

MID-CONTINENT BANKER

The Financial Magazine of the Mississippi Valley

▲
ST. LOUIS
JUNE
1938
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A Plane of the Chicago
& Southern Air Lines
in Flight Over the
Mississippi River

"BIG BUSINESS"

A LITTLE BUSINESS GROWN UP

1st
NATIONAL
BANK

FOR SEVERAL MONTHS Dr. Neil Carothers, director of the College of Business Administration at Lehigh University, was a frequent speaker on a series of radio programs which featured the Philadelphia Orchestra and was sponsored by the First National Bank in St. Louis in conjunction with a group of leading banks in other cities. His talks were so widely acclaimed that one of them is reproduced below, in order that those who may not have heard the talk, may read it. The Bank does not necessarily take the position of agreeing with all of Dr. Carother's statements, but does believe the talk contains much thought provoking material which in these times is worthy of careful consideration.

RECENTLY I was talking with a man in our town who sells automobiles. He said: "I hear a lot of hullabaloo about big business. I am small business, and where would I be if a big business didn't make a car so good that I can sell it to small people like myself? You can't separate big business from little business. I don't see what all the shouting is about." That man told the whole story. Little business and big business are inseparable in the American scheme of things, each dependent on the other, both necessary to the American standard of living.

What is big business? Essentially a big business is a little business grown up. All our great American enterprises got a little start somewhere off in a corner. Each one of them became big because it made a good product and sold it at a fair price. It is the American consumer who decides which business shall live and grow. And economists will tell you that the American consumer never makes a mistake in this matter. He picks the industries that give him the most for his money.

Big business really means "large-scale production." Things do not just happen in our industrial system. There is always a reason. There is a reason for big business. In certain kinds of production great masses of machinery and equipment are required. You cannot stamp out a half-million automobile bodies in a small plant, or draw a million miles of copper wire, or build ten thousand freight cars, or produce a million milk bottles. In certain industries the big plant costs less to run, per unit of product; the big machine costs less to operate than the little one. Mass production in America, with its almost unbelievable output and incredible economies, is the wonder and the envy of every other nation in the world.

Large-scale production in thirty years changed the automobile from a rich man's plaything to the ordinary man's necessity. A large-scale electrical industry gave the American people half of all the telephones in the world. A large-scale radio industry put 23 million radios in American homes in fifteen years.

As my friend the automobile man said, there is no way to separate big business and little business. Every big business in America has created thousands of little businesses, with hundreds of thousands of jobs for

ordinary citizens. If you should close down for six months any one of America's ten largest businesses, it would reduce the incomes of workers in 48 states, throw men out of work in a thousand towns.

You do not always think of the canning and packing industry as a big industry. It has become a big business, and a million farmers get income from it; every little grocery store in the land depends upon it; whole cities have grown from it. But this canning industry is possible only because there is a big business in making glass containers and another big business in the production of tin cans. Believe it or not, the can industry made 17,000 million tin cans last year. A big business in oil has made possible a big business in automobiles, and the two combined have created more than 5 million jobs in gas stations and garages and small accessories shops and other little businesses. I wonder how many of you know that in making an automobile they use 2 bushels of corn from a farm.

Big business and little business have the same problems, do the same fine job, make the same mistakes, and even think much alike, as you may have observed lately. They have the common problems of meeting the pay roll, facing competition, paying taxes, trying to keep prices down and wages up.

But there are, admittedly, some special problems of big business. There is the problem of keeping the field of competition open, so that the competition of little fellows will keep the big fellows in line and so also that the little fellow will have his chance to grow bigger.

There is the special problem of monopoly. The everlasting spirit of free enterprise will prevent monopoly in most lines. But there are a few fields of industry in which the costs and wastes of unrestrained competition are too expensive for society to bear. With wise governmental policies and economic understanding by the people, we can solve this problem of monopoly. Neither big business nor little business questions the necessity of regulation, but they both want that regulation to be fair and sound and certain.

In this country big business and little business are welded together in one great productive machine. Give them a chance to produce at their best, and America's economic future has no limits.

FIRST NATIONAL BANK

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1938 Convention Calendar

- Arizona:** June 3-4, Gallup, N. M. (Joint meeting with New Mexico.)
- Colorado:** June 17-18, Broadmoor Hotel, Colorado Springs.
- Connecticut:** June 8, Bridgeport.
- Delaware:** September 8, Rehoboth.
- District of Columbia:** June 9-11, The Homestead, Hot Springs, Va.
- Idaho:** June 6-7, Lewiston.
- Iowa:** June 6-8, Des Moines.
- Kentucky:** September 13-15, Lafayette Hotel, Lexington.
- Maine:** June 17-19, Poland.
- Massachusetts:** June 9-11, Swampscott.
- Michigan:** June 22-24, Grand Rapids.
- Minnesota:** June 23-25, Minneapolis.
- Montana:** June 16-18, Helena.
- New York:** June 25-27, Saranac Inn, Upper Saranac.
- New Mexico:** June 3-4, Gallup. (Joint meeting with Arizona.)
- North Carolina:** June 19-26. Cruise from Norfolk, Va., to Bermuda on S.S. "Reliance."
- North Dakota:** June 10-11, Valley City.
- Oregon:** June 13-14, Corvallis.
- Rhode Island:** June 15, Providence.
- South Dakota:** June 2-3 at Huron.
- Vermont:** June 10-12, Woodstock.
- Virginia:** June 16-18, Hot Springs.
- West Virginia:** June 23-25, White Sulphur Springs.
- Washington:** June 9-10, Seattle.
- Wisconsin:** June 8-9, Milwaukee.

General Conventions

- June 6-10:** American Institute of Banking, Louisville, Ky.
- June 11:** Robert Morris Associates, Skytop, Pa.
- June 20-July 2:** Graduate School of Banking, Rutgers University, New Brunswick, N. J.
- Oct. 11-13:** Morris Plan Bankers Association, White Sulphur Springs, W. Va.
- Oct. 31-Nov. 3:** Financial Advertisers Association, Ft. Worth, Texas.
- Nov. 14-16:** National Association of Bank Auditors and Comptrollers, Houston, Texas.
- Nov. 14-17:** American Bankers Association, Houston, Texas.
- Nov. 14-17:** Association of Bank Women, Houston, Texas.

James H. Penick, president of the Arkansas Bankers Association and executive vice president of W. B. Worthen Company, Bankers, Little Rock, spoke at the annual banquet of the School of Business Administration of the University of Arkansas at Fayetteville.

Mid-Continent Banker

THE FINANCIAL MAGAZINE OF THE MISSISSIPPI VALLEY

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The Mutual Type Investment Company

By DONALD J. SMITH

Mackubin, Legg & Company, Baltimore

PREVIOUS articles in the MID-CONTINENT BANKER have set forth the history and growth of investment funds in this country, therefore, this article will be confined to the open-end mutual type fund. The mutual investment company has proven to be the type of investment company most consistently purchased by investors during the past few years. This type of company is the youngest branch of the investment trust industry, although some of the companies included in this group are among the oldest and largest investment trusts in this country. There were a few prominent companies organized in the early "twenties," but it was not until after 1930 that there was any real movement toward the organization of a large number of mutual type investment trusts. At the close of 1937 there were over 40 companies reporting total assets estimated in excess of \$500,000,000.

There are ample reasons for the rapid growth of this new branch of the investment company industry, and for the likelihood of it achieving the distinction of becoming the most important and largest branch of the investment trust industry. The shares of these companies have the four chief objectives of a desirable investment plan—diversification, income, marketability and possibilities for growth of the investor's capital. Additional reasons are to be found in the features it offers to the astute investor and in the definition of a "mutual" type investment company.

Features and Definition

Briefly, the "mutual" fund is characterized by an active management which achieves a diversification of its portfolio by investing its funds in a wide list of relatively small blocks of securities of companies in varied industries. The liquidity of its investments, which are in most cases seasoned stocks and bonds, enables the company to adjust itself to meet changing economic and investment conditions. The fundamental and most important feature of the mutual investment company is, however, that the company itself, or its sponsoring organization, sells and agrees to repurchase shares of the company at a price based on net liquidating value at any time the securities markets are open. The feature of a shareholder being able to secure his asset value makes an automatic and continuous market for the shares and this is highly important to the investor during a general economic adjustment period, as most other types of investment trust securities, governed by the law of supply and demand, have narrow markets and with few exceptions have continuously sold below their "hard asset" value since 1929-30.

The Federal Revenue Act of 1936 defines a mutual type investment company as follows:

(a) It must be organized for the purpose of, and substantially all of its business must consist of, holding, investing, or reinvesting in stocks or securities;

(b) At least 95 per cent of its gross income must be derived from dividends, interest, and gains from sales or other disposition of stock or securities;

(c) Less than 30 per cent of its gross income must be derived from the sale or other disposition of stock or securities held for less than six months;

(d) An amount not less than 90 per cent of its net income must be distributed to its shareholders as taxable dividends during each taxable year;

(e) Shareholders must, upon reasonable notice, be entitled to redemption of their stock for their proportionate interests in the company's property or the cash equivalent thereof, less a discount not in excess of 3 per cent;

(f) Not more than 5 per cent of gross assets of the company, taken at cost, shall be invested in stock or securities, or both, of any one corporation, government, or political subdivision thereof, but does not apply to U. S. Government securities;

(g) It must not own more than 10 per cent of the outstanding stock or securities, or both, of any one corporation;

(h) It must not have any outstanding indebtedness in excess of 10 per cent of its gross assets taken at cost.

Tax Exemptions

The 1936 Federal Revenue Act recognizes the special character and benefits to be derived from ownership of shares of the mutual type investment company and provides a more equitable form of taxation for this type of company than for other trusts. The tax Act of 1938 as passed by Congress, and which became law without the signature of the President, does not void the exemptions granted in 1936. The 1936 tax legislation provided that those companies which qualified as "Mutual Investment Companies," as defined by the Federal Bureau of Internal Revenue, would not be subject to the regular corporate tax and the undistributed earned surplus tax on all dividends paid out to shareholders, provided such dividends were not less than 90 per cent of net income received from all sources.

From a preliminary study of the new 1938 Federal Revenue Act it is evident that under its provisions "mutual investment companies," as defined in the 1936 Act, continue to receive preferential treatment, i. e., exemption from the payment of income taxes. Investment companies that qualify as "mutuals" and pay out as dividends all their net income from all sources are not subject to taxes under the 1938 Act. If such companies qualify as "mutuals" but elect to pay out as dividends only 90 per cent of their net income received from all sources, such mutual investment companies would be assessed a tax of 16½ per cent on *only* that portion of their annual net income not paid out as dividends.

If an investment company does not qualify as a "mutual investment company," it will be subject to the same taxes assessed against industrial corporations, i. e., a tax of 19 per cent on its annual net income from all sources after all credits and exemptions. (Only 15 per cent of its dividend income received from owning stocks of taxable corporations is subject to tax.) Under the provisions of the 1938 Act any corporation subject to tax can receive a maximum credit, or exemption, of only 2½ per cent regardless of the fact they pay out 100 per cent of the net income in the form of dividends.

Needed Tax Exemption

In any year that an investment company has substantial realized losses on investments eliminated from the portfolio, it would prove beneficial to the shareholder (under the 1938 Revenue Act) from the standpoint of their personal tax deductions for the investment fund not

to qualify that year as a "mutual investment company." This arises from the fact that payment of the regular tax by a non-mutual company would benefit him as a shareholder because the non-mutual company had realized losses on the sale of investments eliminated from the portfolio, credit for which he could claim in payment of his personal taxes, that were of sufficient magnitude to offset the benefits to him of the tax exemption granted to such an investment company if it qualified as a "mutual investment company." Under such circumstances it is assumed that an investment company with able management would not qualify as a "mutual investment company" for that year. In 1938 the necessity to re-arrange portfolios in view of current conditions may result in realized losses because investments of new capital received in 1936 and 1937 were made at prices prevailing during those two years and are far above today's market. Under such conditions, it is reasonable to expect that a number of companies that qualified as mutual investment companies in 1937 will decide not to do so in 1938.

Since the fundamental principle of the investment company parallels in many ways that of the mutual savings bank, i. e., the placing of collective savings under experienced management, with the right of withdrawal, it seems reasonable to feel that the same benefits and exemptions that are accorded mutual banking institutions under the 1936 and 1938 Federal Revenue Acts should likewise accrue to those investment companies whose sole purpose is the investment of funds in a widely diversified list of general market securities which the managers keep under constant supervision. By permitting the retention of reasonable reserves derived from annual earnings without subjecting such reserves to the tax on undistributed earned surplus if they are not declared out as dividends, such a Federal statute would afford continuity of reasonable dividends and further protection to the savings of over a million small investors owning nearly 58 million shares of stock.

Growth of the Industry

These equitably organized "mutual investment companies," offering great potential promise as partnerships in the recovery of American business, were given careful consideration by dealers and investors during the trying years of 1929-33 and the recovery years 1933-36 when "what to buy" was a question and they are continuing to receive a natural impetus as we experience another period of recession

and anticipated recovery and prosperity. It became apparent during the 1929-32 depression that the "fixed-type" trust did not offer a suitable medium for long-term investment because it was predicated upon a denial of the need for constant security management resulting from economic and social change. At the same time the public, disappointed in the past management records and the fact that capital stocks and debentures of the older closed-end leverage and non-leverage trusts were selling at sizable discounts from liquidating and par values, turned from them to this new type of financial company with its perpetual right granted to shareholders to receive liquidating value at any time they present their shares to the corporation for liquidation.

Twenty of the larger and better known mutual (open-end) investment companies continued to increase their importance in this country's financial structure in 1937, as is indicated by the tremendous amount of new capital placed under their supervision during the year. It is estimated that net gain in capital resulting from the sale of new shares by these 20 leading companies was \$80,000,000. Shares outstanding, which totaled over 43,616,000 at the end of 1936, had increased to over 56,992,000 at the 1937 year end, an increase of 13,376,000 shares or 30.7 per cent. At the end of 1937, in spite of one of the most severe breaks in the history of the New York Stock Exchange, these twenty companies alone had gross assets, at market value, of \$328,460,000. The companies embraced in this article are, in most instances, included regularly in the quotations sent out by the Associated Press and other news services to the leading financial and metropolitan newspapers. Thus far in 1938 these companies have increased the number of shares outstanding, but the total market value of their assets decreased.

If the management fee is reasonable, not over 1 per cent and usually $\frac{1}{8}$ of 1 per cent quarterly ($\frac{1}{2}$ per cent annually), there are eight important factors that should be given consideration by investors in appraising the investment merit of mutual companies. (1) What have the managers accomplished during the life cycle of the fund, during the last completed cycle of a rising and falling market and how well did they preserve their assets during the last drastic business and security market depression or recession? (It should be at least equal to the average record of the general market.) (2) What are the earnings records for the current and past five years? (3) What has been the dividend for the

past year and for five years? (4) Is the expense of annual operation reasonable (about $\frac{1}{4}$ per cent of total assets under supervision)? (5) Is the offering price equitable, i. e., is the "load" or entrance fee reasonable (usually from $6\frac{1}{2}$ to $8\frac{1}{2}$ per cent)? (6) Is the "withdrawal charge" reasonable (usually 1 per cent or waived completely, and limited by the 1936 Revenue Act to 3 per cent)? (7) Are the securities held in the portfolio those of well known corporations concerning which information is readily available? (An examination of portfolio holdings and changes made is usually sufficient to answer this question.) (8) The most important factor is the character and experience of the directors or trustees and the facilities available to them. Following will be found a discussion of some of these factors.

Accomplishment Record

The year 1937, during which the securities markets were reactionary for more than 50 per cent of the time, offered a real test for the open-end mutual investment companies. Many of these companies, formed in the late depression years, had theretofore operated during a period of business recovery and a generally rising stock market. Despite the occasional criticism of non-constructive writers, the open-end or "mutual" branch of the trust industry did a creditable job during 1937. That the same situation exists in 1938 is borne out by those few companies whose first quarter reports have been published.

As indicated in a recent study, "100 Stocks During the Year 1937," a group composed of ten of the largest and most prominent mutual (open-end) investment companies out-performed three groups of 100 stocks each, listed on the New York Stock Exchange. The average for these funds was 28 per cent better than an unbiased list of 100 stocks composed of the first 5 companies that appear in each letter of the alphabet, 20 per cent better than a list of 100 stocks composed of the more active and better known listed stocks and 10 per cent better than a list of 100 stocks composed of those companies that are the most widely held by 65 investment trusts. Theoretically this latter group was composed of stocks of those companies selected by experienced and well informed investment managers as the most promising from the standpoint of income and appreciation.

The accomplishment records of all 20 of the mutual companies do not extend back over the last five years but

(Continued on page 37)

Bankers in Ten Mid-Continent States Hold Annual Conventions

THE names of two men were projected into the political picture of the American Bankers Association at annual conventions of the various state bank associations held last month. W. Laird Dean, president of the Merchants National Bank, Topeka, Kansas, and newly elected president of the Kansas Bankers Association, was endorsed by Kansas bankers for the office of second vice president of the American Bankers Association, and P. D. Houston, board chairman of the American National Bank, Nashville, Tennessee, and a man who has held every office in the Tennessee Bankers Association, was endorsed for the same A. B. A. office by bankers of Tennessee, Alabama and Mississippi. Both men are friendly to the interests of the independent unit banker.

Ten of the eleven states in the Mid-Continent area held their annual conventions last month and most of them adopted resolutions criticising various New Deal policies, particularly "pump priming" tactics. Postal savings competition was flayed as usual, opposition was expressed to the Patman bill and to the undistributed profits tax and capital gains tax, branch banking was lambasted and thumbs were turned down on the proposal that Federal Reserve Banks be permitted to buy Government securities direct from the Treasury.

MISSOURI

MISSOURI bankers, meeting last month at the Elms Hotel in Excelsior Springs, adopted resolutions requesting discontinuance of government lending in competition with banks, criticising the proposal that the five elective members of the Open Market Committee be excluded from membership, and opposing the proposal to permit the Federal Reserve Banks to buy government bonds direct from the Treasury.

While these resolutions are, to a certain extent, critical of the New Deal, other resolutions expressed approval of the reciprocal trade agreements negotiated by our country during the past four years, and pointed out that bankers should not fail to recognize that loans which banks would not make a few years ago can now be made safely and beneficially. "While we are requesting the with-

drawal of government competition, let us be sure that we can fill the need," stated one resolution.

Charles A. Wisdom, cashier of the Farmers & Merchants Bank of Green Ridge, and retiring president of the Association, told delegates that they were emerging from a period of some years during which the banker had been a target for criticism and the victim of "scandalous rumors." He stated that bankers have "taken it on the chin" long enough and urged them to "get up on their hind legs" and defend themselves from unfair criticism.

Mr. Wisdom called particular attention to the popular criticism that banks will not make loans and went on to urge bankers to explain to the public that banks are anxious to make loans and that they are making all of the proper loans they can—all of the loans that supervising authorities will approve. "We know that we should make no other kind of loans," he said, "and the public should be made to understand this. There may have been some good loans declined, but the majority of mistakes have been made by extending credit too freely, rather than by declining to make loans."

The subject of bank loans came in for further discussion by W. F. Gephart, vice president of the First National Bank, St. Louis, who pointed out that interest rates will probably remain low for some time; first, because of the vast amount of accumulated capital awaiting investment; second, because of the various kinds of powerful control that Government has over money, credit and banking; and third, because of the competition of private and governmental financial agencies.

Dr. Gephart also pointed out that commercial bank loans will not likely return to the high levels of the twenties, even if we have a real business recovery, because many corporations have financed themselves through the investment market, because many other corporations are in strong cash positions, and because business changes make it possible to do a greater volume of business on a dollar basis than was true a few years ago. He warned that banks must find new sources for the use of their funds, or the number of banks in this country will decrease.

"Today," said Dr. Gephart, "under the pressure of idle funds and government influence, competition for loans and investments has driven interest rates to a point where in many cases they do not even cover the ordinary operating expenses involved. Will it be necessary for government again to step into the situation and subject an already over-regulated business to more detailed supervision? Competition in banking as well as in other businesses has its place, but when it becomes cut-throat in character and forces prices below operating costs, then it becomes suicidal. It is high time for bankers, individually and in their associations, to give this important matter the attention it deserves. If this and other similar abuses are not corrected by business men and bankers, we should not complain too much if the government does the job for us."

Discussing the subject "How We Make Profits," H. A. Bryant, president of the Parsons Commercial Bank, Parsons, Kansas, urged bankers to bring their operating costs in line with their income and pointed out that installment loans and automobile loans had provided a new source of revenue for his institution. He also urged bankers to reduce their interest rates to meet the competition of other sources of lending, particularly government lending.

Elbert S. Woosley, vice president of the Louisville Trust Company, Louisville, Kentucky, and another featured speaker, pointed out that "sound banking must be profitable banking," and urged bankers to know exactly what their operating costs are and apply charges for services which cost records show are not paying their way. He stated further that investing the bank's money in either loans or bonds "requires the utmost thoroughness in credit research and continuing vigilance."

Missouri bankers elected as their new officers: W. T. Kemper, Jr., president of the Kemper State Bank, Boonville, president; J. P. Huston, cashier of the Wood & Huston Bank, Marshall, vice president; Frank C. Hunt, vice president of the First National Bank, St. Louis, treasurer.

Newly elected A. B. A. officers for Missouri are: state vice president, John P. Meyer, president, Northwest-

ern Trust Co., St. Louis; member of nominating committee, Tom K. Smith, president, Boatmen's National Bank, St. Louis; alternate member of nominating committee, F. T. Hodgdon, vice president and cashier, Farmers & Merchants Bank, Hannibal; vice president of National Bank Division, George U. Richmond, vice president, American National Bank, St. Joseph; vice president of Savings Division, G. E. Hough, president, Central National Bank, Carthage; vice president of State Bank Division, George W. Boettner, president, Bank of Atchison County, Rockport; vice president of Trust Division, Ralph L. Adams, trust officer, Commerce Trust Company, Kansas City.

ILLINOIS

STRONG criticism of the national administration's spending program and its trends toward centralization of authority featured the forty-eighth annual convention of the Illinois Bankers Association held last month at the Abraham Lincoln hotel in Springfield. Nearly 800 delegates were registered at the convention, making it one of the best attended Association meetings in years.

J. F. Schmidt, vice president of the State Bank of Waterloo and retiring president of the Association, scored the Administration for its "economy of scarcity," and its "system of confiscatory taxation."

"The very fundamentals of our constitutional democracy have been threatened," President Schmidt declared. "Usurpation of power has been the watchword of the time, and this doctrine will never fit into the established American scheme of government."

"We have been confronted with the theory we can spend ourselves into prosperity," he continued. "Under this theory we have created a public debt before unheard."

"The American people were told the 'depression' was licked some eighteen months ago; now we are in a so-called 'recession' and the same remedy of additional mounting public debt, additional spending is recommended. Can we hope for better results than those obtained in the former experiment?" he added.

The other side of the Administration's economic theory was presented by Dr. Lachlin Currie, assistant director of the division of research and statistics of the Board of Governors of the Federal Reserve System. Dr. Currie told delegates that it was the tapering off of government pump-priming expenditures, among other causes, and not lack of economic confidence that

started the economic slump last year. Stressing the importance of government spending, Dr. Currie asserted that pump-priming expenditures in the seven months from March to December last year, when business started to slump, amounted to only \$400,000,000, or an average of \$60,000,000 a month. In the same period of 1936 such expenditures averaged \$335,000,000 monthly, he said. He avoided a direct statement that resumption of pump-priming spending is necessary, but implied that more spending and not a balanced budget is needed.

After hearing Dr. Currie, delegates proceeded to adopt the report of the Association's policy committee which clashed sharply with Dr. Currie's theories. This report recalled earlier recommendations of the Association for a balanced federal budget, and stated that its warnings have gone unheeded, with unfortunate results for the country.

"The country is again plunged into a serious depression," the report said. "Production has fallen off to an alarming extent. Workers, material, and credit are idle. Consumption has not been sufficient to reduce inventories materially and government is again turning to emergency treatments in increasing measure to remedy the situation."

"Astute business men," it added, "have become fearful of the portents for the future and hesitate to make plans for the development of their properties or the employment of idle funds."

D. M. Emery, president of the National Small Business Men's Association, also rapped the increasing competition of government with banks and other businesses, saying, "Government in business is like crab grass in your lawn. If you do not check it or kill it, soon you have no lawn." He pointed out that it was unnecessary for the government to enter the banking business to the extent of making loans to small business, and stated that the answer, as far as he could see it, was "to add more gears and cogs to a political machine that is rapidly becoming a menace to liberty."

Discussion of purely banking problems was confined to the talks of William A. Irwin, Walter Lichtenstein and Earl C. Smith. Mr. Irwin, who is assistant educational director of the American Institute of Banking, discussed the public relations problems of banks; Mr. Smith, who is president of the Illinois Agricultural Association, discussed the farm problem as related to banks; and Mr. Lichtenstein, who is vice president of the First Na-

tional Bank, Chicago, discussed "The Future of Interest Rates." Mr. Lichtenstein predicted that there would be no immediate inflation, and stated that for this reason there was no immediate prospect of much change in the level of interest rates. He added that there can be no inflation as long as there is as little movement in business and economic life as at present.

New officers of the Illinois Bankers Association were elected as follows: president, Fred A. Gerding, president of the First National Bank, Ottawa; vice president, John J. Anton, vice president of the First National Bank, Chicago; treasurer, John D. Blossom, vice president of the Central National Bank & Trust Co., Peoria.

Illinois members of the American Bankers Association were named as follows: members of Executive Council, Frank C. Rathje, Chicago, and J. F. Schmidt, Waterloo; member of Nominating Committee, William C. Cummings, Chicago, and alternate member, Harry Kohl, Centralia; State vice president, C. R. Reardon, Joliet; vice president of National Bank Division, W. A. Cutler, Springfield; vice president of Savings Division, E. A. Hintz, Chicago; vice president of State Bank Division, M. C. Grizzelle, Le Roy; vice president of Trust Division, A. B. Stine, Danville.

INDIANA

RESOLUTIONS adopted by Indiana bankers at the annual convention held last month at French Lick suggested that interest rates on postal savings be reduced in line with the return received on short term government obligations and proposed the elimination of postal savings where the community is served by a bank or banks.

Other resolutions urged that Congress be given support in revising and eliminating "the inequitable and destructive features in the undistributed profits tax and capital gains tax," advocated exemption of the banking business from the unemployment provisions of the social security act, and reaffirmed belief in the dual banking system with equal privileges to both national and state banks. Watchfulness was urged to prevent the extension of branch banking across state lines.

Featured speaker at the convention was W. Laird Dean, president of the Merchants National Bank, Topeka, Kansas—the man who had been advanced to the presidency of the Kansas Bankers Association a few days before, and endorsed by that organization as candidate for the office of second vice

president of the American Bankers Association.

Mr. Dean called for "a return to the simple economic faith of our fathers," and declared "we must make our customers see that the home-owned and operated bank is infinitely closer to the heart of its community than can be the branch of any distant institution."

"We must preach the gospel of the freedom of individual initiative and enterprise, and with the help of our customers, vanquish the two evils eating at the heart of our American economy—one driving toward closer concentration of wealth and power in the hands of a few, and the other driving toward regimentation of our farms, our homes and our business by the central Government itself," said Mr. Dean. He went on to outline the necessity for demonstrating actively "the adequacy of our present banking system," and urged banks to go as far as they can to service present loan demand which is now going to government agencies and out of town. He suggested avoidance of long or less than top-grade risks in investments, and advocated adequate service charges and "making interest payments fit the realities of the present yields on loans and investments."

Phil S. Hanna, editor of the *Chicago Journal of Commerce*, and another featured speaker, told delegates that the ineptitude of "the great silent majority" encouraged lack of cooperation between business and the government, and urged reinstatement of government contracts and fixing the value of the dollar by statute. He pointed out that today there is a policeman sitting alongside the driver of every business machine, and ten stop and go lights for business where there was formerly one. He warned of the danger of politics becoming a "business" and not a "public service"—"a business which measured its success in vote production and tax totals."

Other speakers at the convention included Julian T. Baber of the United States Secret Service Department, J. O. Christianson of the School of Agriculture at the University of Minnesota, H. G. Weaver of General Motors Corporation, and Gilbert T. Stephenson, director of the trust research department of the Graduate School of Banking. F. W. Van Antwerp, president of the First Bank & Trust Co., South Bend, and retiring president of the Association, urged bankers to watch developments in Washington "with increasing care."

Robert H. Myers, vice president of the Merchants National Bank, Muncie, was advanced to the presidency of the Association, succeeding Mr. Van Ant-

werp; Albert J. Wedeking, cashier of the Dale State Bank, Dale, was named vice president; and E. Marion Lutz, assistant cashier of the American National Bank, Indianapolis, was elected treasurer.

TENNESSEE

FACING a topsy-turvy financial world and wild money schemes, Tennessee bankers have kept their feet on the ground and their banks out of trouble, J. F. Biggs, retiring president of the Tennessee Bankers Association, told delegates to the annual convention of that organization held last month in Knoxville. "Banking is on trial for its life today," said Mr. Biggs. "It is faced with rapidly changing times and ideas and it must adapt itself to modern times." He advocated that bankers lend their help to agriculture and praised the work of research committees and the efforts of modern science to aid business.

Most interesting event of the Tennessee convention was the adoption of a resolution by the Association endorsing P. D. Houston, board chairman of the American National Bank, Nashville, as candidate for the office of second vice president of the American Bankers Association, subject to the election to be held at the annual convention in Houston this fall. The official resolution pointed out that Mr.



P. D. HOUSTON

Mr. Houston, who is board chairman of the American National Bank, Nashville, Tennessee, was endorsed for the office of second vice president of the A. B. A. last month in resolutions adopted at the annual conventions of the Tennessee Bankers Association, the Alabama Bankers Association and the Mississippi Bankers Association.

Houston has held every office in the Tennessee Bankers Association in addition to having served as treasurer of the American Bankers Association and chairman of the A. B. A. Bank Management Commission. The resolution stated further that "his experience, qualifications and training conspicuously fit him for the responsibility attaching to the principal seats of honor in the American Bankers Association."

H. Grady Huddleston, secretary of the Tennessee Bankers Association, reported that resources of Tennessee banks reached an all-time peak during 1937, in spite of the fact that Tennessee has only 360 banks today as compared with 600 banks in 1931. He pointed out, however, that the all-time peak in resources does not necessarily indicate prosperity.

William H. Neal, president of the Financial Advertisers Association of America, addressed the convention on the subject of public relations; J. Harvie Wilkerson, Jr., spoke on "Home-spun Investment Policies"; and Julian T. Baber, U. S. Secret Service man from Washington, spoke on the subject of counterfeit money, explaining how counterfeits can be detected and urging Tennessee bankers to adopt a system of cooperation with the Secret Service. Mr. Neal, in his talk, stated that bankers have a definite responsibility to promote economic education and to lead straight economic thinking and urged Tennessee bankers to consider public relations programs as a definite and permanent phase of bank management.

At the closing session of the convention M. A. Bland, vice president of the First National Bank, Clarksville, was elected president of the Association for the coming year, Lester R. Driver of Bristol was named Chairman of the Executive Committee, and three new vice presidents of the Association were elected as follows: C. D. Sheets, vice president, First National Bank, Copperhill; W. F. Brown, president, Sumner County Bank & Trust Co., Gallatin, and W. K. Porter, president Commercial Bank & Trust Co., Paris.

Walter J. Diehl, cashier of the Third National Bank, Nashville; Leslie Thornton, vice president of the National Bank of Commerce, Memphis, and Charles E. Taylor, vice president of the Ducktown Banking Co., Ducktown, were elected members of the Association's executive committee.

State officers for the American Bankers Association were elected as follows:

Vice president, A. B. A., for Tennessee: J. F. Biggs, president, First-Citizens National Bank, Dyersburg.

Member nominating committee:

Thos. D. Brabson, president, First National Bank, Greeneville.

Alternate member nominating committee: V. J. Alexander, president, Union Planters National Bank & Trust Co., Memphis.

Vice president, National Bank Division: George M. Smith, president, First National Bank, McMinnville.

Vice president, Savings Division: C. E. Hastings, president, First Trust & Savings Bank, Paris.

Vice president, State Bank Division: Caldwell B. Harrison, cashier, Farmers-Peoples Bank, Milan.

Vice president, Trust Division: John B. Swaney, Jr., assistant cashier, First & Peoples National Bank, Gallatin.

MISSISSIPPI - LOUISIANA

BUSINESS interests of the country are "looking to Congress to find release from the grip of fear," Oscar Wells, board chairman of the First National Bank, Birmingham, Alabama, and past president of the American Bankers Association, told bankers at the joint meeting of the Mississippi Bankers Association and the Louisiana Bankers Association held last month in New Orleans. "That is one of the reasons," he said, "for desiring the repeal or modification of the taxes upon undistributed earnings."

Delegates to the joint convention were welcomed to New Orleans by Rudolf S. Hecht, president of the New Orleans Clearing House Association, and were royally entertained by New Orleans bankers during the convention. Mr. Hecht told bankers, "we will emerge from our economic difficulties with vigor unimpaired," while other speakers spoke optimistically for business and banking in Louisiana and Mississippi. Conwell Sykes, retiring president of the Mississippi Bankers Association, stated that the new recession had not hit Mississippi, and a majority of the 700 bankers at the convention seemed to believe that the South will not be greatly affected by the present business slump if there is industrial recovery soon in the North and East.

Frank Dimmick, retiring president of the Louisiana Bankers Association, called for removal as quickly as possible of the Louisiana legislative prohibition of personal trusts, pointing out that Louisiana is the only state which denies a citizen the right to place his funds in trust within the boundaries of his own state. He also urged bankers to be more progressive in financing the production of agricultural products, stating that agriculture is the backbone of the Southland.

Pursuing the subject of agriculture further, William A. Irwin told bankers that the only immediate remedy for the farm situation is curtailment of agricultural production for domestic markets—even if it means the temporary loss of foreign markets. He stated that there are five alternatives offered but that curtailment of production for home markets is the only one that will remedy agricultural economic ills. The other alternatives, according to Mr. Irwin, are to allow conditions to follow their natural course without guidance, to search for new uses for farm products, to work for foreign markets by negotiating reciprocal treaties, and to increase the buying power of the consumer by increasing his wages.

W. A. Montgomery, cashier of the Bank of Edwards, was elected president of the Mississippi Bankers Association at the closing session of the convention; A. L. Rogers, cashier of the Bank of Commerce, New Albany, was chosen vice president; and Frank R. McGeoy, Jr., president of the Bank of Greenwood, was named treasurer.

Members of the executive committee of the Mississippi Bankers Association were named as follows:

Terms expiring 1939: V. S. Whitesides, president, Peoples Bank & Trust Co., Tupelo; Harry J. Landry, president, Commercial & Savings Bank, Friars Point, and C. J. Kees, president, State Guaranty Bank, Magee, Miss.

Terms expiring 1940: F. E. Allen, president, Canton Exchange Bank, Canton; M. E. Cooper, vice president and cashier, Bank of Wiggins, Wiggins, and J. H. Sasser, president, Carthage Bank, Carthage.

Terms expiring 1941: W. M. Mounger, vice president and trust officer, Deposit Guaranty Bank & Trust, Jackson; B. C. Adams, cashier, Grenada Bank, Grenada, and Walter Page, president, Peoples Savings Bank, Starkville.

Newly elected members of the American Bankers Association for Mississippi are: Member of executive council, M. G. Burrow, Tunica; state vice president, S. C. Caldwell, Hazlehurst; member of nominating committee, W. D. Cook, Meridian; alternate member of nominating committee, V. S. Whitesides, Tupelo; vice president of National Bank Division, D. U. Maddox, Laurel; vice president of Savings Division, R. P. Parrish, Jr., Greenwood; vice president of State Bank Division, A. E. Atkinson, Kosciusko; vice president of the Trust Division, R. A. Geary, Vicksburg.

F. F. Millsaps, president of the Ouachita National Bank, Monroe, was

elected president of the Louisiana Bankers Association; and Sam M. Richard, vice president of the Lake Charles Bank and Trust Company, was elected vice president. W. B. Machado, assistant vice president of the Hibernia National Bank, New Orleans, was reelected secretary, and T. G. Nicholson, president of the First National Bank of Jefferson Parish, Gretna, was reelected treasurer.

Officers of the American Bankers Association for Louisiana were named as follows:

E. E. Soulier, vice president, First National Bank, Lafayette, was elected a member of the executive council for a term of three years, to be effective after the A. B. A. 1938 Houston convention.

M. L. Funderburk, president, Citizens Bank & Trust Co., Houma, was elected state vice president, to serve one Association year, from the opening date of the A. B. A. 1938 Houston convention.

James C. Bolton, president, Rapides Bank & Trust Co., Alexandria, was elected a member, and W. L. Ward, president, Fidelity Bank & Trust Co., Baton Rouge, was elected alternate member of the nominating committee.

New state vice presidents for various A. B. A. divisions are:

National Bank Division: N. E. North, vice president, First National Bank, Lake Charles.

Savings Division: Harold Kaffie, president, Exchange Bank, Natchitoches.

State Bank Division: E. G. Davis, vice president and cashier, Guaranty Bank & Trust Co., Hammond.

Trust Division: H. Webb Madison, vice president and cashier, Bastrop Bank & Trust Co., Bastrop.

ARKANSAS

ARKANSAS bankers, meeting last month at the Arlington Hotel in Hot Springs for their forty-eighth annual convention, adopted a number of strong resolutions. The resolutions requested the appointment of B. A. Lynch of Blytheville and W. A. McDonnell of Little Rock to the State Banking Board, denounced attempts of the State legislature to repudiate the provisions of the Highway Refunding Act, advocated the enactment of a workmen's compensation act for Arkansas that would encourage new industries to locate in the state, urged the passage of an act by the next Arkansas General Assembly authorizing field warehousing in Arkansas, opposed passage of the Patman bill now pending in Congress and expressed ap-

proval of the continuance of the dual banking system with full autonomy to various states in the control of their own state banks.

James H. Penick, executive vice president of W. B. Worthen Co., Bankers, Little Rock, and retiring president of the Association, told delegates that they could "do their state a great service by preaching that adherence to the refunding compact is not only good morals but good for business in Arkansas."

"We should further the development of a desire on the part of the average citizen to pay the debt and re-establish in the financial markets of the world the good credit of Arkansas," he continued. "The way out is to continue to pay our debts as fast as possible. The citizens of this state should not be satisfied to have our bonds selling on a 5½ or 5¾ per cent basis and those of the neighboring states around us selling on a 3 or 3½ per cent basis. On a total state indebtedness of \$150,000,000, this 2 per cent difference amounts to millions annually. Capital is seeking places for sound investment and if we can convince investors in and out of the state that it is the will of our people to pay our debts in strict accord with our contract, there is no reason why our interest rate cannot be lowered and the citizens be relieved gradually over a period of years of this grinding obligation.

"Arkansas at one time had 525 banks," Mr. Penick continued. "The coming of good roads has done away with the necessity of banks within a few miles of each other in small communities. The same conditions have done away with the small town merchant, the small town general store, and has caused the drying-up of the smaller communities. It seems to me that the solution of this problem of banking for the smaller communities is to allow the installation of tellers' windows. There is no territory of 30 or 40 miles in radius in the state that is not served by a strong bank.

"Our banks are in excellent shape, not only internally but in regard to their public relations with their customers. Banks are again held in high esteem by the public and enjoy the general confidence. We are enjoying excellent supervision and cooperation from the officials of the Federal Deposit Insurance Corporation, the Federal Reserve System, the national banking system and the state commissioner of banking."

Other featured speakers at the convention included Eli Collins, public relations counsel of the State Labor Department, who spoke on "The Unemployment Compensation Act";

F. Guy Hitt, first vice president of the St. Louis Federal Reserve Bank, who spoke on "Your Federal Reserve Bank"; E. P. Pyeatt, vice president and cashier of the McIlroy Bank & Trust Co., Fayetteville, who spoke on "Our Bankers Seminar"; Governor Carl E. Bailey of Arkansas, who spoke on "Political Credit"; E. J. White, vice president of the Bank of West Memphis, who spoke on "What the Bank Expects of Its Customers"; and L. C. Cargile, director of the State National Bank, Texarkana, whose subject was "What the Business Man Expects of His Bank."

At the closing session of the convention, new officers of the Association were elected as follows: Lloyd Spencer, cashier of the First National Bank, Hope, president; W. A. McDonnell, executive vice president of the Commercial National Bank, Little Rock, vice president; Frank Andrews, vice president of the Bank of Brinkley, treasurer.

Newly elected officers of the A. B. A. for Arkansas are: L. L. McDearman of Osceola, vice president for Arkansas; H. W. Woosley of Paragould, vice president of the National Bank Division; Aristo Brizzolara of Little Rock, vice president of the Trust Division; W. E. Thompson of McGehee,

vice president of the State Bank Division; Dave Burgauer of Hot Springs, vice president of the Savings Division; Will Nichol of Pine Bluff, member of the nominating committee; Emmet Morris, Little Rock, alternate member of the nominating committee.

TEXAS

ONE of the most successful conventions in the 54-year history of the Texas Bankers Association was held last month at Fort Worth, with fifteen hundred bankers and guests in attendance.

The delegates adopted two resolutions at their closing session of the three-day meet—one, requesting the Secretary of Agriculture to establish in Texas one of the cotton research laboratories provided for in the Agricultural Administration Act of 1938; the second, asking that the State budget law be amended to provide for the appointment of a State auditor, to be named by a joint committee of the legislature instead of by the governor. Governor Allred, in an informal speech following shortly after, criticized the action of the convention in adopting the second resolution, declaring that "the wings of the Texas governor already had been clipped enough."

On the first day of the meeting, State bankers took significant action in naming a committee to raise between \$15,000 and \$20,000 for a court fight against the ruling, termed by them as "discriminatory in its application," of the Collector of Internal Revenue which subjects State-chartered banks not members of the Federal Reserve System to the social security tax.

Prominent bankers, business men and government officials were among the speakers at the business meetings. At the opening session, J. E. Woods, chairman of the board of the Farmers State Bank, Temple, and outgoing president of the Texas Association, stressed the financial stability and liquidity of the country's banks, and counseled his audience against worrying about the possibilities of troubles in the future, and instead, to enjoy the advantages they now possessed. He said it was up to individual bankers to find new sources of income to replace lost income.

F. M. Law, president of the First National Bank, Houston, declared that establishment of proper relations between the national administration and business and between industry and labor, plus the assurance that Government attacks on business will cease, would do more than anything else



W. LAIRD DEAN

Mr. Dean, who is president of the Merchants National Bank, Topeka, Kansas, and newly elected president of the Kansas Bankers Association, was endorsed for the office of second vice president of the A. B. A. last month in resolutions adopted at the annual conventions of the Kansas Bankers Association and the Oklahoma Bankers Association.

(Continued on page 16)

Can You Answer These Ten Legal Questions?

By CHARLES H. WAGER

Attorney at Law, St. Louis

1 An order was entered in the probate proceedings on the estate of a certain decedent appointing Jackson administrator. He procured a bond in the usual form and proceeded to act as such. Certain financial irregularities occurred in his accounts. Suit was brought against him and the surety on his bond. The surety discovered an irregularity in the proceedings leading up to Jackson's appointment. Can it escape liability for his financial irregularities because of this?

2 Cunningham mortgaged certain land in Nebraska to a bank there to secure a loan. Thereafter he conveyed part of the land to the State of Nebraska for park purposes. He did not pay the loan when it fell due and the bank instituted foreclosure proceedings. Could the bank sue the State in those proceedings?

3 Betty was accidentally asphyxiated. Three days after his death funeral services were held and his body was cremated pursuant to a request in his will that had been executed about eight months before. The next day his widow opened his safe deposit box and found therein an insurance policy of which she had no previous knowledge. The policy provided that the insurer might make an autopsy where it was not forbidden by law. There was no prohibition against autopsies in the state in which the death occurred. The insurance company refused to pay on the policy. Was such refusal legal, especially in view of the fact that the actions of the widow in permitting the cremation were not done with the end in mind of concealing the cause of death or for any other ulterior motive?

4 A bank held a first mortgage on the property of a corporation. The corporation was sued for damages on

account of breaking a sales contract. A judgment was entered against it in the trial court. It appealed. To perfect the appeal it procured and filed in court a bond by a surety company. The corporation became insolvent while the appeal was pending and went into receivership. Assuming the matter is not covered by statute, is the claim by the surety company for indemnity under the bond prior to the claim of the first mortgage holder?

5 Foster, in addition to operating a bank also sold crude oil, gasoline, and other petroleum products in tank car lots. In connection with his oil business he sold Trimble a tank car of gasoline, shipped it to him personally and billed it as 8,000 gallons. Trimble failed to remit. After numerous unsuccessful attempts to collect, Foster sued. The suit was filed about one year after the shipment. Trimble answered in the suit claiming the tank car contained only 5,000 gallons of gasoline. This answer was the first information Foster had that Trimble claimed a shortage. Was such an assertion by Trimble valid at such a late date?

6 A receiver of a defunct national bank in Illinois found it necessary to have certain repairs made on a building on some of the property that the bank had taken in foreclosure sales. He employed Arlen to make the repairs. In doing the work Arlen was injured. He sought to recover from the receiver under the Illinois Workmen's Compensation Law. Could he do so?

7 Kansas, Nebraska, Michigan, and some other states have statutes that run to the effect that one may voluntarily pay a tax under protest, specifying in writing the grounds of such protest, and afterwards, within a

Correct answers to these questions will be found on page 46 of this issue.

limited time, bring an action for and recover the amount paid if the tax is illegal. In the instances in which these statutes are invoked is a person seeking to recover taxes voluntarily paid under protest limited to the grounds specified in his protest in the determination of whether a refund should be made to him?

8 A Texas banker carried an accident insurance policy providing for weekly benefit payments for 100 weeks in the event he suffered an incapacitating accidental injury. The policy also provided that injuries resulting from "gunshot wounds" were not covered. The banker accidentally shot himself with his rifle. He was incapacitated for 100 weeks. Shortly after the accident he told the insurance agent who sold him the policy what had happened. The agent presented certain forms to him to fill out, which he did. The insurance company paid him for 11 weeks and then stopped. Is it obligated to continue the payments?

9 In a number of jurisdictions the order of preference for appointment as administrator of the estate of an intestate is prescribed by statute. Oklahoma, Arizona, Montana, Idaho, and certain other states have, or have had, statutes providing that the first class in the order of preference should be the "surviving husband or wife or some competent person whom he or she may request to have appointed." Alden died leaving no will, a resident of a state in which such a statute exists. His wife nominated Legatski, a banker, to act as administrator. Alden's brother, who fell into a subsequent class in the order of preference outlined by statute, objected. Will the nomination of the wife prevail?

10 Paxton executed in favor of Dunlop a promissory note and mortgage on certain real estate in Iowa. The note and mortgage were not paid and discharged when due. Dunlop "rocked along" with Paxton and tried to help him in his financial troubles. Before he realized what had happened the statute of limitations had run on

(Continued on page 19)

Changing Business Conditions Create New Banking Problems

Whenever you have new problems pertaining to investments, credits, collections or operations our officers will welcome the opportunity of discussing them with you.

THE BOATMEN'S NATIONAL BANK OF ST. LOUIS

Oldest Bank West of the Mississippi
Founded 1847

Member of Federal Deposit Insurance Corporation



LARRY SELLERS

With LARRY SELLERS
in
TEXAS

In offering this column for your acceptance, I do so with the hope that here you may meet again an old friend or acquaintance. I hope you enjoy reading this half as much as I have enjoyed my relationships with those of whom I write.
—Larry Sellers.

✓ **BEAUMONT** . . . Otis E. Fullen, vice president and cashier of the Security State Bank and Trust Company, provided me with much interesting information about Beaumont and the surrounding territory. Mr. Fullen says his bank has enjoyed a normal business during the past twelve months, and cites the oil, rice, and cattle industries as being the chief factors in this steady trend of business. To oil, he attributes the steady maintenance of employment in the Beaumont area during the past year. Rice and cattle have been important supporting factors.

Adjoining the city limits of Beaumont is the famous old Spindle Top oil field, known to the oil industry as "Old Faithful." It is Texas' maiden oil field, and was brought in in 1900. After thirty-eight years, Spindle Top is still producing a good grade of oil. A number of new fields brought in this past year have swelled the list, but Jefferson County, of which Beaumont is the county seat, is today, with its multiple number of huge refineries, the largest oil refining center in the world. On the outskirts of Beaumont is the world's largest oil storage tank farm; and at nearby Port Arthur, is said to be the world's largest single oil refinery. Many of the larger refineries own their own fleet of ships, and their own shipping docks.

Not all of the rice in the world comes from China. Sixty thousand acres in the Beaumont area produced last year an average of fourteen barrels per acre, the second largest crop in the industry. A barrel of rice is 162 pounds. The huge crop, with a resultant low price, caused a heavy carry-over; and this year, the reduction of 11,000 acres promises some hope for relief to the rice industry in this area.

The cattle business was originally the basic industry of Texas, and from the days when the territory was still a part

of Mexico until long after the Texas Revolution, it was a flourishing business. Today, Jefferson County, with 80,000 head valued at one and a half million dollars is reviving the cattle industry. Under a scientific program of pasture and herd improvement, great strides have been made. Already the dreaded cattle tick, the carrier of cattle fever, has been eradicated through systematic dipping under the supervision of State and Federal authorities, with the result that now better grades of beef cattle are being introduced for breeding purposes. Last year the County was given a clean bill of health for its success in tick eradication. In 1928 a program of range and pasture improvement was introduced by J. F. Combs, agricultural extension agent for the County, and on "demonstration plots" comprising about 1200 acres, clovers and better grazing plants were grown. The results of this program are gratifying. When the program was started, five acres were needed to carry one animal, today, one acre will carry one animal and better. The 4-H Club boys participate in this program by agreeing to provide one acre of improved pasture for each of the twenty registered beef calves the club has. Mr. Combs is author of "Growing Pastures in the South," the only book of its kind. The book is published by the University of North Carolina, and is used by Texas A. & M., Southwestern Louisiana Institute, and other agricultural colleges as a reference text. Much credit is due the banks here for the progress made in these programs. T. H. Nees, president of the Security State Bank and Trust Company was chairman of the Agriculture Committee when the improved pasture and herd program was started. P. B. Doty, president of the First National Bank, is now chairman.

On the whole, conditions are good in

the Beaumont area with the exception of one condition, and Mr. Fullen sums it up thus: "For several years, the trouble with many farmers has been too much borrowing from a multiple number of Federal loan agencies with no new way to pay it back. This makes for over-production, lower prices, less net income, and lessens rather than increases the farmer's ability to pay."

✓ **COLUMBUS** . . . Owen G. Hoegemeyer, cashier of the First State Bank, reported deposits up about \$29,000 over last year. Cattle, corn, and cotton are the chief industries in this area. Mr. Hoegemeyer completed 25 years of service with his bank on March 1.

H. Braden, vice president of the Columbus State Bank, reports deposits up about \$49,000; says gravel mining is the main industry in Columbus. The gravel is used for highways; washed gravel and sand for concreting buildings.

✓ **EAST BERNARD** . . . J. J. Tooman, cashier of the Union State Bank, says deposits at his bank are up \$275,000. Cotton is the chief crop here, about 50,000 bales being produced in the county last year. Other main crops are rice and corn. Stock cattle also is an important business here.

✓ **HEMPSTEAD** . . . At the Citizens State Bank, A. T. Moore succeeds the late A. R. Woodson as president. Mr. Woodson died last November. H. A. Dobbs, vice president, and A. P. Woodson Jr., reported good conditions with deposits up \$25,000. This is quite a watermelon center, with over 200 cars shipped last year. Truck farming, live stock raising, and cotton are important items in this section. Pecans is a good fall crop. The bank has not severely felt the depression and has gone right ahead paying a nice dividend during the past year. Deposits over the past eight years have averaged above 18 per cent with undivided profits and resources showing a nice increase. The bank enjoys a profitable business from automobile loans.

✓ **PORT ARTHUR** . . . At the First National Bank, I met D. P. Sheeks, president, and Joe S. Park, vice president. Both were enthusiastic over the new developments taking place in Port Arthur. The new three million dollar Port Arthur Bridge over the Neches River will be open to traffic soon. It is 5.7 miles long, 230 feet high, and will be the highest bridge in the South. Another important project is the reclamation of about 3,000 acres of submerged land along the shore by means of a re-vestment being constructed by the Federal government at a cost of \$500,000.

The reclaimed land will be the site of a new proposed airport for both land and sea planes. An airport here would not only be of great commercial value, but also would serve, in time of war, as an air base of strategic importance in the protection of this great oil center.

✓ YOUR NATIONAL CAPITAL:

One hundred pages of views in and around Washington, D. C., including individual pictures of all members of the Seventy-Fifth Congress. The book sells regularly for \$1.00 but copies may now be obtained at a cost of 25c each. It is published under the sponsorship of the International Bank, 726 Jackson Place, Washington, D. C. Views of many of the places of national interest never have been published elsewhere, but beyond this, it should be worth a dollar of any banker's or business man's money to have the pictures and names of all members of the United States Senate and House of Representatives. It is decidedly interesting to see the faces of those who make the laws which govern all of us.

Robertson Named Officer of Nashville Bank

D. D. Robertson, who has served for the past eight years as Superintendent of Banks for the State of Tennessee, has been elected an assistant vice president of the Commerce Union



D. D. ROBERTSON

Bank, Nashville, in charge of that institution's correspondent bank division.

Mr. Robertson was with the old Fidelity Bank and Manhattan Savings Bank at Memphis before going to Nashville as Superintendent of Banks. During his eight years as Superintendent of Banks he established himself in the hearts of all who knew him.

Second Mid-Continent Banking Conference Will Be Held at Tulsa, June 14-16

THE schedule and lecture staff for the 1938 Mid-Continent Conference on Banking, to be held at the University of Tulsa, June 14, 15 and 16, was announced last month by Dr. A. M. Paxson, director of the conference and dean of the College of Business Administration at the University. The conference is sponsored by bankers of the Mid-Continent area in cooperation with the University of Tulsa.

This second annual conference offers intensive training in several restricted banking fields against the background of practices and problems of the Mid-Continent area. Eleven lectures, each

followed by an open-forum discussion, will be conducted by practicing specialists in the various fields.

Major subjects being offered for study include: Banking Operations and Controls, under the subheads, federal bonds and insurance, and control of operations and profits; and Loans and Investments, under the subheads, farm mortgages, livestock loans, personal loans, and United States government bonds.

Minor subjects are federal bank regulations, economics and business, and bank taxation.

(Continued on page 31)

Phillips National Bank, Helena, Arkansas, Opens Modern New Bank Building

PHILLIPS National Bank, Helena, Arkansas, opened its fine new \$50,000 banking home to the public last month. The modern new one-story structure of stone, exterior and interior views of which are here reproduced, is believed to be the first new bank building erected in Arkansas since the beginning of the 1929 depression. It is air-conditioned and acoustically treated. St. Louis Bank Building and Equipment Company, St. Louis, Missouri, installed the fixtures.

The vault, by the Mosler Safe Co., is of reinforced concrete with a circular door ten inches thick and weighing sixteen tons. It is equipped with time locks and protected by McClintock burglar alarm. Space is provided for 780 safe deposit boxes. A customers' consultation room and coupon booths are also provided.

B. L. Ross, president of the bank, writes us that after the formal opening, the next two days were devoted to showing 5,000 advanced high school students of the county through the new bank building. Mr. Ross states that he and the other officers of the bank were greatly impressed with the questions asked by these students and feels that the visit of the 5,000 students to the new home of the Phillips National has accomplished a great deal in improving customer relations.

Phillips National has capital, surplus and profits of \$240,000, deposits of more than \$1,926,000 and total resources of more than \$2,180,000. Other officers are: W. A. Stone and James H. Pillow, vice presidents; F. L. Thompson, assistant to president; C. C. Agee, cashier; E. B. Carvill, J. C. Jeffries and S. H. Farris, assistant cashiers.



Exterior and interior views of the modern new home of the Phillips National Bank, Helena, Arkansas, opened last month.

Ten Mid-Continent States Hold Annual Conventions

(Continued from page 11)

quickly to dispel the depression. Charles F. Roeser, president of Roeser & Pendleton, Ft. Worth, and president of the Independent Petroleum Association of America, made an appeal to the bankers assembled to give closer cooperation with the petroleum industry; and Burris C. Jackson, president of the Texas Cotton Association, Hillsboro, discussed the State's cotton problem. Under the direction of Eugene Fish, vice president and cashier of the Royall National Bank, Palestine, the second afternoon's session was devoted to a stimulating discussion of the country banker's problems.

Dallas was chosen as the 1939 meeting place of the Association.

New officers elected are: President, Oral Jones, vice president of the City National Bank, Wichita Falls; treasurer, John D. Mitchell, vice president and cashier of the Lubbock National Bank, Lubbock.

OKLAHOMA

OKLAHOMA bankers, at the closing session of their forty-second annual convention, held in Tulsa last month, adopted a resolution to give their attention to "any movement created, or that may be created, to bring about a readjustment of economic and social balance," and discourage the pump-priming process.

"It is with some misgiving," the Association's resolution read, "that we witness the realization of the fact that the cost of government is not being reduced; that productive wealth is contributing more each year in the form of taxes; that the national debt is annually mounting, the effect of which is being felt and demonstrated by a hesitancy on the part of industry, the managements of which are loath to make commitments for the future, reflecting as it has in the market value and yields of securities."

Approximately 650 bankers assembled at the Mayo Hotel for the two-day session. The annual meeting of the Oklahoma Trust Companies Association was held the day preceding the general convention, and that of the Oklahoma chapter of the American Institute of Banking the day following.

Speakers on the program, one of the strongest ever offered by the Association, included Walter H. Griffith, assistant state bank commissioner, Oklahoma City; H. A. Brinkman, vice president of the Harris Trust & Savings Bank, Chicago; H. V. Prochnow, assist-

ant vice president of the First National Bank, Chicago; Falkner C. Broach, vice president of the National Bank of Tulsa, Tulsa; E. S. MacNeill, trust officer of the Continental Bank & Trust Company, New York City; Roy M. Huff, trust officer of the First National Bank & Trust Company, Tulsa; Carl Taylor, educator and economist, Milwaukee, Wisconsin; J. Forbes Campbell, senior research assistant of the Federal Deposit Insurance Corporation, Washington, D. C., who read the address of the Hon. Leo T. Crowley, who was unable to attend; Frank R. Curda, president of the American Institute of Banking and cashier of the City National Bank & Trust Company, Chicago; and Clayton Rand, editor of the *Mississippi Guide*, Gulfport, Mississippi.

Mr. Brinkman appealed to the assembled bankers to hold a united front in defense of the "American dual banking system," indicating that national banks would be "under the dictation of political powers more than ever" were it not for state banks.

Mr. Campbell outlined the improvements in the quality of assets held by the nation's banks, which have developed in the past few years. He credited the elimination of nearly \$3,500,000 of bad assets since 1933 in part to the injection of large amounts of new capital into the banks by the RFC and local investors, and further, to the revival of values and the improvement in bank earnings which enabled many institutions to clear their books of much of the accumulated "debris."

At the meeting of the Oklahoma Trust Companies Association, A. N. Murphey, assistant trust officer of the First National Bank & Trust Company, Oklahoma City, was elected president; L. D. Edgington, president of the First National Bank, Ponca City, was elected vice president.

Members of the State Bankers Association elected John R. Camp, president of the Waukomis State Bank, Waukomis, as president; and W. N. Barry, president of the Citizens State Bank, Okemah, and Walter B. Stephens, vice president and cashier of the Home State Bank, Hobart, as vice presidents.

L. W. Duncan, president of the Commercial National Bank, Muskogee, won the Oklahoma bankers' championship in the golf tournament.

The executive committee voted to hold the 1939 convention in Oklahoma City, May 4 and 5. Next year's convention of the Oklahoma Chapter of the American Institute of Banking will be held in Oklahoma City, May 6.

New officers of the Oklahoma Bank-

ers Association are: president, E. C. Love, president of the First National Bank, Chandler; vice president, R. R. Jackson, president of the Anadarko Bank & Trust Co., Anadarko; treasurer, J. R. Meek, vice president of the Security Bank, Ponca City; and chairman of the executive committee, Elmo Thompson, vice president of the First National Bank and Trust Co., Tulsa.

KANSAS

KANSAS bankers, meeting last month at the fifty-first annual convention at Hutchinson, adopted a resolution endorsing W. Laird Dean, president of the Merchants National Bank, Topeka, for the office of second vice president of the American Bankers Association. Later in their sessions, they elected Mr. Dean as president of the Association. The remainder of the convention was largely devoted to criticism of New Deal policies.

Orval W. Adams, A. B. A. president, rapped New Deal spending and the attitude of government toward business. He also called for an end to the "attempts to bring about abundance through the restriction of production," and for repeal of the undistributed profits tax.

"Let there be a clear and ringing declaration that the road ahead for business is clear and that governmental obstruction, fault-finding and denunciation are definitely at an end, and this country will surge forward," said Mr. Adams.

Phil S. Hanna, editor of the *Chicago Journal of Commerce*, told bankers "the nation is going through a mild kind of hell trying to unlearn some very bad economics," attacked political control of business and warned agriculture that its present course will lead to dictatorship.

C. W. Shaffer, retiring president of the Association, also took a crack at New Deal policies. His particular target was the Patman bill, for government ownership of the Federal Reserve Banks, now pending in Congress. "The sort of manipulation proposed in the Patman bill is a will-o'-the-wisp that will lure us into the marshes of hopelessness and eventual disaster," he predicted.

Discussing methods of meeting government loan competition, Mr. Shaffer urged bankers to reduce rates on desirable loans to meet the competition of various government lending agencies. He closed his talk with a plea that bankers "talk character, energy and thrift."

"The times," he declared, "demand a

(Continued on page 19)

News of the Banking World

✓ **The possibility** of uniform bank examinations is still hoped for but by no means certain, according to available information. Heads of various banking agencies, including the Comptroller's office, the Federal Reserve Board and the Federal Deposit Insurance Corporation, have held a number of meetings and are apparently agreed on minor points, but still at odds on three things: valuation of securities, segregation of profits to offset losses, and redetermination of the interpretation of the "slow column" used in examiner's reports. Marriner S. Eccles, chairman of the board of governors of the Federal Reserve System is reported to have criticised the present method of determining the eligibility of bank investments by ratings.

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✓ **Representative Zimmerman** of Missouri recently asked the House Banking and Currency Committee to give consideration to the idea that the F. D. I. C. "liberalize its rules or requirements in making examinations of banks." He declared that in parts of Missouri examiners have prevented banks from making loans secured by real estate or on other good security. "As a consequence," he said, "credit in the rural sections of our country is absolutely tied up."

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✓ **Last month** the House approved and sent to the President the bill amending the Federal Reserve Act to eliminate a large part of double liability on stockholders of state bank members of the F. D. I. C. The bill relieves bank stockholders in states where laws contain a double liability provision—Illinois and California.

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✓ **President Roosevelt** recently appointed John W. Hanes as Assistant Secretary of the Treasury. Mr. Hanes has been head of the Securities and Exchange Commission.

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✓ **Charles S. Hamlin**, first governor of the Federal Reserve Board, died recently at the age of 76. Mr. Hamlin served as Assistant Secretary of the Treasury under Presidents Cleveland and Wilson and was appointed first governor of the Federal Reserve Board in 1914 by President Wilson. He remained a member of the Board until

1936 and had served as a special counsel to the Board since that time.

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✓ **Andrew F. Smythe**, vice president of the First State Bank, Uvalde, Texas, has been named to succeed Marshall Diggs as assistant to the Comptroller of the Currency. Mr. Diggs is now Acting Comptroller, pending appointment of a successor to J. F. T. O'Connor who resigned several weeks ago to become a candidate for the office of Governor of California.

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✓ **Credit men** expect a business upturn this fall, according to a survey just completed by the National Association of Credit Men. Slightly more than half of the credit men who replied to the survey expect business recovery this fall, while most of the others who replied believe that recovery would be held up until next spring.

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✓ **Acting Comptroller of the Currency** Marshall R. Diggs announced last month that the 5,266 active national banks in the country on December 31, 1937, reported gross earnings for the last half of the calendar year 1937 amounting to \$435,790,000, and expenses of \$295,531,000, resulting in net earnings from current operations of \$140,259,000, compared to \$132,614,000 in the previous six months, an increase of \$7,645,000.

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✓ **A new high mark** in deposits was attained by Bank of America, San Francisco, as of May 15, according to figures just released. Total deposits on that date were approximately \$41,000,000 greater than on December 31, 1937, when the total of \$1,357,378,756 established a high peak for the history of the bank. At the same time it was disclosed that operating earnings for each of the first four months of 1938 exceeded earnings for the same months of 1937.

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✓ **I. J. Gay**, assistant vice president and secretary of Wells Fargo Bank & Union Trust Co., San Francisco, died recently while visiting at a ranch near Tucson, Arizona. He joined the Union Trust Company of San Francisco as bookkeeper in 1910, advancing to the position of assistant cashier in January, 1917, and to assistant vice presi-

dent of Wells Fargo Bank & Union Trust Company in January, 1929.

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✓ **Mrs. Clara Blanche Simmonds**, wife of Frank W. Simmonds, Senior Deputy Manager of the American Bankers Association, died at the Tarrytown Hospital at Tarrytown, N. Y., early Saturday morning, April 30, following an illness of several weeks. Mrs. Simmonds was born at Womer, Kansas. She was a graduate of the Lewiston, Idaho, Normal School and of Columbia University in New York City. Following her graduation from the latter institution she was assistant director of the Bentley School in New York City.

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✓ **Theodore Calvin Hovey**, 61 years old, assistant vice president of The New York Trust Company, died recently of coronary thrombosis at his home, 30 Hillcrest Drive, Pelham Manor. Mr. Hovey had served The New York Trust Company and one of its predecessors, The Liberty National Bank, continuously for forty years and eight months.

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✓ **A Mid-Continent Trust Conference**, embracing fifteen states in that area, will be held in Chicago on September 29 and 30 under the auspices of the Trust Division, American Bankers Association, it is announced by Robertson Griswold, president of the division. Mr. Griswold is vice president of the Maryland Trust Company, Baltimore, Maryland. The sessions will be held in the Stevens Hotel. This is the first trust conference of the A. B. A. to be held in this area since 1932 when a Mid-Continent meeting was held in Milwaukee, President Griswold stated. The Corporate Fiduciaries Association of Chicago will act as host to this gathering of trust men. Local plans are being perfected by a committee under the chairmanship of R. M. Kimball, Secretary of the Continental Illinois National Bank and Trust Company, who is president of the Chicago group.

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✓ **First National Bank**, Gallatin, Missouri, has retired 50 shares of preferred stock, par value \$5,000, and has issued a common stock dividend of 50 shares, par value \$5,000. Capital now consists of \$35,000 common stock.

NEWS of ILLINOIS BANKS and BANKERS

☐ **First National Bank**, Enfield, Illinois, has retired 8 shares of preferred stock "A," par value \$200. Capital now consists of \$19,600 "A" and \$5,000 "B" preferred, and common stock totaling \$30,000.

☐ **D. V. Benner**, formerly auditor, has become cashier of the Mercantile Trust & Savings Bank, Chicago, Illinois, succeeding the late H. A. Swanson.

☐ **State Bank of Freeport**, Freeport, Illinois, has been admitted to membership in the Federal Reserve System.

☐ **Floyd E. Thompson**, former chief justice of the Illinois Supreme Court, is guiding the work of the special committee of the Illinois Bankers Association in their work to secure an amendment to the State constitution to eliminate double liability on the stock of State banks. Having been adopted by the General Assembly, the amendment must receive a majority of the total votes cast at the general election next November, in order to become effective.

☐ **Commercial Bank**, Champaign, Illinois, now has deposits of more than \$726,770, loans and discounts totaling above \$362,630, and total resources of more than \$804,930.

☐ **A new bank** may be established soon at Milledgeville, Illinois.

☐ **Albert C. Heisel**, 54, assistant cashier of the American National Bank, Pekin, Illinois, since 1931, and connected with that institution for the past thirty years, died recently, following a long illness.

☐ **Harry M. Gustafson**, vice president of the Northern Trust Co., Chicago, recently resigned to become president of

the Wilson & Bennett Manufacturing Co., makers of steel containers.

☐ **Mary Ellen Weiss**, student at East High School in Aurora, Illinois, has been awarded the first prize in the Illinois Bankers Association's essay contest—a scholarship to the University of Illinois.

☐ **Howard H. Weigel**, cashier of the Hoyleton State and Savings Bank, Hoyleton, Illinois, for the past nine years, has resigned that position, effective July 1, and will be succeeded by Albert H. Maschhoff, assistant cashier at the First National Bank, Nashville.

☐ **William R. Schuster**, formerly executive secretary for the liquidating committee of the City National Bank & Trust Company, Evanston, Illinois, has been appointed assistant cashier of the First National Bank & Trust Company of that city, succeeding John Allan Stewart, recently resigned.

☐ **Theodore E. Habel**, 71, assistant cashier of the First National Bank, Rossville, Illinois, died recently, after a heart attack.

☐ **Harry E. Hamilton**, president of the First National Bank, Marissa, Illinois, was elected chairman of the St. Clair County Bankers Federation at the organization's recent meeting in Freeburg, at which the First National Bank of Freeburg was host. Louis J. Scheve, president of the First National Bank, Mascoutah, was named vice chairman, and Chris A. Heiligenstein, trust officer of the First National Bank, Belleville, was named secretary and treasurer. G. B. Gieser, assistant cashier of the First National Bank, O'Fallon, presided at the annual meeting, which was attended by approxi-

mately 175 bankers, their wives and guests.

☐ **The Skala State Bank**, Chicago, recently was granted a charter to become the Skala National Bank, with common capital stock of \$200,000.

☐ **Shelby County State Bank**, Shelbyville, Illinois, has been admitted to membership in the Federal Reserve system.

☐ **Everett Woodruff Wilson**, 77, president of the American National Bank, Pekin, Illinois, from 1889 to 1923, died recently in New York, where he has made his home for the past twelve years.

☐ **We are sorry** that our report of the absorption of the City National Bank, Harrisburg, Illinois, by the Harrisburg National Bank of that city stated that the latter institution borrowed \$125,000 from the F. D. I. C. We are advised that this statement was incorrect and that the Harrisburg National Bank did not borrow from the F. D. I. C. As a matter of fact the bank has more than a million dollars in cash and due from banks, and more than a million dollars in U. S. and other high grade securities.

☐ **Alvia Kerr Brown**, 85, veteran Chicago banker and business man, died recently.

☐ **Palmer-American National Bank**, Danville, Illinois, has retired 1,500 shares of preferred stock, par value \$12,000. Capital now consists of \$180,000 preferred and \$100,000 common stock.

☐ **Citizens National Bank**, Decatur, Illinois, has retired 162 shares of preferred stock, par value \$16,200. Capital now consists of \$107,900 preferred and \$100,000 common stock.

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☐ **Pontiac National Bank**, Pontiac, Illinois, has retired 20 shares of preferred stock, par value \$3,000, and issued a common stock dividend of 30 shares, par value \$3,000. Capital now consists of \$44,000 preferred and \$56,000 common stock.

☐ **James M. Etherton**, president of the Carbondale National Bank, Carbondale, Illinois, died recently at the age of 75.

☐ **The building and equipment** of the defunct First National Bank, Lawrenceville, Illinois, has been sold to the Peoples National Bank, St. Francisville, for \$20,550. The building is being repaired and redecorated for occupancy of the new "Peoples National Bank," formed by a merger of the State Bank of Birds, Birds, and the Peoples National Bank, St. Francisville.

☐ **Elliott State Bank**, Jacksonville, Illinois, now has deposits of more than \$3,871,300, loans and discounts exceeding \$836,820, and resources totaling more than \$4,235,780.

Ten Legal Questions

(Continued from page 12)

the note and mortgage except for the fact that about five years before he had obtained from Paxton a written acknowledgment of the indebtedness. This acknowledgment, however, had been lost. A foreclosure suit was instituted. In it Dunlop was able to prove to the satisfaction of the trial court that the written acknowledgment had been made and that it had been lost. Under such circumstances, should the note and mortgage be considered valid and in full force and effect?

Ten Mid-Continent States Hold Annual Conventions

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high type of manliness. When public education teaches students to manage their personal affairs prudently and gives them an understanding of the value and proper use of money, when employers require employes to save and bankers recognize their responsibility as social economists and personal finance advisers in their communities, then we will attack economic folly at the source and begin to save our people from the tragedy of financial dependency."

Secretary of War Woodring, ex-governor and former Kansas banker, made a plea for lessening of tariff barriers which he blamed for much of the country's ills. "The removal of unreasonable trade barriers and the res-

toration of normal, friendly processes of international commerce offer the most satisfactory basis for a return to a stable structure of business, of peace, and of democratic government," he said.

After electing Mr. Dean as the new president of the Association to succeed C. W. Shaffer of Russell, Kansas bankers proceeded to name Roy A. Haines, president of the Prairie State Bank, Augusta, as vice president, and re-elected Fred M. Bowman as secretary-treasurer.

A. B. A. members from Kansas named M. A. Limbocker of Emporia

as state vice president, and W. J. Breidenthal of Kansas City as a member of the A. B. A. Executive Council.

State vice presidents of various A. B. A. divisions were named as follows: National Bank Division, George Eresch, vice president, First National Bank, Beloit; Savings Division, Senett Kirk, vice president, Garnett State Savings Bank; State Bank Division, Wayne Randall, president, Citizens State Bank, Osage City; Trust Division, Harry Funke, vice president and trust officer, Fourth National Bank, Wichita.

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CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

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NEWS of INDIANA BANKS and BANKERS

☐ **John A. Nelson**, director, has been elected president of the Arlington State Bank, Arlington, Indiana, succeeding the late Frank Offutt.

☐ **First National Bank**, Petersburg, Indiana, has retired 39 shares of preferred stock, par value \$3,900. Capital now consists of \$121,100 preferred, and \$25,000 common stock.

☐ **Francis W. Polen** of the Peoples State Bank has been elected president of the Indianapolis Chapter of the American Institute of Banking. Other officers are: vice president, Ralph A. Prange, Merchants National Bank; treasurer, Richard Lawrence, Security Trust Company; and secretary, Paul E. Jones, Indiana Trust Company.

☐ **Fletcher Trust Company**, Indianapolis, has installed a night depository.

☐ **The Union Bank and Trust Company**, Delphi, Indiana, opened for business recently with \$1,250,000 deposits. The new bank purchased the assets and assumed the deposit liabilities of the Union State Bank of that city, which will be liquidated by the State department of financial institutions. Officers of the Union Bank and Trust are: President, Lee L. Persise, who also is president of the State Bank of Salem, Salem; vice president, Edward R. Smock; and cashier, Clarence D. McKinley, formerly cashier of the State Bank of Hardinsburg, Hardinsburg.

☐ **O. W. Negus**, 65, chairman of the board of the First National Bank and Trust Company, Plainfield, Indiana, died recently.

☐ **Citizens Bank**, Michigan City, Indiana, recently celebrated its fiftieth anniversary. Charles E. Arnt, president, was cashier of the institution when it was organized in 1888. A burglar proof safe in a cement vault was the "safety deposit" equipment of the original bank, which now is sheltered in a classic structure of Bedford stone, marble and bronze, fitted with the finest of modern banking equipment and furnishings. Rough boards mounted on a barrel as one support, and a desk for the other, served as the counter on the opening day of the Michigan City institution, since furniture ordered for that occasion had not arrived. Since that time, the bank has paid more than \$1,641,430 in interest to depositors, and its deposits have grown from \$39,000 at the time of the first called statement in July, 1898, to the present total, which exceeds \$3,500,000.

☐ **Albion National Bank**, Albion, Indiana, has increased its common capital stock from \$25,000 to \$35,000.

☐ **Roy Ward**, assistant cashier of the New Harmony National Bank, New Harmony, Indiana, has been elected president of the Posey County Bankers Association. Other new officers are: Vice president, William O. Boren, cashier of the Cynthiana State Bank, Cynthiana; and secretary-treasurer, Fritz P. Dietz of the Peoples Bank and Trust Company, Mt. Vernon.



CENTRAL HANOVER BANK & TRUST COMPANY announces the opening of a branch office at 7 Princes Street, E. C. 2, in the center of financial London.

This office provides complete banking service for Central Hanover customers having use for a depository or correspondent with access to the facilities of the London market.

The office at 27 Regent Street, S. W. 1, will continue, as heretofore, to serve the needs of customers to whom a West End location is a convenience.

**CENTRAL HANOVER
BANK AND TRUST COMPANY
NEW YORK**

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

¶ The home of the National Bank of Martinsville, Martinsville, Indiana, is being remodeled.

¶ **Lewis Virgil Brewer**, 68, director of the Peoples Trust Company, Linton, and the Switz City Bank, Switz City, Indiana, died recently at his home in Switz City.

¶ **Leon H. Little**, assistant cashier of the Linden State Bank, Linden, Indiana, has been elected president of the Montgomery County Bankers Association. Other new officers are: Vice president, David A. Groves, cashier of the First National Bank, Crawfordsville; secretary, Pence H. Larrick, cashier of the Ladoga State Bank, Ladoga; and treasurer, Albert J. Armantrout, president of the Farmers State Bank, New Market.

¶ **Kenneth O. Henke**, assistant cashier of the National City Bank, has been named president of the Evansville, Indiana, Chapter of the American Institute of Banking. Other new officers are: Vice president, Remig Fehn, Jr., Peoples Bank; secretary, Jean Mahan, National City Bank; and treasurer, Paul Wenzel, North Side Bank. Lawrence Goebel, retiring president of the group and assistant cashier of the Lamasco Bank, and Henry Struby of Thrift, Inc., have been selected as delegates to the national convention of the organization, to be held in Louisville June 6 to 11.

¶ **Citizens Loan and Trust Company**, Bloomington, Indiana, has installed an after-hour depository.

¶ **Robert D. Hammer** has resigned as assistant secretary of the Indiana Bankers Association and associate editor and manager of the Hoosier Banker to accept a position with the American Bankers Association at its New York offices.

¶ **First State Bank**, Decatur, Indiana, has opened for business in its new home, formerly the home of the defunct Old Adams County Bank.

¶ **Mark N. Moore**, 57, cashier and vice president of the Bank of Mitchell, Mitchell, Indiana, died recently, after a cerebral hemorrhage. He was associated with the bank for forty years, which was founded by his father, the late Milton Moore, and now is headed by a brother, Noble L. Moore.

¶ **Herbert Widenhofer** has been elected president of the Fort Wayne, Indiana, chapter of the American Institute of Banking; Mark Overmeyer, vice president; Melvin Eggers, secretary; Ralph Kenner, treasurer.

INTERESTING NEW BOOKS

“**Municipal Bonds—A Century of Experience**,” by A. M. Hillhouse. Pp. XIV, 579. Prentice-Hall, New York City, 1936. Price \$5.00.

Purchasers of municipal bonds have in this book a new source of information for determining the soundness of individual issues and for appraising the general policy of investing in municipals of particular sections. Written by the director of research of the Municipal Finance Officers' Association (United States and Canada), this volume is particularly timely in a year of Securities and Exchange Commission investigations, a United States Supreme Court decision on debt adjustments, important debt refundings, and considerable activity among municipal bondholders' protective committees.

Past debt experiences of individual municipalities and municipalities of given sections of the country are examined carefully and analytically in the book. Many illustrations are given of how and why some municipalities find themselves catapulted into serious debt difficulties. The position is taken from the start that many helpful lessons for future guidance can be learned from past experience. About half the book is devoted to recording illustrative cases of past mistakes in municipal debt policies. Foresight in bond purchasing of the next decade can be greatly enlarged by studying the examples given. The historical parts of this book can be recommended as furnishing a much needed perspective for the future.

The author discovers amid changing patterns of municipal debt administration some underlying trends. Municipal finance is seen to be closely related to the upward and downward movements of the business cycle. In prosperous periods, like the 1920's, when prices are high and construction costs exorbitant, municipalities do their heaviest borrowing. The net result is that capital improvements are had, but at the expense of future municipal budgets. Debt service charges mount to grieve official and taxpayer alike. Much overborrowing in the 1920's is attributed to real-estate booms, subdivision developments and the lack of long-term city and financial planning.

The remainder of the book is de-

voted to a discussion of present municipal debt difficulties and solutions thereto. The author believes that many recent refunding plans have been overoptimistic; he infers that debt scaling in some individual instances have not been drastic enough. Evidence is presented to show that in past depression periods some refunded bonds have been again in default. The problems of election or appointment of municipal finance officers, use of callable (optional) bonds, state supervision over local debt policies, debt limits, and tax limits are discussed. The shift to a partial pay-as-you-go policy, or the so-called “tax and borrow” plan, is among the recommendations made to improve municipal financing. There is also an interesting chapter showing the marked progress that has been made in Canada in local and provincial financial relationships.

Here is a book rooted in the experiences of the past and present, with a keen eye towards the future as well. The wealth of actual experience brought together in this book should make it a standard reference work of long-time value for all buyers of municipal bonds.

“**Standard Handbook for Secretaries**,” by Lois Hutchinson; McGraw-Hill Book Company, New York City; \$3.50.

Here is a book that should be on the desks of the secretaries of every progressive business man in the country. Furthermore, the boss might do well to look at this desk companion frequently. Within the covers of this 600-page book you will find a wealth of information covering everything from abbreviations and addresses to weights and measures—rules for capitalization, punctuation, spelling, etc.; postal information, government information, legal and court papers—all of the most frequently needed rules, forms and standards. The most complete and practical secretarial handbook that has ever reached our attention.

¶ **Sam Smith**, cashier of the Central Savings Bank & Trust Co., Monroe, Louisiana, about 15 years ago, has returned to that position, to take over some of the duties of J. M. Breard, formerly vice president and cashier, now vice president only. W. A. Taliaferro has been advanced from assistant cashier to assistant vice president.

NEWS of KENTUCKY BANKS and BANKERS

☐ **Colvin Rouse**, Versailles attorney, has been elected president of the Citizens Bank, Midway, Kentucky, succeeding Henry L. Martin, who has resigned. Mr. Martin, who celebrates his ninetieth birthday this month, established the bank more than 54 years ago. Other officers of the bank are: vice presidents, Judge Richard Godson and Dr. Charles S. Voigt; cashier, M. R. Offutt; assistant cashier, William Hughes; and directors, Joe A. Lehman, Owen Rouse, John Nugent and Milton Davis. Mr. Rouse, the new president, plans that additional banking facilities will be installed in the institution, and improvements made to the building.

☐ **L. K. Bell**, formerly vice president and cashier, has been elected president of the Kentucky Bank & Trust Co., Madisonville, Kentucky, succeeding the late Turner E. Ruby. C. W. Jennings of Newcastle, Indiana, has been named vice president.

☐ **The name of the First National**

Bank & Trust Company of Columbia, Columbia, Kentucky, has been changed to "The First National Bank of Columbia."

☐ **A new brick foundation** has been built on the home of the Davis Banking Co., Upton, Kentucky, and concrete steps and pavement have been laid in front of the building.

☐ **Citizens National Bank**, Glasgow, Kentucky, has retired 100 shares of preferred stock, par value \$10,000. Capital now consists of \$30,000 preferred and \$60,000 common stock.

☐ **Stanford State Bank** building, Stanford, Kentucky, has been painted. The Lincoln County National Bank building of that city also is being painted.

☐ **Robert H. Strausberg** has been advanced from vice president to president of the Farmers National Bank, Scottsville, Kentucky, succeeding the late William A. Read.

☐ **Wm. E. Caldwell**, director of the First National Bank, Louisville, died recently.

☐ **Harry W. Moores** has been named president of the new Central Exchange Bank, Lexington, Kentucky. William S. Branaman has been elected vice president, and W. D. Thompson has been named cashier.

☐ **Citizens Savings Bank**, Paducah, Kentucky, celebrated its fiftieth anniversary last month by holding a week of "open house." The institution now has assets of more than \$3,000,000.

☐ **Taylor County Bank**, Campbells-ville, Kentucky, has filed amended articles of incorporation with the State Banking Department, decreasing its capital stock from \$100,000 to \$50,000.

☐ **Bank of Murray**, Murray, Kentucky, will be remodeled and modernized, at an approximate cost of between \$15,000 and \$20,000. Working space in the new building will be more than doubled, and improvements will include new furniture and fixtures.



Our One Aim

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Louisville Correspondent

is to make

your relations with us—
profitable to you.

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ROOMS
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FROM \$2.50
UP**



J. K. BRYAN
Manager

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☐ **First National Bank**, Pikeville, Kentucky, will discontinue its savings department on June 30, on which date all savings deposits will automatically become demand deposits, bearing no interest. For those who wish it, the bank will issue interest-bearing time certificates of deposit for six- and twelve-month periods.

☐ **Citizens National Bank**, Lancaster, Kentucky, has undergone extensive repairs.

☐ **Group Two** of the Kentucky Bankers Association held its annual meeting in Horse Cave last month. Principal speakers were the Hon. J. D. Craddock, president of the Hart County Deposit Bank, Munfordville, who discussed the "Relation of the Farmer and Banker"; Leonard C. Smith, deputy banking commissioner of Kentucky, Frankfort, whose subject was "Recent Banking Legislation"; and J. C. Nichols, vice president of the First National Bank & Trust Co., Lexington, and president of the Kentucky Association. Roy G. Cooksey, vice president of the Bowling Green Trust Co., Bowling Green, was elected president of the group for the coming year, and Paul L. Pace, cashier of the Farmers Bank, Hardinsburg, was elected secretary.

☐ **The annual meeting** of Group Seven of the Kentucky Bankers Association will be held June 4, jointly with the Huntington-Ashland Chapter of the American Institute of Banking, at Ashland. Chief speakers will be Col. W. T. Lovins, president of the First National Bank, Kenova, West Virginia, who will represent the Huntington-Ashland Chapter of the A. I. B. and will discuss "Banking—a Profession"; Elbert S. Woosley, vice president of the Louisville Trust Company, Louisville, who will discuss "Our Responsibility for Sound Banking"; and J. C. Nichols, vice president of the First National Bank & Trust Co., Lexington, and president of the Kentucky Bankers Association.

☐ **Leonard C. Smith**, deputy banking commissioner of Kentucky, Frankfort, discussed "Recent Banking Legislation," and John C. Nichols, vice president of the First National Bank & Trust Co., Lexington, and president of the Kentucky Bankers Association, contributed interesting and worthwhile comments at the recent annual meeting of Group Four of the Kentucky Association, held at Richmond. M. Carlisle Minor, president of the Farmers National Bank, Danville, was elected president of the group for the coming year, and J. H. Reynierson,

assistant cashier of the Citizens National Bank, Danville, was elected secretary.

☐ **Peoples Savings Bank**, Murray, Kentucky, now has deposits of more than \$478,450, loans and discounts exceeding \$194,220, and resources totaling more than \$515,620.

☐ **City National Bank**, Fulton, Kentucky, now has deposits of more than \$1,149,630, loans and discounts exceeding \$267,910, and resources totaling more than \$1,297,360.

☐ **Trigg County Farmers Bank**, Cadiz, Kentucky, now has deposits of more than \$708,990, loans and discounts exceeding \$442,750, and resources totaling more than \$790,490.

☐ **First-Hardin National Bank**, Elizabethtown, Kentucky, has retired 125 shares of preferred stock, par value \$10,000. Capital now consists of \$65,000 preferred and \$125,000 common stock.

☐ **Joseph W. Irvine**, vice president, has been elected president of the Boyle Bank & Trust Company, Danville, Kentucky, succeeding Samuel H. Nichols, who has resigned because of ill health.

III. **PREFERENCE** by Bankers of 68%

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That 208 of the 306 national and state banks in Tennessee, or 68% bank with the American National Bank indicates the preference for this bank by its fellow bankers.

* Each pin on the map indicates a bank which banks with the American National

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First National Bank

OF LOUISVILLE

Charter No. 109

AMONG the National Banks of the United States, First National of Louisville is No. 109. Of those original 109 charters, only 36 are still in force. We have been serving City and State since shortly after the passage of the National Bank Act in 1863. Thus we head the Louisville list, are the first in the South in point of service. We shall be glad to serve you.



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NEWS of LOUISIANA BANKS and BANKERS

☐ **Herman Cafiero** and **S. J. Savoie** have been named directors of the Assumption Bank & Trust Company, Napoleonville, Louisiana.

☐ **St. Martin Bank & Trust Co.**, St. Martinville, Louisiana, is being remodeled throughout and equipped with the latest devices for burglar and holdup protection.

☐ **Bank of New Roads**, New Roads, Louisiana, now has resources totaling above \$1,500,000.

☐ **Citizens Bank & Trust Company**, Thibodaux, Louisiana, now has deposits of more than \$1,793,015, loans and discounts exceeding \$449,990, and resources totaling above \$1,972,190.

☐ **Raceland Bank & Trust Co.**, Raceland, Louisiana, now has resources totaling above \$1,389,935.

☐ **T. F. Hardy**, associated with the Ouachita National Bank, Monroe, Louisiana, for eighteen years, has been named cashier of the First National Bank, Delhi, succeeding the late F. W. Miles.

☐ **Bossier State Bank**, Bossier, Louisiana, now has resources totaling above \$800,000.

☐ **Bank of Commerce & Trust Co.**, with offices at Crowley, Church Point, Iota and Rayne, Louisiana, now has resources totaling above \$3,750,000.

☐ **Guaranty Bank & Trust Company**, Alexandria, Louisiana, now has resources totaling more than \$14,195,500.

☐ **Gaston L. Braud**, president of the Thibodaux Boiler Works, and **C. C. Mattingly**, president of C. C. Mattingly Company, have been named directors of the Citizens Bank & Trust Company, Thibodaux, Louisiana.

☐ **Bank of Sunset and Trust Co.**, Sunset, Louisiana, now has resources totaling more than \$810,635.

☐ **Mrs. J. S. Farmer** has been elected a director of the American National Bank, Mansfield, Louisiana.

☐ **Peoples State Bank**, Many, Louisiana, now has resources totaling above \$570,810.

☐ **Fidelity Bank and Trust Company**, Baton Rouge, Louisiana, now has deposits totaling more than \$2,962,500, loans and discounts exceeding \$1,157,-

630, and resources totaling above \$3,-235,385.

☐ **The home** of the Iberville Trust and Savings Bank, Plaquemine, Louisiana, is being redecorated throughout and equipped with an air conditioning system.

☐ **The Eunice State Bank** building, a two-story white brick structure, is being thoroughly renovated and improved for occupancy by the St. Landry Bank and Trust Company, Eunice, Louisiana.

☐ **Bank of Commerce & Trust Co.** at Rayne, Louisiana, has purchased property which it plans to use as a site for a new bank building.

☐ **Bank of Sunset & Trust Co.**, Sunset, Louisiana, has been equipped with an O. B. McClintock bank barrier burglar alarm system.

☐ **G. W. Patty**, formerly manager of the Bank of Louisville, Louisville, Mississippi, has been named assistant cashier of the Louisiana National Bank, Baton Rouge, Louisiana, taking over some of the duties of E. E. Moore, cashier.

☐ **Deposits** of the Bank of Terrebonne and Trust Company, Houma, Louisiana, have increased \$767,688 during the past three years, now totaling \$1,-769,991, as compared with \$1,002,302 three years ago. Capital, surplus and undivided profits have increased \$77,-613 during that time, from \$175,480 to \$253,094. The bank plans to construct a new home this year.

☐ **The new home** of the Lake Charles Bank & Trust Company, Lake Charles, Louisiana, located in the former Rigmaiden Hotel building, which has been remodeled at a cost exceeding \$40,000, contains the most modern features available in bank structure and equipment today. The exterior of the building has been designed along a modified modernistic pattern. Doors are of welded tubular aluminum surmounted by a transom of glass tile covered with a satin aluminum grille. The vestibule is finished in aluminum, as are all fixtures within the lobby of the bank itself. The entire bank is air conditioned; is equipped with acoustically treated tile ceiling, and indirect lighting. The banking fixtures are of

Tennessee roseal marble cut on the die and with a base of coral rouge fleuri marble. Next to the safe deposit vault of most modern protective features, located in the rear of the building, is the directors' room, paneled in figured gum, and equipped with furniture of highly polished walnut. The bank also has installed a rush hour depository.

☐ **Louisiana Savings Bank & Trust Company**, New Orleans, now has deposits of more than \$2,291,100, loans and discounts exceeding \$1,401,235, and resources totaling above \$2,687,-265.

☐ **Commercial National Bank**, Shreveport, Louisiana, now has deposits of more than \$19,703,050, loans and discounts exceeding \$5,483,330, and resources totaling above \$21,509,-775.

☐ **National Bank of Commerce**, New Orleans, now has deposits of more than \$52,687,200, loans and discounts exceeding \$12,092,445, and resources totaling above \$57,050,042.

☐ **Hibernia National Bank**, New Orleans, now has deposits of more than \$45,680,021, loans and discounts exceeding \$12,383,540, and resources totaling above \$49,945,680.

☐ **Sydney Kaffle** and **Arthur C. Watson**, directors, have been elected vice presidents of the Exchange Bank, Natchitoches, Louisiana.

☐ **Whitney National Bank**, New Orleans, now has deposits of more than \$116,213,340, loans and discounts exceeding \$35,027,435, and resources totaling above \$126,193,305.

☐ **First National Bank**, Lake Charles, Louisiana, now has deposits above \$2,-883,545, loans and discounts exceeding \$377,835, and resources totaling more than \$3,161,470.

☐ **Peoples Bank & Trust Company**, Minden, Louisiana, now has deposits of more than \$1,077,260, loans and discounts exceeding \$505,095, and resources totaling more than \$1,321,690.

☐ **American Bank and Trust Company**, New Orleans, now has deposits of more than \$32,397,495, loans and discounts exceeding \$7,145,335, and resources totaling above \$35,747,695.

NEWS of MISSISSIPPI BANKS and BANKERS

☐ **John M. Robertson**, 61, director of the Bank of Brooksville, Brookville, Mississippi, for many years, died recently at his home in Deer Brook, from injuries received in an automobile accident.

☐ **Frank G. Wisner**, 66, president of the First National Bank, Laurel, Mississippi, died recently, of pneumonia, in a New Orleans hospital.

☐ **The Truckers Exchange Bank**, Crystal Springs, Mississippi, has withdrawn voluntarily from membership in the Federal Reserve system.

☐ **Commercial National Bank and Trust Company**, Laurel, Mississippi, has retired 15 shares of preferred stock, par value \$1,500. Capital now consists of \$147,000 preferred and \$100,000 common stock.

☐ **James Nance McMorries**, director of the Bank of Brooksville, Brookville, Mississippi, died recently at the age of 76.

☐ **A recent newspaper advertisement** of the Jackson-State National Bank, Jackson, Mississippi, compares the banker's service in the community with that of the grocer. "He's Putting More Than Groceries in That Bag!" is the title of the advertisement, picturing a jovial clerk filling a paper sack with groceries. "In the bag, too," continues the ad, "go the integrity of his store—his guarantee of freshness and quality—his own interest in your family's well-being, and his eagerness to serve satisfactorily. The ad concludes with the analogy between the grocer's service and that of the banker, and characterizes the Jackson-State National as a "Bank of Personal Service."

☐ **Merchants & Farmers Bank**, Macon, Mississippi, is celebrating its fiftieth anniversary. Starting in 1888 with capital of \$25,000 which was increased by subscription to \$50,000 in 1889 and, by the payment of a stock dividend, to \$75,000 in 1899, the bank's capital has remained constant at this latter figure ever since. Resources of the institution now total above \$1,605,215, loans and discounts exceed \$1,454,160, and surplus, undivided profits and reserves, \$76,058. In celebration of its fiftieth anniversary year, the Merchants & Farmers is remodeling its bank building and installing modern fixtures.

☐ **Robert L. Baker**, director of the Assumption Bank & Trust Company, Napoleonville, Mississippi, died recently.

☐ **Citizens National Bank**, Meridian, Mississippi, celebrated its golden anniversary last month. Commemorating the occasion, an extensive review of the institution's history was published in the local newspapers, with pictures of its five successive presidents; also a large advertisement, inviting customers and friends to attend an "open house" in observance of the date. The Citizens National opened for business in May, 1888, as the Citizens Savings Bank, in the rear of a printing shop. There was no safe; every afternoon Paul Brown—now president of the institution, who was employed at a salary of \$10 a month at that time—put the money into a little tin box and carried it down to the First National Bank to be placed in a vault until the following morning. The bank's first loan was for \$10, secured by a silver watch. The loan was never paid, but the watch was sold again for \$10. Only \$1,000 of its authorized capital stock of \$50,000 was paid in when the bank opened for business, the remainder being collected at the rate of \$1 per share each month. The bank has resources today of more than \$3,000,000.

☐ **A. R. Tillman**, vice president of the Jackson-State National Bank, Jackson, Mississippi, reports that officers of that bank are giving special attention to the improvement of live-stock breeding and raising in the community. Several officers of the bank were in attendance at the recent stock shows held at Edwards, Port Gibson, and Forest. Mr. Tillman also reports that deposits of the bank now total more than \$12,990,800, loans exceed \$1,220,320, and resources exceed \$13,678,655.

☐ **Mid-Continent Banker's** representative in Mississippi and interested friends recently sent us statements of condition of banks in the state showing the following deposits: Canton Exchange Bank, Canton, \$909,836; First National Bank, Canton, \$954,494; Citizens Bank, Coldwater, \$156,696; Bank of Edwards, Edwards, \$256,193; Grenada Bank, Grenada, \$6,706,075; Grenada Trust & Banking Company, Grenada, \$513,494; Hancock County

Bank, Gulfport, Pass Christian and Bay St. Louis, \$3,817,745; Hernando Bank, Hernando, \$752,860; Bank of Holly Springs, Holly Springs, \$849,447; First State Bank, Holly Springs, \$434,872; Capital National Bank, Jackson, \$8,881,919; Commercial Bank & Trust Co., Jackson, \$556,829; Holmes County Bank & Trust Company, Lexington, \$619,563; Bank of Morton, Morton, \$512,167; Pascagoula National Bank, Moss Point and Pascagoula, \$1,229,980; Bank of New Albany, New Albany, \$753,683; Peoples Bank, Pelahatchie, \$210,676; Pickens Bank, Pickens, \$239,698; Peoples Bank, Ripley, \$565,938; Peoples Bank, Senatobia, \$417,717; Merchants National Bank and Trust Co., Vicksburg, \$5,363,530; Bank of West, West, \$385,710.

☐ **Citizens National Bank**, Meridian, Mississippi, has retired 7½ shares of preferred stock, par value \$750. Capital now consists of \$141,300 preferred and \$150,000 common stock.

☐ **First National Bank**, Aberdeen, Mississippi, has retired 10 shares of preferred stock, par value, \$500. Capital now consists of \$49,500 preferred, and \$50,000 common stock.

☐ **The Ashland** branch of the Bank of Blue Mountain, Blue Mountain, Mississippi, is now housed in its recently completed building. W. B. Gresham and Marvin Gresham are in charge of the branch, which, in the past 12 months, has increased deposits by \$40,000.

☐ **Judge O. B. Taylor**, former chancellor in Mississippi, lawyer, banker and president of the Mississippi Bankers Association, has resigned as associate general counsel of the Home Owners Loan Corporation in Washington, in order to enter private practice of law in the courts of Washington and before the several departments, commissions, bureaus and agencies.

☐ **First National Bank & Trust Company**, Vicksburg, Mississippi, now has capital and surplus of over \$750,000.

☐ **Pascagoula National Bank**, Moss Point and Pascagoula, Mississippi, now has capital stock and surplus of over \$170,000.

☐ **First National Bank**, Hattiesburg, Mississippi, now has capital and surplus of over \$685,000, and resources above \$4,900,000.

NEWS of TENNESSEE BANKS and BANKERS

☐ **First National Bank**, Clarksville, Tennessee, has issued a pamphlet to owners of farms in that territory, urging them to erect adequate fences on their property, and stating that the bank will make loans for such a purpose to responsible farmers in the Clarksville trade area. Such loans may run from one to five years, to be

made under Title One of the Federal Housing Act.

☐ **First National Bank**, Greeneville, Tennessee, is taking aggressive action in cooperating with the Federal Housing Administration's program in that trade area. Projects include all-day clinics for prospective borrowers, newspaper and direct mail advertis-

ing, talks at civic clubs, and visits to outlying communities in the interest of the institution's small loan department.

☐ **Homer Rainey**, assistant cashier of the First State Bank, Brownsville, Tennessee, has been elected president of that city's Rotary Club, for the year beginning July 1.

☐ **Theodore Read**, president of the former Security Bank & Trust Company, Memphis, Tennessee, died recently.

☐ **J. M. Wade** of the safety deposit and real estate loan division of the Nashville Trust Company, Nashville, died recently.

☐ **E. C. Massey**, connected with the Farmers & Merchants Bank, Ethridge, Tennessee, for several years, has been named assistant cashier of the First National Bank, Lawrenceburg. H. A. Cunningham has resigned as vice president of that institution, to make the race for county court clerk of Lawrence County.

☐ **Simpson Russell**, formerly assistant cashier, has been named cashier of the National Bank of Commerce, Jackson, Tennessee, succeeding Oliver Benton, who recently was elevated to president of that institution upon the death of the late G. C. Wilkerson.

☐ **J. M. Davis**, vice president of the Murfreesboro Bank & Trust Company, Murfreesboro, Tennessee, for the past eight months, has resigned to return to the service of the Tennessee Department of Banking, in the capacity of examiner, by appointment of H. B. Clarke, new Tennessee Superintendent of Banks.

☐ **Walter M. Robinson** has withdrawn as a partner in the firm of Robinson, Webster & Gibson, Nashville, Tennessee, and the company's name has been changed to "Webster & Gibson."

☐ **John M. Fox**, president of the Commercial & Industrial Bank, Memphis, has been elected president of the Memphis Clearing House Association for 1938. Joseph V. Montedonico, president of the State Savings Bank, has been elected vice president, and Joe L. Kennedy enters his twelfth year as manager.

☐ **A new brick front** is being constructed and other improvements made



Texas City National Bank
Texas City, Texas



South Side National Bank, St. Louis, Mo.

TWO BANK JOBS

The two photographs illustrate what we mean when we say "no job too large, no job too small." Both were handled by us under our economical single contract system, which means a preliminary estimate, a guarantee not to exceed it, and a credit against it if any saving is possible in the course of work. For anything from a remodeled interior to a complete new bank building, call on us, insure satisfaction, and save money.

ST. LOUIS BANK BUILDING & EQUIPMENT CO.

9th & Sidney

Saint Louis

on the home of the Peoples Bank, Stanton, Tennessee.

☐ **Hamilton National Bank**, Knoxville, Tennessee, has retired 200 shares of preferred stock, par value \$25,000. Capital now consists of \$425,000 preferred and \$500,000 common stock.

☐ **Tennessee** was one of the four states which attained for the first time the goal of 1,000 points in banker-farmer activities in 1937, as measured by the rating program sponsored by the Agricultural Commission of the American Bankers Association. The Tennessee Agricultural Committee, headed by C. W. Bailey, president of the First National Bank, Clarksville, have demonstrated, through extensive use of credit data, and through sponsoring livestock improvement, how a rural bank can function effectively for the improvement of agriculture. Major projects included in the Tennessee program are farm and home accounting, budgets and financial statements, 4-H Club work and soil conservation.

☐ **Mid-Continent Banker's** representative in Tennessee and interested friends recently sent us statements of condition of banks in the state showing the following deposits: Citizens National Bank, Athens, \$624,840; Burns Bank & Trust Company, Burns, \$55,573; Citizens Bank & Trust Co., Carthage, \$642,964; First National Bank, Athens, \$1,361,471; First National Bank, Centerville, \$610,311; Security Bank & Trust Co., Centerville, \$150,391; Cleveland Bank & Trust Company, Cleveland, \$815,431; Cleveland National Bank, Cleveland, \$1,581,544; Middle Tennessee Bank, Columbia, \$1,232,626; First National Bank, Cookeville, \$1,109,369; Bank of Gleason, Gleason, \$195,447; First National Bank, Harriman, \$1,204,630; First National Bank, Hohenwald, \$192,745; Bank of Hollow Rock, Hollow Rock, \$196,874; Bank of Huntingdon, Huntingdon, \$903,547; Kingston Bank & Trust Co., Kingston, \$218,251; Lebanon Bank & Trust Company, Lebanon, \$1,303,383; First National Bank, Lenoir City, \$663,268; Merchants & Farmers Bank, Lenoir City and Greenback, \$254,715; Peoples & Union Bank, Lewisburg, \$631,789; First National Bank, Lexington, \$803,007; First National Bank, Linden, \$190,136; Farmers Bank, Lynchburg, \$308,435; McKenzie Banking Company, McKenzie, \$245,663; First National Bank, McMinnville, \$1,844,165; First National Bank, Memphis, \$41,278,994; National Bank of Commerce, Memphis, \$28,214,347; Farmers & Merchants Bank, Mt. Pleasant, \$233,551; First National Bank, Mt. Pleasant, \$373,091; Murfreesboro Bank & Trust Co., Murfreesboro, \$1,534,168; Commerce Union Bank, Nashville, \$19,959,927; Third National Bank, Nashville, \$25,687,002; First Trust & Savings Bank, Paris, \$716,067; Farmers Bank & Trust Company, Puryear, \$189,437; Riceville Bank, Riceville, \$90,219; First National Bank, Rockwood, \$355,145; First Na-

tional Bank, Shelbyville, \$1,162,921; First National Bank, South Pittsburg, \$1,005,580; First National Bank, Sparta, \$1,050,671; Sweetwater Bank and Trust Co., Sweetwater, \$457,227; First National Bank, Tracy City, \$387,618; First National Bank, Tullahoma, \$635,196; Traders National Bank, Tullahoma, \$597,402.

☐ **James K. Clayton** has been elected vice president of the Murfreesboro Bank & Trust Co., Murfreesboro, Tennessee.

"Bill" Wait Returns to Little Rock

William S. Wait returned to Little Rock from Honolulu on May 8, and is now with the Little Rock Branch of the Federal Reserve Bank of St. Louis, in its Commodity Credit Corporation



WILLIAM S. WAIT

cotton division of the Reconstruction Finance Corporation.

"Bill" began his banking experiences in the old Bankers Trust Co., Little Rock, where he worked at every job from street runner to note teller, continuing with its successor, the Commercial National Bank, until March, 1934. Then he spent two and one-half years as an Assistant National Bank Examiner assigned to the Eighth Federal Reserve District. In August, 1936, he entered the service of the First National Bank, Memphis, as representative of its Correspondent Bank division, under Vice President S. W. Wardlaw, traveling much of the time through Arkansas, Mississippi and Tennessee. He resigned in January of this year, drove to the West Coast and since has spent a month and a half in Honolulu, Territory of Hawaii. He sailed from there on the steamship "Matsonia" on April 30, greatly impressed with the fine climate and many attractions of that important island possession of the United States.



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NEWS of ARKANSAS BANKS and BANKERS

☐ **Horatio State Bank**, Horatio, Arkansas, now has deposits exceeding \$90,610, loans and discounts above \$42,470, and resources totaling more than \$109,590. Officers of the bank have written us that the area has had a fine market for its strawberries this season. The crop during April brought in about \$45,000. Demand was so good that growers were unable to fill all orders.

☐ **Dale Jones** has been elected assistant cashier of the Citizens National Bank, Hope, Arkansas, succeeding J. C. Hall, who has resigned to enter the insurance business.

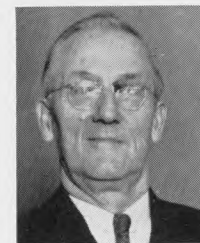
☐ **Early Southern Bur Clover**, the introduction of Henry H. Naff, director of The Peoples Bank, Portland, Arkansas, is considered one of the finest southern winter cover crops and soil

building legumes. Among its advantages, listed in a recently published pamphlet, are that it prevents erosion, increases soil fertility, provides excellent winter pasturage, conserves moisture supply, prevents crusting and packing, controls coco or nut grass, is self-perpetuating, eliminates yearly purchase of winter legume, is especially hardy and aids in increasing yield and staple length of cotton.

☐ **We are glad** to learn that, contrary to popular belief, the banker does have a sense of humor. B. L. Ross, president of the Phillips National Bank, Helena, Arkansas, has told us one on himself, in connection with the air conditioning system recently installed in the bank's fine new home, about which an item appears elsewhere in this issue. Mr. Ross says that just after the new system had been turned on, one of the bank's good customers, A. E. Hicks of West Helena caught him standing near the front door, talking with several other customers. After standing there for a moment or so, Mr. Hicks remarked, "Cap," (his friendly nickname for the bank president) "what do you want with this cool air in here? You knock them cold enough when you say 'No.'"

☐ **Most people** do not look forward to spring housecleaning with any marked degree of pleasure. The staff of the MID-CONTINENT BANKER has this view-

point, so we assume that Frank Andrews, vice president of the Bank of Brinkley, Brinkley, Arkansas, was highly pleased when he returned from a recent vacation at Mineral Wells, Texas. During his absence from



FRANK ANDREWS

Brinkley, the Bank of Brinkley was completely redecorated on the interior. We suspect that J. F. Cole, cashier of the bank, and the other officers had a lot of fun getting the redecorating work done while Mr. Andrews was on vacation.

☐ **Miss June Pfeiffer**, daughter of W. B. Pfeiffer, president of the Peoples National Bank, Stuttgart, Arkansas, is now employed by that institution.



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service in Memphis

UNION PLANTERS NATIONAL BANK & TRUST CO.

SINCE 1869

MEMPHIS, TENN.

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☐ **Don Wylie** is president and H. C. Overturff, cashier, of the Tyronza Banking Co., successor to the old Tyronza Banking Co., opened last month in Tyronza, Arkansas. It offers every type of banking service except loans.

☐ **Farmers Bank & Trust Co.**, Blytheville, Arkansas, has closed its teller's window at Manila, and has transferred all deposits to Blytheville.

☐ **Harry Crowe**, assistant cashier of W. B. Worthen Co., Bankers, has been elected president of the Little Rock Chapter of the American Institute of Banking. Richard Gates, assistant cashier of the Commercial National Bank, has been elected vice president; Miss Guinivere Brown, W. B. Worthen Co., Bankers, has been named secretary, and John Calhoun, Federal Reserve Bank, has been named treasurer. Mr. Crowe will represent the Little Rock Chapter at the organization's national convention in Louisville, June 6.

☐ **Mid-Continent Banker's** representative in Arkansas and interested friends have sent us recent statements of condition of banks in the State showing the following deposits: Citizens National Bank, Arkadelphia, \$518,276; Merchants & Planters Bank & Trust Co., Arkadelphia, \$329,971; Bank of Ash Flat, Ash Flat, \$100,000; Bank of Blevins, Blevins, \$66,823; Bank of Cabot, Cabot, \$250,000; State Bank of Calico Rock, Calico Rock, \$165,259; Citizens National Bank, Camden, \$1,291,719; Merchants and Planters Bank, Camden, \$1,151,076; Bank of Cave City, Cave City, \$125,000; Farmers National Bank, Clarksville, \$477,426; First National Bank, DeQueen, \$492,731.

Merchants & Farmers Bank, Dumas, \$574,231; Exchange Bank and Trust Company, El Dorado, \$745,736; First National Bank, El Dorado, \$5,209,985; National Bank of Commerce, El Dorado, \$1,433,670; First National Bank, Fordyce, \$615,628; Fordyce Bank & Trust Company, Fordyce, \$493,740; Bank of Gravett, Gravett, \$245,793; First Bank, Griffithville, \$36,275; Farmers Bank & Trust Company, Hamburg, \$306,541; Security Bank, Harrison, \$760,833; First National Bank, Hope, \$996,740; Arkansas Trust Co., Hot Springs National Park, \$2,323,618; First National Bank, Lewisville, \$275,286; Peoples Bank & Loan Company, Lewisville, \$200,568.

Commercial National Bank, Little Rock, \$8,702,397; Peoples National Bank, Little Rock, \$3,261,603; Union National Bank, Little Rock, \$10,086,589; W. B. Worthen Co., Bankers, Little Rock, \$14,766,802; Bank of Lockes-

burg, Lockesburg, \$63,875; Citizens Bank, Magnolia, \$564,056; Farmers Bank & Trust Company, Magnolia, \$1,353,974; McGehee Bank, McGehee, \$728,191; Mineral Springs Banking Company, Mineral Springs, \$46,189; Commercial Loan & Trust Company, Monticello, \$513,875; Union Bank & Trust Company, Monticello, \$1,085,178; Peoples Bank, Mountain Home, \$346,575; First National Bank, Nashville, \$449,419; Bank of Ozark, Ozark, \$109,088.

Bank of Parkdale, Parkdale, \$25,000; National Bank of Commerce, Pine

Bluff, \$2,045,459; Simmons National Bank, Pine Bluff, \$12,613,745; Portland Bank, Portland, \$318,205; Bank of Prescott, Prescott, \$885,621; Bank of Russellville, Russellville, \$775,183; Peoples Exchange Bank, Russellville, \$488,747; Bank of Sidney, Sidney, \$60,000; Smackover State Bank, Smackover, \$293,122; Bank of Stephens, Stephens, \$223,818; Peoples National Bank, Stuttgart, \$1,192,773; Peoples Bank, Waldo, \$212,526; Merchants & Planters Bank, Warren, \$675,369; Warren Bank, Warren, \$519,921; Wilmot State Bank, Wilmot, \$137,000.

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NEWS of OKLAHOMA BANKERS

☐ **Falkner C. Broach**, vice president of the National Bank of Tulsa, Tulsa, discussed federal fiscal affairs, and Hugh L. Harrell, vice president of the First National Bank & Trust Company, Oklahoma City, spoke on the subject, "What Is the Farm Chemurgic Movement?" at the annual convention of the New Mexico Bankers Association, to be held jointly with the Arizona Association at Gallup, New Mexico, June 3 and 4.

☐ **Dr. D. P. Richardson**, president of the Bank of Union, Union, Oklahoma, has been named State Banking Commissioner of Oklahoma by Governor Marland, succeeding Howard C. Johnson, resigned.

☐ **T. D. Call**, vice president of the Bank of Cyril, Cyril, Oklahoma, Hess Crossland, associate counsel of the First National Bank and Trust Co., Tulsa, and Freeland P. Prentice, discount department of the First National Bank & Trust Company, Oklahoma City, were named honorary colonels by Lieutenant Governor James E. Berry, when he served as acting governor of Oklahoma recently.

☐ **Robert Durand**, Hoyt Huling and Charles Hooker have been elected assistant cashiers of the First National Bank, Bartlesville, Oklahoma.

☐ **First National Bank**, Geary, Oklahoma, celebrated its 40th anniversary recently.

☐ **First National Bank**, Antlers, Oklahoma, has retired 10 shares of preferred stock, par value \$1,000. Capital now consists of \$37,500 preferred and \$31,500 common stock.

☐ **Charles F. Foster** has been advanced from cashier to president of the First National Bank, Cushing, Oklahoma, succeeding E. C. Mullendore. Levi Swingle has been promoted from assistant cashier to cashier.

☐ **First National Bank**, Anadarko, Oklahoma, has retired 8 shares of preferred stock, par value \$1,000, and issued a common stock dividend of 10 shares, par value \$1,000. Capital now consists of \$17,000 preferred and \$33,000 common stock.

☐ **Miss Patience F. Sewell**, whose father is Frank A. Sewell, president of the First National Bank, Clinton, Oklahoma, will be one of the three

University of Oklahoma seniors to receive the degree with honors—highest honor the University can confer on its graduates. The awards will be conferred at the annual commencement exercises to be held in June.

☐ **C. T. Everett**, vice president of the National Bank of Tulsa, Tulsa, attended the Arkansas Bankers Convention, held at Hot Springs May 25 to 27.

☐ **Arthur K. Schulz**, assistant comptroller of the Chase National Bank, New York, one of the nation's foremost authorities on bank operations, will be on the lecture staff of the Mid-Continent Conference on Banking to be held at Tulsa University June 14-16.

☐ **Bank of Woodward**, Woodward, Oklahoma, has been admitted to membership in the Federal Reserve System.

☐ **A large mounted steer head** has been placed in the lobby of the National Bank of Commerce, Pawhuska, Oklahoma, adding a touch of typical Osage County atmosphere to the institution, which has long been identified with cattlemen in that section of Oklahoma. The mounted head came from a steer weighing on foot in excess of a ton.

☐ **First National Bank**, Edmond, Oklahoma, has been redecorated and equipped with new lighting fixtures.

☐ **Fred Boatright**, deputy county assessor, has joined the personnel of the First National Bank, Wagoner, Oklahoma.

☐ **Walter Nance**, examiner, has been elevated to building and loan supervisor of the Oklahoma State Banking Department.

☐ **A new State bank** may be established at Calvin, Oklahoma, soon.

☐ **Three former Oklahoma bankers** died recently: Frank A. Singler, 56, formerly with several Tulsa banks; U. G. Guss, 75, early-day territorial banker in Guthrie, and Ben H. Robertson, 65, former banker at Nowata.

☐ **First National Bank**, Nowata, Oklahoma, now has deposits of more than \$1,102,720, loans and discounts exceeding \$231,590, and resources totaling above \$1,193,870.

☐ **Kenneth S. Adams**, director of the First National Bank, Bartlesville, Oklahoma, has been elected president of the Phillips Petroleum Co.

☐ **First National Bank**, Dewey, Oklahoma, now has deposits of more than \$467,170, loans and discounts exceeding \$193,475, and resources totaling above \$533,775.

☐ **First National Bank**, McAlester, Oklahoma, has been equipped with an after-hour depository.

☐ **National Bank of Tulsa**, Tulsa, has installed an automatic multicolor lighting system which completely floodlights the tower of the National Bank of Tulsa building from the twenty-first floor up. Ninety-six feet of the tower are floodlighted with a constantly changing color scheme of green, white and amber, operated from a system of 100,000 watts, and visible for approximately thirty or forty miles.

☐ **R. L. Simpson, Jr.**, son of the president, now is assistant cashier of the State National Bank, Eufaula, Oklahoma.

☐ **Exterior and interior** of the Bank of Healdton, Healdton, Oklahoma, are being remodeled and redecorated.

☐ **R. B. Patton**, vice president and cashier of the American Exchange Bank, Henryetta, was elected chairman of Group Four of the Oklahoma Bankers Association, at the recent meeting of the organization held in Tulsa. Other officers selected were: vice chairman, L. E. Thompson, president of the American National Bank, Bristow, and secretary-treasurer, W. C. Bost, vice president and cashier of the Peoples Bank, Westville. Elmo Thompson, vice president of the First National Bank & Trust Company, Tulsa, and W. N. Barry, president of the Citizens State Bank, Okemah, were chosen to represent national banks and state banks, respectively, on the executive committee of the State Association. Among speakers at the meeting were C. F. Pack, president of the Home State Bank, Kansas City, Kansas, and F. S. Hurd, president of the First National Bank, Broken Arrow, and chairman of the Oklahoma Association's committee on agriculture.

☐ **More than 250 bankers**, their wives and guests attended the recent annual

meeting of Group Five of the Oklahoma Bankers Association, held in Durant. C. L. Priddy, vice president of the National Bank of McAlester, McAlester, was named chairman of the group; Fred C. Carr, president of the Exchange National Bank, Ardmore, was elected vice chairman, and L. O. Neal, cashier of the Security State Bank, Hugo, was named secretary-treasurer. B. A. McKinney, president of the Federal Reserve Bank of Dallas, was one of the outstate guests at the meeting. William Z. Hayes, vice president of the Republic National Bank, Dallas, was a featured speaker. Next year's meeting will be held at Ardmore.

W. A. Brownlee, executive vice president, C. T. Everett and Falkner C. Broach, vice presidents, attended the Texas Bankers Convention at Fort Worth May 17-19.

Dave F. Ogden, assistant cashier of the First National Bank, Miami, Oklahoma, has been elected assistant treasurer of the Miami Chamber of Commerce.

Elmer W. Jacob, 51, formerly vice president of the Exchange National Bank at Tulsa, died recently.

Banking Conference Will Be Held at Tulsa

(Continued from page 15)

Approximately 100 bankers from five states are expected to attend this year's conference, which will begin with a dinner and the opening lecture by Dr. Paxson, on the University campus Tuesday evening, June 14.

The major subjects are directed by Arthur K. Schulz, (Control of Operations and Profits) assistant comptroller, Chase National Bank, New York City; and Falkner C. Broach, (Loans and Investments) vice president of the First National Bank of Tulsa.

Lecturers and administrative staff members, in addition to Dr. Paxson, Mr. Schulz and Mr. Broach, are:

A. B. Crawford, vice president of the National Bank of Tulsa; Robert O. Deming, Jr., president of the Deming Investment Company, Oswego, Kansas; J. R. Jarboe, Jarboe Livestock Commission Company, Tulsa; J. C. Pinkerton, associate council, First National Bank & Trust Co., Tulsa; Paul Sisk of the Frates Company, Tulsa; George F. Winters, Barrow-Wade-Guthrie & Co., Tulsa; Roy M. Huff, trust officer, First National Bank & Trust Co., Tulsa; C. I. Duncan, secretary-treasurer, University of Tulsa.

◆ **Mid-Continent Banker's representative** in Oklahoma and interested friends recently sent us statements of condition of banks in the state showing the following deposits: Anadarko Bank & Trust Co., Anadarko, \$783,703; First State Bank, Anadarko, \$259,868; Citizens Security Bank, Bixby, \$327,110; First National Bank, Blackwell, \$1,205,505; Security Bank, Blackwell, \$1,069,387; First National Bank, Braman, \$227,214; American National Bank, Bristow, \$1,014,352; Community State Bank, Bristow, \$444,897; Arkansas Valley State Bank, Broken Arrow, \$466,045; First National Bank, Chandler, \$820,602; Citizens-Farmers National Bank, Chickasha, \$1,296,956; Oklahoma National Bank, Chickasha, \$3,155,404; Cleveland National Bank, Cleveland, \$646,070; First National Bank, Cleveland, \$434,068; Oklahoma National Bank, Clinton, \$844,607; Security National Bank, Coweta, \$200,105; First National Bank, Cushing, \$1,551,551.

First National Bank, Custer City, \$248,219; Peoples Bank, Custer City, \$242,820; Citizens Bank, Drumright, \$636,492; Citizens National Bank, El Reno, \$1,512,119; First National Bank, El Reno, \$1,092,995; Farmers and Merchants Bank, Eufaula, \$329,676; First State Bank, Fairfax, \$320,641; First National Bank, Gracemont, \$108,017; Bank of Grove, Grove, \$153,656; First National Bank, Haskell, \$320,452; International Bank, Haskell, \$153,009; First National Bank, Hennessey, \$415,584; American Exchange Bank, Henryetta, \$864,587; First National Bank, Hinton, \$316,220; First National Bank, Hydro, \$277,660; Peoples National Bank, Kingfisher, \$1,291,718; State Exchange Bank, Lamont, \$188,011; Lookeba State Bank, Lookeba, \$149,397; First National Bank, McAlester, \$2,292,825; National Bank of McAlester, McAlester, \$2,656,718; Bank of Meeker, Meeker, \$165,840; First National Bank, Miami, \$3,240,911; Security Bank and Trust Company, Miami, \$759,581; First National Bank, Minco, \$190,845.

Citizens National Bank, Muskogee, \$2,611,347; Commercial National Bank, Muskogee, \$3,713,299; First National Bank and Trust Company, Muskogee, \$5,116,285; Citizens State Bank, Okemah, \$909,289; First National Bank, Okemah, \$687,804; Okemah National Bank, Okemah, \$1,515,997; First National Bank, Prague, \$648,119; Prague National Bank, Prague, \$625,045; American National Bank, Pryor, \$312,547; First National Bank, Pryor, \$764,700; Bank of Quapaw, Quapaw, \$135,903; American State Bank, Thomas, \$296,733; First National Bank, Thomas, \$380,142; Bank of Commerce, Tonkawa, \$381,977; First National Bank, Tonkawa, \$617,881; First National Bank, Vinita, \$1,717,113; American Bank, Wagoner, \$73,404; First National Bank, Wagoner, \$536,698; Watonga State Bank, Watonga, \$564,557; The Liberty National Bank, Weatherford, \$457,990; Security State Bank, Weatherford, \$349,633; State National Bank, Weleetka, \$304,514; First National Bank, Yale, \$416,959.

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HOTEL BUCCANEER..... Galveston
HOTEL JEAN LAFITTE..... Galveston
HOTEL CORONADO COURTS..... Galveston
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C-8-222

NEWS of KANSAS BANKS and BANKERS

☐ **Peoples State Bank**, Luray, Kansas, has become a postal savings bank depository.

☐ **Fred J. Smith**, 67, assistant cashier of the Home State Bank, Russell, Kansas, died recently.

☐ **H. J. Berkley**, cashier of the Bank of Tescott, Tescott, Kansas, has been elected president of the Ottawa County Bankers Association. G. W. Lempe-nau, cashier of the Citizens National Bank, Minneapolis, has been named vice president; and R. H. Berkley, Jr., assistant cashier of the Bank of Tescott, secretary-treasurer.

☐ **H. W. Hall** has been appointed assistant cashier of the Plainville State Bank, Plainville, Kansas. He formerly was assistant cashier of the Kearny County Bank, Lakin.

☐ **First State Bank**, Pittsburg, Kansas, has remodeled and refinished its windows.

☐ **A new teller's booth** has been in-

stalled at the American State Bank, Great Bend, Kansas.

☐ **New all-steel** safety deposit boxes have been installed at the Bank of Kiowa, Kiowa, Kansas.

☐ **First National Bank**, Neodesha, Kansas, which recently took over the Neodesha National Bank, has installed all new fixtures in its banking quarters, which have been redecorated and equipped with new furnishings.

☐ **Wirt Hetherington**, cashier of the Exchange National Bank, Atchison, Kansas, has been elected president of that city's Chamber of Commerce.

☐ **J. L. Hamilton** has been advanced from assistant cashier to cashier of the Farmers & Merchants State Bank, Claffin, Kansas, succeeding H. M. Starr, resigned. K. R. Blodgett has been named assistant cashier.

☐ **Commercial State Bank**, Abilene, Kansas, has been equipped with a new delayed time lock controlled counter unit.

☐ **A number** of banks in southern Dickinson and northern Marion counties, Kansas, have put into effect service charges for the first time. These include the banks at Herington, Tampa, Hope, Pilsen, Ramona, and Woodbine.

☐ **A total** of \$67,000 has been subscribed by a group of Wichita financiers, toward the \$100,000 necessary to obtain a state bank charter for the new banking institution they hope to establish at Wichita.

☐ **Mid-Continent Banker's** representative in Kansas and interested friends have sent us statements of condition of banks in the state, showing the following deposits: Labette County State Bank, Altamont, \$183,673; Exchange National Bank, Atchison, \$2,940,007; First National Bank, Fredonia, \$749,408; State Bank of Fredonia, Fredonia, \$361,957; Lawrence National Bank, Lawrence, \$2,503,003; First National Bank, Leavenworth, \$2,518,670; Leavenworth National Bank, Leavenworth, \$2,384,740; Manufacturers State Bank, Leavenworth, \$943,813; First National Bank, Neodesha, \$1,469,252; First National Bank, Ottawa, \$1,106,651; Exchange State Bank, Parsons, \$562,624; Parsons Commercial Bank, Parsons, \$1,784,025; First State Bank, Pittsburg, \$1,838,969; and National Bank of Pittsburg, Pittsburg, \$2,657,081.

☐ **Fred F. Fockele**, 60, president of the Peoples National Bank, Ottawa, Kansas, was found dead recently as the result of a pistol wound. Coroner termed the death a suicide.

☐ **Cecil Tate** has been appointed assistant cashier of the Kearny County Bank, Lakin, Kansas.

☐ **F. W. Kolterman** has been advanced from vice president to president of the First National Bank, Onaga, Kansas. Otto F. Wegner is the new vice president.

☐ **A. G. Steinberg**, cashier of the Exchange State Bank, Douglass, Kansas, died recently at the age of 78.

☐ **E. W. Stilwell**, president of the Commercial National Bank, Kansas City, was one of the 80 members of the Kansas Chamber of Commerce who returned recently from an industrial tour of several eastern cities. Mr. Stilwell officially represented the Kansas Bankers Association on the tour.



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☐ **Macksville State Bank**, Macksville, Kansas, has been completely redecorated.

☐ **Oxford Bank**, Oxford, Kansas, has installed a large 500-pound electric clock above its main entrance.

☐ **State Bank of Fredonia**, Fredonia, Kansas, declared a 25 per cent dividend recently.

☐ **The Recordak System** of bookkeeping has been installed by the Citizens State Bank, Topeka, Kansas, to protect customers from loss of any valuable checks or records.

☐ **First National Bank**, Wamego, Kansas, has retired \$2,000 preferred stock. Preferred now totals \$41,000; common, \$25,000.

☐ **Luther Cortelyou**, former banker at Muscotah, Kansas, and father of Luther Cortelyou, Jr., cashier of the First National Bank, Parsons, died recently.

☐ **First National Bank of Sedan**, Sedan, Kansas, has reduced its common capital stock from \$75,000 to \$50,000.

☐ **A new front** has been constructed on the National Bank of Commerce, Wellington, Kansas, and the bank's quarters equipped with new low-type mahogany fixtures and interior furnishings.

W. W. Bowman, Kansas Vice President, Dies

Walter W. Bowman, 79, who guided the activities of the Kansas Bankers Association for thirty-four years—twenty-seven years as the Association's secretary, and for the past seven years as its executive vice president—died recently in his Topeka home, after an illness of several months. Mr. Bowman was considered dean of State secretaries and executive vice presidents, both in age and in continuous service. At the time of his death he was vice president of the National Bank of Topeka, director of the Kansas Surety Co., and editor of the *KANSAS BANKER*, monthly publication of the Kansas Association, which has been brought out under his pen for the past twenty-eight years, ever since its beginning. Previous to his Association work, Mr. Bowman was connected with the First National Bank, Concordia, for twenty-five years, serving most of that time as cashier. He was in active attendance at every K. B. A. annual convention for the past thirty-five years. His son, Fred M. Bowman, was named secretary of the Kansas Bankers Association at the time his father became executive vice president.

☐ **Annual bank management** group meetings of the Kansas Bankers Association will be held this year as follows: June 2, Parsons; June 3, Fredonia; June 7, Wellington; June 8, Kinsley; June 9, Garden City; June 10, Great Bend; June 15, Concordia; June 16, Stockton; June 17, Colby; June 20, Salina; June 21, Newton; June 22, Emporia; June 23, Ottawa; June 28, Centralia; and June 29, Atchison. Leaders of the clinics will include the Association's new president, Laird Dean; M. L. Breidenthal, chairman of the bank management commission of the KBA; Elwood M. Brooks, bank commis-

sioner; Fred Bowman, KBA secretary; Homer C. Bastain, state director of FHA, who will discuss Title I and II loans under the new act; Roy A. Haines, vice president of KBA; and W. L. Webber, assistant bank commissioner. Subjects studied at the clinics will include the commission's compilation of ratios of earnings and expenses to deposits, capital and gross earnings, and the state banking department's survey along similar lines.

☐ **William Freeman Warren**, 83, formerly vice president and cashier of the Fayette National Bank, Lexington, Kentucky, died recently.

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NEWS of MISSOURI BANKS and BANKERS

☐ **Charles W. Johnson** has resigned as vice president of the Stock Yards National Bank, Kansas City.

☐ **Harry H. Mohler**, vice president of the First St. Joseph Stock Yards Bank, St. Joseph, Missouri, has been transferred to the First Trust Company of that city, as vice president, but will remain inactive vice president and director at the former institution.

☐ **Harry J. Koenig**, formerly manager of the FHA department at the Mississippi Valley Trust Company, St. Louis, has been elected assistant cashier of the North Side Bank of St. Louis County.

☐ **Aubrey Shipman** is new assistant cashier of the Bank of Buffalo, Buffalo, Missouri.

☐ **Bank of Lees Summit**, Lees Summit, Missouri, celebrated its 70th anniversary recently.

☐ **W. F. Gephart**, vice president of the First National Bank in St. Louis, has been reelected president of the Bankers Association for Foreign Trade.

☐ **Emmett M. Keller**, assistant cashier of the Farmers Savings Bank, Marshall, Missouri, was elected president of the Saline County Bankers Association at the annual meeting of the group held recently in Marshall. Other new officers are: vice president, Roger Haynie, State Bank of Slater, Slater; secretary, Richard L. Wall, assistant cashier of the Chemical Bank, Sweet Springs; and treasurer, Marcellus Gauldin, Wood & Huston Bank, Marshall. The group voted to promote joint meetings with other county associations.

☐ **Plans** for the new Hamilton Bank, Hamilton, Missouri, have been approved.

☐ **Bankers** may well be pleased at the convenience with which they now may carry on their business when they read of an interesting incident which an officer of the Polk County Bank, Bolivar, Missouri, recalled during a recent visit of MID-CONTINENT BANKER's representative at that institution. When the bank was organized, in 1872, the obtaining of a safe for the new institution presented quite a trying problem, for that very necessary equipment, purchased from the Hall Safe & Lock Co., had to be hauled "all the

way from Springfield"—a distance of about 35 miles. Finally the Herculean task was accomplished, however, with the help of a wagon drawn by 12 oxen—and the new Polk County Bank opened for business on June 15, sixty-six years ago, with capital stock of \$10,000. Incidentally, that capital stock now totals \$100,000.

☐ **Claude Templeton**, cashier of the First National Bank, Tarkio, Missouri, has been elected president of the Atchison County Bankers Association. F. C. Whitford, cashier of the Exchange Bank, Fairfax, has been named vice president, and J. F. Gore, Jr., cashier of the Citizens Bank of Atchison County, Rockport, has been named secretary-treasurer.

☐ **Canton State Bank**, Canton, Missouri, has been redecorated and equipped with new furniture and fixtures. The bank has increased its surplus from \$5,000 to \$12,500.

☐ **Walter W. Smith**, president of the First National Bank in St. Louis, has been elected a director of the Missouri Pacific Railroad Company.

☐ **Round table** discussions concerning standard service charges for county and public funds and allied subjects were held at the recent meeting of the Pulaski County Bankers Association at Dixon, Missouri.

☐ **R. B. Sampson**, St. Joseph, Missouri, has been elected president of the Buchanan-Andrew Inter-County Bankers Association. R. S. Mickey, cashier of the Farmers State Bank, Rosendale, has been named secretary-treasurer.

☐ **Richard W. Trefz**, president of the Security Bank, Rich Hill, Missouri, has been reelected to his third term as president of the Lions Club in that city.

☐ **Morgan J. Trimble**, 75, former banker at Plattsburg, Missouri, died recently.

☐ **George R. Denny**, 85, connected with Kearney Trust Co., Kearney, Missouri, for 40 years, and president of that institution for the past 20 years, died recently.

☐ **J. H. Fisher**, 72, vice president of the Bank of Sullivan, Sullivan, Missouri, died recently.

☐ **Control** of Wayne County State Bank, Greenville, Missouri, has been purchased by stockholders of Bank of Poplar Bluff, Poplar Bluff. F. W. Carlton, president, Boss H. P. Bennett, cashier, and K. E. Barrow, assistant cashier, retain their positions at the Greenville institution, Cline W. Owen becoming inactive vice president, and Ed L. Abington and G. L. Saracini, president and cashier, respectively, of the Bank of Poplar Bluff, becoming directors. When Wappapello Dam is built, Wayne County State will be merged with Bank of Poplar Bluff.

☐ **Resources** of the Sturgeon State Bank, Sturgeon, Missouri, recently reached the highest total since the organization of the institution in 1931. Resources, as of May 6, total above \$129,680, deposits exceed \$107,270, and loans and discounts are more than \$75,960.

☐ **Chas. H. Johnson**, formerly of Mountain Grove, has been named cashier of the Bank of Aldrich, Aldrich, Missouri, succeeding Bernell C. Gordon, who has resigned because of illness.

☐ **Members and officers** of the St. Louis Conference of Bank Auditors and Comptrollers who attended the annual midwest regional conference of the National Association of Bank Auditors and Comptrollers, held in Detroit recently, include: John Vuch, United Bank & Trust Co., and Mrs. Vuch, Oscar G. Schalk, Mercantile-Commerce Bank & Trust Company, and Mrs. Schalk, W. P. Jeannelle, Boatmen's National Bank, F. J. Hollocher and C. C. Hammond, First National Bank, J. C. Wotawa, Manufacturers Bank and Trust Company, J. C. Flotte, Bremen Bank & Trust Co., W. A. Hombs, Tower Grove Bank & Trust Co., L. R. Engel, Mississippi Valley Trust Co., J. C. Seiler, Industrial Bank & Trust Co., W. L. Gradel, Northwestern Trust Company, L. W. Schmidt, Mutual Bank and Trust Co., and R. M. Fox, Plaza Bank.

☐ **Jesse Jones**, in St. Louis between trains recently, en route to Siloam Springs, Arkansas, to speak at the commencement exercises of John Brown University, expressed confidence in a substantial business improvement soon, stated that response had been good to appeals to bankers

to cooperate in loans to small business. While in St. Louis, Mr. Jones and John G. Lonsdale, who accompanied him, were guests of Walter W. Smith, president of the First National Bank, at a dinner at the Log Cabin Club.

☐ **Albert L. Juette**, assistant cashier of the Palmyra State Bank, Palmyra, Missouri, has been elected president of the newly formed Marion-Ralls County Bankers Association. Malone Gill, cashier of the Perry State Bank, Perry, has been named vice president, and Lloyd L. Hewett, assistant secretary of the American Trust Company, Hannibal, has been named secretary-treasurer.

☐ **Bank of New Cambria**, New Cambria, Missouri, has been redecorated, and equipped with a new directors' room and new furniture.

☐ **Farmers & Merchants Bank**, Festus, Missouri, has been taken over by the Citizens Bank of that city. R. E. England, cashier, and Miss Helen Guthrel, assistant cashier at the former bank, have joined the personnel of the Citizens Bank.

☐ **Osage Valley Bank**, Warsaw, Missouri, now has deposits of more than \$227,840, compared with a total of \$218,560 six months ago. Loans and discounts exceed \$164,820, compared with \$148,100; and resources total above \$269,760, compared with \$258,300.

☐ **John B. Brooks**, 76, president of the Trenton Trust Co., Trenton, Missouri, died recently.

☐ **P. R. Allen** has been elected cashier of the Scotland County National Bank, Memphis, Missouri, succeeding the late R. M. Barnes.

☐ **United Bank**, Farmington, Missouri, has started enlarging its working room and lobby. The work is being done by the St. Louis Bank Building and Equipment Co.

☐ **C. P. Junge** has been elected presi-

dent of the Citizens-Farmers Bank, Cole Camp, Missouri, succeeding the late Jacob Brunjes.

☐ **E. E. Blake**, assistant cashier of the Crystal City State Bank, Crystal City, Missouri, has been elected president of the Jefferson County Bankers Association. E. J. Kohler, assistant cashier of the Bank of Maxville, Kimmswick, has been named vice president, and Hobart M. Walther, cashier of the American Bank, De Soto, has been named secretary-treasurer.

☐ **West Plains Bank**, West Plains, Missouri, has completed the installation of a new burglar-proof safe and of new doors on its fireproof vault.

☐ **W. B. McRoberts**, 93, vice president of the Bank of Monticello, Monticello, is the oldest banker in Missouri, according to a canvass recently completed by the Missouri Bankers Association. Sixteen members of the Association are more than 80 years old and 39 are more than 75 years old.

☐ **C. E. Davis**, 56, cashier of the Bank of Thayer, Thayer, Missouri, died recently.

☐ **L. A. Gatton**, vice president of the Bank of Crane, Crane, Missouri, has been elected president of the Tri-County Bankers Association. Arch Mayden, assistant cashier of the Security Bank, Branson, has been elected vice president; and J. F. Hedgpeh, cashier of the Ozark Bank, Ozark, has been named secretary.

☐ **In answer** to protests by a number of the larger Missouri State banks, that the State Unemployment Commission's ruling is discriminatory that State banks holding Federal Reserve membership are not exempt from the unemployment insurance payroll tax, Andrew J. Murphy, chairman of the Commission, has reported that only about 10 per cent of the State banks in Missouri are affected by the rule. Those coming under the law, by having eight or more employes, are largely

found among the 55 members of the Federal Reserve System.

☐ **Blodgett Bank**, Blodgett, Missouri, soon will be moved to Oran.

☐ **W. L. Hemingway**, president of the Mercantile-Commerce Bank & Trust Co., St. Louis, has been elected treasurer of the National Industrial Conference Board.

☐ **Canton State Bank**, Canton, Missouri, now has deposits of more than \$292,920, as compared with \$277,660 at the same period last year. Loans and discounts exceed \$205,670, as compared with \$203,140; and resources total above \$332,960, compared with \$308,850.

☐ **James H. Billings**, 52, for many years a prominent banker and business man in Springfield, Missouri, died recently.

☐ **F. Lee Major**, vice president of Boatmen's National Bank, St. Louis, recently discussed "The Banking Situation Today" at a meeting of students of the School of Business Administration at Washington University in that city.

☐ **The second floor** of the Gillioz Bank & Trust Co. building, Monett, Missouri, is being remodeled.

☐ **Noble R. Jones**, savings executive, First National Bank, St. Louis, recently addressed a joint meeting of the Mt. Vernon, Illinois, Chamber of Commerce, Rotary Club, and Lions Club on "The Need of Expressionable Service."

☐ **Walter H. Schlueter** has been elected chairman of the board of the United Bank and Trust Co., St. Louis.

☐ **Marvin E. Holderness**, vice president of the First National Bank, St. Louis, has been elected president of the "Playgoers of St. Louis," a non-profit group organized a few months ago for the purpose of bringing the best stage plays to St. Louis through a guaranteed attendance plan.

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MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

NEWS of TEXAS BANKS and BANKERS

☐ **A booklet** built around the theme, "Mystic Seven" and emphasizing that this is the seventh time Fort Worth has been host to the Texas Bankers Association, received considerable attention at the recent annual convention of the Association in Fort Worth. The booklet was published by the First National Bank of Fort Worth, an idea conceived by W. H. Burch, advertising manager of that institution. Accompanied by pencil sketches by N. M. Davidson depicting the mighty sweep of the State and the occupations of its people, the booklet, distributed to delegates at the convention, describes Texas' seven major industries—cattle, cotton, lumber, grain, oil, wool and mohair, manufacturing and distribution—and traces the part Texas banks have had in their growth. The First of Fort Worth, the booklet states, was founded in 1870, chartered in 1877, 67 years ago, is the seventh in rank among Texas banks, and is in District Seven of the Association.

☐ **First National Bank in Dallas** has received the award for the best newspaper advertising campaign during the first quarter of the year, the presentation of the Dallas Advertising League.

☐ **N. R. Royall, Jr.**, Palestine, has been selected as director of the First State Bank, Frankston, Texas, succeeding his father, the late Tucker Royall.

☐ **Corpus Christi National Bank**, Corpus Christi, Texas, has increased its capital stock from \$200,000 to \$300,000.

☐ **Tom J. Murphey**, president of the First State Bank, Rankin, Texas, died recently at the age of 55.

☐ **P. B. Doty**, president of the First National Bank, Beaumont, Texas, has been elected a director of the Gulf, Beaumont and Great Northern Railway Company.

☐ **First National Bank**, Graham, Texas, recently installed a night depository, and will install additional safety deposit boxes.

☐ **First National Bank**, Taft, Texas, has purchased all the assets and assumed the liabilities of the First National Bank, Gregory.

☐ **E. R. L. Wroe** has been elevated from vice president to president of the

American National Bank, Austin, Texas, succeeding the late Maj. R. C. Roberdeau.

☐ **Crosby State Bank**, Crosby, Texas, celebrated its 25th anniversary recently. J. T. Hare, vice president, has been an officer of the institution since its inception.

☐ **Citizens State Bank**, Hempstead, Texas, now has deposits of more than \$384,995, loans and discounts exceeding \$141,810, and resources totaling more than \$447,260.

☐ **Nathan Adams**, president of the First National Bank in Dallas, recently was honored at a testimonial party given by the First National Club, social organization of the bank's employes, in recognition of his completing forty-nine years of service to that institution and also in recognition of his numerous outstanding contributions to the civic welfare of the city.

☐ **A. J. Duncan**, chairman of the board of the First National Bank, Fort Worth, Texas, has resigned the office. Mr. Duncan is president of the Texas Electric Service Co.

☐ **Hillcrest State Bank**, Dallas, plans to erect a modern building to replace its present home, damaged in a recent fire. LaRoche & Dahl, architects, have announced that the new structure will be the first of its kind in the territory, and will feature various types of glass in the exterior and interior. Black structural glass will dominate the exterior. The upper portion of the one-story building will be of gray silver glass. Aluminum trim will be used on the outside, with bronze disk ornaments, silhouetted with neon tubes. A curved ceiling, its dome lighted indirectly with colored lights, will feature the interior.

☐ **E. N. Miller**, former banker of Whitt and Perrin, Texas, died recently in Fort Worth, at the age of 73.

☐ **A night depository** has been installed by the Lubbock National Bank, Lubbock, Texas.

☐ **J. R. Watkins**, formerly cashier, has been elected president of the Delta National Bank, Cooper, Texas, succeeding the late J. F. Henslee. D. D. Dunn, formerly assistant cashier, has been elevated to cashier, and C. E. Adams has been promoted to assistant cashier.

☐ **J. Earl Selz**, cashier, has been elected president of the Pilot Point National Bank, Pilot Point, Texas, succeeding the late H. W. Gee. J. W. Peel has been elevated from assistant cashier to cashier.

☐ **Clarence Pittman Lane**, 67, president of the First National Bank, Grandview, Texas, died recently.

☐ **Andrew F. Smyth**, vice president of the First State Bank, Uvalde, Texas, has been appointed assistant to the Comptroller of the Currency, succeeding Marshall Diggs, now Acting Comptroller.

☐ **Liberty State Bank**, Dallas, Texas, now has deposits of more than \$4,739,985, loans and discounts exceeding \$2,898,650, and resources totaling above \$5,133,740.

☐ **Bay City Bank and Trust Co.**, Bay City, Texas, has increased its surplus account to \$65,000, and its undivided profits account to \$26,000. Its capital is \$65,000.

☐ **Laredo National Bank**, Laredo, Texas, recently opened for business in its newly remodeled and air conditioned home.

☐ **Banks** in the South Texas Bankers Association recently adopted with only a few minor changes a schedule of service charges recommended by the Texas Bankers Association.

☐ **The first four floors** of the Fort Worth National Bank building, Fort Worth, Texas, will be air conditioned by July 1, at a cost of \$65,000.

☐ **Oak Cliff Bank & Trust Co.**, Dallas, Texas, has purchased a site for a new building, construction on which will start September 1. The new structure will contain such modern facilities as air conditioning and a hurry-up depository, and is expected to be available for occupancy by January 1, 1939.

☐ **The new home** of the Merchants Exchange Bank, unincorporated, has been officially opened at San Diego, Texas.

☐ **Columbus State Bank**, Columbus, Texas, now has deposits of more than \$406,100, loans and discounts exceeding \$166,390, and resources totaling more than \$489,090.

Mutual Type Investment

(Continued from page 6)

money invested in 10 of them, adjusted for dividends paid out, would have increased during the period 20 per cent more than the rise in the general stock market, as measured by the Dow-Jones 70 Stock (Arithmetic) Average, adjusted for dividends receivable. It would have increased 80 per cent more than the market as measured by the same average unadjusted for dividends. This average accomplishment of the 10 funds would seem to have amply demonstrated their future desirability as an investment medium for securing and conserving capital appreciation commensurate with the times and the diversified risk involved.

Earnings Record

The function of an investment company is diversification of risk and opportunity with a return on invested capital commensurate with sound investment policies. Any appraisal of investment company earning power must be based upon an understanding of the sources of income and the present-day political influence upon business and economics. Among the twenty funds studied in preparing this article those in existence during the past 5-year period paid dividends to shareholders yielding approximately 6 per cent on their average retail price.

The combined net earnings from all sources of the same twenty larger and better known open-end investment companies during 1937 amounted to \$25,072,320 as compared to \$41,622,800 in 1936. This net income from all sources represented a satisfactory return, being 6½ per cent on the average market value of the assets of the twenty companies under supervision during the year.

It is to be expected that the managements of American business corporations whose securities are held by investment companies will adopt a most conservative attitude with regard to dividend declarations while awaiting further developments in the current business recession and for Congressional action on tax matters. While no estimate of earnings can be made for 1938, able managements can be expected to give every consideration to securing a return on invested capital commensurate with current conditions and sound investment policies.

Expense Record

The open-end management type funds are operated on what is termed a "mutual" basis and, with few exceptions, are so set up that total annual operating charges, including fee for

management, does not exceed 1 per cent of the value of their assets. Management fee represents the largest single expense item and varies among companies, depending to a great extent upon the various operating expense items assumed by the management or supervising company. During the earlier years of a fund's existence while the total assets are only a few millions the operating costs are usually very high and for this reason some funds which have a management fee of 1 per cent compare favorably with those that have a fee of only ½ of 1 per cent but do not assume as many of the annual operating items. As the

fund increases in size this annual management fee of 1 per cent continues while the operating charges decrease. In most instances the annual management fee of the 20 funds used in this study does not exceed ½ of 1 per cent of total net assets.

Offering Price

The cost of original participation in mutual investment companies has been widely publicized under the term "load." The offering price is usually determined by taking market value of all investments plus brokerage charges and cash on hand, less any liabilities,

(Continued on page 45)



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MUNICIPAL BONDS

Louisiana Municipals

By J. W. KINGSBURY

Scharff & Jones, Inc., New Orleans

BONDS of the State of Louisiana and its larger political subdivisions, have experienced the most rapid rise in price since September, 1935. This rise has not been felt in the Highway Series "R," "S" and "T," but the market for these bonds has improved somewhat. The most noticeable rise has been in Highway Series "A" through "Q" and available offerings on those bonds are extremely scarce. The following table shows an approximate comparison of prices as of April 1 and May 21, 1938:

Highway 4½s, 1950	3.50%	3.30%
Highway 5s, 1954	3.70%	3.40%
Highway "Q" 3¾s, 1958	102.00	105.00
Port 4½s, 1955	101.00	103.00
Port 5s, 1955	104.00	106.50
Serial Gold 5½s, 1950	4.00%	3.80%

The obligations of such cities as New Orleans, Shreveport and Baton Rouge have decreased in yield approximately .20. Parish-wide obligations of the better Parishes such as Calcasieu, Lafayette, Ouachita, Madison and the like have had even a greater decrease in yield.

During the rise, most of the buying has come out of the East and Mid-West. This is the period of the year when banks in this territory are making advances to farmers for crop financing, and the local banks are not in the market for bonds, except in a few instances. Practically all agricultural advances will have been made by June 1 and such surplus funds as banks then have available will probably be placed in bonds. Should the Eastern demand for Louisiana bonds continue through June, that demand augmented by the local demand should see bonds still higher.

Sales of new bonds have been exceptionally attractive to the municipalities. Two new low interest rates were received when the Town of Thibodaux sold \$80,000 of Sewer bonds running through 1958 as 3¾%, and the Parish of Iberia sold \$50,000 one to ten year limited tax bonds at a small premium for 3¼%. These interest costs represent an all time new low for the respective municipalities, and the Iberia Parish was probably the lowest coupon rate for a limited tax bond ever sold in the State of Louisiana. Other sales

amounted to only \$30,000 or \$45,000 made up of several small issues.

New bonds in sight total approximately \$700,000, of which one-half will be sold by Jefferson Davis Parish for school purposes. It is expected that these bonds will be sold at an attractive price for the Parish. There is some talk that the legislature might authorize additional bonds for the purpose of constructing additions to two of the State colleges but there is nothing definite on that possibility at the moment.

The outlook at the moment is for continued strength in the market, and should there be no change in the nationwide market, Louisiana bonds should rise after June 1 due to local banks making purchases out of their surplus funds.

Mississippi Municipals

By J. W. KINGSBURY

Scharff & Jones, Inc., New Orleans

AN increase in the volume of new financing, coupled with some profit taking, has produced a decided increase in the activity of Mississippi bonds. There has been a tendency in some quarters to dispose of bonds having a premium of 12 points or more and reinvesting the proceeds in low coupon bonds, even though such action has resulted in reduced yields on the funds invested. The volume of such offerings has had no depressing effect on the market, there being many investors anxious to obtain yields despite the high premiums. On the other hand, the placing of some bonds in the market has stirred investor interest and all offerings are quickly absorbed at rising prices.

One large block of State 4½s was liquidated by an insurance account. Other than this one block, bonds have been coming into the market mainly in odd lots, seldom larger than blocks of \$10,000. The 4½s were promptly marked up some 15 basis points and are being sold in orderly fashion. Mississippi dealers would like to see more such blocks.

State Highway 3¼s and 3½s, after taking a rise of around 2 points in as many days, have become a little sticky and are now being offered at from a quarter to a half under the high of two weeks ago. Most of the large blocks of these bonds in dealers' hands are strongly held and no further recession

(Continued on page 41)

What the T. V. A. Development Means to Bankers of the South

By J. IRVIN CROSSETT

Union Planters National Bank & Trust Co.
Memphis, Tennessee

TO the average person the term "T. V. A." means a vast amount of government spending and the construction of a number of dams along the Tennessee River in Alabama and Tennessee. There seems to be a general impression that the T. V. A. development will result in a lot of cheap electrical power which will benefit only a relative few. This impression, however, is not strictly accurate.

The Tennessee Valley Authority development is one of the Government's largest projects and it affects the welfare of virtually everyone who lives in the South. The effects of this development will be numerous and important. The dams, aside from generating electrical energy, will aid materially in the alleviation of flood conditions and will prevent the loss of thousands of acres of fertile top soil along the course of the Tennessee River and its tributaries. Navigation will be improved, giving farmers cheaper access to markets, while the fertilizer plants in connection with the T. V. A. development will furnish fertilizer to the nation's farmers at remarkably low prices.

It is easy to associate the banker with this new program, for any development that helps farmers as well as other individuals will naturally help bankers. Most bankers are interested in the progressive development of their communities, and bankers in the South are in a position to profit from an investigation of the electrical and industrial features of the T. V. A. development.

It is the plan of the Government to generate enough electrical energy at the power sites along the Tennessee River to supply cheap electricity, not only to large metropolitan areas, but also to remote farm houses—at rates so reasonable that even the most humble farm tenant may enjoy the privileges of electricity.

The result should be a vast number of new consumers of electricity—consumers who will be prospects for all kinds of electrical appliances such as refrigerators, stoves, washing machines, radios, etc. Available statistics show that only one out of every four American homes is equipped with an electric refrigerator, and an even smaller percentage is equipped with

an electric stove. The South is far below other sections of the nation in this respect, so it appears that the T. V. A. will open a wide new market for the sale of electrical appliances.

Bankers who are looking for opportunities to loan their money will do well to investigate the possibilities of financing the sales of the vast amount of appliances which will surely follow the development of the T. V. A. project. Some bankers who have already investigated this new field for loans tell me that finance companies are cashing in on it because buyers were afraid to approach their local banker "with this type of loan."

While it is not my belief that commercial banks should be turned into finance companies, it does seem to me that they can make installment loans to those whom they regard as good credit risks. Methods can be worked out by individual bankers to handle this new type of finance according to the needs of their respective communities. In the case of farmers who are entirely dependent upon the sale of their crops to meet obligations, notes can be taken made payable when the crops are harvested. Those who live in cities and towns and who work for salaries can make monthly payments.

Bankers who foresaw what the T. V. A. would mean realized that the way to get these new loans was through the cooperation of dealers in electric appliances. They sought out those who contemplated the opening of new establishments to sell electrical appliances and helped them get the capital to open. In return these bankers received a lot of installment paper.

Beyond all of this, however, the T. V. A. will result in the location of many new industrial plants in the South, and the vast amount of cheap power should go far in diversifying the agricultural interests of the South. Electrical brooders will supplant antiquated methods of poultry raising. Dairies with modern equipment will be able to operate on a profitable basis. New interests will reduce the overproduction of cotton and stimulate other agricultural activities which will bring money to farmers at all

(Continued on page 41)

Missouri Municipals

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	Bid	Asked		Bid	Asked
Abitibi Power & Paper, 5s, 1953 . . .	43	44½	Inland Power & Light 1st Coll., 6s, Ser.	12F	13F
Alabama Water Service, 5s, 1957 . .	97	99	Indiana Central Telephone 1st, 5½s, 1938	90F	93F
American Gas & Power, 3-5s, 1953 .	38	40	Industrial Brownhoist, 6s, 1954 . . .	46F	51F
American Utilities Service, 6s, 1964	63	64	Iowa Electric Light & Power 1st "E," 4s, 1955	104	105
American Water Works, 5s, 1975 . .	82	84	Iowa Public Service 1st, 5s, 1957 . .	102½	104
Arizona Edison Income, 6s, 1960 . .	31	34	Iowa Southern Utilities 1st, 5½s, 1950 (Old)	97¼	98
Armour & Company, 4s, 1955	93½	94½	Kansas City Public Service 1st "B," 4s, 1957	28½	29¼
Arnold Print Works, 5s, 1952	51	53	Kentucky Utilities 1st Ser. "K," 6s, 1957	90	92
Associated Electric, 5s, 1961	43	44½	Lane Bryant, Inc., 6s, 1940	92½	94
Associated Gas & Electric, 3½s, 1978	24½	25¼	Lexington Telephone 1st, 6s, 1944 . .	99	100½
Baltimore & Ohio R.R., 4½s, 1939 . .	31½	33	Loews Theatre & Realty, 6s, 1947 . .	90¼	91
Bloomington, Decatur & Champagne, 5s, 1940	91½	93½	Lukens Steel 1st, 5s, 1955	56	58
Brown Company, 5½s, 1946	43	44	Manchester Terminal 1st "A," 6½s, 1941	30¼F	31¼F
Cairo Bridge, 6½s, 1958	45	47	Matthiessen & Hegeler Zinc 1st, 3-6s, 1945 W. S.	52	57
California Water Service, 4s, 1961 . .	103	104	Michigan Gas & Electric 1st Ser. "B," 5s, 1956	82	83½
Chicago Evening American, 6s, 1939 .	98½	100	Minnesota & Ontario Paper 1st, 6s, long	27¾F	28¾F
Chicago Stockyards, 5s, 1961	92	94	Mountain States Power 1st Ser. "B," 6s, 1938	85F	87F
Cities Service, 5s, 1958	53½	55	National Baking 1st Ser. "A & B," 6s, 1941	100	101½
City Light Traction, 5s, 1952	62	64	Northern Elec. Co. & Northern Paper Mills 1st, 5s, 1948	88	92
Commonwealth Gas Corp., 6s, 1948 W. S.	48	53	Northwestern Light & Power 1st "B," 6s, 1950	64	67
Consolidated Cities Lt. Pr. & Traction, 5s, 1952	67	68½	Ohio Electric Power 1st, 5s, 1957 . .	90½	92
Consolidated Elec. & Gas, 6s, 1962 .	40	42	Old Dominion Power 1st Ser. "A," 5s, 1951	54½	56½
Credit Service, 6s, 1948	47	48	Omaha & Council Bluffs Rwy. & Bridge "A," 6s, 1947	79	82
Cumberland County Power & Light, 3½s, 1956	100½	101	Pickering Lumber Income, 4s, 1952 W. S.	22½F	25F
Dallas Railway & Terminal, 6s, 1951 .	55	56½	Plaza Olive Bldg. 1st, 6s, 1940	34F	37F
Detroit & Canada Tunnel, 5s, 1966 . .	78	80	Portland Electric Power, 6s, 1950 . .	13¾F	14½F
Detroit City Ice & Fuel, 4s, 1948 . . .	79	81	Republic Natural Gas 1st "A," 6s, 1954	98	99
Detroit River Tunnel, 4½s, 1961 . . .	95	96½	Republic Service 1st "A," 5s, 1951 . .	61½	63½
Dominion Gas & Elec., 6½s, 1945 . .	79	80	Schulze Baking 1st, 6s, 1945	71	72
East Coast Public Service, 4s, 1948 .	52½	54½	Southern Cities Utilities 1st "A," 5s, 1958	40¾	41½
East St. Louis Interurban Water, 5s, 1942	100	101½	Southern Illinois Missouri Bridge 1st, 4s, 1951	64	67
East St. Louis Interurban Water, 5s, 1960	105	107	Standard Public Service Co. 1st "A & B," 6s, 1948	54	56½
Eastern Gas & Fuel, 4s, 1956	75	76	Standard Textile Products 1st S. F., 6½s, 1942	17F	19F
Empire Gas & Electric, 6s, 1952 . . .	103	104½	Telephone Bond & Share Deb. "A," 5s, 1958	60½	61½
Falstaff Brewing Deb., 5s, 1947	89	93	Union Gas System 1st, 5s, 1948	54	57
Federal Portland Cement, 5s, 1947 . .	51	54	United Public Utilities "B," 5½s, 1960	75	76
Federal Water Service, 5½s, 1954 . .	71	73	United States Radiator S. F. "A," 5s, 1946	48	51
Federated Utilities, 5½s, 1957	60	61	United Stock Yards 1st, 4¼s, 1951 . .	86	88
First National Company Participation, 5s, Serial	14½	15½	Vicksburg Bridge & Terminal 1st, 6s, 1958	86F	88F
Florida Public Service, 4s, 1955 . . .	69	71			
Flour Mills of America, 6½s, 1946 . .	43	45			
Freuhauf Trailer, 4½s, 1947	86	89			
Gatineau Power, 5s, 1957	103½	104			
General Public Utilities, 6½s, 1955 .	71	73			
Godchaux Sugar, 5s, 1947	104	105½			
Granite City Generating, 5s, 1962 . . .	56	58			
Granite City Iron, 5s, 1943	46	48			
Greenwich Water & Gas, 5s, 1952 . . .	99	100			
Griess Pflieger Tanning, 5½s, 1948 . .	27F	29F			
Gulf Coast Water, 5s, 1948	48	50			
Gulf Public Service, 6s, 1945	85½	87½			
Hamilton Gas, 6½s, 1957	36	39			
Hearst Brisbane, 6s, 1938	45½	47½			
Holly Sugar, 4s, 1947	93½	94½			
Houston Electric, 6s, 1950	85	88			
Houston Natural Gas, 6s, 1942	102	103½			
Idaho Power, 3¾s, 1967	102¾	103¾			
Illinois Commercial Telephone, 5s, 1948	97	98½			

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What the T. V. A. Means to the South

(Continued from page 39)

times during the year, rather than just at one time. Bankers should prepare now to meet the coming changes and secure their share of the new business. The steel towers dotting the South, and over which many miles of cables will soon be strewn, are monuments to a new era.

Mississippi Municipals

(Continued from page 38)

in asking price is anticipated for the near future. The late summer and early fall demands from banks in the state should easily absorb all of these bonds available at that time.

New issues include \$270,000 Pike County Refunding 4s; \$67,000 City of Vicksburg 3s (these purchased by one of the City's sinking funds); \$282,000 Lee County, Refunding 3½s; \$60,000 City of Clarksdale, Funding 3½s, \$110,000 Copiah County, District Refunding 4s and \$55,000 Washington County, Arcola School 3½s. Not a large total for the period but these issues did replenish dealers' stocks, which had been, and still are, at a very low figure.

The total of new issues in sight during the next 30 days is, as well as can be learned, very small and will consist, in the main, of refunding issues which do not change the volume of bonds available.

As in Louisiana, this is the period in which banks make the bulk of their commercial loans. During that period bank purchases are usually low. After June 1 banks should be back in the market, to a limited extent, and other conditions being as they are at this writing, this increased demand should give further firmness to prices.

¶ **C. J. Devine & Co., Inc.**, specialists in government securities recently issued the 1938 edition of its annual survey of government financing. The booklet presents a review of the course of government financing for 1937 and the changing character of the demand for government securities during the year.

"Treasury financing operations during 1937," the review states, "presented no serious difficulties in spite of the fact that approximately three billions of dollars of new money was required. The social security funds provided a demand for over a billion dollars of Government issues. Purchasers of United States savings bonds absorbed an additional 488 million. About 500 millions of dollars of bonds of a special series were issued to the Government Life Insurance Fund, pursuant to the payment of the veterans' bonus. Approximately 20 millions of dollars of special Treasury issues were sold to various other Government funds. Thus,

requirements to be met by new financing in the open market were reduced to a relatively small amount.

"New offerings of Treasury securities in the open market for cash were made at only two of the quarterly financing dates. They totaled less than the offerings for cash in any previous calendar year since 1930. The outstanding principal amount of Treasury bonds publicly traded increased by about a billion dollars. An increase in the amount of Treasury notes was offset by a comparable decrease in the maturity value of Treasury discount bills outstanding. The Government's policy of sterilizing imported and domestically mined gold called for an outlay of cash in the net amount of 1.2 billions of dollars as payment for gold. Had it not been for the adoption of this policy, a net reduction of the 'open market' debt could have been effected during 1937."

¶ **The St. Louis Federal Reserve Bank** has just completed and mailed to its member banks and others a study of the operating ratios of 384 member banks in the Eighth District during the year 1937.

For purposes of the study the banks were segregated into seven groups, according to volume of average deposits as of March 31, June 30, and December 31, 1937. Ratios are given for each group and in addition for banks in all the groups combined. Group one includes banks with deposits up to \$250,000; group two, \$250,001 to \$500,000; group three, \$500,001 to \$1,000,000; group four, \$1,000,001 to \$2,000,000; group five, \$2,000,001 to \$5,000,000; group six, \$5,000,001 to \$10,000,000, and group seven, over \$10,000,000.

The ratios are given under the following headings: (1) Sources and disposition of earnings, (2) Earnings and loss experience on loans and investments, (3) Measures of operating efficiency, and (4) Earnings on capital investment.

The study shows that during the year, 50.9 per cent of the earnings of all the banks was derived from interest and discount on loans, while interest and dividends on investments accounted for 34.3 per cent. Of the total operating earnings, current expenses absorbed 71.6 per cent. The net additions to profits were 21.4 per cent of such earnings.

The banks in all groups averaged 6.1 per cent interest on loans and discounts and 3.5 per cent on investments. The net loss of all banks amounted to only 0.5 per cent of their total loans and of their investments.

The net earnings of all banks were 8.8 per cent of their capital funds (capital, surplus, undivided profits, and reserves), and the net additions to profits amounted to 6.6 per cent.

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SAME MANAGEMENT

LEGAL TENDER

Volume 23

June, 1938

Number 6

EDITORIAL BOARD

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Mississippi Valley Trust Company

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FLORENCE PETERSON

Official Publication

St. Louis Chapter

American Institute of Banking

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.

Class Prizes

This issue of Legal Tender marks the close of another school year. The final examinations have been completed and the results show a year of well-rewarded effort by the students and their instructors. While the chapter has endeavored to meet every educational requirement during the past year, it is planning to serve in a greater capacity and with increasing efficiency next year.

Following our usual custom of awarding \$5.00 cash prizes to students who attain the highest averages in their respective classes, we announce the winners as follows:

Bank Organization and Operation: Mr. Sagner's class, Charles A. Grant, St. Clair National Bank, 95 per cent.

Commercial Law: Mr. Luedde's class, Herbert R. Meckfessel, North St. Louis Trust Company, 96.5 per cent.

Commercial Law: Mr. Strong's class, John B. Blatz, Tower Grove Bank and Trust Company, 95.5 per cent.

Negotiable Instruments: Mr. Luedde's class, Miss Adeline Brockmann, State Bank and Trust Company, Wellston, Missouri, 100 per cent.

Negotiable Instruments: Mr. Strong's class, Raymond Meckfessel, Boatmen's National Bank, 95 per cent.

Economics I: Dr. Lippincott's class, Miss Amelia Schirmer, St. Louis County Bank, Clayton, Missouri, 96.45 per cent.

Money & Banking: Mr. Boettcher's class, Richard Callahan, Boatmen's National Bank, 99.5 per cent.

Credit Management: Mr. Kerr's class, William C. Dowd, Security National Bank Savings and Trust Company, 95.5 per cent.

Bank Management: Mr. Gregory's class, Robert E. Graham, Union Trust Company, East St. Louis, Illinois, 91.9 per cent.

Investments I: Mr. Towne's class, Thomas Bookstaver, Mercantile-Commerce Bank and Trust Company, 94 per cent.

Trust Business II: Mr. White's class, Robert M. Ochs, Boatmen's National Bank, 90 per cent.

English: Miss Hower's class, George L. Otto, Federal Reserve Bank, 93 per cent.

English: Miss Hower's class, Hugh W. Minnis, Mercantile-Commerce Bank and Trust Company; Marie Shea, Boatmen's National Bank; Bessie Ogle, Federal Reserve Bank, tied with 95.5 per cent.

Home Mortgage Lending: Mr. Healy's class, Dale Lewis, Federal Reserve Bank; Roscoe E. Menz, First National Bank, Highland, Illinois; Charles Terney, Cass Bank and Trust Company, tied with 97.2 per cent.

Accounting I: Mr. Meyer's class, Ray W. Stocker, Union Trust Company, East St. Louis, Illinois, 98 per cent.

Accounting I: Mr. Rotermund's class, Anthony W. Connole, Federal Reserve Bank, 98 per cent.

Public Speaking: Dr. Lippincott's class, Edward B. Hughes, Mercantile-Commerce Bank and Trust Company, 95 per cent.

The grades in Accounting III and Mr. Gregory's Banking I class are not available as we go to press.

Bank Auditors Elect

John Vuch, auditor of the United Bank & Trust Company, was elected chairman of the St. Louis Conference of Bank Auditors and Comptrollers at a meeting held on May 24. He succeeds C. L. Moore, assistant auditor of the Mississippi Valley Trust Company.

Other officers elected were: Joseph C. Wotawa, auditor of the Manufacturers Bank & Trust Company, first vice chairman; E. M. Kleinsorge, cash-

ier, the Southwest Bank of St. Louis, second vice chairman; and Ralph M. Fox, assistant cashier, the Plaza Bank of St. Louis, secretary and treasurer.

C. L. Moore, retiring chairman; John C. Seiler, general auditor of the Industrial Bank & Trust Company, and C. C. Hammond, First National Bank in St. Louis, comprise the executive committee.

District Public Speaking Contest

The district public speaking contest was held on Saturday, May 7, in the Junior College, St. Joseph, Missouri. Seven chapters were represented by speakers chosen in local chapter contests. The speakers were George H. Thompson, Denver Chapter; E. L. Wulfmeyer, Jr., Wichita Chapter; Albert J. Trossen, St. Paul Chapter; Bernard Jordan, Kansas City Chapter; Bernard Hoffer, Topeka Chapter; Earl Patch, Minneapolis Chapter, and William J. Hagedorn, St. Louis Chapter.

Bernard Jordan of Kansas City Chapter was adjudged the winner having received two first places and one fifth place. William J. Hagedorn of St. Louis Chapter received one first place and two second places, a low point total of 5 as compared with Mr. Jordan's low point total of 7; however the rules provide that any speaker receiving two first places is the winner. We congratulate Mr. Jordan and hope he will be successful in the competition at the Louisville national convention.

The subject of all chapter, district and convention contests is: "A Program for the Improvement of a Bank's Relationship to the Public."

◆ **The first United States tax** on tobacco for internal revenue was levied in 1862 and yielded about \$3,000,000. Now only the income tax produces more revenue than the tax on tobacco.

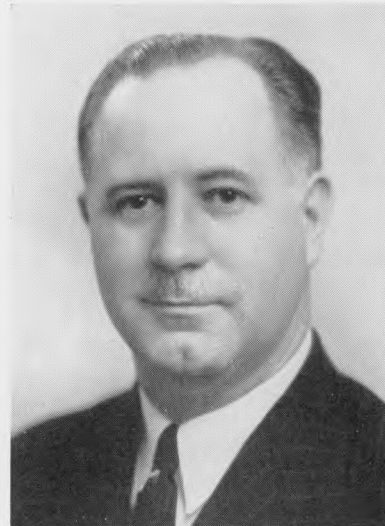
New Chapter Officers Are Named



FRANK J. O'RIORDAN

DEWNEY D. SHEA, Federal Reserve Bank of St. Louis, was elected president of St. Louis Chapter at a meeting of the board of governors held May 3. He succeeds David L. Colby of the Boatmen's National Bank who will serve one more year on the board of governors as past president ex-officio. Frank J. O'Riordan, Manchester Bank, was elected first vice president; John C. Seiler, Industrial Bank & Trust Company, second vice president; Miss Antoinette S. Pernoud, Manufacturers Bank & Trust Company, associate vice president, and Lawrence F. Brennan, First National Bank of St. Louis, treasurer. All of the above named officers, together with the governors recently elected, will be officially installed into office on May 26.

Mr. Shea began his banking career with the St. Louis Clearing House Association as a clerk in 1915. In 1919 he entered the employ of the Federal Reserve Bank of St. Louis and has been with that bank continuously since then, and is now head of the transfer department. Dewey is an Institute graduate having received his Standard Certificate from St. Louis chapter in 1934. He was elected to the board of governors in 1932 and has successively held the offices of treasurer, second vice president, and first vice president. During these years he has been chairman of five committees; entertainment, membership, public affairs, finance and education. A regular attender at institute national conventions Dewey is well known throughout the country.



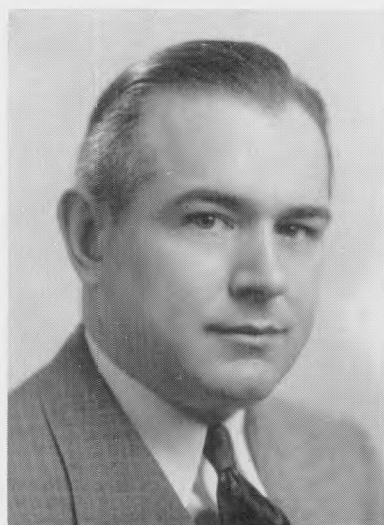
JOHN C. SEILER



DEWEY D. SHEA

with that institution continuously since then and is now its general auditor, and is serving his second term as president of the Industrial Bank Employees' Mutual Benefit Association. John has been a member of the board of governors for the past two years and has been active on many chapter committees. He is well known in St. Louis banking circles having served in many capacities which led to the chairmanship of the St. Louis Conference of Bank Auditors and Comptrollers of which he is now a member of the advisory board.

Miss Antoinette S. Pernoud who succeeds Miss Mathilde M. Woltjen as associate vice president, is secretary to the president of the Manufacturers Bank & Trust Company. She received



LAWRENCE F. BRENNAN

The chapter will benefit by his long and varied experience in chapter administration.

Frank J. O'Riordan, newly elected first vice president, has also had much chapter experience. He served a term on the board of governors, was elected treasurer and did an outstanding job as chairman of the finance committee. Last year he served as second vice president and chairman of the public affairs committee. Frank is president of the St. Louis Safe Deposit Association and is a member of the St. Louis Conference of Bank Auditors and Comptrollers. He began his banking career with the Manchester Bank in 1912 and is now its Auditor.

John C. Seiler, newly elected second vice president, began his banking career with the Industrial Bank & Trust Company in 1916 and has been



ANTOINETTE PERNOUD

the Institute Pre-Standard Certificate in St. Louis Chapter in 1936. As chairman of the women's committee this past year her work was an outstanding success. She served a two-year term on the board of governors, having been elected in 1936. As associate vice president she will represent all chapter women on the executive committee.

Lawrence F. Brennan, newly elected treasurer, will head the chapter finance committee this year. He served a two-year term on the board of governors and was chairman of the entertainment committee both years. After graduating from C. B. C. high school he entered the employ of the First National Bank in St. Louis as a clerk in the clearing house department and became assistant manager. He also has served the bank in other departments — transit, bookkeeping, teller, exchange, currency, and is now in the personal loan department. He completed Commerce and Finance at St. Louis University in 1925. In 1929 he received his LL.B. in City College and was admitted to the Missouri Bar the same year.

Committees Report Results of Year's Projects

June marks the beginning of the chapter's fiscal year and the newly elected officers and governors assume the administration of chapter affairs. A report of the formal educational program of the chapter is made the subject of a separate article in this issue.

In its effort "to make better bankers" the Institute parallels, to some extent, the work done in universities to help a student to develop his personality. These activities are divided into eighteen committee groups, each with a chairman appointed by the president and approved by the board of governors, and selected chapter members. Chapter members who are interested in serving on these committees are urged to communicate with the president. Membership on these committees provides opportunities for displaying initiative and leadership and marks the individuals who will carry on the work of the institute the next year. The work done on committees is recognized by chapter officers in more or less the same manner as extra-curricular activities are recognized by university deans.

Space does not permit of a detailed exposition of all the phases of committee activities. The following summary is intended to outline briefly the accomplishments of each committee.

On June 20, last year, a golf tournament was conducted under the chairmanship of Edward F. Sertl of the Security National Bank Savings & Trust

Company, and prizes were awarded for low scores in golf at the Banker's Picnic on August 29.

In addition to the picnic on August 29 the entertainment committee, under the chairmanship of Larry Brennan, sponsored an Armistice Day Dance on November 10, a St. Patrick's Day Dance on March 17, and the Annual Banquet on April 20.

Three Forum Meetings were held under the leadership of William L. Gregory, vice president and cashier of the Plaza Bank. On January 19, Dr. William F. Gephart, vice president of the First National Bank in St. Louis, spoke on "What is the Future for Commercial Banks." Walter Wyatt, general counsel, Federal Reserve Board, Washington, D. C., spoke on "The Board's Regulations," February 21. Prof. William A. Irwin, assistant national educational director of the Institute, addressed the group on "Some Current Economic Tendencies," April 7.

Miss Antoinette S. Pernoud of the Manufacturers Bank & Trust Company, chairman, and the members of the women's committee sponsored affairs for ladies at Norwood Hills Country Club on September 11, a Style Show and Tea at Scruggs-Vandervoort-Barney's on December 4, and entertained Mrs. Ethel White Kuechler, Hartford, Connecticut, national chairman of the Institute women's committee, at dinner on January 25.

The Public Affairs Committee, chaired by Frank J. O'Riordan of the Manchester Bank of St. Louis, sponsored visits to Lambert-St. Louis Municipal Airport on September 25; St. Louis Dairy Company on November 16 and 18, and Hiram Walker & Sons, Inc., at Peoria, Illinois, on Washington's Birthday, February 22.

The National Radio Commencement Exercises were broadcast from KWK in St. Louis on September 10, with Dr. Harold Stonier, executive manager of the A. B. A. and educational director of the Institute, and Branch Rickey, vice president of the St. Louis National (Cardinals) Baseball Club making the addresses. Both gentlemen addressed our group of graduates and friends at Municipal Auditorium after the broadcast. Institute Certificates were distributed to our graduates by Dr. Gephart. Ted W. Johnson, Mercantile-Commerce Bank and Trust Company, handled all the arrangements.

The debate committee, William J. Hagedorn of the Federal Reserve Bank, chairman, conducted three inter-bank elimination debates. The Federal Reserve Bank team won loving cups, repeating their performance of the previous year. Five inter-chapter debates were held: Detroit, Quincy, Kan-

sas City, Nashville, and Memphis Chapters.

The membership committee, Hugh S. Hauck of the Boatmen's National Bank, chairman, increased our membership by 19, attaining a total of 1098 vs. 1070 last year.

Eugene C. Wienke of the Mercantile-Commerce Bank and Trust Company headed the chapter finance committee. We take pleasure in announcing that the chapter was able to carry on its increased activities this year with a heavier expense than usual without a deficit.

The Public Education Committee, under the chairmanship of Elmer C. Lips of the Federal Land Bank, supplied speakers on banking subjects to women's clubs, boy scout troops, high schools and bankers groups. Nearly 900 high school students visited the Federal Reserve Bank during the year.

Chapter Publicity was handled by Winston G. Ettl of the Mercantile-Commerce Bank and Trust Co. Three panels 36 x 72 exhibiting copies of our publicity will be on display at the Institute National Convention in Louisville June 6-10.

Walter Nentwig of the Security National Bank Savings & Trust Company was chairman of the reception committee. This committee handled the seating arrangement at the annual banquet and at the commencement exercises.

The alumni committee with Emil W. Kubik of the Mississippi Valley Trust Company as chairman prepared a list of all chapter graduates. A get-together dinner of the members of the class of 1917 and former years was held at the Missouri Athletic Association on December 16.

The transportation committee with Harold M. Miles as chairman took care of the transportation needs of chapter members at the picnic, public affairs trips and the women's committee parties, and visiting delegates en route to the national convention.

The auditing committee, with John C. Seiler as chairman, made two audits of the books of record of the chapter reporting all receipts from dues, tuitions, contributions and other sources and checking all disbursements, reporting to the Board of Governors.

And last, the editorial staff of Legal Tender, Albert C. Boettcher of the Mississippi Valley Trust Company, chairman, published chapter news.

☐ **Third National Bank**, Ashland, Kentucky, has retired 25 shares of preferred stock "A," par value \$1,000. Capital now consists of \$80,250 "A" and \$25,000 "B" preferred, and \$62,500 common stock.

Mutual Type Investment

(Continued from page 37)

dividing by the number of shares outstanding and adding to the result the cost for distributing the shares. An analysis of "load" is actually a question of results—do the results actually achieved by the management justify the cost of participation. If a capably managed fund can produce results which show a fair margin above the "load" and annual management fee, and these are better over a period of years than the average investor might expect to achieve, then the premium paid to have funds supervised by the management is justified.

Too often the "load" of mutual investment companies is confused by comparing it with commissions charged by standard stock exchanges. The premium paid to participate in a competently managed fund covers many more additional advantages than the mere cost of buying and selling of securities. First and foremost it offers the investor the opportunity of having his funds properly diversified and under constant and capable supervision. It offers him the ability to readily resell his shares at a price based on their net asset value. It supplies him with information and audited statements concerning his assets. It assures him that his funds are adequately safeguarded by being held under a custodianship or trusteeship by some well known trust company. A comparison of the cost of original participation and annual management of mutual investment companies with the results actually achieved indicates that the term "load" is in most cases a misnomer as it is in reality a reasonable service charge.

Invested Assets of Mutuals

As stewards of a portion of the collective savings of more than a million investors, the portfolio changes made by the managers of mutual investment companies during both good and bad times offer a key to the stability and future growth of this great financial industry. Therefore, changes in portfolios of twenty of the larger and better known open-end (mutual) investment companies, and the policies which regulated such changes, during the recession year of 1937 are of interest as an indication of what industries and what individual stocks appear to the managers to offer the greatest investment opportunities.

In view of the uncertainty in the stock market that was reactionary for over 50 per cent of that year many of these twenty mutual companies followed the policy of increasing cash

holdings. During the third and fourth quarters of the year portfolios were defensively rearranged and less desirable commitments liquidated and the proceeds retained in cash. Any losses which resulted from such rearrangement of the portfolios were offset by profits realized earlier in the year. New monies arising from the sale of capital shares were in most instances allowed to accumulate awaiting an opportune time for investment. Several companies took advantage of the severe reaction in the stock market on October 19, and subsequent thereto, and invested a portion of their cash holdings. At the 1937 year-end cash held by these twenty mutual companies totaled \$44,068,969. This tremendous sum represents an increase of \$16,859,552 over the \$27,209,417 cash holdings of these twenty mutual companies at the close of 1936. All of these 20 companies do not report quarterly but those that do, and whose statements are available at this time, show a substantial increase in their cash positions at the end of the first quarter of 1938.

The open-end, i. e., "mutual investment company," not only offers the investor a convenient method of purchasing a cross-section of America's industrial life but it fills a very definite need in the financial life of the country. It provides for the average investor of moderate means able management of his savings at a nominal cost and at the same time provides a wide and very much needed market for the good bonds and stocks of our leading industrial, rail and utility corporations.

New Investment Company Formed in St. Louis

Irwin R. Harris & Company has been formed in St. Louis to conduct a general investment securities business dealing in corporation bonds and stocks, and in Missouri and other Southern municipal bonds. The firm's offices are located in Suite 506 of the Security building.

Irwin R. Harris, senior member of the firm, was secretary of Peltason, Tenenbaum & Harris, Inc., until May 1 of this year, and has been engaged in the securities business in St. Louis in an executive capacity for the past sixteen years. Before coming to St. Louis he was with the Union Planters National Bank and Trust Company, Memphis, Tennessee, as credit manager.

☐ Peoples State Bank, Berryville, Arkansas, has undergone voluntary liquidation.

Recently Elected Officer of Manchester Bank



EDWARD C. MUCKERMAN

Mr. Muckerman, who was formerly comptroller of the City Ice & Fuel Company, was recently elected a vice president of the Manchester Bank, St. Louis.

Newly Elected Secretary of St. Louis Bank



FRANK C. BALL

Mr. Ball, formerly assistant secretary of the Mississippi Valley Trust Company, St. Louis, has been elected secretary, succeeding J. P. Bergs who died recently. Mr. Ball has been with the bank since 1906, serving as bookkeeper and safe deposit officer before becoming assistant secretary. He is a former president of the St. Louis Chapter of the American Institute of Banking.

☐ Peoples National Bank, Little Rock, Arkansas, has been remodeled, re-decorated and air conditioned.

Answers to Legal Questions on Page Twelve

1 No. It is well settled by a uniform line of decision that the invalidity or irregularity in the appointment of an executor or administrator cannot be taken advantage of by a surety on his bond by way of defense to the liability on the bond.

2 No. The general rule that a State cannot be sued without its consent is applicable in this case and the bank therefore could not sue the State in the foreclosure proceedings. The State's right to the land conveyed to it was, however, subject to the mortgage and it is possible that some means of procuring reimbursement from the State could be arranged inasmuch as a State cannot take property for public use without just compensation to the party from which it is taken.

3 No. The widow can recover from the insurance company. She acted in good faith in arranging the cremation and, in fact, made the arrangements at the request of the deceased. The insurance company should not be permitted to escape its just obligations on a technicality under such circumstances. Such a holding is further justified because there would have been nothing for the insurance company to gain through an autopsy.

4 No. It is the generally accepted view that the claim of a surety for indemnity on an appeal bond entered into with a corporation in the course of litigation is not entitled to a preferred claim over the claim of a holder of a first mortgage on the assets of the corporation. In view of this, the claim of the bank should prevail over that of the surety company.

5 No. Where a buyer has knowledge, or an opportunity to acquire knowledge, of a deficiency in the quantity of goods delivered under a sale of a designated quantity, and fails to verify such quantity and to notify the seller promptly of any shortage, or otherwise object to the account, he will be deemed to have waived it and will be estopped to set it up to defeat the seller's right to recover for the alleged deficiency. Here, since Trimble did not notify Foster of the alleged shortage within a reasonable time he cannot utilize it in his answer to de-

feat part of Foster's suit for the shipment about one year after it was made.

6 Yes. A receiver of a national bank, who, in the course of his receivership, is maintaining a building and has an employe who receives an injury arising out of and in the course of his employment while working on such building, can be held liable for compensation under the state's workmen's compensation act, according to a recent Illinois Supreme Court decision. The award of compensation in such instances is considered an expense of the receivership.

7 Yes. Under statutes providing that a person may pay a tax under protest, specifying the grounds of such protest in writing, and afterwards, within a limited time, bring an action for and recover the amount paid, if the tax is shown to be illegal, it has been held that the protesting person cannot subsequently recover the tax upon some ground other than those stated in his protest. He is limited to a recovery for the reasons outlined by him in his protest.

8 No. The insurance policy clearly provided that the insurance company was not obligated to pay weekly benefits for injuries resulting from gunshot wounds. The fact that a few payments were made was not sufficient to constitute a waiver by the insurance company of its right to refuse to pay under the policy. There was never any legal obligation to pay and the course of conduct of the insurer was not such that it was obligated to continue the payments.

9 Yes. Statutes along the lines of those referred to in the question have been consistently construed as making the appointment of a nominee of a surviving husband or wife mandatory, so that such nominee's right to appointment is superior to that of a member of a subsequent class. It follows that Legatski should receive the appointment as administrator despite the objections of the brother of the decedent.

10 Yes. The fact that the written admission of the indebtedness had been lost did not make it invalid and did not operate to cause the note

and mortgage to become ineffective on account of the statute of limitations. The fact that there was a written instrument admitting the indebtedness was sufficient to keep the statute of limitations from becoming applicable even though the instrument itself could not be found.

Bankers I Have Known » »

By
BILL REED

Former State and National Bank examiner, now with the St. Louis office of the R. F. C.



W. H. REED

JOHAN B. JENNINGS, president of the Mechanics Bank and Trust Co., Moberly, Missouri, is one of the best-known bankers in north central Missouri and enjoys a wide personal acquaintance with bankers all over the state. John Jennings is not only one of the best bankers in the State of Missouri, but also one of the state's finest citizens. It has been my pleasure to have known him for the past forty years. I have visited him in Moberly and have spent many happy hours with him at bankers conventions in Missouri where we both were regular attendants for many years.

The Jennings bank always has been a tower of strength to Randolph and adjoining counties, but has been much criticized by those who were unable to borrow as much money as they thought they should have. These critics, however, have been mellowed by seeing many other banks in the surrounding country closed while the Jennings bank stood like a Rock of Gibraltar through all financial storms.

It should be a source of great pride to John Jennings and his associates to know that the loan policy which has been adhered to so strictly for the past forty years is now used by practically every bank in the United States. It is a pleasure for me to write a few words of praise for John Jennings and the fine banking institution he has guided for so many years. He is a fine citizen, a successful banker and a friend upon whom you may depend at all times. In recent months he has not enjoyed his usually good health, and I am sure that his many friends will join me in wishing him a speedy return to health and vigor in order that we may enjoy many more years of his useful life and fine companionship.

WENTWORTH Military Academy

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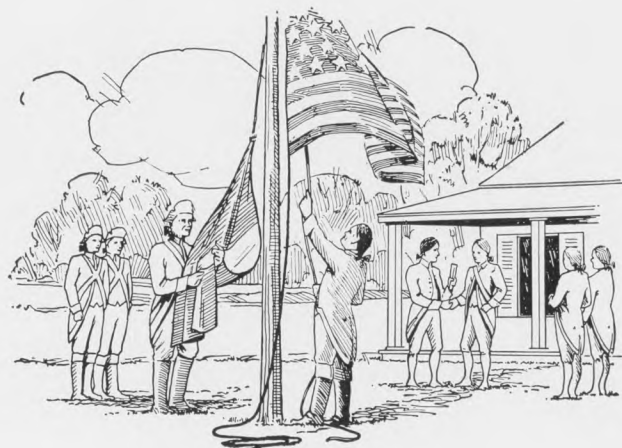
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