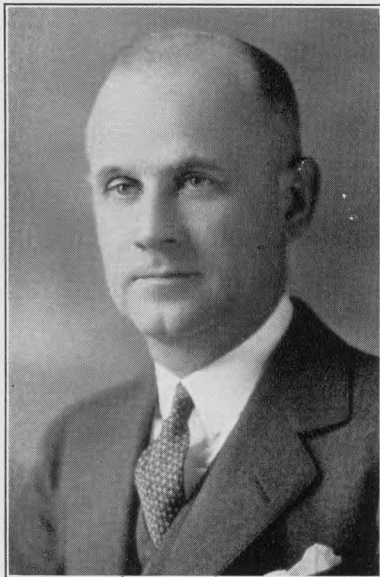
☐ A recent statement of the financial condition of the Farmers State Bank of Medora, Illinois, shows that institution to have total resources of \$337,338, capital of \$25,000, and surplus of same amount.

### Announce Formation of Wayne Hummer & Co.

Resignation of Wayne Hummer, one of the best-known bankers in Illinois, from the presidency of the La Salle National Bank and Trust Company in La Salle, Illinois, and the formation of his own general brokerage firm, to be known as Wayne Hummer & Co., with membership on the Chicago Stock and Curb Exchanges and associate membership on the New York Curb Exchange, has been announced. Mr. Hummer will retain his interest in the La Salle National Bank and Trust Company, as well as his position on the board of directors. The new firm formally opened offices in the Board of Trade Building in Chicago on February 16. George E. Barnes, formerly of the La Salle National Bank and Trust Company of La Salle, Il-

linois, George E. Hachtmann, Arch C. Doty, R. Edward Garn and Karsner Cleland will be associated with Mr. Hummer in the new company as general partners.

Mr. Hummer has had a wide and varied experience in civic and philanthropic association work, at the present time being chairman of the State-wide Activities Committee of Governor Emmerson's Unemployment Commission. He has also served as president of the Illinois Bankers Association, the La Salle Chamber of Commerce, and was chairman of the Illinois Products Exposition in 1925. He is now a director and chairman of the board of the Illinois Chamber

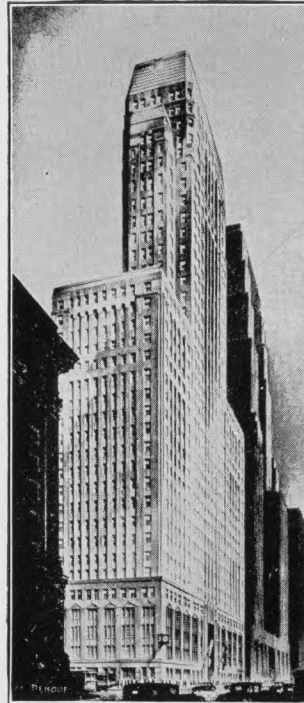


WAYNE HUMMER

of Commerce, and was chairman of its finance committee in 1928 and president of the Chamber in 1929-30. He is a member of the Chicago, Electric, Racquet, Union League and University Clubs of Chicago, and the Illinois Valley Manufacturers and Deer Park Country Clubs of La Salle.

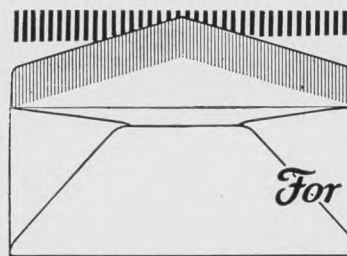
Mr. Hummer was born in La Salle and attended school there, at Princeton University, and at the Wharton School of Finance of the University of Pennsylvania, where he graduated in 1907. He began his business career in La Salle and was vice-president of the La Salle National Bank and Trust Company from 1909 to 1918, becoming president in the latter year, which position he recently resigned. He is also president of the Hummer Furniture Company of La Salle, chairman of the board of the Bernadin Bottle Cap Company of Evansville, Indiana, and a director of the Spring Valley City Bank of Spring Valley, Illinois.

# A Correspondent Service developed from 69 years experience



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Chicago



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ENVELOPES  
-GLUE-LOCKED!

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BERKOWITZ ENVELOPE CO.  
KANSAS CITY - ST. LOUIS  
WRITE TO NEAREST FACTORY

**Can You Give the Correct Answers to the  
Legal Questions on Page 15 of this Issue ?**

## KENTUCKY NOTES

☐ **The Central Savings Bank** and the Citizens Savings Bank of Newport, Kentucky, have merged into one institution to be known as the Central Savings Bank and Trust Company with capital stock of \$100,000. Aubrey Barbour is president.

☐ **The following** officers have been elected by the Farmers National Bank of Somerset, Kentucky; J. C. Ogden, chairman of the board; Edgar Murrell, president; George Orwin, cashier.

☐ **John S. Lineham** was recently elected cashier of the National Bank of Cynthiana, Kentucky.

☐ **John L. Yellman**, cashier of the Fayette National Bank of Lexington, Kentucky, was recently elected president of the Lexington Clearing House Association.

☐ **Edgar Murphy**, of Chilton, Kentucky, has been elected president of the Peoples Bank of Hustonville, Kentucky.

☐ **At the annual election** of the Ashland National Bank of Ashland, Kentucky, John Russell was elected

president to succeed John A. Buckingham.

☐ **A recent statement** of the banks of Madison County, Kentucky, shows these banks to have total deposits in excess of \$4,390,000.

☐ **The Farmers State Bank**, capitalized at \$15,000, has opened for business at Boonville, Kentucky, with Dr. W. H. Gibson as president.

☐ **George J. Ellis** has succeeded W. F. Richardson as president of the Citizens National Bank of Glasgow, Kentucky. Mr. Richardson retired after holding this office for sixteen years.

☐ **The merger** of the Farmers and Merchants and the Kentucky National Bank of Catlettsburg, Kentucky, has been approved. The new institution will have capital stock of \$100,000.

☐ **The Bank** of Alexandria has taken over the Farmers State Bank at Alexandria, Kentucky. In taking over the Farmers Bank, the Bank of Alexandria increased its capital stock from \$20,000 to \$25,000.

☐ **R. E. Pickens** has resigned as president of the Henderson County Savings Bank of Cadiz, Kentucky,

and Leo King has been elected to succeed him.

☐ **The Citizens Bank** and Trust Company of Newport, Kentucky, and the Central Savings Bank and Trust Company have consolidated.

☐ **J. M. Wilkey** has been elected president of the Fountain Trust Company of Covington, Kentucky, to succeed C. H. Dicken, who died recently.

☐ **Edgar B. Hawes**, who has been connected with the Louisville Trust Company at Louisville, Kentucky, for the past eighteen years, has joined the staff of the R. L. Hawes Company.

☐ **J. W. Hoskins**, seventy-three year old president of the Peoples Bank at Hustonville, died at his home last month.

☐ **The Pikeville National Bank** has acquired the assets and assumed the liabilities of the Day and Night National Bank of Pikeville, Kentucky. J. J. Moore, president of the consolidated institutions, said the merger makes the Pikeville National Bank one of the largest financial institutions in eastern Kentucky with capital and surplus of \$200,000 and resources of \$2,300,000.

( COMPLETE INVESTMENT SERVICE )

# Fletcher American Company

*Indiana's Largest Investment House*



AFFILIATED WITH  
**The Fletcher American National Bank**  
*Largest Bank in Indiana*

DETROIT

INDIANAPOLIS

LOUISVILLE

**INDIANA NOTES**

☐ **The reorganized** Farmers and Merchants Bank of Winchester, Indiana, has reopened for business with paid-up capital of \$55,000.

☐ **The Farmers State Bank** and the Citizens State Bank of Salem, Indiana, have merged into an institution with assets of approximately \$600,000.

☐ **J. C. Fella** recently began his thirty-fourth consecutive year as cashier of the Chrisney, Indiana, State Bank.

☐ **The formal opening** of the new bank building at Oaktown, Indiana, was held recently.

☐ **The Citizens State Bank** of Waterloo, Indiana, has been designated as a depository for state funds.

☐ **Emmett L. Markey**, for 22 years cashier of the Indiana Harbor National Bank, Indiana, died recently.

☐ **Luke Ogden**, assistant state bank examiner of Indiana died at Peru, Indiana, recently.

☐ **Orlando M. Keller** is now the

cashier of the Dearborn National Bank of Lawrenceburg, Indiana.

☐ **It was recently announced** that the Citizens Bank and Trust Company of Elwood, Indiana, will distribute \$500 in gold during 1931 in observance of its fiftieth anniversary.

☐ **The Chapin State Bank** and the South Bend State Bank, both banks outlying South Bend, Indiana, have merged their resources and staffs with downtown banks.

☐ **Clinton Gamble** has assumed the duties of cashier of the Scottsburg, Indiana, State Bank.

☐ **Following is a list** of the new officers of the Parke County, Indiana, Bankers Association: Dennis Fenquay, of the National Bank of Rosedale, president; A. O. Benson, Bridgeton Bank, vice-president; J. E. Hancock, Citizens Bank of Montezuma, secretary; and Bert O. Cook, Mecca Bank, Mecca, treasurer.

☐ **The recent closing** of the Farmers State Bank of Mooresville, Indiana, left Mooresville without a bank, but stock was quickly subscribed and a new bank will soon be in operation. The new bank will have capital of

C. Scarce sponsored the new bank. \$25,000 and surplus of \$12,500. H.

☐ **A recent statement** of the financial condition of the Indiana National Bank of Indianapolis, Indiana, showed this institution to have total resources of \$42,843,517.31, capital stock of \$2,000,000 and a surplus of an equal amount.

☐ **Charles McFetridge** has been selected as cashier of the Hazleton, Indiana, State Bank.

☐ **The Dime Trust and Savings Bank** of Fort Wayne, Indiana, has moved into its new building.

☐ **The Argos State Bank** of Argos, Indiana, has reopened after being closed for more than a year.

Every man who has a baby in the house sits down and dreams of an invention that will push the carriage, rock the cradle, shake the rattle and pass the milk bottle.—Jacksonville Times-Union.

The boy or man who can do things even a shade better than the other fellow is the one to whom the plums will fall sooner or later.—Sir Thomas Lipton.

**WELCOME TO NEW YORK**  
*The* **HOTEL**  
**GOVERNOR**  
**CLINTON**

**31<sup>ST</sup>. ST. AND 7<sup>TH</sup>. AVE.**

*opposite* **PENNA. R.R. STATION**



A Preeminent Hotel of 1200 Rooms each having Bath, Servidor, Circulating Ice Water and many other innovations.

**ROOM AND BATH \$3.00 UP**

*Enjoy the Luxury*  
*of a*  
**PARLOR**  
**BEDROOM**  
**& BATH**



*at about the cost of an ordinary Hotel Room*

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**CAVALIER HOTEL**  
3500 14<sup>TH</sup> Street

**NEW AMSTERDAM HOTEL**  
2701 14<sup>TH</sup> Street

**PHILADELPHIA**

**CHATHAM HOTEL**  
Walnut Street at 20<sup>TH</sup>



**PARLOR ~ BEDROOM & BATH ~ \$5.00 TO \$7.00**

Single Room with Bath \$3.00 to \$4.00  
Double Room with Bath \$4.00 to \$6.00

*Less by Week or Month*

# The Speculative Trust Comes to the Front

By J. W. REINHOLDT, Jr.

Reinholdt and Gardner, St. Louis

**O**UTSTANDING changes in the fixed trust have been apparent within the past few weeks. There has been primarily a tendency to limit the period of the trust in the belief that the twenty years originally established is likely to see the fall from favor of many corporations now regarded as market leaders. That this is based on sound investigation is evidenced by the fact that a recent survey conducted for a leading management trust indicated that the life of the average market favorite is approximately five years. Secondly, there has been greater disposition to regard appreciation possibilities from current levels. In other words, as the New York Times recently declared, the "Speculative trust comes to the fore."

At the conclusion of virtually every bear market of the present century there has been a period of advancing prices for some months before improvement in business is definitely indicated. The advance has begun from levels of about ten times earnings or lower. In the present instance the outlook is somewhat confused by the fact that the so-called blue-ribbon stocks, or those of the highest investment rating, are selling from fifteen to twenty times earnings. Seldom have our leading stocks sold this high at the outset of an advance. This anomaly has been caused to no small extent by the buying of the older fixed trusts, which almost without exception selected the same group of securities. When the percentage of stock purchases of two fixed trusts are taken into account, it is easy to realize what the continuous fixed trust buying has done to prices of the stock of companies of small capitalization.

Two leading trusts each sold twelve million shares last year. There are 2,000 of these shares to each unit so that 6,000 units were sold by each trust. Units include four shares each of Illinois Central, Ingersoll Rand, and Louisville & Nashville, among other usually inactive issues. Sales of 12,000 units by two investment trusts consequently took 48,000 shares of these common stocks from the market.

This meant 23 per cent of the aggregate sales of 207,000 shares of Illi-

nois Central on the Stock Exchange last year, 34 per cent of 142,000 shares of Ingersoll Rand, and 61 per cent of 79,000 shares of Louisville & Nashville, taken only by two investment trusts. Such examples are extreme, of course, but effect of constant demand for other stocks that are trust favorites like National Biscuit, Otis Elevator, Eastman Kodak, United Fruit, and Western Union is probably appreciable since floating supply of these is normally small.

To avoid possibility of paying too high a figure for stocks, some of the



J. W. REINHOLDT, JR.

most recently formed trusts have chosen a portfolio outside the blue-ribbon issues in the belief that appreciation possibilities are vastly greater. This opinion has been borne out by the advance of the market thus far. In one instance one of the leading speculative trusts has advanced twenty-five per cent while the older variety of fixed trusts were virtually stationary.

▲ That the fixed trust is far from reaching its peak demand is indicated by the constant stream of inquiries regarding these trusts which are coming into brokerage offices and to financial periodicals. Disregarding the large number of questions regarding depreciated securities held, the public is apparently more inter-

ested in the fixed trust at the present time than any other security. Many investment houses have taken them on at the insistence of their clientele, who are demanding recommendations.

A good trust made up of active stocks at these levels of course offers striking possibilities of appreciation. If economic history means anything at all, it means that sometime within the next five years stock prices will have recovered materially from current levels and carefully selected portfolios may double in value.

There is also ample evidence, as the head of the world's largest bank recently pointed out, that the public is still stock-minded and has shown admirable courage in withstanding the reverses of the depression period.

Next to the almost universal mistake of overstaying a bull market, probably the most common human error is to become overly bearish at the bottom of a bear market. This is due to basing judgment on the recent past rather than profiting from study of the inevitable economic cycle. This attitude fortunately is true of only a small part of our people. The great majority are confident that the country will recover rapidly but are seeking the safety that diversification among a large number of stocks affords. This class is forming the customers of fixed trusts and it is a rapidly growing one. With total sales already around \$600,000,000 the fixed trust will undoubtedly absorb well over a billion in capital before the year is out and it may do far better than that.

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## ARKANSAS NOTES

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☐ The Peoples State Bank has been organized at Berryville, Arkansas, to succeed the Peoples Bank. J. R. Neff is president.

☐ The junior section of the Arkansas Bankers Association will hold its annual convention in Hot Springs sometime this spring, probably in May.

☐ B. A. Lynch, president of the Farmers Bank and Trust Company of Blytheville, Arkansas, and first vice-president of the Arkansas Bankers Association, has assumed the duties of the president of the Association until the annual meeting in May when he will automatically become president.

☐ **The Citizens Bank** of Bradford, Arkansas, closed early in November, 1930, has reorganized and reopened with a capital of \$10,000.

☐ **Art T. Lewis** has been elected president of the merged First National and Arkansas National Banks of Fayetteville, Arkansas. Prior to the consolidation Mr. Lewis was president of the First National.

☐ **D. D. Deaver** was recently elected president of the First National Bank of Springdale, Arkansas.

☐ **A mass meeting** of citizens at the Benton County courthouse recently expressed their approval of an offer to establish a new state bank in Bentonville, Arkansas. The new institution will be capitalized at \$25,000.

☐ **The Bank of Decatur**, Arkansas, has been opened with capital of \$10,000.

☐ **The Arkansas House** of Representatives has passed its Agriculture Committee bill to appropriate \$1,500,000 to be used as capital stock for agricultural credit corporations to make loans to farmers impoverished by last summer's drouth.

☐ **The Bank of Keo**, Arkansas, capitalized at \$15,000, has total resources of \$72,126.71, according to a recent statement submitted by J. F. Coffman, cashier.

☐ **The Corning Bank and Trust Company**, a new institution at Corning, Arkansas, opened for business last month. F. B. Sprague is president.

☐ **N. P. O'Neal** has been made a vice-president of the First National Bank of Hope, Arkansas.

☐ **Wendell D. Lee** has been elected cashier of the Cotton Belt Bank and Trust Company of Pine Bluff, Arkansas, to succeed the late C. W. Pettigrew.

☐ **The St. Louis Bank Building Company** is remodeling the building of the Bankers Trust Company of Little Rock, Arkansas.

☐ **The Exchange Bank and Trust Company** of Dermott, Arkansas, recently reopened.

☐ **The Citizens Bank** of Green Forest, Arkansas, capitalized at \$25,000, has taken over the closed Farmers and Merchants Bank of Green Forest. Ray Anderson, cashier of the closed bank, is cashier of the Citizens Bank.

# MIDLAND BANK

LIMITED

Chairman :

THE RIGHT HON. R. MCKENNA

Managing Director : FREDERICK HYDE

## Statement of Condition

December 31st, 1930

ASSETS		\$4-8665 = £1
Cash in hand and Due from Banks ..		\$303,371,659
Money at Call and Short Notice ..		105,682,668
Investments .. .. .		188,195,222
Bills Discounted .. .. .		408,409,126
Advances .. .. .		999,920,567
Liabilities of Customers for Acceptances, Confirmed Credits and Engagements		123,172,053
Bank Premises .. .. .		43,692,848
Other Properties and work in progress		7,632,135
Investments in Affiliations .. ..		35,431,190
		<u>2,215,507,468</u>
LIABILITIES		
Capital Paid up .. .. .		69,337,950
Surplus .. .. .		69,337,950
Deposits .. .. .		1,953,659,515
Acceptances and Confirmed Credits ..		79,186,114
Engagements .. .. .		43,985,939
		<u>2,215,507,468</u>

Together with its Affiliated Companies the Midland Bank operates 2550 branches in Great Britain and Northern Ireland, and has offices in the Atlantic Liners *Aquitania*, *Berengaria* and *Mauretania*. The offices of the Bank in Poultry, London, E.C. 2 and at 196 Piccadilly, London, W. 1 are specially equipped for the use and convenience of American visitors in London.

OVERSEAS BRANCH : 122 OLD BROAD ST., LONDON, E.C. 2

HEAD OFFICE : POULTRY, LONDON, E.C. 2

AUSTRALIA and NEW ZEALAND

# BANK OF NEW SOUTH WALES

[with which is amalgamated The Western Australian Bank]

ESTABLISHED 1817

(\$5 = £ 1.)

Paid-up Capital .. . . .		\$37,500,000.00
Reserve Fund .. . . .		30,750,000.00
Reserve Liability of Proprietors ..		37,500,000.00
		<u>\$105,750,000.00</u>
Aggregate Assets 30th Sept., 1929		\$454,031,486.88



A. C. DAVIDSON, General Manager

592 BRANCHES and AGENCIES in all the States of Australia, in New Zealand, Fiji, Papua, Mandated Territory of New Guinea, and London. The Bank transacts every description of Australasian Banking Business. Wool and other Produce Credits arranged.

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Agents: Bank of Montreal; Royal Bank of Canada.



◆

## PROMPT SERVICE

Possibly the heading to this message is a bit trite. However, we believe it is of such importance that we are stressing it again.

Let us handle your items in Louisiana, Texas and Arkansas. They will receive "Prompt Service"

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## THE Commercial National Bank

Shreveport, Louisiana

"Shreveport's Largest Bank"

BEN JOHNSON, *President*

## ALABAMA NOTES

☐ **H. H. Montgomery**, of Anniston, Alabama, has been appointed superintendent of banks for Alabama. Mr. Montgomery served one term in this office about eight years ago. He succeeds Dent F. Green, who becomes his assistant.

☐ **Merging of the Peoples Bank** at Marion, Alabama, with the Marion Central Bank of the same city, the institution resulting from the merger to be known as the Marion Central Bank, was announced recently. The new bank has a capital of \$50,000, surplus of \$150,000 and undivided profits of approximately \$110,000. J. F. Armstrong is president and D. K. Mason, vice-president and cashier.

☐ **The City Bank and Trust Company** at Roanoke, Alabama, has been organized and given its charter. The bank will open for business with capital of \$50,000, and surplus of \$12,500. W. H. Wright is president and E. M. Lightfoot, cashier.

☐ **Whitfield Clark**, vice-president, has been chosen president of the City Bank and Trust Company of Anniston, Alabama. Mr. Clark fills the position recently occupied by H. H. Montgomery, who was appointed state bank examiner.

☐ **Maclin F. Smith**, trust officer of the Birmingham Trust and Savings Company, Birmingham, Alabama, was one of the principal speakers at the recent midwinter trust conference held in New York under the auspices of the Trust Company Division of the A. B. A. Mr. Smith spoke on the subject "Coordination of Trust Company Activities."

## LOUISIANA NOTES

☐ **A recent statement** of the condition of the Canal Bank and Trust Company of New Orleans, Louisiana, shows this institution to have total resources of \$96,367,326, capital of \$6,750,000 and surplus of \$2,250,000.

☐ **Smith, Burris & Company, Inc.**, has announced the opening of an office in the American Bank Building at New Orleans, Louisiana, in charge of William S. Rembert, vice-president. Smith, Burris & Company are the central syndicate managers for the distribution of Corporate Trust Shares and several other investment trusts.

☐ **R. A. Smith**, former vice-president and cashier of the Commercial Bank and Trust Company of Springhill, Louisiana, has been elected president. Ben Johnson, former president, was elected chairman of the board of directors.

☐ **A recent statement** of the Merchants and Farmers Bank and Trust Company of Leesville, Louisiana, shows this institution to have total resources of \$698,416, capital of \$50,000 and surplus and profits amounting to \$18,061.

☐ **Fred W. Ellsworth**, vice-president of the Hibernia Bank and Trust Company, New Orleans, was one of the principal speakers at the recent midwinter trust conference held in New York under the auspices of the Trust Company Division of the A. B. A. Mr. Ellsworth spoke on "Underlying Principles of Trust Solicitation."

## Arkansas Junior Bankers Hold Council Meeting

The officers and members of the executive council of the Junior Bankers Section of the Arkansas Bankers Association met recently in a joint session with the executive council, group chairmen and secretaries over the state, of the Arkansas Bankers Association, at a luncheon held at the Hotel Marion in Little Rock.

After the general meeting, the members of the Junior Bankers Section retired to a separate room to hold their annual council meeting.

The minutes of the last meeting were read by the secretary and approved. Accomplishments of the Junior Section this year were outlined by President Kit Carson to members of the board of governors and plans for the remainder of the year were discussed. The promotion of education of the junior bankers over the state was stressed, and it was reported that study groups have been organized in Hot Springs, El Dorado and Fayetteville, and that over a hundred bank employes in Arkansas are now doing correspondence chapter work in the American Institute of Banking.

Plans for a membership drive prior to the annual educational conference, which it was decided will be held in Hot Springs sometime during the month of May, were discussed and decided upon.

President Carson was assured of the help and cooperation of all the members of the section in carrying out his plans for work during the remainder of his administration.



## MISSISSIPPI NOTES

Plans are being made for the organization of a new national bank at Brookhaven, Mississippi, to succeed the First National Bank of Brookhaven, which closed early in January.

With the announcement that the Planters National Bank and the Planters Trust and Savings Bank of Clarksville, Mississippi, will not be reorganized, local business men have announced that a new institution which probably will be known as the Coahoma County Bank will be formed with \$75,000 capital stock.

The Bank of Okolona, Mississippi, has been organized to take care of the business of that city after the failure of three organizations there.

The First National Bank of Gulfport, Mississippi, recently took over the Commercial Bank and Trust Company. This is the second consolidation of this bank in recent months; its first being the absorbing of the National Bank of Gulfport in November. This gives the First National the Gulfport field exclusively. B. C. Bowen is president of the combined institutions.

## TENNESSEE NOTES

David C. Lee, trust solicitor for the American Trust Company of Nashville, Tennessee, has been promoted to assistant secretary of the American Trust Company.

Combined resources of the banks of Carroll County total \$2,520,975.

J. T. Miller, cashier, and Miss Ellen Coffey, assistant cashier of the Bank of Blowing Rock, Tennessee, have resigned. The new officials of this bank are A. C. Moody, president; Grover C. Robbins, vice-president; and W. D. Farthing, of Boone, Tennessee, cashier.

The Citizens Bank and the Farmers National Bank of Shelbyville, Tennessee, have been merged under the name of the First National Bank of Shelbyville.

A new national bank is being planned for Knoxville, Tennessee. Knoxville has had only one national bank since last November.

J. F. Daniel has been elected cashier of the Farmers and Merchants Bank of Waverly, Tennessee, to succeed K. L. Exum, who resign-

Charles H. Wetterau, of the American National Bank of Nashville, Tennessee, has been appointed chairman of a committee to prepare a series of radio talks on savings, to be furnished to all of the banks of the American Bankers Association.

E. E. Wright has been elected vice-president of the Home Bank of Bruceston, Tennessee.

George T. Lewis has been elected vice-president and cashier of the Bank of Crockett, Tennessee. Mr. Lewis was formerly cashier but the vice-presidency is an added title.

### Lucas Named President of New Orleans Bank

Oliver G. Lucas, native St. Louisan and former official of the First National Bank in St. Louis, has been elected president of the Canal Bank & Trust Company of New Orleans. Mr. Lucas goes to New Orleans from New York City, where he has been connected with the Chase National Bank.

Mr. Lucas was born in St. Louis and educated in St. Louis, at Boston and abroad. His first banking affiliation was with the foreign department of the National City Bank, New York, and he served as an officer of the National Bank of the Republic, Chicago, at Port-au-Prince, Hayti, for two years. Thereafter he was manager of the foreign department of the Mercantile Trust Company of St. Louis for three years and later was again associated with the National City Bank as its representa-

tive in the Eighth Federal Reserve District.

This led to an affiliation with the First National Bank in St. Louis as assistant cashier and subsequently as assistant vice-president and vice-



OLIVER LUCAS

president, which latter position he held for six years, during which time he had charge of the southeastern territory and also Arkansas, Oklahoma and Louisiana. In 1928 he went to New York as resident vice-president of the First National St. Louis Corporation and in December, 1929, he was elected a vice-president of the Equitable Trust Company of New York, which later became a part of the present Chase National Bank.

OLDEST BANK IN MEMPHIS

MEMPHIS' oldest bank — the First National — solicits your business on the basis of personal service plus sound judgment and modern, efficient facilities for the satisfactory handling of your account.

**First National Bank**  
Memphis, Tenn.

## Missouri Bank News



R. W. HOLT  
President

OFFICERS MISSOURI BANKERS ASSOCIATION: President, R. W. Holt, president, Bank of Craig, Craig; vice-president, Chas. B. Mudd, cashier, First National Bank, St. Charles; treasurer, M. E. Holderness, vice-president, First National Bank, St. Louis; secretary, W. F. Keyser, Sedalia; assistant secretary, E. P. Neef, Sedalia.

GROUP CHAIRMEN: 1. J. E. Deaver, president, Paris National Bank, Paris; 2. E. R. Hauser, assistant cashier, Farmers Bank, Polo; 3. L. C. Ringle, cashier, Farmers Bank, Dearborn; 4. J. L. Mann, vice-president, secretary-treasurer, Lexington Savings Trust Company, Lexington; 5. Frank C. Hunt, vice-president, First National Bank, St. Louis; 6. W. O. Bowman, vice-president, First National Bank, Cape Girardeau; 7. Irene Young, cashier, Bank of Salem, Salem; 8. W. V. Davis, cashier, First National Bank, Monett.

GROUP SECRETARIES: 1. H. E. Hiller, Kahoka; 2. A. V. Spillman, Jamesport; 3. George W. Boettner, Rockport; 4. Otto Hale, Carrollton; 5. S. M. Sharp, Mexico; 6. J. M. Wright, Doniphan; 7. F. M. Hart, Seymour; 8. W. F. Rhodes, Eldorado Springs.



W. F. KEYSER  
Secretary

☐ **Sam B. Cook**, former Secretary of State of Missouri and president of the Central Missouri Trust Company of Jefferson City, died last month of heart disease.

☐ **A recent** statement of the Bank of Avilla, Missouri, shows this institution to have total resources of \$78,000. This bank is capitalized at \$10,000. Ivy E. Russell is cashier.

☐ **The Peoples Bank** of Clover, Missouri, has installed new burglar-proof equipment.

☐ **Ollie Robert** has resigned as chairman of the board of directors of the First National Bank of Jasper, Missouri, and he has been succeeded by H. G. Griffin. Joe Gresham was elected vice-chairman of the board.

☐ **Directors** of the State Bank at Lebanon have elected E. L. Vernon president. Mr. Vernon succeeds J. A. Elliott, who declined reelection.

☐ **G. E. Brumbaugh**, cashier of the Farmers State Bank of St. Joseph, Missouri, was chosen president of the Buchanan County Bankers Association at the recent annual election.

☐ **A new** bank is being organized at Sturgeon, Missouri. Most of the \$15,000 capital has been subscribed.

☐ **Frank Huber** has been promoted to cashier of the Farmers and Commercial Bank of Holden, Missouri, to take the place of W. W. Morhart, who has been ill for several months.

☐ **A recent** statement of the Franklin-American Trust Company of St. Louis, Missouri, shows this institution to have total resources of \$43,699,807. This bank is capitalized at \$2,600,000 and has a surplus of \$1,-

☐ **R. J. Green**, cashier of the Farmers Bank of Trenton, Missouri, has been appointed a member of the board of directors of the Trenton Commercial Club.

☐ **B. M. Terhune**, cashier of the Bank of Mound City, Missouri, for the past ten years, has resigned.

☐ **Charles W. Moody**, for the past seven years cashier of the McDaniel National Bank of Springfield, Missouri, has announced his resignation to become vice-president of the Fleming Investment Company in charge of the Investment Banking Division.

☐ **Plans** are under way for a new bank at Laddonia, Missouri.

☐ **Miss Beatrice Sherrill** has resigned her position as cashier of the First National Bank of Versailles, Missouri.

☐ **L. E. Quick** has been named assistant cashier of the Farmers and Commercial Bank of Holden, Missouri.

☐ **A recent** statement of the Scruggs, Vandervoort & Barney Bank, St. Louis, Missouri, shows total resources of \$3,645,160, with capital of \$200,000.

☐ **A recent** statement of the Vandeventer National Bank of St. Louis shows this institution to have total resources of \$2,560,520. The capital of this bank is \$250,000 and surplus fund is \$50,000.

☐ **L. K. Arthur** of the Federal Reserve Bank is giving a practical course in income tax problems under the direction of the extension division of Washington University. This is a night course.

☐ **The First National Bank** of St. Charles, Missouri, has total resources

of \$1,441,258, capital of \$100,000 and surplus of \$100,000. Charles B. Mudd is cashier.

### Zuendt Now President of Jefferson City Bank

A. A. Speer, formerly president of the First National Bank of Jefferson City, Missouri, has been named chairman of the board of the bank, and W. E. Zuendt, formerly executive vice-president, has been elected president. Other officers are Emil Schott, vice-president and cashier; Judge Wm. Bauer, vice-president; and F. W. Jens, M. R. Buersmeyer and Frank Railton, assistant cashiers.

Mr. Speer, now chairman of the board, is a former president of the Missouri Bankers Association, and is well known in financial and political circles. He served twice as mayor of Chamois, Missouri, and Osage County sent him to the legislature five times. In 1909 he was elected Speaker of the House. During the administration of Governor Hadley he was named vice-chairman of the Capitol Commission. He was a delegate-at-large to the National Republican convention in Chicago in 1912, and during the war was manager of the Eleventh District in the Liberty Loan drive. In 1922-23 he was one of the delegates at large to the state constitutional convention. He is a member of the board of curators of the University of Missouri at the present time.

Mr. Zuendt, former Commissioner of Finance of Missouri, entered the bank as a clerk in 1902, and has since held every position in the bank except that of cashier.

Mr. Schott, now vice-president and cashier, is the dean of Jefferson City bankers and has been connected with the institution 47 years.

**KANSAS NOTES**

☐ **The Citizens** State Bank of Sylvia, Kansas, has merged with the State Bank of Sylvia.

☐ **J. D. Bowersock**, of Kansas City, Missouri, has been elected a vice-president of the Lawrence National Bank at Lawrence, Kansas.

☐ **Walter H. Varnum**, president of the Chamber of Commerce of Lawrence, Kansas, was elected to the directorate of the Lawrence National Bank.

☐ **The Merchants** State Bank and the State Reserve Bank of Wichita, Kansas, have merged under the name of the Merchants Reserve State Bank. Business is being carried on in the old home of the Merchants State Bank. J. D. Gardiner is president of the consolidation.

☐ **The Union** National Bank of Wichita, Kansas, is going to install a tear gas protective system.

☐ **James M. Gabby**, a director of the Home State Bank of Junction City, Kansas, has been elected vice-president.

☐ **A recent** statement of the National Bank of Chetopa, Kansas, shows that institution to have total resources of more than \$250,000 with capital and surplus of \$30,000.

☐ **L. N. Shaw**, former cashier of the First National Bank of Goodland, Kansas, has been elected president of the bank to succeed the late Clark J. Shimeall.

☐ **F. D. Morrison**, president of the Fowler State Bank of Meade, Kansas, has been elected president of the Meade State Bank.

☐ **W. L. Leidig** has been elected president of the Exchange Bank of Lenora, Kansas, to succeed S. Larrick, deceased. C. M. Larson was promoted to the position of cashier.

☐ **Frank C. Beck** has been elected a vice-president of the Merchants National Bank of Topeka, Kansas.

☐ **A recent** statement of the Security State Bank of Eskridge, Kansas, shows this institution to have total resources of \$443,298. Capital stock of this bank is \$10,000 while \$30,000 is in the surplus fund. W. K. Waugh is cashier.

If money talks, it never stutters in saying "goodbye."—Claude H. Alexander in the Coast Banker.

# The 100 Largest Banks

The list of 100 largest banks in the United States, published in January, ranks Commerce Trust Company as number 56, an advance of two places during the year 1930.

**Capital Surplus  
and Profits . . . \$ 9,520,751.00**  
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We never forget that Kansas City and the Southwest have been very loyal to this bank. Thank you again.



**Commerce Trust Company**

*Resources Exceed 100 Millions*

**KANSAS CITY**

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## TEXAS NOTES

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☐ **James Howze**, vice-president of the Hidalgo County State Bank of Weslaco, Texas, has purchased the controlling interest of the Security State Bank of Weslaco.

☐ **The First National Bank** and the Van Zandt County National Bank of Wills Point, Texas, have consolidated.

☐ **R. H. McIntosh**, Cameron, Texas, merchant and vice-president of the First National Bank, has been elected president of the bank. Mr. McIntosh succeeds the late S. W. Cheeves.

☐ **A recent** statement of the Farm-

ers and Merchants State Bank of Carrollton, Texas, shows this institution to have total resources of \$133,994, capital of \$25,000 and surplus and profits of \$6,442.

☐ **The City National Bank** of Georgetown, Texas, has taken over the business of the First National Bank of Hutto, Texas.

☐ **W. P. Bevans** has been elected to succeed his father as president of the Bevans State Bank of Menard, Texas.

☐ **Total resources** of the Corsicana National Bank of Corsicana, Texas, are \$3,333,764. This institution is capitalized at \$300,000, with surplus fund of \$200,000.

☐ **John A. Lomax, Jr.**, formerly with the bond department of the Republic National Bank and Trust Company of Dallas, Texas, has been placed in charge of the bond and investment department of the City National Bank and Trust Company of San Antonio, Texas.

☐ **Walter B. Williams** has been elected president of the Texas Bank and Trust Company of Dallas, Texas.

☐ **The American National Bank** and the First National Bank of Honey Grove, Texas, have merged.

☐ **The First National Bank** of Aransas Pass, Texas, has total resources of \$405,669 and capital stock of \$25,000.

☐ **The Clyde National Bank** and the First State Bank of Clyde, Texas, have merged and will occupy the First State Bank Building and will be known as the Clyde National Bank.

☐ **T. E. Thorne** of the Matfield Green State Bank will head the Chase County, Texas, Bankers Association for 1931.

☐ **The First National Bank** of Harlingen, Texas, capitalized at \$50,000, shows total resources of \$729,176 in a recent statement.

☐ **J. H. Quota** has been elected vice-president of the Farmers and Merchants State Bank of Yoakum, Texas.

☐ **Announcement** has been made of the consolidation of the Jefferson Bank and Trust Company and the Commercial National Bank of Jefferson, Texas. The new bank will operate under the name of the Jefferson Bank and Trust Company.

☐ **A recently** published statement of the Raymondville State Bank of Raymondville, Texas, claims total resources of this bank to be \$621,337. Capital and surplus amount to \$50,000.

☐ **The First State Bank** and the First National Bank of Electra, Texas, have merged under the name of the First State Bank of Electra. The new bank, which is operating in the First State Bank Building, is capitalized at \$175,000.

☐ **The Citizens National Bank** and Coggin National Bank of Brownwood, Texas, have merged.

☐ **According to** a recent statement the total resources of the Sulphur Springs State Bank are \$783,666.

☐ **H. L. Starr**, cashier of the First State Bank and Trust Company of



*The paid circulation of the  
Mid-Continent Banker is now  
larger than ever before in the  
twenty-six year history of the  
magazine.*

Mission, Texas, states that his bank has total resources of \$507,741 and is capitalized at \$100,000.

¶ **The Plano National Bank** and the **Farmers National Bank of Plano, Texas,** have merged. Business is being carried on in the building of the **First National Bank.** R. A. Davis is president of the newly created institution.

¶ **The First State Bank of Arkansas Pass, Texas,** claims total resources of \$197,407.71, with capital stock of \$25,000 and a surplus of \$5,000. J. R. Barry is president of the institution and B. R. Smith, cashier.

¶ **The Plainview National Bank of Plainview, Texas,** has contracted for the installation of the **Lamson system** for intercommunication. Tubes will be installed at the desks of the officers and in the tellers' cages communicating with the bookkeeping department.

¶ **Announcement** has been made of the consolidation of the **Marlin National Bank** and the **Citizens National Bank of Marlin, Texas.** Mrs. Emma Reed is president of the consolidated institution.

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**OKLAHOMA NOTES**

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¶ **The Citizens Bank** has taken over the business of the **First State Bank of Lamont, Oklahoma.**

¶ **W. I. Callaway** has been elected president of the **First National Bank of Stigler, Oklahoma,** to succeed Dr. R. F. Terrell, who has been elected a vice-president.

¶ **At the annual meeting** of the directors of the **Citizens Security Bank of Bixby, Oklahoma,** Ivan D. Brown, assistant cashier of the bank, was elected one of the directors.

¶ **John R. Walker** has been elected assistant cashier of the **Security National Bank of Duncan, Oklahoma.**

¶ **Ed T. Fleming** has been elected president of the **Enid Bank and Trust Company of Enid, Texas,** to succeed O. J. Fleming, who becomes chairman of the board of directors. W. D. Frantz, former director, was elected vice-president.

¶ **The contract** for the construction of the 32-story **First National Bank and Trust Company Building** at **Oklahoma City, Oklahoma,** has been awarded to the **Manhattan Construction Company of Tulsa.**

¶ **The Selman State Bank of Selman, Oklahoma,** and the **Oklahoma State Bank of Buffalo** have merged.

¶ **The Fay State Bank of Watonga, Oklahoma,** was merged with the **Watonga State Bank** last month.

¶ **The National Bank of Commerce of Tulsa, Oklahoma,** has total resources of \$4,793,382. Capital and surplus of this institution amount to \$300,000.

¶ **The American National Bank of Pryor** has taken over the business of the **First State Bank of Strang, Oklahoma.**

¶ **The First National Bank of Ant-**

lers, Oklahoma, became the **First State Bank of Antlers, Oklahoma,** last month.

¶ **A statement** of the condition of the **Tecumseh National Bank of Tecumseh, Oklahoma,** published recently by W. F. Fleet, cashier, shows this bank to have total resources of more than \$600,000. Capital and surplus of this institution are \$30,000.

¶ **A recent statement** of the **Park National Bank of Sulphur, Oklahoma,** shows this institution to have total resources of \$356,059.92, capital stock of \$25,000 and surplus and undivided profits amounting to \$3,895.-80. H. T. Douglas is president of the bank and D. E. Collins, cashier.

# Bank Administration

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# LEGAL TENDER

Official Publication of the St. Louis Chapter  
AMERICAN INSTITUTE of BANKING

VOLUME 16 March, 1931 NUMBER 3

SHERMAN BUTLER, Editor, First National Bank. A. S. BROOKS, President, First National Bank. A. C. RIEDELL, Executive Secretary, 324 Merchants Laclede Bldg.

Notices intended for publication should be in the hands of the Editor the fifteenth of each month. Write on only one side of paper and double space. **Chapter Headquarters, 316-324 Merchants Laclede Bldg. CHESTNUT 9280.**

LEGAL TENDER is published to promote good fellowship among Chapter members, to record the activities of the Chapter generally, and to maintain the high ideals of the American Institute of Banking along educational lines of endeavor.

## The Score Now Stands at One All

The debating teams of St. Louis Chapter are batting .500 in the Hot Air League. No disrespect is intended. We merely seek to convey the idea that, thus far, we have won one decision and lost another. If the "Old Sarge" has the correct idea as to tactics, we are in a fine position to come through and cop the gon-falon. If we succeed in doing this, we shall have earned the right to talk some more. Debating is truly a wordy business.

The report of how we dropped one to Nashville appeared in the January issue of Legal Tender and it need not be brought up again. We merely lost one in the sun and no alibis will be offered.

On January 24, one of our teams composed of A. W. Dimond, E. F. Devos, H. W. Kramer, and Frank Kannapel debated with a team of the local Y. M. C. A. on the question: "Resolved, That the United States should recognize Soviet Russia." Our boys, defending the negative side of the question, came out on the long end of a 2 to 1 score. It is suspected that the new ball was in play, thus accounting for the small total of runs scored. Then too, the debate was held in Brown Hall and the outfield fences there are rather far away. The men making up this team are decidedly out of the rookie class and they may be expected to join the ranks of the holdouts any day now. They are finished performers but they are far from being done.

As this is being written, a third team (not the third team y' understand) is on its way to Ft. Wayne to argue the affirmative side of the question: "Resolved, That the five-day week should be adopted as the basis for business in preference to

the present week of six days." Reading from left to right, the men in uniform are, Wm. McC. Martin, D. D. Goodell, E. H. Brockmeyer, and S. E. Butler. The man with the sliding pads and the extra warm-up glove is Butler. In the absence of a proper delegation of rooters, our hopes and prayers go with this squad.

It is a fine bunch of lads that Coach Lippincott and Trainer Gregory have rounded up this season and it would be a sweet job to pick a team of regulars. They are all regulars and eligible for the World Series.

## The Verdict

The women of St. Louis Chapter have been pronounced guilty of arranging a very enjoyable evening for the banking fraternity of the St. Louis district. We must refer to the district rather than the city alone, as many from surrounding towns were in attendance.

We refer to the theater party sponsored by the Women's Committee in support of our campaign for the election of Frank Hall to the office of vice-president of our national organization. The committee made a wise choice in the selection of the comedy, "Ladies of the Jury," presented by the Mary Hart Players at the Orpheum. There were five hundred thirty-seven bank men and women in attendance, truly a fine turnout.

It is likely that the play left in the minds of many of us a serious doubt as to the wisdom of permitting women to serve as jurors. It is true that the ravishing young widow was found not guilty of the crime with which she was charged and that the ends of justice were served, but at what frightful cost! Two good men and true saying their farewells to freedom, with the fate of a third trembling in the balance.

The play brought back to us a favorite of other days. Blanche Ring furnished most of the sound effects of the evening and dominated the show, yet she found time to delight the audience with her inimitable rendition of "Rings on My Fingers." It came as an echo out of the past.

The members of the Women's Committee cannot be too highly praised for the complete success of this delightful evening. Their work is invariably characterized by a thoroughness and an enthusiasm that is truly fine. We shall be entirely willing to have them serve as jurors if that is what they want to do.

## The Annual Dinner

The annual dinner of St. Louis Chapter will be held on Wednesday evening, April 22. Those who attended the dinner last year will no doubt be glad to know that we will again have the Pal Lido of the Coronado Hotel as the setting for this most important event of our social season. This great room has recently been redecorated and it is now more beautiful than ever. However, we shall be able to supply the jewels for the setting, for the girls of the chapter always attend this party in great numbers.

We are assured by O. W. Knippenberg of the entertainment committee that every effort is being made to secure speakers of note and entertainment features that will be worthy of the occasion. We have reason to remember the fine success of the dinner last year but this one is to be better in almost every way.

It is not too early to decide that you will attend the annual dinner. To fail to do so is to miss one of the best features of the entire chapter year. No classes will be held on that evening, of course, for that is one night when "school is out" and all the teachers will be at the party.

# LEGAL TENDER

Perhaps we can teach the teachers a new dance step.

Full details about the dinner will be given in due time. The date is Wednesday, April 22. See you there.

## Forum Discussion on Secondary Reserve

The third Forum meeting of the year was held at the American Annex on Friday, February thirteenth. That the double hoodoo holds no terrors for the chapter was attested by the excellent attendance and the fine success of the meeting.

The subject for discussion was, "What Securities Should Constitute the Secondary Reserve, With Special Reference to Seasonal Losses in Deposits and Demands of Customers." This is a subject that engages the attention of the forward-looking banker at all times but it is of special importance at present.

W. F. Gephart, vice-president of the First National Bank, and a nationally known authority on banking and economics, presided, and his introductory speech and answers to questions from the floor were much appreciated.

In order that the subject might be most effectively developed, it was divided into four parts, each of which was discussed by one especially qualified to do so. R. C. Behrens, vice-president of the St. Louis Union Trust Company, spoke on "Bonds Other Than Governments as a Bank's Secondary Reserve." A. S. Brueggemann, manager of the foreign department of the Mercantile-Commerce Bank and Trust Company, discussed "Bankers' Acceptances." J. E. Donovan, vice-president of the Security National Bank, dealt with "Government Bonds" and James McCluney, of the firm of McCluney & Company, spoke on "Commercial Paper."

There can be no doubt that our Forum is functioning more effectively this year than ever before, and the reason is not far to seek. Our success in this truly important phase of Institute activity is due to the careful planning and hard work of Charles A. Schacht, Controller of the Federal Reserve Bank and chairman of the Forum Committee. He has that knack of getting things done.

## A Vacation Suggestion

We are told that June is the month of blushing brides and roses, but to us of the Institute it has another meaning. Roses in profusion, it is true, especially if one dwells in the climatic paradise that is sometimes referred to as the Forty-ninth State. (California, Washington, Oregon and Florida papers will doubtless note and mobilize for action.) Of the blushing brides, too, we have our rightful portion, although the cosmetician may have anticipated and thus made sure of this delightful phenomenon. We refer to the blush, of course.

But we digress. We were speaking of that other meaning. To the true Institute member, June has also come to mean the national convention of his organization. We need not recount the material benefits to be derived from attendance at the convention, nor the pleasure of meeting old friends. Going with the delegation, the cost of the trip will be considerably less than it would be if one were going alone and the convention guest will be shown many courtesies that are not available to the lone tourist.

Again, Pittsburgh is within easy reach of a great number of places of interest. Philadelphia, New York, Cleveland and Washington are but a short distance away and many vacation resorts may be reached after a short journey. One may even run up to Niagara to see the big wash-out. These are but a few suggestions as to what one may do with the extra week.

Why not make up your mind now that you will spend a week of your vacation at the Pittsburgh Convention of the Institute? The dates are June eighth to the twelfth inclusive. You might go farther and fare worse—much worse. A bit of extra attention to the old savings account now will make it possible to go and see for yourself if Pittsburgh, too, has its fair share of June roses and blushing brides.

It is with profound regret that we note the recent death of James H. Lomasney, manager of the mail department of the Mercantile-Commerce Bank and Trust Company. He

was for many years a member and enthusiastic worker in the Institute and he served on the board of governors and numerous committees of the St. Louis Chapter.

## Will to Do

By HENRY J. MERGLER  
Vice-President, American Institute of Banking

*"The human will, that force unseen  
The offspring of a deathless soul,  
Can hew the way to any goal."*

It is will power that makes the man. 'Tis will, his freedom of choice, gives him dominion over the world. It is his directing imagination that sets him above the animal creation. Mere impulse never developed a strong mind. Back of it all must be a strong will. Today, as in all other times, man's will is the all-directing human force.

American history is full of accounts of men who overcame almost insurmountable obstacles through the power of their will. Columbus discovered America; Washington made America; the heart of Wilson was set upon universal peace, and through the steadfastness of his purpose he changed the diplomacy of the world.

It is said that thinking is a lost art and that opinions are ready-made. Free your mind from distraction. Put on your thinking cap and decide what you want to do and be. Search for the work which best fits into the scheme of things. Sometimes the scope of our choice is too great and the time of accomplishment too short. The choice must be made with due consideration to human endurance. Frequently our aim is not high enough.

Such maxims as "Hitch your wagon to a star" teach us to aspire mightily. As exercise is necessary to our physical growth, so a reaching out for that which is beyond our reach, a tiptoe stretching up toward a worthwhile goal, will bring us to the full stature of manhood. At the beginning the average man is sincerely ambitious, but somewhere along the way his "will to do" fails, and he is sidetracked. He lacks persistence and drifts with the tide.

Inventions utilizing the power of steam and electricity have quicken-

ed the tempo of living. This is the day of motor-driven machines. The pace of the oxen is far too slow. Calvin Coolidge tells us that machines have made labor by creating work for more men—for instance, the automobile industry with its allied interests. But even in this mechanical age nothing is or will be invented that can take the place of the human will.

In our admiration for the marvels brought about through invention, we should not forget to pay respect to

the greatest engine of them all, the one fashioned by the Master Builder, which in achievement and endurance far exceeds them all—the human heart. Scientists give us staggering totals of its lifting, driving power. With a minimum of care, it gives amazing service. As with all other involuntary muscles that function perfectly without conscious direction, it leaves the mind free for the exercise of the will in all phases of life.

The crowning glory of one's life is

## Lafayette National Bank Opens in New Building

**H**UNDREDS of visitors attended the recent opening of the Lafayette National Bank and Trust Company, Luxemburg, Missouri, in the modern bank building erected by the St. Louis Bank Building and Equipment Co. The bank is located at Lemay Ferry and Military Roads in St. Louis County.

The new bank building is modern in every respect with a rest room for women customers and another room for conferences and committee meetings. There is also an automatic night depository installed near the entrance to the building.

The bank has a paid-up capital and

surplus of \$75,000. John P. Meyer, vice-president of the South Side National Bank of St. Louis, is president; Erwin P. Stupp, vice-president; Theo. W. Felsch, vice-president and cashier; and Wm. C. Van Ronzelen, assistant cashier.

Directors include: Chas. F. Betz, vice-president, American Cone & Pretzel Co.; Theo. W. Felsch, vice-president and cashier; O. L. Kupferer, secretary and treasurer, Lafayette-South Side Bank and Trust Co.; John P. Meyer, president; Wm. Ruprecht, president, Wm. Ruprecht Investment Co.; Erwin P. Stupp, president, Stupp Bros. Bridge & Iron Co.



Officials of the new Lafayette National Bank and Trust Company photographed in the bank lobby on opening day. Left to right: Frank K. Harris, Walter Meyer, Paul Faust, Wm. A. Schaefer, Wm. C. Van Ronzelen, Theo. W. Felsch and John P. Meyer.

the privilege of exercising the power of choice, of decision as to the course to be traveled, the goal sought. As Richard W. Hill says, it is so easy to surrender our will to others through inertia, fear, or lack of initiative that we lose the joy which comes with the sense of exercising our power of will. It is, after all, the strong-willed person who ultimately reaches the goal for which he strives. His "will to do" carries him on.

## Convention Calendar

### Coming State Conventions

New Mexico—Carlsbad, April 24-26.

North Carolina—Pinehurst, April 27-29.

Arkansas—Little Rock, April 28-29.

Florida—West Palm Beach, May 1-2.

Tennessee—Chattanooga, May 7-8.

Missouri—Excelsior Springs, May 12-13.

Mississippi—To be selected, May 12-13.

Pennsylvania—Atlantic City, N. J., May 13-15.

Texas—San Angelo, May 12-14.

Alabama—Gadsden, May 14-15.

Kansas—Topeka, May 21-22.

South Carolina—Columbia, May 20-22.

Illinois—Chicago, May 25-27.

Georgia—Sea Island, May 28-30.

Idaho—Boise, June 8-9.

Minnesota—Minneapolis, June 9-11.

Indiana—Indianapolis, June 10-11.

Virginia—Old Point Comfort, June 11-13.

Oregon—Seaside, June 12-13.

North Dakota—Fargo, June 18-19.

Wisconsin—Milwaukee, June 18-19.

Washington—Seattle, June 18-20.

Colorado—Estes Park, June 19-20.

Iowa—Waterloo, June 22-24.

Michigan—S. S. Noronic, Detroit-Toronto, June 22-26.

South Dakota—Huron, June 24-26.

Wyoming—Cheyenne, September 4-5.

### General Conventions

Reserve City Bankers—Richmond, Va., April 20-22.

A. I. B. Convention—Pittsburgh, Pa., June 8-12.

F. A. A. Convention—Boston, September 14-17.

A. B. A. Convention—Atlantic City, October 5-8.

I. B. A. Convention—White Sulphur Springs, November 1-5.



### Nusloch Placed on Board of Governors of I. B. A.

George H. Nusloch, vice-president of the Hibernia Securities Company, Inc., was elected to the board of governors of the Investment Bankers Association of America at a meeting of the board, held recently in Abscon, New Jersey.

Mr. Nusloch has been identified with banking and investment interests since 1911 when he entered the employ of the Hibernia Bank as a clerk. He rose through various departments to the position of sales manager of the bank's bond department in 1920. He was appointed sales manager of the Hibernia Securities Company, investment affiliate of the bank, and assistant treasurer in 1922; treasurer in 1923; and vice-president in 1927. His connection with the Investment Bankers Association began in 1925, and since that time he has served as chairman of the Southern Group and in various other official capacities. Since 1928 he has served as a member of the business conduct committee of the national body. He was a member of the convention committee when the convention was held in New Orleans last October.

### INDEX TO ADVERTISERS

American Banks, Nashville .....	62	Mann Securities Co., Chicago .....	83
Anderson & Co., Oliver J., St. Louis .....	44	Matthews & Lewis Co., Chicago .....	51
Bank of New South Wales, Sydney, Aus. 71		Mercantile-Commerce Bank & Trust Co., St. Louis .....	84
Berkowitz Envelope Co., Kansas City .....	67	Mercantile-Commerce Co., St. Louis .....	8
Bristol Hotel, New York .....	81	Midland Bank, London, England .....	71
Canal Bank & Trust Co., New Orleans .....	7	Mississippi Valley Co., St. Louis .....	21
Central Trust Co., Chicago .....	3	Mississippi Valley Trust Co., St. Louis .....	20
Chase National Bank, New York .....	65	National Shawmut Bank, Boston, Mass. ..	47
Chatham Phenix Nat. Bk. & Tr. Co., N. Y. 61		National Stock Yards National Bank, National Stock Yards, Ill. ....	63
Chemical Bank & Trust Co., New York ..	60	Ohrstrom & Co., G. L., Chicago .....	36
Cody Trust Co., Chicago .....	45	Otis & Co., Cleveland, Ohio .....	43
Commerce Trust Co., Kansas City .....	75	Peoples Trust & Savings Bank, Chicago ..	53
Com. Tr. Co. Bond Dept., Kansas City ..	35	Piccadilly Hotel, New York .....	54
Commercial National Bank, Shreveport, La. 72		Prescott, Wright, Snider Co., Kansas City 47	
Continental Ill. Bank & Trust Co., Chicago 10		Rackliff & Co., New York .....	81
Couden Syndicate, Elliott R., St. Louis ..	55	Ruppert & Co., H. L., St. Louis .....	43
Distributors Group, Inc., New York .....	19	St. Louis Bk. Bldg. & Equipt. Co., St. Louis 58	
Edwards & Sons, A. G., St. Louis .....	50	Smith, Burris & Co., Chicago .....	27
Ellis & Co., O. E., St. Louis .....	52	Steinberg & Company, Mark C., St. Louis .....	39, 40, 41, 42
Elms Hotel, Excelsior Springs, Mo. ....	6	Union Trust Co., Cleveland .....	4
Equity Securities Corp., St. Louis .....	33	Union Trust Co., E. St. Louis, Ill. ....	52
Federal Land Bank, St. Louis .....	22	Walker & Co., G. H., St. Louis .....	37
Fidelity Nat. Bk. & Tr. Co., Kansas City 29		Want Ad Page .....	57
First National Bank, Chicago .....	5	Willson & Co., James C., Louisville .....	28
First National Bank, Memphis .....	73	Wise Co., Inc., J. H., St. Louis .....	56
First National Bank, St. Louis .....	2		
Fletcher American Co., Indianapolis .....	68		
Foreman State National Bank, Chicago ..	67		
Francis Bro. & Co., St. Louis .....	31		
General Motors Acceptance Corp., N. Y. ..	48		
Halsey, Stuart & Co., Chicago .....	34		
Hanchett Bond Co., Chicago .....	55		
Heiss Hotel System, St. Louis .....	50		
Hibernia Bank & Trust Co., New Orleans 64			
Hotel Governor Clinton, New York .....	69		
Hotel New Yorker, New York .....	45		
Hummer & Co., Wayne, Chicago .....	49		
International Acceptance Bank, New York 54			
Investors Syndicate, Minneapolis .....	54		
Jones & Co., Edward D., St. Louis .....	55		
Lafayette-South Side Bank & Trust Co., St. Louis .....	47		
LaMonte & Son, George, New York, N. Y. 59			
Love & Co., St. Louis .....	47		
Maddux Hotels, Washington, D. C. ....	69		

"What became of that unpaid bill Dunn sent to us?" remarked the bank clerk to his wife.  
 "Oh, that?" she asked. "I sent it back marked 'insufficient funds.'"

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# World's Largest Vault Being Built for Bank of Japan

**I**T is always interesting to note what is going on among the large banks of the world, and this is especially true of the Bank of Japan at the present time, because the vault in the new building of this bank at Tokyo, Japan, will be the largest bank vault in the world.

About a year ago, the Bank of Japan awarded the contract for material for its new vault to the York Safe and Lock Company of York, Pennsylvania, and the size of the order, which is a splendid recognition of the excellence of the products of an American manufacturer, is made somewhat clearer when you stop to consider that the solid trainload of vault equipment pictured below is but one of two such shipments that the York Company is making to the Bank of Japan on this one job.

This huge vault is in reality two vaults because it is two stories high—each vault 187 feet long by 83 feet wide. Each of these vaults is divided into seven vaults by heavy steel partitions, thereby making fourteen vaults in all. This gives some conception of the size of the great vault structure that is to preserve so important a part of Japan's wealth. You get more of a conception of the task of the manufacturer when you learn that to this aggregate of fourteen vaults there are to be added seventeen mammoth solid steel doors. There are six doors each 36 inches

thick and eleven doors each 24 inches thick.

Into the construction of these vault entrances, materials have been built for resisting every known method by which a vault could be attacked. The possibilities that drills and explosives will be used, or that the oxygen-acetylene cutter-burner or the electric arc will be brought in for attack, have been thoroughly considered and defense against them provided in an adequate way. The dangers of fire, flood or earthquake have not been overlooked and full provision against those possibilities has also been made. And that modern nightmare, the possibility of mob attack, that was so clearly in the minds of the designers of our great Federal Reserve Banks, was also thoroughly considered and adequate protection provided for even assault by an army. The outcome of all this engineering is a vault of wonderful strength.

It was something of an event when the material for these vaults was loaded on railroad cars at York, Pennsylvania, and started on its journey halfway around the world. The picture presented herewith is impressive, but gives only a meager idea of the magnitude of the shipment. This solid train of thirty-eight cars carried only one-half of the material—three million pounds of vault work. Two engines were required to draw this trainload of material

from York to the port of Baltimore. At Baltimore, the shipment was loaded on the steamship "Tokai Maru" of the Japanese Steamship Line, which sailed for Japan on January 17. To follow in April will be another full train of fifty cars containing more than four million pounds of vault equipment, making a total of more than seven million pounds of steel vault linings and doors. The task of placing these huge vaults in Tokyo is no small item, as it will require more than twelve months with fifty mechanics engaged in the work.

The York Safe and Lock Company has provided the vaults and doors for the New York, Boston, Cleveland, Chicago, Philadelphia, and Minneapolis Federal Reserve Banks and many of their branches as well as the branches of the other Federal Reserve Banks. The vaults of the Bureau of Engraving and Printing Building at Washington, where are stored the engravings and plates that are used for printing of United States currency, also printed currency before it is put in circulation, certificates, bonds, etc., were built by the York Company as were also the vaults of the U. S. Assay's office at New York, where billions of dollars of gold are kept; the vaults of the Treasury Building and many other Government offices.



A view of the first of two solid trainloads of vault material which the York Safe and Lock Company is making for the Bank of Japan. At the right is shown a close-up of one of the vault pieces. The two trainloads will aggregate over seven million pounds of steel vault linings and doors.

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