

MID-CONTINENT BANKER

The Financial Magazine of the Mississippi Valley

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a Mississippi River Scene
by Donald H. Clark

OUR ECONOMIC SYSTEM MAKES POSSIBLE THE HIGHEST LIVING STANDARDS ON EARTH



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.

IT is a platitude that the pen is mightier than the sword. But economic ideas are more powerful than pen and sword combined. Wrong ideas about money, for example, have cost the world almost as much misery as famine has. A Scotch adventurer once sold the King of France a foolish idea about paper money, and it ended by prostrating France.

You might find it worth-while to sit down some time and consider your own ideas about our economic system. Do you believe that it is a failure, that it grows worse rather than better, that it works out to make the poor poorer and the rich richer? You hear a good many statements saying that the answer is "yes." It is a pretty serious question. If all the endless toil of humanity, all the invention and discovery through the ages, all the improvement in education, result only in having the bulk of our people get less and less from life, then our whole economic system is a dismal failure.

But the correct answer is "no." The American economic system gives all classes of our population a better living than that provided by any other system, at any time, anywhere, on earth. It gives all classes in the nation more necessities and more luxuries, for less labor and less sacrifice, than at any earlier time.

Of course there are defects in this system. The existence in our midst of serious poverty is one of these failures of the system. Wide-spread unemployment is another defect. But the question is whether the system grows better or grows worse. It grows better. Steadily, as the years go by, the proportion of people in poverty in our population declines. It is not easy to compare different periods, but it is a fair estimate that one hour's labor gives 4 times the living of one hour's labor in the time of George Washington. Even in the troubled years since 1925

the hourly pay of the average worker has materially increased.

The exact distribution of our wealth nobody knows, although many men make estimates. But what facts we do have prove that our economic system works irresistibly to make a better living for all classes of our population. I don't want to bore you with figures. But there are about 13 million home-owners in this country, about 11 million building and loan shareholders, about 40 million owners of savings accounts, about 60 million owners of insurance policies, more than 20 million automobile owners.

When we study the distribution of wealth we find that the groups in the total population who own homes and savings and valuable property have grown much faster than the whole population. This is the only large nation on earth in which the worker goes to work in his own car, the only nation in which the average man has a telephone, a radio, a refrigerator, a bathtub. The rest of the world knows what our economic system does. Open our doors to immigration tomorrow and the working people of every great nation in the world would swarm into this country in uncounted millions.

These are important facts. But here is the most important fact of all: So far as statistics are available, they show us that in every single item of economic welfare, wages, hours, incomes, ownership of property, there has been steady progress through our whole national existence.

We have had occasional set-backs and relapses in this economic tide, from war or depression, but we have always recovered and gone forward faster than before. The condition of the plain man in America improves with the passing years. Don't let anybody tell you anything different.

FIRST NATIONAL BANK

IN ST. LOUIS

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MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

1938 Convention Calendar

Kentucky: September 13-15, Lafayette Hotel, Lexington.

General Conventions

- Aug. 15-19:** First Arkansas Bankers Seminar, University of Arkansas, Fayetteville.
- Aug. 24-27:** Virginia Bankers Conference, University of Virginia.
- Aug. 22 - Sept. 2:** Pacific Northwest Banking School, University of Washington, Seattle.
- Sept. 29-30:** Mid-Continent Trust Conference, Stevens Hotel, Chicago, Ill.
- 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.

For "Rush Hour" Deposits



Pictured above is one of the new rush hour deposit boxes being marketed by the Diebold Safe & Lock Co., Canton, Ohio. It is designed to save time for those who do not care to wait in line during rush hours. Two employes must work together to open the depository—one controls the combination lock and the other carries the key for the door handle lock. Several installations of this type have been made in Mid-Continent banks. St. Louis installations include the Mississippi Valley Trust Company, Manufacturers Bank & Trust Company and Plaza Bank of St. Louis.

Mid-Continent Banker

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Mississippi Valley Trust Company
St. Louis

Member Federal Deposit Insurance Corporation

LEVERAGE in Investment Trusts

By WM. H. GRIFFITHS

President, Research & Management Council, Inc., New York

This is the fifth of a series of articles designed to help bankers answer their customers who ask: "How Shall I Invest My Money?" Previous articles have stressed the importance of equities as well as fixed-income securities in well-rounded investment programs, and have discussed investment trusts as a solution to the problem of investing in equities. They have also discussed the various types of investment trusts, particularly "mutual funds," and have made suggestions for the selection of investment trusts. This article deals with the "leverage factor" in investment trusts and should be of particular interest to banker readers.

WHEN an individual or an institutional officer sits down to cast an investment policy, there are a score of decisions which must be made. One of them, which will be discussed in this article, particularly as it applies to investment trusts, is in most cases considered instinctively rather than objectively.

That decision relates to *relative fluctuation*, which is more concretely seen in its aspect of leverage. Generally speaking, the degree of risk in any security will be the measure of the degree of possible gain. But this generality is altered by many factors, such as the premium placed upon "hope values."

Take the case of a bond portfolio. As between long- and short-term bonds of the same quality, the longer-term bonds offer the greater degree of possible gain, and concurrently, the greater degree of risk—neglecting for this purpose the differential in interest rates. As between higher- and lower-grade bonds, the latter offer the greater degree of risk, and the greater possible gain.

Thus the man running a bond portfolio must make his current decisions against a background of the *relative fluctuation* which he has laid down as proper for his situation.

In the case of stocks, relative fluctuation is even more confusing, because more factors enter into the picture more directly. Common stock prices do not move simply in accordance with the prosperity (or lack of it) of the companies which they respectively represent. They have a superimposed price movement reflecting the various factors which make for relative fluctuation. You may select two stocks, A and B, each of which represents a company which increases its business by 10 per cent. Stock A moves from 10 to 11, and stock B moves from 10 to 50.

That is not an exaggerated example of the principle of relative fluctuation, and it should be profitable to catalog the possible reasons why it happens.

1. *Company A has no funded debt, whereas Company B has a heavy debt, with substantial prior charges, so that perhaps the slight increase in business has come down to an astronomical increase in net income. Railroads offer examples of this.*

2. *Company A is a stable consumers' goods company, whereas B is highly cyclical, and the market is discounting substantial further cyclical improvement.*

3. *Company A operates in a very short segment of the path of production—which means its "value added by man-*

ufacture" is a small part of its turnover value, whereas B is highly integrated. This means that if business continues to improve, earnings of B will far outstrip those of A.

4. *Company A has a stable product with a known market, whereas B is closer to its developmental period, and its increased business carries implications of "greater things to come."*

These are the possibilities stated separately. In actual practice, of course, any given company will show a combination of factors in varying proportions. It is almost always true, however, that whatever factors present are there by accident, or by inherent conditions, rather than by design. A company may *happen* to have a heavy funded debt, or may *happen* to be in a cyclical industry.

The single outstanding exception to the accidental nature of relative fluctuation is found in investment trusts with leverage. There you have the deliberate, rather than accidental, application of the principle.

To define our terms, the simplest investment trust will have, say, \$1,000,000 of its common stock outstanding, and will have \$1,000,000 invested in common stocks. It can go the next step and secure leverage by issuing \$1,000,000 in debentures, and then have \$2,000,000 invested in common stocks in its portfolio.

Without leverage a 10 per cent increase in the value of the portfolio would result in the same 10 per cent increase in the value of the common stock of the investment trust. With leverage, however, a 10 per cent increase in the portfolio values would result in a 20 per cent increase in the value of the investment trust's own common stock. The reason for this differential is that an increase in the assets standing behind both the debenture and common stock issues is reflected only in the common stock. Stated another way, the common stockholders had a 10 per cent increase in the value of securities purchased with their own money and another 10 per cent increase in the value of securities purchased with money secured through the issuance of senior capital.

Leverage works both ways, and a decline in the value of the assets would have a similarly accelerated effect upon the value of the common stock. In the sense that leverage results from investing the money of creditors, the operation of a leverage investment trust should be familiar to bankers who, in the final analysis, are engaged in investing the funds secured from creditors on the basis of the cushion afforded by the capital and surplus items of the bank.

A non-leverage investment trust can, if it desires, secure the same wider swings afforded by leverage by altering the character of its portfolio. For example, an investment trust can decide that, instead of issuing debentures, it will shift its investment from recognized investment stocks to more speculative or volatile issues. Likewise, an investor, in selecting an investment trust for the purpose of securing greater price movement, may make the choice between an investment trust with leverage or an investment trust concentrating in speculative situations. The reason why most investors in this situation select the leverage investment

(Continued on page 15)

More Than 200 Attend First Annual Kentucky Bankers' Conference

MORE than 200 bankers were in attendance at the first annual Kentucky Bankers' Conference, held in Lexington at the University of Kentucky, under the auspices of the Kentucky Bankers' Association, the State Department of Banking, and the University of Kentucky. Dates for the three day session were July 19, 20, and 21.

In one of the outstanding addresses, Dr. Cecil C. Carpenter, associate professor of economics at the University of Kentucky, asserted that expanding banks have less difficulty in overcoming periods of depression and economic stress. Speaking on "The Causes of Bank Failures in Kentucky" he said: "Loans of the banks which failed were in many instances of poor quality and could not be liquidated fast enough to meet the drain on deposits in the first years of the economic depression." His conclusions, based on results of a survey of 90 Kentucky banks which failed from 1928 through 1937 and did not reopen, indicated that the open banks expanded their business more than the unsuccessful ones.

Speaking on the opening day of the conference, O. P. Decker, vice president, American National Bank & Trust Company, Chicago, declared that "the federal government is giving a back-hand guarantee of solvency" to railroads and to municipalities. "In the purchase of other than federal obligations a bank should not disregard the fact that certain types of general business and municipalities have for several years now been operating under an economic philosophy aptly referred to as 'a philosophy of social security for approved types of borrowers,'" he said.

Discussing the value of securities owned by a bank, Mr. Decker reminded his listeners that a bank should not be "lulled" into believing that its assets were worth their "book" value simply because they need not be sold or collected at the moment. "A decline in the market value of a security is a loss to the bank whether the security is sold or not."

Warning against extensive speculation, Mr. Decker said that "the banker's first concern should be for his depositors and his secondary concern

for the stockholders' investment. An investment program must analyze the type of deposit liabilities, the income requirements of the bank and the income available from local loans, he said.

W. G. F. Price, assistant vice president, National City Bank, New York, in his address "Some Fundamentals of Credit Analysis" stated that "the purpose for which a loan is made is the determining factor in when it should be paid." He advocated a policy of frankness between banker and customer.

"Know your borrower" and whether his intent and purpose are honest and sound, advised E. S. Woosley, vice president, Louisville Trust Company, in his address "Analysing the Credit Risk." A good starting point is the question: "Would I lend this man or concern my own money," he said.

The numerous other speakers were well received during the three day session of the conference and many questions and discussions followed the addresses.

1938 CHARCO FIRE INSURANCE CHARTS: A pamphlet describing these charts is now available without charge from the publishers, Reviewers Charts Corporation, 41 Park Row, New York City. The charts present in pictorial form the current financial changes of 200 leading fire insurance companies.

Banks and other insurance buyers have developed from their use of the charts their own methods and tests of strength and security. In many cases, they consider they are "buying" a part of the company for the duration of their policies or groups of policies Charco Charts enable them to use this approach quickly. They see from the charts the types of assets in which they are investing and estimate from the past ten-year record the relative fluctuations they can expect in these assets.

They can also see quickly from the charts the general types of assets which are relatively more liquid and the proportion of more liquid assets protecting loss reserves, unearned premiums or other liability types.

From the balance sheets and ten-year record of the leading companies which are averaged and ingeniously printed on the covers, they develop standards; so that the record of any individual company can be quickly compared with the average for investment policy or long-term stability and margins of safety.

Many banks also develop standards from the charts on the source and use of earnings and the source and character of flow of funds to and from surplus.

Tennessee Bank Occupies New Quarters



Pictured above is the interior of the new home of the First National Bank, Lexington, Tennessee. The new quarters are modern in every respect and have been newly equipped throughout with modern furnishings and vaults. The bank has capital of \$25,000, surplus of \$50,000 and deposits of more than \$800,000. Officers are: John W. Stewart, president; J. C. Davis and E. L. Stewart, vice presidents; John A. McCall, cashier; C. A. Fesmire, assistant cashier.

THE OUTLOOK FOR BUSINESS

PROBABLY the question that is uppermost in the minds of business men as they look forward to the second half of 1938 is the significance of the moderate business revival and the more pronounced upturn in security prices since the beginning of June, states the Guaranty Trust Company of New York in the current issue of *The Guaranty Survey*, its monthly review of business and financial conditions in the United States and abroad.

"That these developments have altered the outlook can hardly be questioned," *The Survey* continues. "But whether they can be taken at their face value as marking the beginning of a genuine and sustained recovery, or whether they reflect the temporary effects of artificial stimulants in a situation that is not fundamentally sound, is a question on which opinions differ widely. It seems obvious that business is off the 'dead center'; and there are many indications of revival in the autumn, which will be stimulated by large crops and by the Government's spending program. The principal question is how soundly the revival will develop—whether it will be a sustained movement or merely a repetition of the results of past efforts to promote recovery by artificial means.

"As far as domestic conditions are concerned, the crucial question is the outlook for business profits. If the existing situation allows productive enterprise to earn and retain a sufficient reward to compensate it for the risks that must be taken and the efforts that must be put forth, and if no further obstacles are placed in its way, then full recovery is possible. A necessary condition for obtaining this result is the adoption of measures to balance the Federal budget; for, otherwise, crushing taxation or currency readjustment will bring disaster. If profits fail to respond, then the recent upturn must be regarded as an abortive movement of a temporary and probably artificial character; for, unless a rise in activity is accompanied by a corresponding increase in profits, the incentive to enterprise is absent.

Opposing Views of the Outlook

"To weigh the various influences in the balance and arrive at a net judgment concerning the outlook for the remainder of the year is a difficult matter, as is sufficiently attested by the wide divergence of opinion among responsible observers. At one extreme is the view that recovery is definitely under

way and, in the absence of unforeseen developments, may be expected to continue. At the other is the belief that nothing has yet occurred to restore the confidence on the part of business men and investors without which any revival in the capital goods industries, and hence any genuine business recovery, is impossible.

"It is not difficult to find arguments to support either of these viewpoints; and it may be that the balance of probabilities, as is so often the case, lies somewhere between them. The more favorable interpretation rests mainly upon the cyclical theory of business fluctuations—the belief that a period of depression generates powerful forces tending to produce recovery. Applying this view to the present situation, one notes that the country has passed through the most severe and prolonged economic depression in its history and that the process of recovery was by no means complete when it was interrupted by the recession of the last twelve months. According to this line of reasoning, such a long period of subnormal activity must have depleted inventories, created shortages, reduced capitalizations, shaken out weak financial structures and inefficient plants, lowered indebtedness, and otherwise paved the way for a sustained upward movement of business.

"In further support of this view, certain specific developments of the last

six months can be cited. The National Housing Act amendments removed some of the difficulties that had tended to prevent a revival in residential building construction. The Revenue Act of 1938 repealed or modified certain features of the Federal tax system that had been blamed for the failure of capital to flow into productive channels. The Federal spending program will result in large expenditures for wages and materials. The naval construction act will have a somewhat similar effect on a smaller scale. The purchasing power of the farm population will be comparatively high, and the prospect of large crops and moderately favorable prices indicates that the level will be well sustained for some time. The crop outlook is also encouraging from the point of view of the railroads and of various processing industries. Recent increases in freight rates and passenger fares further improve the railway outlook. The trend of foreign trade indicates little shrinkage in the world demand for American products.

Adverse Influences

"Unfortunately, the list of adverse influences is perhaps equally imposing. Thus far, the actual rise in the general level of business activity has been very slight; and further recovery to a level that can fairly be termed prosperous requires more than a replenishment of depleted inventories and a filling of accumulated shortages of essential goods. It requires an active and continuous process of capital investment in industrial expansion—in other words, an actual growth of national wealth. The conditions that have been held responsible for preventing such a growth in recent years cannot yet be shown to have altered in any essential way. Labor uncertainties are still present, although active disturbances have declined, perhaps mainly as a result of the business recession. The tax load is heavy, and the unbalanced condition of the Federal budget holds a threat of even heavier taxation in the future. The relief burden is tremendous. The position of agriculture rests in part on the shifting and uncertain foundation of crop control legislation and Federal subsidies. The improvement in the railway situation as a result of higher rates and fares has been slight, and no positive steps have yet been taken to attack the problem in a fundamental way. International rela-

(Continued on page 8)

Missouri Group Meetings

Missouri group meetings will be held in October this year in accordance with the dates and places shown below. Arrangements are being made for a special pullman car for those who desire to attend all of the meetings. Write now to Frank Keyser, secretary of the Missouri Bankers Association, Sedalia, Missouri, for your reservation.

First Series

- Group 6, Poplar Bluff, October 4**
- Group 1, Louisiana, October 5**
- Group 3, St. Joseph, October 6**
- Group 2, Chillicothe, October 7**

Second Series

- Group 5, Columbia, October 11**
- Group 4, Sedalia, October 12**
- Group 8, Lamar, October 13**
- Group 7, Springfield, October 14**

Explains How Field Warehousing Helps Large Companies Use Bank Funds

IN an address to the food products division of the National Association of Credit Men, meeting in San Francisco on June 9, A. T. Gibson, president of Lawrence Warehouse Company explained how large companies can make use of bank funds, through field warehousing, in the treatment of customers' credits.

"Although the primary use of field warehousing is to secure added bank credit for firms in need of extra working capital," said Mr. Gibson, "this financing method is so economical and versatile that many AAA organizations are either recommending or employing it for their customers."

It was pointed out that producers and manufacturers frequently hamper themselves as well as their customers by carrying large customers' accounts whereas a substantial part of this financing could be handled more practically by established banks.

There are three applications of field warehousing open to the average company, Mr. Gibson stated. They differ only in detail of operation and with respect to transfer of title to commodities which are warehoused. Under any of the arrangements, commodities (either raw or manufactured) are field warehoused on the premises of distributors purchasing the goods. The stocks are merely segregated from those which distributors own outright.

The objectives in using field warehousing are to strengthen or eliminate credits on the part of suppliers and to help purchasers buy stocks in greater quantities than their normal capital and credit would allow.

The first field warehousing arrangement which Mr. Gibson referred to is used to a considerable extent in almost every industry. Under this method, the customer arranges with his bank to receive shipments from a manufacturer or producer under Order Bills of Lading with Sight Drafts attached. The consignee's bank pays for the goods upon arrival and accepts field warehouse receipts as security for the advances made. All arrangements are made by the customer. Field warehousing is employed for the bank's protection. The producer or manufacturer who ships the goods receives cash for the whole order. The customer, in turn, pays the bank according to prearranged terms. Usually payment is made in proportion to the amount of commodities which are re-

leased from a field warehouse to fill orders.

Another operation is one in which the supplier arranges with his bank so that he may consign goods to himself, in care of a field warehouse set up on a distributor's premises. Title to the inventory remains with the supplier and his bank, and goods are released to the distributor only in accordance with the supplier's instructions. Payment for merchandise is made either to the supplier direct or through the warehouse company and the bank.

The advantages of this arrangement are that it permits a supplier to make maximum deliveries and to arrange shipments at most convenient times. It also insures the supplier complete protection against loss due to failure of a customer or due to claims of other creditors against a customer's assets.

The third field warehousing application described by Mr. Gibson follows the terms of the first. That is, field warehousing is established by the customer through his own bank. However, the supplier agrees to repurchase any stocks which may remain unsold at an agreed date. This agreement serves as protection to the supplier as well as to the bank. By repurchasing unsold stocks the supplier precludes possibility of having his standard merchandise dumped at distress prices.

Several examples where field warehousing has been used with remarkable results were cited. "Naturally, the potentialities of this method of financing depend largely on the aggressiveness of the concerns which turn it to their needs," said Mr. Gibson. "One well-known southern oil refinery blocked out competition on several fronts by providing field-warehoused stocks of fuel oil to certain jobbers." This company fills storage tanks of the jobbers to capacity during the summer months. The tanks are immediately sealed by the warehouse company and warehouse receipts are turned over to the bank which finances the purchase. Thus, the refinery receives its payment on delivery. Throughout the fall and winter the bank collects from the jobbers as oil is released to them. In this way its advances are automatically liquidated, if all stocks have been consumed by the end of the retail selling season. Under a repurchase agreement, the refinery takes title to whatever stock remains.

"The net of this arrangement," Mr. Gibson stated, "is that the producing company has made exclusive customers by tying up jobbers' storage facilities. It has overcome one of the important limitations resulting from the Robinson-Patman Act in that it is able to deliver to jobbers three or four times as much stock as they would be able to buy otherwise."

"Surprisingly enough, some of the jobbers do not use a cent of their own money. Where their credit is strong enough, the bank finances the entire purchase and simply pays the jobbers the difference remaining after collections have been made."

The Outlook for Business

(Continued from page 7)

tions still contain the seeds of war, and almost no progress has been made toward definite and permanent stabilization of the world's principal currencies under the gold standard.

Profits the Crucial Factor

"In weighing these opposing factors, perhaps the most encouraging consideration is that the adverse conditions are, for the most part, not new, and that they did not prevent a very substantial measure of recovery from being achieved over the period between the early part of 1933 and the middle of 1937.

"From the international point of view, the all-important question is that of peace, not only in the military sense but in the economic sense as well. In the last analysis, the problem of recovery is not a national but an international problem. The economic system of every important industrial nation depends for its successful functioning upon the freedom of commodities and capital to move across national boundaries as much as practicable in response to natural forces and with a minimum of artificial restrictions. The violation of this principle was partly responsible for the severity of the depression and has more recently been a factor impeding recovery. Futile efforts to achieve an impossible self-sufficiency are still being made in some parts of the world and are among the principal threats to international economic progress."

¶ Craig County Bank, Vinita, Oklahoma, opened for business on July 18 with capital of \$40,000, surplus of \$10,000 and undivided profits of \$4,000. E. L. Williamson is executive vice president and managing officer of the bank.

Commercial Banks Are Largest Buyers of Intermediate Credit Debentures

By **GEORGE M. BRENNAN**

Commissioner, Federal Intermediate Credit Banks

ORGANIZED fifteen years ago last March, the Federal intermediate credit banks have played an increasingly important role in financing agriculture. Since their organization, they have extended credit through loans and discounts in an aggregate amount exceeding three and a half billion dollars.

Set up originally under the supervision of the Federal Farm Loan Board, these banks, together with all other units of the Federal Farm Loan System, were transferred to the jurisdiction of the Farm Credit Administration by executive order of the President, effective May 27, 1933. To provide funds for lending purposes, these twelve banks have sold to the investing public their collateral trust debentures, amounting to more than two and a half billion dollars. Debentures outstanding on March 31, 1938, aggregated \$198,650,000.

The Federal intermediate credit banks were set up as banks of discount for agriculture and, as such, do not deal directly with farmers and stockmen. The major part of their lending operations consists of the discounting of acceptable agricultural paper for production credit associations. Thus, these banks serve as the

connecting link between investors and the financing institutions from which farmers and stockmen borrow funds to finance their seasonal production and marketing operations, as distinguished from their long-term mortgage credit requirements.

Federal intermediate credit bank debentures are the joint and several obligations of all twelve banks. They are not guaranteed by the Govern-

ment as to either principal or interest. Although the banks are authorized to issue debentures with maturities up to five years, all except a very small portion have been for periods ranging from three to twelve months. Debenture maturities are coordinated with those of the loans and discounts of the banks, due consideration being given to present and prospective levels of short-term money rates. These securities have a nation-wide market, being held by investors in practically every state, with commercial banks being the largest buyers.

Although all paper submitted to a Federal intermediate credit bank for discount, or as collateral for a loan, must be endorsed by the offering institution, each note or other item is carefully analyzed and its acceptability determined on the basis of its merit, rather than upon the endorsement. The endorsement, together with additional collateral deposited with the bank, constitutes an additional margin of protection to the bank against loss. In general, to be acceptable to a Federal intermediate credit bank, the paper offered must be of such character as to assure liquidation within a reasonable time, consistent



GEORGE M. BRENNAN

(Continued on page 15)

FEDERAL INTERMEDIATE CREDIT BANKS

Classification, by types of agriculture, of Federal intermediate credit bank loans to and discounts for financing institutions outstanding at the end of each quarter of 1937, and as of March 31, 1938

Type	1937				March 31, 1938
	March 31	June 30	September 30	December 31	
Cattle:					
Range and breeder	\$ 43,127,533	\$ 44,617,565	\$ 38,611,001	\$ 34,171,052	\$ 37,436,639
Feeder	7,808,450	7,425,546	8,817,725	12,855,605	9,957,228
Dairy	11,877,620	15,242,984	16,615,982	17,792,775	18,969,001
Sheep and Goats:					
Range and breeder	28,851,550	28,252,573	24,021,966	28,810,816	32,772,834
Feeder	607,942	318,095	1,829,366	4,045,717	1,754,015
Fruits and vegetables	6,288,116	10,020,997	12,518,011	11,584,099	10,068,660
Other crops	25,416,120	46,286,106	40,443,381	10,068,071	29,434,791
General farming and miscellaneous..	37,286,345	43,645,475	44,146,367	41,634,964	42,005,638
PCA loans secured by bonds	13,325,608	10,973,944	13,336,092	15,540,377	15,996,038
Total	\$174,589,284	\$206,783,285	\$200,339,891	\$176,503,476	\$198,394,844

Farm Credit Administration—Division of Finance and Research.

April 12, 1938.



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.

✓ **AMARILLO** . . . When I came to Amarillo a few weeks ago and found a modern city, growing every day through the cooperative efforts of an enterprising and hospitable people—and found, in addition, business and pleasure in abundance, I'm sure I must have upset the theory that you can't mix business with pleasure. It was a pleasure indeed to meet such bankers as W. D. Smiley, cashier of the First National Bank; and Arthur Ware, vice president of the Amarillo National Bank. Mr. Smiley was elected secretary of the Panhandle Bankers Association at the convention held May 31, this year. His bank is the oldest in the Panhandle, being organized in 1889. Mr. Ware is president of the Panhandle Bankers Association; and his bank is the largest in the Panhandle area. Considerable building is going on in Amarillo at this time; a new post office building, a new department store building, and several smaller buildings, homes, etc. There is some oil activity here; the largest gas field in the world is here; almost the entire world's supply of helium gas is produced here at the Federal Government's own wells. Wheat and cattle are other major resources that round out the wealth of a thriving city. I don't want to divert the minds of bankers from the banking business; and I know that great love stories belong properly in the Satevepost, but since I don't write for that journal, I must tell you here that it was really not at Mr. Smiley's or Mr. Ware's banks that I found all the pleasure or the town's total assets. I found in another part of the city the finest little lady in the land, and now, by the virtue of love, the grace of God, and the laws of Colorado (and the three bucks for the marriage license), ye scribe is miraculously changed!

Despite the change, however, the column will remain the same except for slight improvements from time to time as increased ability permits! This latter prophecy comes to you by special permission of the Mrs.

✓ **BORGER** . . . The Panhandle State Bank with deposits slightly less than a million dollars has a fine record for its two and a half years of existence. The bank opened in January, 1936, with a capital of \$50,000, and paid a ten per cent dividend on that amount in December of that year. Last year, the capital was raised \$10,000 by cash subscription, and the bank paid a ten per cent dividend on \$60,000. Loans now are \$496,000; surplus, \$20,000; undivided profits in excess of \$17,000. Total profits for two years and five months show \$48,821.00. It is the only bank in Borger; and the only one in the county. R. L. Grimes is vice president, a capable banker and a splendid gentleman. Borger has a huge payroll made up chiefly by the oil refining and carbon black industries. Carbon black is a unique industry. It is made from sour gas; that is, gas having a sulphur content too high for commercial purposes. The carbon is formed by a process of incomplete combustion, and is scraped off of a channel into an automatic conveying system which carries it into storage tanks in the packing rooms. It is a soft, fluffy substance. Carbon black has approximately two hundred uses, chief of which is for the manufacture of automobile tires. It toughens the tire and makes it more resistant to sunlight and weather conditions. Other important uses are the manufacture of carbon paper, black paper, printers ink, paints and varnishes, rubber heels, shoes, and boots. Eighty per cent of the world's supply

of carbon black is produced in the Texas panhandle, and sixty per cent of that amount in the Borger area.

✓ **GROOM** . . . C. L. Culver, cashier of the State National Bank, reports a wheat crop for his section about one-third below normal, but says the cattle business is good, with good pastures, and the stock in good shape. Farmers here enjoy a nice income from dairy and poultry products. Mr. Culver was formerly with the City National Bank at Whitesboro, Texas.

✓ **HEDLEY** . . . At the Security State Bank, C. L. Johnson, cashier, reported deposits up over last year about ten per cent. The chief crops here are cotton and row crops with the outlook for these crops very good. The bank recently celebrated its twenty-fifth anniversary. Mr. Johnson has been with the bank nineteen years, as has J. W. Noel, vice president. J. G. McDougal, the bank's president, is among the long-term bank presidents of Texas, having been president of his bank since its organization.

✓ **McLEAN** . . . J. H. Hembree, vice president of the American National Bank, said that while crops in his community were late, the outlook for a good season was favorable. There has been an abundance of rainfall, and pasture lands are better than in years. The dairy business is better than it ever has been in his section. Oil drilling is increasing since the Saturday shut-down has been lifted. Mr. Hembree was cashier of the First National Bank at Honey Grove, Texas, for twenty years.

✓ **PAMPA** . . . Deposits at the First National Bank are up half a million over last year according to Edwin S. Vicars, cashier. While oil drilling has slowed down lately, some twenty or twenty-five rigs are operating at present. With several large ranches nearby, Pampa enjoys the benefits of a good cattle business.

✓ **SHAMROCK** . . . After meeting and talking with O. T. Nicholson, president of the Farmers & Merchants State Bank, I'm a bit mixed up as to whether a hobby helps a man with his business or his business helps him with his hobbies. And which is his hobby and which is his business, banking, ranching, golfing, collecting odd firearms, or growing prize flowers, I still don't know. But at any rate, Mr. Nicholson is a success at all these—businesses or hobbies. Mr. Nicholson has just returned from Amarillo where he had played six full flights in a golf tournament, and had won a set of golf

clubs. He is one of the oldest golfers in the Panhandle. In 1934, he organized a golf club whose members were all over fifty years old, the only club of its kind in the United States. The club has a present membership of over two hundred, and the tournament looks like a bankers convention, says Mr. Nicholson.

✓ **WHITE DEER** . . . J. C. Freeman, cashier of the Farmers National Bank, says wheat production in his section was low this year. Thirty-three cars of wheat were shipped out last year as compared to an average of 600 cars before 1932. Production was about seven bushels per acre compared to a top of sixty bushels in past years. The prospect for row crops, however, are good, he said.

✓ **CHILLICOTHE** . . . Owners of the Bank of Chillicothe, Inc., bought the First National Bank in December and have merged the two banks, using the First National for banking quarters. Deposits of the First National now are up \$100,000 over the combined deposits of the two banks this time last year, according to Dewey Marsh, cashier.

✓ **VERNON** . . . M. D. Wolverton, president of the Waggoner National Bank, reports a very good cotton crop for his county. Cotton, with about 75,000 acres in production is the leading crop. The county has 50,000 acres devoted to wheat; 25,000 acres in corn; about 10,000 acres in oats. Other large acreages make up a well diversified list of farm crops. The Waggoner National has remodeled its banking quarters, installing new modern fixtures, indirect lighting, and an air cooling system. Mr. Wolverton is also president of the First National Bank at Chillicothe.

The Herring National Bank, organized in 1899 as a private bank, and nationalized in 1903, has its third president after thirty-nine years. M. K. Berry, a young man, became president two years ago. He has been with the bank seventeen years. The famous Waggoner Ranch is near Vernon, or rather is in every direction from Vernon. It comprises over a half million acres, has several large lakes within its boundaries, the main ones being Kemp Lake, Diversion Lake, and Santa Rosa Lake. It has over two thousand producing oil wells on it, and several thousand head of cattle. This is the ranch that the late Will Rogers said, after he had visited it, had solved the problem of low prices of cattle, and was on a paying basis. The reason was, he said, every cow has her own oil well.

✓ **PLAINVIEW** . . . R. A. Jefferies, vice president of the Hale County State Bank, reports a normal wheat crop for his country, and says Plainview has a creamery doing over a million-dollar business a year. R. V. Payne, president of the Farmers & Merchants State Bank at Turkey, came to the Hale County State June 16 as executive vice president. Mr. Payne will retain his interest and position in the bank at Turkey, but will spend his time on the new job at Plainview. J. K. Crews, president of the Hale County State, is retiring because of ill health, but will retain a directorship in the bank, and will be chairman of the board.

¶ **Mid-Continent Banker's** representative in Oklahoma and interested friends recently have sent us statements of condition of banks in the state showing the following deposits: Oklahoma State Bank, Ada, \$2,762,621; Bank of Agra, Agra, \$42,893; First National Bank, Apache, \$340,352; First National Bank, Blair, \$163,800; Farmers National Bank, Carnegie, \$311,951; Union National Bank, Chandler, \$821,378; Citizens National Bank, Edmond, \$464,617; First National Bank, Edmond, \$766,647; First National Bank, Davis, \$303,342; Bank of Elgin, Elgin, \$202,827; Farmers & Merchants National Bank, Hobart, \$945,244; First National Bank, Holdenville, \$1,487,710; Home State Bank, Hobart, \$596,083.

American National Bank, Lawton, \$1,215,849; City National Bank, Lawton, \$1,334,908; First State Bank, Lexington, \$327,390; First National Bank, Lone Wolf, \$212,020; First National Bank, Mangum, \$797,649; Guarantee State Bank, Mangum, \$288,470; First National Bank, Marlow, \$464,783; State National Bank, Marlow, \$464,508; First National Bank, Moore, \$265,431; First National Bank, Mountain View, \$302,826; Eastman National Bank, Newkirk, \$842,477; First State Bank, Noble, \$125,562; City National Bank, Norman, \$599,398; First National Bank, Norman, \$1,071,201; Security National Bank, Norman, \$1,492,136; Central National Bank, Okmulgee, \$2,602,261; Citizens National Bank, Okmulgee, \$1,271,573; First National Bank, Pauls Valley, \$783,213; Pauls Valley National Bank, Pauls Valley, \$511,922; Payne County Bank, Perkins, \$182,599; Exchange Bank, Perry, \$743,037; First National Bank, Perry, \$770,269.

First National Bank, Ponca City, \$1,745,245; Security Bank, Ponca City, \$3,006,252; First State Bank, Purcell, \$409,898; McClain County National Bank, Purcell, \$930,971; State Bank, Rocky, \$250,967; American National Bank, Sapulpa, \$1,553,343; Exchange Bank, Skiatook, \$462,120; First National Bank, Stillwater, \$1,771,271; Stillwater National Bank, Stillwater, \$1,777,286; Wellston National Bank, Wellston, \$156,135; First National Bank, Wynnewood, \$709,569.

Fast-Growing Dallas, Texas, Bank



Interior of The Liberty State Bank, Dallas, Texas. Deposits have grown from \$1,849,149 to \$4,581,674 in the last four years. The bank has been quite active in financing of new construction of residences through the FHA plan and maintains a complete department to handle FHA loans.

Can You Answer These Ten Legal Questions?

By **CHARLES H. WAGER**

Attorney at Law, St. Louis

1 Where a person dies, what is the general rule regarding who may vote stock standing in his name on the books of a corporation at the time of his death?

2 The rule is laid down by statute in many states that a will must be signed or subscribed by the testator. Is such rule satisfied if the signature is made by the testator's mark?

3 It is a well known rule of law that communications between attorney and client are privileged and that a disclosure of them cannot be compelled. Is this rule so all inclusive that, by reason of it, an attorney cannot be compelled to disclose the fact of his employment, the name of the person employing him, and the address of that person?

4 A Missouri banker asked a doctor to render medical services to his adult son. Nothing was said or implied to the effect that the banker would pay for the services. The son was living in his own home and was supporting himself at the time the request was made. He had become ill while visiting his father and it was under those circumstances that the request happened to be made. Was the father liable for the doctor's bill?

5 A lumber yard in Arkansas, which was owned by a banker there, had a doubtful materialman's lien claim against Schofield. In order to obtain additional time in which to pay it, Schofield procured for the lumber yard an agreement by Thompson that he would guarantee the payment. Schofield was unable to pay on the extended due date and the yard sought to collect from Thompson. Could it do so?

6 Soristeau was indebted to his bank. The indebtedness was not paid when due. The bank sued and ob-

tained a judgment which became a lien on Soristeau's property. Soristeau died before the bank was able to levy an execution. In the state in which the judgment was obtained there was no statute authorizing the bank to go ahead with the execution under the circumstances. Could it do so without further proceedings?

7 O'Malley conveyed certain property to Andrews to defraud his creditors. Andrews insured the property against loss by fire. The property burned before the conveyance to Andrews was set aside by O'Malley's creditors. The creditors sought to secure the insurance proceeds. Can they do so?

8 As a general rule, an attachment cannot be run on the property of a debtor unless he is a non-resident or some other special circumstance outlined by statute exists. Is a corporation formed under the laws of one state and authorized to do business in the state in which the property is sought to be attached, which is different from the state of incorporation, to be treated as a non-resident for the purpose of running an attachment?

9 A resident of one state was indebted to a resident of another on a promissory note. The holder of the note died and an administrator for his estate was appointed in the state in which he resided. An ancillary administrator was also appointed for his estate in the state in which the debtor resided. The debtor paid the note to the ancillary administrator and the cancelled note was delivered to him by that administrator. Was such payment good?

10 A Virginia banker owned a clothing manufacturing company in that state. In connection with an attempt to unionize the concern the

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

union involved agreed with one of the employes that, if she would join and should thereafter lose her position because of such action, the union would pay her an amount equivalent to the salary she was earning until she should obtain other employment or other employment would be furnished by the union. The employe joined the union, lost her position because of doing so, and asked the union to make good on its agreement. The union made a few payments as agreed and then, claiming the contract was void for want of mutuality, refused to pay more, although the former employe had not found, or been offered, another job. Can the union be compelled to live up to the agreement?

Otis Named Vice President of Chicago Bank



STUART H. OTIS

Directors of the City National Bank and Trust Company, Chicago, last month advanced Stuart H. Otis from assistant vice president to vice president. Mr. Otis has been identified with banking interests of Chicago for many years, having started with the Central Trust Company of Illinois in 1924. He has an intimate knowledge and wide acquaintance among the business interests of Chicago.

Discuss Your Problems With Our Officers

One of the best ways to solve a troublesome banking problem—or any problem—is to discuss it with someone genuinely interested.

As the oldest bank west of the Mississippi Boatmen's is proud of its reputation for sound and dependable banking advice and service through good times and bad.

Whether your problems pertain to investments, credits, collections or operation, the officers of this bank will welcome an opportunity to discuss them with you and help find a satisfactory solution.

THE BOATMEN'S NATIONAL BANK OF ST. LOUIS

Oldest Bank West of the Mississippi
Founded 1847

Member of Federal Deposit Insurance Corporation

Unusual Window Displays

Nearly everybody who passes the windows of the First National Bank of Fort Worth stops to look at the unusual displays which are created by W. H. Burch. He strives at all times for an educational theme in his displays and the result is something that stops passersby and creates good will for the bank.



This window of the First National Bank of Fort Worth displays pictures carved on leather by Dr. W. A. Maddox of Lubbock, Texas. The value of the pictures is \$5,000.

ADVERTISING heads of banks and other concerns who lament the fact that they have nothing more than *Service* to sell can take a constructive cue from W. H. Burch, combination "New Accounts" executive and advertising manager of the First National Bank, Fort Worth, Texas.

Month after month—year in and year out—Fort Worthians pass Seventh and Houston Streets in slow procession, some drifting methodically by, while others pause one by one at the First National Bank's window display, where an attractive exhibit is always sure to be found.

Striving always for an educational theme—each successive exhibit representing a cross-section of one phase of life or another—the keen eye of appraisal with which the First National Bank in Fort Worth selects its displays never fails to score a hit with a smash window attraction.

One week passersby may view with

puzzled interest a novel display of rope strand and a wide assortment of knots.

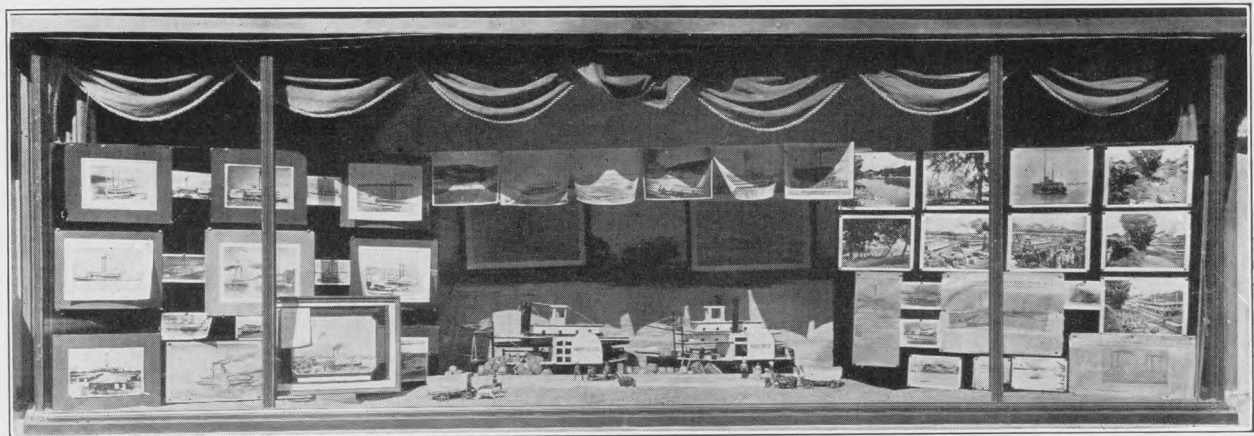
The next week will see a "Safety" window graphically depicting the horrors of careless automobile driving, followed by a nature study, civic movement or study in craftsmanship—all invitingly displayed.

The opening of quail season, characteristically, is sure to bring a nature study in a woodland setting of reeds, willows, leaves, decaying logs and stuffed fowl of the air. Historical displays usually take such forms as the passing of the Longhorn, an attractive arrangement of Indian arrowheads, hand-tooling, etc. Civic displays are timed with such events as the Fat Stock Show, the Community Chest, city improvements, etc.

In this connection, appropriately timed to the razing of the old City Hall not long ago, an attractive Yuletide setting was removed to make way for

three-score years of Fort Worth history in the First National's window. Like a buried pirate's chest, unearthed to reveal its contents of glittering jewels and doubloons and pieces of eight, the contents of the old cornerstone were attractively displayed against a background of enlarged photographic scenes of downtown Fort Worth as its skyline appeared back in the eighties.

Occasionally, the bank itself will come in for a small share of advertising by a well pointed combination photographic and window-card reminder of the institution's broad facilities of service, but such displays are always dexterously handled, slanted with the same educational theme that characterizes the wide assortment of historical relics, trophies and musty, yellowed documents that come and go in the First National's window with the regularity of the passing weeks and seasons.



This window of the First National Bank of Fort Worth depicts the famous race of the Robert E. Lee and the Natchez on the Mississippi River. Included is a valuable display of river boat pictures of that era.

Outstanding among the bank's selections in recent months was the "time" theme of present-day airplane travel, graphically portraying East-West time saving by transcontinental hop. Another—hand leather tooling—galvanized the attention of eager onlookers, many of whom viewed for the first time handiwork of an almost lost art.

As this is written, the Acme Brick Company is represented in the First National's window by a novel display of brick types selected from all parts of the world, focusing attention of the passersby on a crude-looking relic of another age and civilization—a sample taken from the Great Wall of China, outside of Peking City.

Dating back to the third century B. C., an identifying card informs, Emperor *Tsin-Shi-Whang-Ti* ordered the wall built as a bulwark against aggressive invasion, stretching 2,500 miles from Shanhaikwan to Suchoo, employing 700,000 men in the herculean task of construction. Today—it is significant to note—the Great Wall of China crumbles and lays strewn in ruins at many points along its circuitous route, a hollow mockery to the ruthless onslaught of the Chinese under present-day mode of attack by aerial bombing.

The "First of Fort Worth" is to be commended for the splendid use to which it puts its small window space fronting on one of Fort Worth's busiest downtown corners. Not only do its carefully selected displays serve as an excellent medium for educational and civic promotion, but they built good will at the same time. In this respect, the dividends the First National Bank of Fort Worth receives as a direct result of the farsightedness and appraisal of the human element that go into a window full of bric-a-brac, are inestimable.

Intermediate Credit Banks

(Continued from page 9)

with sound banking and agricultural practices. In cases where the collateral offered is the principal factor in determining the acceptability of a note, a margin of security adequate to protect the bank during the full term of the obligation is required.

The types of agricultural activities financed extends from range and breeder cattle and sheep to general and specialized farming, as shown in the accompanying table which gives the balances outstanding at the end of each quarter during 1937 and on March 31, 1938. The wide diversity in types of agriculture financed and the extent of the areas served provide a diversity of risk and a protection

against the hazards of undue concentration in any one type of credit. On December 31, 1937, the credit banks had outstanding \$176,503,476 in loans and discounts, representing credit extended to 544 production credit associations, and 135 agricultural credit corporations, livestock loan companies and similar institutions. In addition they had outstanding loans to two agricultural cooperative associations, in the amount of \$1,813,471, and discounts for 13 banks for cooperatives, aggregating \$29,154,555—the latter consisting of notes of 45 cooperative associations, secured by warehouse receipts or other documents representing staple agricultural commodities. Direct loans to cooperative associations constituted a substantial part of the financing by the intermediate credit banks during the first 10 years of their operations. Since the banks for cooperatives were established, in 1933, the volume of this type of business has been relatively small.

The Federal intermediate credit banks operate on a self-supporting basis and no part of their costs or expenses of operation is paid by the Government. They derive income from two principal sources, interest on loans and discounts and interest on securities owned. The interest and discount (lending) rate of each intermediate credit bank is limited by law to not more than 1 per cent in excess of the rate borne by the last issue of debentures in which the bank participated. Each bank has maintained a discount rate of 2 per cent since early in 1934. Net income, after charging off any losses sustained, providing reserves for assets of doubtful value and for unforeseen contingencies, is available for the payment to the United States of franchise taxes and for the accumulation of a surplus which affords additional protection to investors in debentures of the banks.

During the year 1937, the Federal intermediate credit banks created a reserve for contingencies in the amount of \$1,100,000, paid to the United States Government as a franchise tax the sum of \$741,275, and credited \$3,075,409 to earned surplus account. The banks have written off all premiums paid on securities purchased and carry such securities at cost or par, whichever is lower. They have established reserves to cover the cost of all furniture, fixtures and equipment, and have provided adequate valuation reserves for possible losses on loans and discounts.

Originally capitalized by the United States Government at \$60,000,000, or \$5,000,000 for each of the banks, the investment of the Government in the

twelve banks now aggregates \$100,000,000, of which \$70,000,000 represents paid-in capital and \$30,000,000 represents paid-in surplus. Their earned surplus, reserves for contingencies, and undivided profits aggregated \$13,628,179, as of March 31, 1938.

Successful operation of any permanent system of banks extending credit on a business basis, of course, is dependent primarily upon the exercise of sound credit policies and practices. For the entire 15-year period since the Federal intermediate credit banks were organized, their total net charge-offs, including provision for estimated losses, have amounted to only 28/100 of 1 per cent of the aggregate amount of credit extended by the banks.

Leverage in Trusts

(Continued from page 5)

trust is that there is a natural inclination to favor the investment vehicle which gives a participation in the more soundly situated corporations. The reasoning is that if an investment in the better common stocks will show a profit, the addition of the leverage element will increase that profit. Thus, the average investor can secure greater than average profit possibilities without getting into the category of cats and dogs.

BOOK REVIEW

✓ CREDIT MANUAL OF COMMERCIAL LAWS:

One of the leading features of the 1938 edition of this book is a complete digest of the laws of all states affecting business transactions. The summary covers such subjects as Assumed Names, Bad Checks, Bills and Notes, Bulk Sales, Chattel Mortgages, Conditional Sales, Jurisdiction of Courts in Collections, Mechanics' and Landlords' Liens, Sales and Occupational Taxes and Unemployment Compensation. A new section in the 1938 edition deals with the intricate procedure on contracts with the United States Government. Special chapters deal with Anti-Trust and Fair Trade Laws, Federal Regulations on Hours and Wages, Bonds on Public Improvements and Misapplication of Construction Funds. Included in the new text are all of the provisions of the Bankruptcy Act with a full summary of the application of this important law of business. The book contains 720 pages and sells for \$6.50, postage paid. It is published by the National Association of Credit Men, One Park Avenue, New York City.

News of the Banking World

✓ **Marshall R. Diggs**, Acting Comptroller of the Currency, in a recent address stated that only 70 national banks have failed to take advantage of the repeal of double liability on bank stock. He also stated that "slightly over 50 per cent of the preferred stock purchased by the R. F. C. has been retired through earnings, recoveries, or through issuance of common stock to take its place."

✓ **The nation's twenty largest banks** increased their cash holdings by more than a billion dollars during the second quarter of this year, according to a survey made by the AMERICAN BANKER DAILY. During the same period the survey shows that deposits of the twenty largest banks increased nearly 6 per cent, while loans have shown a consistent contraction since June, 1937.

✓ **Agreement** apparently was reached last month on the perplexing 18-month bond averages for the lower investment grades of the recently promulgated "uniform" bank examination forms. The solution is to take the high and low price for each month during the last year and a half. This involves taking only 36 price quotations to get the "average."

✓ **Jesse Jones**, R. F. C. chairman, last month sent a letter to banks urging them to cooperate in meeting the demand for business and industrial loans. The letter was accompanied by a copy of the Comptroller's new investment regulations and the new "uniform" examination agreement. He suggested that the new regulations opened the way for an extension of bank credit. He denied that he suggested that banks make unsound loans, but warned banks to awaken to their opportunities since "there is still talk about establishing industrial banks . . . partially owned by the Government." Bankers, generally, deny that they turn down deserving loans. Many of them will admit, however, that some banks are more aggressive than others in going after loans. One banker wrote us recently that it "made him sick to hear bankers belly-ache that they could not obtain good loans." He admitted that getting loans was a tougher proposition for a city bank than for

a country bank, but maintained that there were plenty of good loans for country banks if they went after them.

✓ **In the United States** there are still 1,041 uninsured commercial banks, according to a recent F. D. I. C. report.

✓ **The generally accepted appraisal** of bonds, which now appears to be agreed upon, at least by the Comptroller's Office, the F. D. I. C. and the State Supervisors, effective August 1, follows:

"Neither appreciation nor depreciation in Group I securities will be shown in the report, neither will be taken into account in figuring net sound capital of the bank. In this group are marketable obligations in which the investment characteristics are not distinctly or predominantly speculative. Included are general market obligations in the four highest grades and unrated securities of equivalent value.

"The securities in Group II will be valued at the average market price for 18 months just preceding examination, and 50 per cent of the net depreciation will be deducted in computing the net sound capital. This group consists of those in which the investment characteristics are distinctly or predominantly speculative, and includes general market obligations in grades below the four highest, and unrated securities of equivalent value.

"Present practice will be continued under which net depreciation in the securities in Groups III and IV are classified as loss. Present practice will be continued under which premiums on securities purchased at a premium must be amortized; also present practice of listing all securities and showing their book value."

✓ **Manufacturers Trust Company**, New York, has sent to all commercial Banks in the United States a booklet listing the average prices of listed bonds for the past eighteen months. Accompanying the booklet was a letter from which we quote as follows:

"Unless a bank has access to the services of the various rating agencies, it is difficult to determine what bonds should properly be classified in Group Two. The method of arriving at the average price at which such bonds have sold during the past eighteen months is still undecided.

"We have consequently had prepared, as part of our regular investment advisory service to our correspondent banks, a preliminary survey

of all listed bonds which may properly be classified in Group Two, as confirmed by three of the four leading rating agencies. This survey also shows the average of the monthly high and low prices of these bonds during the eighteen months prior to July 1, 1938. These prices will be revised monthly as a part of our regular investment service."

✓ **Percy M. Hall**, officer in charge of the Industrial Credit Division of the Manufacturers Trust Company, New York, has been elected a vice president of that institution.

The Industrial Credit Division was established by Manufacturers Trust Company two years ago to provide manufacturers of industrial equipment and public utilities with a means of releasing working capital through the discount of the long-term, amortized notes receivable resulting from the deferred payment sale of their various products to customers. Such discounts serve to provide manufacturers with self-liquidating working capital.

✓ **Richard S. Carr** has been elected an assistant vice president of the Continental Bank and Trust Company, New York. Mr. Carr has been identified with Chicago banking interests during most of his business career, having been an officer of the First National Bank, Chicago, for ten years, and more recently associated with the investment house of Lawrence Stern & Co. He assumes charge of the bank's midwestern business and will be responsible for the development of correspondent and commercial accounts in that territory. He will make his headquarters in New York.

✓ **John R. Babcock**, second vice president of the Guaranty Trust Company, New York, died last month after a brief illness. He started his banking career with the old National Bank of Commerce in New York and continued with the Guaranty Trust Company after the merger of that institution with the Guaranty Trust Company. He became a second vice president of the bank in July, 1931.

✓ **A plea** for a broad educational foundation as the basis of culture and civilization was made at the com-

mencement exercises of the Graduate School of Banking at Rutgers University last month. There were 149 in the class of 1938 which was graduated last month.



✓ **The final phase** of the Federal Government's suit against nine New York Clearing House banks to collect \$2,842,616 damages claimed for depositors of the closed Harriman National Bank & Trust Co., has ended with a unanimous decision by the New York State Court of Appeals favoring the banks.

An order handed down in Albany July 7 upheld the decision of the Appellate Division and of Supreme Court Justice Shientag in ruling that the banks are not liable for damages claimed to have been suffered by depositors of the Harriman bank in connection with alleged offers by the Clearing House Committee during the half year preceding the Harriman suspension in 1933 to guarantee the institution's deposits.

In the Controller's suit against the twenty Clearing House Association member banks eleven institutions settled, while the remaining banks defended the suit on the contention that the Clearing House was without power to bind its members, since such power resided exclusively with the boards of directors of the banks.

The nine banks and individuals who successfully defended this contention against the suit of the Controller of the Currency were: The Chemical Bank & Trust Co., Guaranty Trust Co., Bankers Trust Co., Fifth Avenue Bank, Bank of the Manhattan Co., Public National Bank & Trust Co., Title Guaranty & Trust Co., First National Bank, Continental Bank & Trust and Percy H. Johnston, chairman of the Chemical Bank & Trust Co., and William C. Potter, chairman of the Guaranty Trust.



✓ **A summary** of the laws affecting banks enacted during the second 1937 session and the 1938 session of Congress, and of legislative trends as indicated by important bills which did not pass, has been compiled and sent to the member banks of the American Bankers Association by the organization's committee on Federal legislation.

Included as part of the booklet is a letter addressed to the banks by Orval W. Adams, president of the American Bankers Association, in which he said, "Contrary to expectations, considerable legislation of real moment to banks was introduced during the 75th Congress, which adjourned June 16. Sixteen measures directly affecting

banks were enacted and many others considered.

"A legislative program affecting banks does not necessarily end with the enactment of certain statutes," Mr. Adams said. "Measures that fail of passage at a given session may still be a part of a legislative trend and may be expected to reappear with the new Congress."

The bulletin is arranged in two parts. The first is an analysis of the sixteen enacted measures and the second contains the most important of the bills which failed of passage but which, according to Mr. Adams, "nevertheless indicate the trend of banking legislation and which may be expected to reappear at the next session."

¶ **Assets and building** of the First National Bank, Greenup, Kentucky, which closed in 1933, have been sold at public auction, for \$10,100, to the First and Peoples Bank, Russell.

✓ **DOING BUSINESS BY LETTER:**

From the correspondence practices of scores of firms of every kind and size, this volume sets forth tested methods and principles for writing business letters of all types. The book is different in that it goes beyond mere correctness in minor details and presents detailed explanation of just what is needed to produce letters that are more successful in producing sales, collecting overdue accounts, making satisfactory adjustments, etc. Whether a beginner or a veteran executive, this book will help you produce better letters—and many bankers need this help almost as much as lawyers, who, as a class, are probably the world's worst letter writers. Far too often business letters are stilted, formal and uninteresting, when they should be friendly, stimulating and interesting. The book is well worth the \$3.00 price fixed by the publishers, The Ronald Press Company, 15 East 26th St., New York City.

St. Joseph Stock Yards—One of Nation's Important Livestock Markets

THE St. Joseph Stock Yards was opened for business in 1887 to establish one of the important livestock markets to meet the needs of farmers, feeders and ranchmen of the West and Middle West. Since that time St. Joseph has maintained a terminal market that has been of great importance to the livestock and meat industry. During the fifty years vast numbers of finished animals have moved from the feed lots and ranges to St. Joseph to find an outlet on an open and competitive market for slaughter and to eastern consuming centers. In recent years receipts have come from some twenty states and out-shipments have been made to some twenty-three states.

Livestock growers in recent years have made many changes in production methods to meet the demands of the consuming public, the longhorn steer and heavy export bullock have been replaced by the choice light yearling and the heavy mutton has given way to the handy-weight lamb. The changes in production have been paralleled by improvements in the methods of handling animals at the markets. The St. Joseph Stock Yards Company has made every effort to improve the yard equipment and methods of handling to keep pace with all production practices. As a result of the many improvements in yard equipment and service, animals arriving at the St. Joseph Market today, whether

in single lots or carloads, are handled in such a way as to insure good appearance and good fills when they are shown and sold.

The St. Joseph Stock Yards Company has been active in improving outlets for both finished and feeder animals. This service alone means many thousands of dollars of additional income for livestock growers throughout the West and Middle West. It has also insured a reliable market at all times where livestock growers and feeders could sell their animals in an open and competitive market.

Although there have been changes in production and methods of handling animals at the Yards, the fundamentals in marketing have not been changed. The price of all classes of animals is dependent upon supply and demand. The greater the volume of livestock that is sold on the St. Joseph and other open competitive markets, the nearer a fair price, one based on supply and demand, will be established.

The livestock industry was founded and has grown to its present proportions under a system of selling on terminal markets. The open and competitive market insures a reliable outlet at all times at a fair price to the grower and a constant supply of slaughter animals for the consuming public. Thus both the producer and consumer are brought together with an equal advantage.

NEWS of ILLINOIS BANKS and BANKERS

☐ **D. A. Moody**, former cashier of the Farmers State Bank, Mount Sterling, Illinois, was recently found shot to death in a barn on his brother's farm. A shotgun was beside the body. Mr. Moody was 50 years old having retired from the bank a year ago.

☐ **Approval has been granted** by the Comptroller of the Currency for the organization of the new Michigan Avenue National Bank, Chicago. The bank will occupy the entire second floor at 30 N. Michigan Avenue and will commence business October 1. Capital is reported to be \$250,000, surplus \$75,000, and undivided profits, \$50,000.

☐ **R. D. Cameron**, second vice president, Continental Illinois National Bank & Trust Co., Chicago, won the fourth annual golf meet of the Corporate Fiduciaries Association of Chicago held recently at Barrington Hills Country Club with an 80 low gross. W. W. Hinshaw, Jr., secretary and trust officer, City National Bank & Trust Co., Chicago, and Louis W. Northrop, assistant cashier, First National Bank, Chicago, were tied for runner-up at 84.

☐ **A. Lincoln Hoblit**, president and organizer of the Carlinville National Bank, Carlinville, Illinois, died June 30. He was treasurer of Blackburn College and active in the affairs of the Illinois Bankers Association.

☐ **Northern Trust Company**, Chicago, Illinois, reports an increase in deposits of \$14,000,000 since December 31, 1937. Total deposits at the close of business June 30, 1938, show \$327,698,000. Total resources in the first six months are up \$16,000,000 to a total of \$351,921,789.

☐ **F. H. A. loans** amounting to \$56,319 have been made by three East St.

Louis, Illinois, banks: First National Bank, Southern Illinois National Bank and Union Trust Company, as of July 1.

☐ **Monroe County Savings Bank & Trust Co.**, Columbia, Illinois, on July 2 was admitted to membership in the Federal Reserve System. Established in 1919, the bank has a capital of \$50,000, surplus of \$10,000 and total resources of \$726,000.

☐ **Joseph W. Rickert**, president of the Commercial State Bank, Waterloo, Illinois, celebrated his 98th birthday on July 9 by attending an anniversary party given in his honor by officers of the bank.

☐ **E. H. Luikart**, former cashier of the Kewanee State Savings Bank & Trust Co., now judicial receiver for state banks of Nebraska, was badly injured in a head-on automobile crash at Courtland, Nebraska, last month. He is 61 years of age.

☐ **Fred Anderson** has recently been elected president of the State Bank of Allerton, Allerton, Illinois, and W. A. Warters has been named vice president.

☐ **M. H. Cashin**, director of the South Side Trust & Savings Bank, Peoria, Illinois, died recently at the age of 46. Mr. Cashin was a prominent Peoria livestock dealer.

☐ **Sumner State Bank**, Stockland, Illinois, will soon be moved to Sheldon, Illinois, and will be organized as a national bank if permission can be secured, according to Aaron T. Sumner, president.

☐ **Michael Hart**, age 66, died recently at his home in Chicago. He was, before his illness, assistant cashier of the old Union State Bank, Chicago.

☐ **Edward A. Heald**, former president of the National Bank of Canton, Illinois, died last month in Vancouver, British Columbia where he has resided for the past four years. Howard Heald, now president of the bank, is his nephew.

☐ **State Bank of Toulon**, Illinois, is being completely remodeled and modernized throughout the interior. Rooms are being rearranged and changed, new fixtures installed, and a number of new safety deposit boxes are being installed.

☐ **J. C. Eberspacher**, president of the Shelby Loan & Trust Co., Shelbyville, Illinois, died suddenly last month of heart attack while attending the graduate banking school at Rutgers University in New Brunswick, New Jersey. He was 53 years old and had been president for the last ten years of the Shelby Loan & Trust Co., formerly the First National Bank.

☐ **National Boulevard Bank**, Chicago, Illinois, has increased its capital account to \$500,000, according to J. DeForest Richards, president. This makes the combined capital and surplus \$1,000,000. Total deposits as of June 30 are \$15,482,618, an increase of about \$846,000 since March 7, 1938.

☐ **Service charges** have been added by the eight member banks of the Washington County Bankers Federation, effective July 1, it was announced following a recent meeting. The banks included are: First National Bank and the Old Exchange National Bank, both at Okawville, Illinois; Farmers & Merchants National Bank and the First National Bank, both at Nashville; Oakdale State Bank, Oakdale; Richview State Bank, Richview; Hoyleton State & Savings Bank, Hoyleton; and Ashley State Bank, Ashley, Illinois.

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¶ **S. C. Henson**, president, First National Bank, Villa Grove, Illinois, died suddenly last month while on a fishing trip. He was 52 years old and an organizer of First National Bank.

¶ **P. J. Fleming** was elected president of the State Bank of Jerseyville, Illinois, at the recent annual meeting of stockholders. R. Leo Smith and Walter J. Chapman were chosen vice presidents and William F. Hanley, cashier.

¶ **Walter Gradle**, president and treasurer of the Swedish Produce Company of Chicago, has been appointed director of the Milwaukee Avenue National Bank, Chicago, to fill the vacancy caused by the resignation of Thadeus Niemira.

¶ **Peoples National Bank**, St. Francisville, Illinois, is expected to be removed to Lawrenceville soon, although the actual date has not been announced. Citizens of St. Francisville have financially pledged a new institution which will provide a limited banking service for the city and surrounding community.

¶ **C. C. Mason**, formerly vice president of the Concord State Bank, Concord, Illinois, has accepted a position at the Ipava State Bank, Ipava.

¶ **Application** has been signed and filed with the Comptroller of the Currency for a national bank charter in Nokomis, Illinois. The new institution, to be known as the First National Bank of Nokomis, will have a proposed capital stock of \$50,000, a surplus of \$10,000 and undivided profits of \$5,000. Nokomis merchants have been without either a state or national bank since 1932.

¶ **George W. Brichler** has resigned as chairman of the board of the First National Bank, East St. Louis, Illinois. A. C. Johnson, president of the bank, announced that a successor would not be named.

¶ **National Bank of Bloomington**, Bloomington, Illinois, recently retired \$10,000 in preferred stock, leaving \$50,000 preferred and \$100,000 common capital.

¶ **Illinois National Bank**, Springfield, Illinois, has retired all of its preferred stock and has increased its common capital from \$150,000 to \$300,000.

¶ **West McHenry State Bank**, West McHenry, Illinois, has been admitted to membership in the Federal Reserve.

¶ **Farmers Bank of Ursa**, Ursa, Illinois, reports deposits of more than \$198,000 and total resources of more than \$262,000 in a recent statement.

¶ **Application** has been made to the Comptroller of the Currency for a new national bank to be organized at Nokomis, Illinois.

¶ **Walter L. Odenkirk**, assistant treasurer of Enyart, Van Camp & Feil, Inc., Chicago, has been elected a director of the corporation to take the place of Peter V. Feil, who has resigned as director and vice president.

“**HANDBOOK OF THE LAW OF WILLS,**” by *Thomas E. Atkinson, Professor of Law, University of Missouri; published by West Publishing Company, St. Paul, Minn.; 1 Vol., 916 pages.*

This is an elementary treatise on the law of wills which covers also the administration of decedents' estates and the principles of succession involved where a person dies leaving no will. It will be of particular value to those interested in the essential legal principles involved in wills. It is one of the publisher's famous Hornbook Series of legal books and is, as are the others of the series, very well and intelligently written.

One particular noteworthy feature is a section of suggestions on the preparation of wills in which is reviewed a number of the essential requirements

of a valid will and in which a number of very practical and helpful suggestions are made for satisfying these requirements. The treatise also contains an elaborate treatment of the history of wills in the United States and elsewhere, a general discussion of substitutes used in lieu of wills such as joint bank accounts and living trusts, a review of the law on what persons are capable of making valid wills and on undue influence. Included therein are also chapters on fraud and mistake, the execution of wills, special types of wills such as those of soldiers and sailors, the revocation of wills, the probate of wills, and the administration, collection, management, distribution, and settlement of estates. An entire chapter is devoted to the construction and drafting of wills.

Probably the fact that the treatise purports to treat only with essentials impelled the author to omit any reference to common disaster clauses and the law attendant thereto. It would have been well had something thereon been included in the text, as such clauses are often wanted. However, he does discuss spendthrift trust clauses and most of the other special matters of a similar nature and the text may be considered a fairly complete one for general, all-round use.

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is engaged primarily in facilitating wholesale distribution and retail sales of the following products of General Motors Corporation and its world-wide affiliates: CADILLAC, LA SALLE, BUICK, OLDSMOBILE, PONTIAC, CHEVROLET automobiles; FRIGIDAIRE appliances for refrigeration and air conditioning; DELCO lighting, power and heating equipment; GMC trucks; BEDFORD, VAUXHALL, OPEL, BLITZ—

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NEWS of INDIANA BANKS and BANKERS

☐ **A special meeting of stockholders** of both the Citizens Trust & Savings Bank and the City National Bank, South Bend, Indiana, was called last month to consider a merger of the two institutions.

☐ **Frank T. Himler**, 52 years old, for more than 20 years secretary of the Citizens Trust Co., Vincennes, Indiana, recently shot himself to death with an automatic rifle.

☐ **Wilson N. Cox, Sr.**, president of the Terre Haute First National Bank,

Terre Haute, died recently at the age of 61. Mr. Cox was also co-owner of the Tribune-Star Publishing Company.

☐ **Citizens State Bank**, Newcastle, Indiana, is celebrating the sixty-fifth anniversary of its founding this year. The bank was chartered as number 3 in the state's banking system and has retained that number continuously. The bank has had only three presidents and four cashiers since its beginning in 1873. Harry E. Jennings is

now president and John R. Millikan, cashier.

☐ **Approximately 300 bankers** were present at the recent meeting of the Indiana Bankers Association in Jeffersonville when Raymond Stout, president of the Orange County Bank, Paoli, Indiana, was elected president of the Association. He succeeds Edward Hughes, president of the State Bank of Campbellsburg, in the office. William Summers, cashier of the State Bank of Hardinsburg was elected secretary of the association and Ralph Jackson, cashier, First National Bank, Milltown, was named vice president.

☐ **Boone County Bankers Association** has received high recognition for its recent novel alfalfa project contest for promoting the growth of alfalfa. A soil test for acidity, phosphate and potash was included in the contest and silver trophies and certificates of merit were awarded to the township winners.

☐ **Four banks in South Bend**, Indiana, will reduce the interest rates on savings deposits from 2 per cent to 1½ per cent, it was announced by the Clearing House Association. Banks affected by the move are: American Trust Co., Citizens Trust & Savings Bank, First Bank & Trust Co., and Merchants National Bank.

☐ **Citizens Bank, Macy**, Indiana, was closed June 29 by its board of directors after authorization of the State Banking Department. The bank, not a member of the Federal Deposit Insurance Corp., was thrown into receivership in connection with the financial collapse of the three Cloud & Sons stores. It is indicated that a new bank will be endorsed and established at Macy early in September to serve the wide trade territory in that section, although the new institution has not been authorized.

☐ **Thomas Bauer**, president of the First Merchants National Bank, La Fayette, Indiana, celebrated his 78th birthday on the same date that the bank was receiving congratulations on its 75th anniversary. Both congratulatory messages to the bank and personal tributes to its president gave the occasion a double significance. A booklet commemorating the 75th anniversary has been issued, containing a brief history of the National Banking



★ ★ ★ ★ ★

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of experience*

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Nearly five decades of banking have provided The Northern Trust Company with the necessary background and information to render outstanding correspondent service to out-of-town banks. And this institution is always ready to share with visiting banker-customers the benefits of its wide contacts and long experience.

**THE NORTHERN
TRUST COMPANY**

NORTHWEST CORNER LA SALLE AND MONROE STREETS, CHICAGO

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System and many photographs and scenes of the city and its growth. On June 1 the bank showed a capital of \$650,000, resources of \$8,751,689 and deposits of \$7,919,279. Other officers of the bank are: Henry F. Tykal, executive vice president; O. M. Schnaible, cashier; F. V. Nelson, assistant cashier, and F. D. Hollensbe, trust officer.

☐ **No bank robberies** have taken place in Indiana during the first half of this year and there is only one successful night burglary of \$300 to mar the record. There were four unsuccessful attempts at burglary during the period. The new record is in contrast to the John Dillinger and Brady gang era. In 1933 Indiana bank lootings were estimated at a high of \$175,000. Much credit for the improved condition is due the formation of coordinated radio police system throughout the state.

☐ **First National Bank**, Richmond, Indiana, celebrated its 75th birthday on July 13 by having an informal program "birthday" dinner. First National is the sixth oldest national bank in the United States and has Charter No. 17. When the bank was first organized in 1863 it took over the interests of the old People's bank which was organized in 1859. In its long career as a financial institution in Richmond, First National has had only three presidents. Alton T. Hale is the present president.

☐ **Wilson N. Cox**, president of the Terre Haute First National Bank and prominent Terre Haute, Indiana, citizen, died last month. He was a member of the Vigo County Bar Association and a member of the Indiana State Teachers College Foundation.

☐ **Farmers Bank**, Frankfort, Indiana, is being air conditioned throughout with the latest type filtered air system.

☐ **Union Bank & Trust Company**, Kokomo, Indiana, is moving its location from its present quarters to the building formerly occupied by the Citizens National Bank. The change will be completed by October 1.

☐ **A new personal loan department** has been established by the Citizens National Bank, Bedford, Indiana. President Arch C. Voris announced that Herbert M. Parham would be in charge of the new department.

☐ **Elmer A. Frank**, who for fifty years has been assistant cashier or cashier of the old Commercial National Bank and the Commercial Bank & Trust Company, Union City, Indiana, died last month at the age of 72.

☐ **Citizens National Bank**, Tell City, Indiana, has retired \$6,000 of preferred stock "A," leaving the bank with \$25,000 preferred "A," \$35,000 preferred "B," and \$25,000 common.

☐ **Mercantile Bank**, Hammond, Indiana, is utilizing the radio as well as the press in promoting its services.

☐ **Fort Wayne National Bank**, Fort Wayne, has retired \$5,000 in preferred stock and added \$15,000 to surplus, bringing it to a total of \$225,000. The bank also transferred \$6,200 to reserve for Federal income tax and \$25,000 to reserve for contingencies, stating that

a substantial increase still remains for undivided profits.

☐ **Subscriptions for stock** have been called for the new Palmyra, Indiana, bank, according to Walter H. Fisher, cashier.

☐ **Union Bank & Trust Co.**, Kokomo, Indiana, is expected to move soon into the quarters of the defunct Citizens Bank, following the remodeling of the main floor and basement, work on which will start soon. Plans call for a new entrance and complete renovation of the main floor banking quarters with new furniture and fixtures throughout.

CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

Statement of Condition, June 30, 1938

RESOURCES

Cash and Due from Banks	\$ 545,695,655.00
United States Government Obligations, Direct and Fully Guaranteed	476,922,062.90
Other Bonds and Securities	61,324,882.01
Loans and Discounts	167,610,960.49
Stock in Federal Reserve Bank	2,805,000.00
Customers' Liability on Acceptances	1,204,728.75
Other Banks' Liability on Bills Purchased	11,723.24
Income Accrued but Not Collected	2,942,216.19
Banking House	13,050,000.00
Real Estate Owned other than Banking House	3,628,559.94
	<u>\$1,275,195,788.52</u>

LIABILITIES

Deposits	\$1,152,676,844.66
Acceptances	1,204,728.75
Other Banks' Bills Endorsed and Sold	11,723.24
Dividend Declared on Preferred Stock, Payable August 1, 1938	375,000.00
Dividend Declared on Common Stock, Payable August 1, 1938	1,500,000.00
Reserve for Taxes, Interest and Expenses	4,832,159.38
Reserve for Contingencies	13,673,004.76
Income Collected but Not Earned	285,645.62
Preferred Stock	25,000,000.00
Common Stock	50,000,000.00
Surplus	18,500,000.00
Undivided Profits	7,136,682.11
	<u>\$1,275,195,788.52</u>

United States Government obligations and other securities carried at \$133,509,574.34 are pledged to secure public and trust deposits and for other purposes as required or permitted by law.

Member Federal Deposit Insurance Corporation

NEWS of KENTUCKY BANKS and BANKERS

☐ **F. W. Hutcheson**, father of Shirley Hutcheson, assistant cashier, Citizens National Bank, Bowling Green, Kentucky, died recently.

☐ **In Greenup, Kentucky**, the building formerly occupied by the old First National Bank, is being completely altered and renovated. The First & Peoples Bank, Russell, will continue to operate its branch bank in the downstairs quarters of the building.

☐ **The Bank of Murray**, Murray, Kentucky, has been granted an increase in capital stock from \$60,500 to \$100,000.

☐ **The Bank of Milburn**, Milburn, Kentucky, which was closed July 11 with \$60,000 in deposits, was the tenth closing of a Kentucky bank insured by F. D. I. C. It has been announced that almost every depositor will be completely covered by the \$5,000 guaranty limit.

☐ **John T. Graves**, cashier of the Harris-Seller Banking Company, Versailles, Kentucky, died recently at the age of 65 from undulant fever. He

will be succeeded by his brother, C. H. Graves.

☐ **Three Somerset Banks**, Citizens National Bank, Farmers National Bank and First National Bank, have reduced interest rates to two per cent on interest accounts. The reduction was effective July 1.

☐ **H. Y. Davis, Jr.**, president for more than thirty-five years of the Davis Banking Company, Upton, Kentucky, died recently following a paralytic stroke.

☐ **The Newport National Bank**, after having taken over the assets and deposits of the Central Savings Bank, Newport, and completing a merger of the two institutions, announced that the total deposits are \$6,250,000.

☐ **C. S. Elliston**, cashier, Bank of Williamstown, Williamstown, Kentucky, died recently after an illness of several weeks.

☐ **Ohio Valley Trust Company**, Henderson, Kentucky, has filed amended

articles of incorporation to reduce capital stock from \$328,000 to \$200,000 and to reduce 3,820 stock shares, par value \$100 each to 3,200 shares, par value \$62.50 each.

☐ **At Louisville**, Liberty National Bank & Trust Company, is showing copies of paintings of the old masters in the lobby. Two branch banks are also benefiting by the showings. As soon as the series has been completely displayed by changing them every two weeks, the bank will donate the copies to the Louisville Free Public Library.

☐ **A balanced budget** for the State of Kentucky has been announced by Director Frank D. Peterson of the State Finance Department's Division of Accounts and Control. The budget was actually underspent \$1,023,000 according to Peterson. This was despite a shrinkage of approximately 25 per cent in revenue from alcohol beverage taxes. He announced that this was the second year since 1907 that the State's budget had been balanced and appropriations underspent.

First National Bank

OF LOUISVILLE

Charter No. 109

THE year 1938 marks First National's seventy-fifth birthday, so we are a veteran of three-quarters of a century in banking. We opened our doors in 1863 during the War. Our term of enlistment in the service of our City and State continues. On this record we invite you to establish a banking connection with us.

1863
75
Years
1938

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Emil Eitel — Karl Eitel — Roy Steffen

☐ **Ambrose Dudley**, president of the Deposit Bank, Pleasureville, Kentucky, for the past thirty-five years, died recently at the age of 76 after a year's illness.

☐ **Peoples Deposit Bank & Trust Company**, Paris, Kentucky, has been admitted to membership in the Federal Reserve System. The membership was effective July 16.

☐ **A two-story addition** has been added to the Morgantown Deposit Bank, Morgantown, Kentucky.

☐ **Ollin Morris**, assistant cashier, Citizens National Bank, Glasgow, was married to Miss Jesse Goff of Monticello, Kentucky, last month.

☐ **J. K. Lewis**, Assistant Attorney General, recently issued an opinion to the effect that deposits in Kentucky banks by out-of-state depositors are subject to Kentucky taxation.

☐ **Marvin Underwood**, president of the First-Hardin National Bank, Elizabethtown, Kentucky, sends us a copy of his June 30 statement and tells us that his bank has been air-conditioned with Carrier equipment. The statement shows deposits of more than \$2,292,000 and total resources of more than \$2,588,000.

☐ **Citizens Union National Bank**, Louisville, Kentucky, recently issued a bulletin warning against the cashing of government checks unless absolutely certain of the endorsement. The government reserves the right to come back on the endorser at most any time—sometimes years later.

☐ **The statistical department** of the Fidelity & Columbia Trust Company, affiliate of the Citizens Union National Bank, Louisville, has prepared a booklet giving valuations of securities for State taxes as of July 1, 1938. Copies may be obtained by writing the Citizens Union National Bank.

☐ **A new building** is being erected for the First National Bank, Mayfield, Kentucky, to replace the old building which was partially destroyed by fire nearly two months ago. Workmen have begun removing old furnishings and clearing the site where the new structure will stand. It is expected that the new and modern quarters will be ready for occupancy about January 1, 1939.

☐ **A. T. Raeuchle**, auditor, Liberty National Bank & Trust Company, Louisville, has been elected president of the Louisville Association of Bank Auditors, succeeding Elmer C. Ries,

assistant auditor, First National Bank. Assistant auditor, L. C. Thurman, Fidelity & Columbia Trust Company is the new vice president and Arthur J. Heeb, assistant auditor, Citizens Union National Bank, is secretary-treasurer.

☐ **At the Group One** annual meeting of the Kentucky Bankers Association in Paducah last month, Fred Dowd, vice president, First National Bank, Henderson, was elected president to succeed Charles F. McKee, vice president, First-City National Bank & Trust Company, Hopkinsville. B. L. Trevathan, cashier, Bank of Marshall County, Benton, was elected vice president; and N. G. Guess, cashier, Farmers Bank & Trust Company, Marion, secretary of the group. On the executive committee are: R. O. Green, cashier, Bank of Milburn, Milburn; J. E. Griffin, cashier and trust officer, Trigg County Farmers Bank, Cadiz; and Charles A. Gochel, cashier, Citizens Savings Bank, Paducah. Approximately 150 bankers were present to hear C. B. Enlow, president, National City Bank, Evansville, Indiana, one of the principal speakers.

☐ **M. D. Offutt**, cashier of the Citizens Bank, Midway, Kentucky, resigned recently.

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A Key Bank in the Central South

BANKERS KNOW BANKS . . .

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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NEWS of MISSISSIPPI BANKS and BANKERS

☐ **First National Bank**, Aberdeen, Mississippi, recently retired some of its preferred stock and now has common capital of \$50,000 and preferred capital of \$46,000.

☐ **\$10,255 preferred stock** was retired recently by the First-Columbus National Bank, Columbus, Mississippi, leaving the bank with preferred stock of \$88,745 and common stock, \$112,805.

☐ **G. W. Patty**, formerly assistant cashier and manager of the Bank of Louisville, Louisville, Mississippi, has been recently elected assistant cashier of the Louisiana National Bank, Baton Rouge, Louisiana.

☐ **T. L. DeLashmet**, vice president of the Pascagoula National Bank, Moss Point, Mississippi, has been granted leave of absence in order to completely regain his health. K. W. Burnham, vice president, will take over his duties in the Moss Point office during his absence.

☐ **Magnolia Bank**, Magnolia, Missis-

sippi, has been completely remodeled both inside and out.

☐ **R. P. Parrish, Jr.**, has been elected cashier of the Bank of Greenwood, Greenwood, Mississippi, to succeed the late Prentice S. Stubblefield. J. P. McGeoy and John T. Wells have been elected assistant cashiers.

☐ **Officers** for the Jackson, Mississippi, Clearing House Association for the coming year are: A. R. Tillman, vice president, Jackson State National Bank, Jackson, president of the organization; M. D. Brett, vice president, Commercial Bank & Trust Company, vice president; and George B. Power, who was reelected secretary and manager.

☐ **Gov. Hugh L. White** of Mississippi is behind the recent proposal which calls for lifting taxes from the homes of owners who are the heads of families. Bankers in Mississippi are particularly interested in the outcome of the move now before a special session of the state legislature. The basis of the plan which would exempt nearly

133,000 homestead owners is that it would stimulate building and tend to make a broader civic base of contented home ownership. The exemption would cost the counties, municipalities, and special school and road districts of the state nearly \$3,380,720. It is planned that the loss be sustained from State funds, the State in turn to raise the additional amount by an increase of one cent in the three cent cigarette tax, fixing of the ad valorem levy at six mills, and use of the State's current cash surplus of \$1,500,000. For the farm dwelling the exemption would extend to 80 acres and the buildings necessary to farm this area; for the city dwelling, not more than one acre of land; and to the home owner's dwelling if not rented to more than three persons.

☐ **Statements** from Mississippi show total deposits of \$9,403,239 for Jackson-State National Bank, Jackson; \$860,073 for Bank of Commerce, New Albany; and \$2,833,560 for Commercial National Bank & Trust Company, Laurel.

NEWS of LOUISIANA BANKS and BANKERS

☐ **The Welsh branch** of the Calcasieu-Marine National Bank, Lake Charles, Louisiana, has John M. Howard, Lake Charles, as its new manager. Henry Conner, assistant auditor, will take up duties as assistant manager in Welsh.

☐ **W. B. Hays**, Little Rock, Arkansas, has been elected vice president of the Home Federal Savings & Loan Association, Shreveport.

☐ **J. W. Beasley**, executive vice president, Guaranty Bank & Trust Company, Alexandria, has been elected president of the institution to fill the vacancy caused by the death of the late Joseph A. Bentley. About \$2,000 is being spent at this time to improve the front and interior of the bank's building.

☐ **L. M. Shaw**, has been appointed cashier of the New Orleans branch of the Federal Reserve Bank of Atlanta, it was announced by L. M. Clark, managing director of the branch.

☐ **Charles Gussman**, 48, president of the Louisiana Savings Bank & Trust Company, New Orleans, since its organization, succumbed to a heart attack recently. P. H. Sitges, vice president and trust officer of the company has been elected the new president of the institution. Eugene McCarrell, cashier, was named vice president and cashier.

☐ **W. C. Pylant**, former cashier, Bank of Coushatta, Coushatta, Louisiana, was elected to the presidency by the board of directors to fill the vacancy caused by the resignation of J. N. Tatum. Cerley Hayden, assistant cashier, was elected cashier.

☐ **"A bank is like a store**, in that it buys deposits and sells loans" said William B. Gladney, executive vice president, Fidelity Bank & Trust Company, Baton Rouge, Louisiana, in speaking recently before the city's Rotarians.

☐ **B. F. Thompson**, chairman of the

board, Rapides Bank & Trust Company, Alexandria, Louisiana, died last month at the age of 74.

☐ **A pension plan** for retirement protection of all of its employes has been worked out by Hibernia National Bank, New Orleans, in conjunction with the Equitable Life Assurance Society of the United States. The plan is on the same annuity principle as that of the Social Security Act excepting that the bank has made a more liberal contribution than is set forth in the law. Participation in the plan is entirely voluntary. In announcing the plan, Chairman R. S. Hecht and President A. P. Imahorn said in part: "Under it (the plan) the employes will make certain contributions which are repayable to them with accrued interest in the event an employe leaves our service, or will be paid to their beneficiaries in the event of his or her death. In addition to these future payments the bank is also purchasing,

at its sole expense, additional pension for all those entering the plan to cover certain past service which employes have rendered." Group life insurance, begun in 1917 by the predecessor bank as its sole expense, and group accidental death and dismemberment insurance added in 1933, will continue in force in addition to the pension plan.

☐ **Sam Smith** has been elected cashier of the Central Savings Bank & Trust Company, Monroe, Louisiana, recently, and **W. A. Taliaferro**, formerly assistant cashier, has been named assistant vice president.

☐ **Peoples State Bank**, Many, Louisiana, last month celebrated its 25th anniversary. Total resources at the time of its opening in July, 1913, were \$30,455 compared with \$570,804 in March, 1938.

☐ **Hibernia National Bank**, New Orleans, has gained more than \$5,000,000 total deposits since June 30, a year ago, bringing the amount to \$46,999,000. In the same twelve months' period, after paying regular dividends on its preferred and common capital stock, profits and reserves show a gain of \$180,000. Capital funds now exceed \$4,000,000.

✓ **THE LAW OF CORPORATE MORTGAGE BOND ISSUES:**

During the last ten decades or so in which mortgage bonds have been issued by corporations in their financing, the legal documents prepared for the purposes of the issues have, in the main, followed somewhat standard forms. The authors of this text have taken such a standard form and have discussed the various clauses and the legal incidents thereto.

When the problem of whether a substantial investment should be made in a certain issue is presented, when an issue defaults and the trust company trustee must decide whether to take possession of the security, and when innumerable other problems connected with corporate mortgage bonds must be faced, one of the first things that is done is to turn to the instruments involved and examine their provisions. Sometimes the solution is clear from these provisions but generally it is necessary to determine the treatment accorded the provisions by the courts. The function of this book is to provide the answers to the questions that arise in this determination. It will be of immense value in that connection. Authors: **Ralph A. McClelland** and **Frederick S. Fisher, Jr.**; Publisher: **Callaghan & Company**, Chicago; 1 vol. 1077 pp.

THE NATIONAL BANK OF COMMERCE

IN NEW ORLEANS

Report to the Comptroller of the Currency (CONDENSED)

As of the Close of Business June 30, 1938

RESOURCES

Cash on Hand and Due from Banks	\$19,644,879.01
U. S. Government Obligations Direct and/or Fully Guaranteed..	17,642,867.41
Obligations of U. S. Government Instrumentalities	1,771,808.73
Stock in Federal Reserve Bank	96,750.00
Municipal Bonds	2,838,334.99
Customers' Liability on Acceptances	232,051.67
Loans and Discounts	9,930,014.83
Furniture and Fixtures	20,669.71
Accrued Interest on Bonds and Loans, and Other Assets.....	212,128.30
	\$52,389,504.65

LIABILITIES

Common Stock	\$1,500,000.00
Preferred Stock	1,200,000.00
Surplus	600,000.00
Undivided Profits	310,805.56
	\$ 3,610,805.56
Common Stock Dividend Payable July 1, 1938	30,000.00
Preferred Stock Dividend Payable August 1, 1938	18,000.00
Reserve for Undeclared Dividends	48,000.00
Reserves for Preferred Stock Retirement and Contingencies.....	372,827.69
Other Reserves	35,785.49
Discount Collected but not Earned	55,368.62
Liability on Acceptances	259,618.92
Deposits	47,959,098.37
	\$52,389,504.65

Liability on Letters of Credit Issued but not drawn against..... \$134,441.88

DIRECTORS

CLAY W. BECKNER	IRA B. HARKEY	A. Q. PETERSEN
H. THOM COTTAM	MAYER ISRAEL	GEORGE PLANT
RICHARD R. FOSTER	C. D. KEMPER	THEODORE M. SIMMONS
A. D. GEOGHEGAN	OLIVER G. LUCAS	GEORGE G. WESTFELDT
DOMINICK GRAFFAGNINO		L. KEMPER WILLIAMS
DALE GRAHAM	PAUL MALONEY, JR.	WM. AUGUST WORNER

OFFICERS

<i>Chairman of the Board</i>	<i>President</i>	<i>Executive Vice-President</i>
A. D. GEOGHEGAN	OLIVER G. LUCAS	CLAY W. BECKNER
	<i>Vice-Presidents</i>	
J. A. BANDI	W. J. MITCHELL	W. W. SCHROEDER
H. DABEZIES	THOS. F. REGAN	W. W. SUTCLIFFE, JR.
L. B. GIRAUD		CHAS. J. THEARD
	<i>Vice-President and Cashier</i>	<i>Vice-President and Trust Officer</i>
DALE GRAHAM		C. F. NIEBERGALL

Assistant Cashiers

ALBERT DAZET	F. H. FITZGERALD	B. J. LEGETT
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MEMBER OF THE FEDERAL DEPOSIT INSURANCE CORPORATION

NEWS of TENNESSEE BANKS and BANKERS

☐ Nathaniel B. Harwell of Henderson, Tennessee, has been appointed a state bank examiner in Tennessee.

☐ J. M. Davis, former Tennessee bank examiner, has returned to the service after resigning about a year ago to become an officer of the Murfreesboro Bank & Trust Company, Murfreesboro, Tennessee.

☐ In addition to the regular dividend last month, the Lebanon Bank and Trust Company, Lebanon, Tennessee, declared a special dividend of 20 per cent. O. W. Stephens is vice president and cashier of the bank.

☐ John A. Jordan has been elected president of the Harpeth National Bank, Franklin, Tennessee, succeeding

the late A. W. Pitner. Mr. Jordan has been connected with the bank for more than 20 years and has recently served as executive vice president.

☐ Banks of Jackson, Tennessee, are offering cash prizes of \$75 in a strawberry contest to encourage better cultivation, fertilization and mulching of berries in Madison County.

☐ Brownsville Bank, Brownsville, Tennessee, is remodeling and installing new fixtures at an expense of approximately \$10,000.

☐ John M. Fox, president of the Commercial and Industrial Bank, is the newly elected president of the Memphis Clearing House Association. J. V. Montedonico is the newly elected vice president.

☐ Third National Bank, Nashville, Tennessee, shows deposits of more than \$26,764,000 and total resources of more than \$29,278,000 in its June 30 statement of condition. This represents an increase of more than \$4,740,000 in deposits in the past two years, and compares with deposits of \$9,715,000 on June 30, 1933. The bank reports that 65.8 per cent of its earnings for the year 1937 came from local loans. Total loans and discounts are now \$13,729,000.

☐ Committee chairmen of the Tennessee Bankers Association for 1938-39 have been announced as follows: Agricultural Committee, C. W. Bailey, president of the First National Bank, Clarksville; Cost and Analysis Committee, B. L. Sadler, president of the First National Bank, Harriman; Educational Committee, C. D. Walling, president of the City Bank & Trust Co., McMinnville; Legislative Committee, Charles Nelson, president of the Nashville Trust Co., Nashville; Membership Committee, E. B. Maupin, cashier of the Peoples National Bank, Shelbyville; Research Committee, Vance J. Alexander, president of the Union Planters National Bank & Trust Co., Memphis.

☐ Total resources of the Union Planters National Bank and Trust Co., Memphis, are now more than \$70,788,000 and deposits are more than \$62,143,000.

☐ Five purebred bull calves have been purchased by the Tipton County Farmers Union Bank, Covington, Tennessee, as part of a program to improve the strain of cattle in the county.

STATEMENT OF CONDITION

UNION PLANTERS NATIONAL BANK & TRUST CO.

MEMPHIS, TENNESSEE

AT THE CLOSE OF BUSINESS JUNE 30, 1938

RESOURCES

Cash on Hand, and Due from Banks	\$18,894,616.32
United States Government Securities, Direct and/or Fully Guaranteed	10,408,741.57
Securities of Instrumentalities of the United States	
Government	1,529,098.37
Municipal Securities	5,421,283.37
Stock in Federal Reserve Bank	195,000.00
Other Bonds and Securities	900,001.27
Loans and Discounts	30,829,859.58
Banking Houses	2,115,000.00
Furniture and Fixtures	35,000.00
Other Real Estate	85,056.20
Customers' Liability a/c Letters of Credit and Acceptances, Acceptance Fully Guaranteed	16,696.96
Interest Earned but not Collected	278,874.65
Other Assets	78,789.20
TOTAL	\$70,788,017.49

LIABILITIES

Capital Stock	\$ 3,500,000.00
Surplus	3,000,000.00
Undivided Profits	1,674,260.12
Reserve for Premium on Bonds and Other Contingencies	211,147.31
Reserve for Interest, Taxes and Expenses	92,346.17
Interest Collected but not Earned	149,650.62
Letters of Credit and Acceptances, Acceptance Fully Guaranteed	16,696.96
Deposits	62,143,916.31
TOTAL	\$70,788,017.49

★ Member Federal Deposit Insurance Corporation ★

¶ **W. R. King**, president of the National Bank of Commerce, Memphis, Tennessee, has been elected a director of the Illinois Central Railroad.

¶ **National Bank of Commerce**, Memphis, now has deposits of more than \$25,780,000 and resources of more than \$28,988,000.

¶ **Recent statements** received from Tennessee banks reveal the following deposit totals: First National Bank, Springfield, \$883,000; Second National Bank, Jackson, \$2,029,000; First Trust & Savings Bank, Paris, \$668,000; Hamilton National Bank, Chattanooga, \$40,110,000; Riceville Bank, Riceville, \$94,000; Commercial National Bank, Chattanooga, \$8,868,000.

¶ **Peoples Bank**, Stanton, Tennessee, has erected a new brick front on its building.

¶ **Newbern State Bank**, Newbern, Tennessee, has added new vault equipment and has completed an extensive remodeling program. The bank recently observed its seventh anniversary.

¶ **Parkes Armistead** was recently elected president of the Northern Bank of Tennessee, Clarksville, to succeed the late J. W. Wakefield. Mr. Armistead is also executive vice president of the American National Bank, Nashville, and will continue in that position.

¶ **C. M. McMahan**, vice president, Sevier County Bank, Sevierville, Tennessee, recently died at the age of 70.

¶ **Andrew W. Pitner**, president, Harpeth National Bank, Franklin, Tennessee, died last month at 67. He recently retired as president of the Production Credit Corporation.

¶ **At Memphis, Tennessee**, the Union Planters National Bank & Trust Company, has transferred \$250,000 from undivided profits to surplus, according to Vance J. Alexander, president. Capital is now \$3,500,000; surplus account, \$3,250,000.

¶ **"Miss National Bank of Commerce"** was the title awarded to Tommy Gentry of the National Bank of Commerce, Memphis, staff at their recent "Men's Bathing Beauty Review." A tin loving cup was the award for his successful competition against all the institution's male employees present at the party.

¶ **Greene County Bank**, Greeneville, has reduced its capital stock from \$195,000 to \$187,000, following authorization from the State Banking Department.

¶ **Bank of Mt. Juliet**, Mt. Juliet, Ten-

nessee, recently celebrated its thirtieth anniversary. The bank has never borrowed money in these past thirty years, and has paid dividends regularly, except during two years. Deposits now exceed \$71,000, loans, \$50,000, and total resources, \$86,900.

¶ **Mid-Continent Banker's** representative in Tennessee and interested friends recently sent us financial statements of banks in the state showing the following deposits: Citizens Bank, Elizabethton, \$517,973; First National Bank, Greeneville, \$2,352,097; Greene County Bank, Greeneville, \$1,654,473;

Bank of Knoxville, Knoxville, \$1,524,213; Commercial Bank and Trust Company, Knoxville, \$2,549,153; Morris Plan Bank, Knoxville, \$885,696; Park National Bank, Knoxville, \$11,301,023; Napoleon State Bank, Napoleon, \$153,200; Merchants & Planters Bank, Newport, \$1,208,000; Citizens Union Bank, Rogersville, \$1,984,859.

¶ **Ernest B. Shadden, Sr.**, 60, vice president and auditor of the Hamilton National Bank, Chattanooga, Tennessee, for the past 25 years, died recently after a heart attack.

Time to Rebuild or Remodel



IT'S TRUE that times are uncertain, but one thing *is* certain: with threats of inflation and world unrest, the price of labor and materials can go but one way, and that upward.

Let us figure your large or small job now, while your dollars will buy as much as they will today. We'll give you an estimate, guarantee not to exceed it, and allow you the benefit of any saving made as the work progresses. You can't lose. Act now.

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& EQUIPMENT CO.**

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St. Louis

NEWS of ARKANSAS BANKS and BANKERS

☐ **J. A. Stallcup**, executive vice president and trust officer of the Arkansas Trust Company, Hot Springs, will be succeeded by George H. Sexton. Mr. Stallcup, has resigned because of ill health.

☐ **Arkansas Bankers Association** banker's seminar, held in connection with the College of Business Administration and General Extension Service of the University of Arkansas, will be held in Fayetteville, August 15 to 19. Among Arkansas citizens to take active part on the program will be: Grover C. Jernigan, Arkansas State Banking Commissioner; A. Syd Wilbanks, state manager for the Federal Housing Administration; Clarence Byrns, editor of the *Southwest American*; Dr. Paul Milam, editor of the *Arkansas Business Bulletin*; R. L. Kane, C. P. A.; E. P. Pyeatt, vice president and cashier of the McIlroy Bank & Trust Company, who will be chairman; and Louis E. Hurley, assistant cashier, W. B. Worthen Company, Little Rock, who will be publicity chairman.

☐ **Lloyd Spencer**, president, First National Bank, Hope, and president of the Arkansas Bankers Association; R. M. LaGrone, president, Citizens National Bank, Hope; and H. H. Stephens, president, Bank of Belvins, Belvins, will serve on the commission to supervise construction of the new Hempstead County court house, the county seat having been moved from Washington to Hope, Arkansas.

☐ **Buckner State Bank**, Buckner, Arkansas, has voted to close and transfer accounts to Bodcaw Bank, Stamps, because the recent volume of business has not been sufficient to be profitable. Established 15 years ago, the bank is said to be almost entirely liquid and cash on hand ample to cover deposits.

☐ **W. B. Worthen Company, Bankers**, Little Rock, Arkansas, has adopted a pension plan for employes of the bank. Membership in the plan is voluntary and requires small monthly contributions by employes, supplemented with substantial additional contributions by

the bank each month until the retirement age of sixty-five. The plan was worked out in cooperation with the Metropolitan Life Insurance Company. A typical case would work out as follows: A man now age 20 earning \$1,200 a year for the next ten years, then \$1,500 for the next fifteen years, then \$2,000 for the next twenty years, would retire with an annuity of \$95 per month. His contributions to this \$95 a month annuity would be \$1.50 a month for the first ten years, \$2.00 a month for the next fifteen years, and \$2.50 a month for the last twenty years.

☐ **Robert E. Wait**, secretary of the Arkansas Bankers Association, has invited bankers from adjoining states to attend the Arkansas Bankers Seminar to be held at Fayetteville, August 15 to 19.

☐ **Lloyd Spencer**, president of the First National Bank, Hope, Arkansas, and newly elected president of the Arkansas Bankers Association, was the honored guest at a luncheon held

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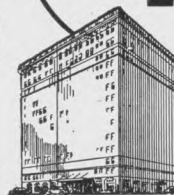
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RAY G. McGRATH
Manager

ST. LOUIS

400
ROOMS
WITH BATH
FROM \$2⁵⁰
UP



LINDELL BLVD. AT GRAND AVE

recently in Little Rock. The luncheon was attended by representatives of each of the Little Rock banks, and by representatives from the State Banking Department and the Little Rock branch of the Federal Reserve Bank of St. Louis.

☐ **Jo Nichol**, president of the Simmons National Bank, Pine Bluff, Arkansas, returned last month from a fishing trip in the Gulf of Mexico in company with Harvey Couch, utilities executive; C. E. Johnson, president of the Kansas City Southern Railroad; and former Governor Pat Neff, now president of Baylor University of Texas.

☐ **Citizens National Bank**, Arkadelphia, Arkansas, last month paid a 4 per cent semi-annual dividend, paid a bonus to employes and added \$2,500 to the surplus account.

☐ **Announcement** was made last month that the Buckner State Bank, Buckner, Arkansas, would liquidate and transfer its accounts to the Bodcaw Bank, Stamps, Arkansas.

☐ **Final dividend checks** will be mailed soon to complete the liquidation of the First National Bank, Rogers, Arkansas, which closed in January, 1931. The final dividend, which amounted to \$80,000, brought total disbursements to depositors up to 52½ per cent.

☐ **The softball team** of W. B. Worthen Company, Bankers, Little Rock, won two games from the Union Planters National Bank and Trust Company, Memphis, Tennessee, last month. The first game was played at Memphis and resulted in a score of 9 to 4. Hurley, catcher, and Justice, pitcher, for the Worthen crew hit home runs, Hurley getting two four-baggers. In the second game, played at Little Rock, the score was 3 to 2. In this game a triple for Dunn with a teammate on base gave the Worthen boys their winning run in the sixth inning. Justice, Worthen pitcher, allowed only two hits in this game.

☐ **L. H. Bradley** has resigned as vice president and cashier of the Farmers National Bank, Clarksville, Arkansas.

☐ **First State Bank**, Prescott, Arkansas, now has deposits exceeding \$237,200, as compared with \$206,800 two months ago.

☐ **Peoples Bank**, McRae, Arkansas, has undergone voluntary liquidation.

☐ **Miss Willene Brawley**, cashier of the Bank of Ash Flat, Ash Flat, Arkansas, left recently on an extended trip to Los Angeles.

Insurance is Protection ... and Service

CERTAINLY insurance is protection, but you won't get efficient and economical protection without the expert service of a man whose business it is to see your business from the insurance angle.

It's no job for the amateur. The insurance specialist sees risks the other fellow might not think of and economies you'd never guess. He acts as your purchasing agent, and when loss occurs he presents your claim.

Insurance that minimizes the agent's service may lessen your protection, increase your costs. Insurance is dollar protection—see that it is bought wisely.

Why not let an experienced agent or broker take a look at your business from an insurance point of view? Like a check-up by your family doctor, it can do no harm—may save your business life.

NATIONAL SURETY CORPORATION

VINCENT CULLEN, *President*

NEWS of OKLAHOMA BANKERS

☐ **At Wetumka, Oklahoma**, bankers attended a meeting of the Tenth Regional Clearing House Association, membership of which includes banks in Seminole, Hughes, Pottawatomie, and Pontotoc counties. Approximately 175 bankers were present.

☐ **First National Bank & Trust Company**, Oklahoma City, employes and officers attended the bank's club swimming and miniature golf party in Blackhawk Park near Oklahoma City, last month.

☐ **Oklahoma City Chapter** of the American Institute of Banking has appointed the following committee chairmen for the coming year: Leo W. Morris, teller, Tradesmen's National Bank, educational committee; Theron Elder, assistant cashier, First National Bank & Trust Company, membership committee; Thomas W. Utterback, teller, City National Bank & Trust Company, public speaking and debate committee; Miss Marie Holmberg, secretary to Ned Holman, president, Liberty Na-

tional Bank, publicity committee; and Lyall Barnhart, comptroller, First National Bank & Trust Company, advisory.

☐ **Liberty National Bank**, Oklahoma City, is sponsoring spot announcements daily over an Oklahoma City radio station for the purpose of promoting the bank's savings department, safe deposit service, and travelers' checks.

☐ **Security Bank**, Ponca City, Oklahoma, has installed a large reception booth in the bank's safe deposit department.

☐ **Stock Yards Bank**, Oklahoma City, has increased capital stock from \$40,000 to \$50,000.

☐ **At Guthrie, Oklahoma**, the First State Bank has increased its surplus from \$60,000 to \$75,000, making it equal to capital.

☐ **Robert L. Fleet**, 36, assistant cashier of the First National Bank in Clare-

more, Oklahoma, died recently following an operation in a Claremore hospital.

☐ **E. H. Martin** of Blackwell, former Harper County agricultural agent, has been appointed director of farm operations and rural relations for the Federal Land Bank of Wichita.

☐ **Jack Cronin**, 59, former president of the Guaranty State Bank, Texola, and prominent Erick business man, died recently of brain hemorrhage at his home.

☐ **W. M. Malone**, director of the Phoenix Federal Savings & Loan Association of Vinita, has been added to the board of directors of the First National Bank.

☐ **At Fairfax, Oklahoma**, Delbert Johnson of Tulsa has been elected cashier of the First State Bank.

☐ **Claude H. Everet**, Oklahoma City banker, died recently at his home. He was one of Oklahoma City's first

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bankers; a cashier of the Bank of Commerce until its sale to the American National; one of the organizers of the Oklahoma City National Bank; and first vice president of the Oklahoma City National Bank, an office which he held for some time after the institution merged with the State National Bank, Oklahoma City.

☐ **Craig County Bank**, Vinita, Oklahoma, last month opened its doors for business. J. C. Lovett is president of the bank; E. L. Williamson, executive vice president; and Paul Williamson, assistant vice president.

☐ **John E. Crosby**, a director of the National Bank of Tulsa, died last month. He became president of the Central National Bank in 1908 and served in that capacity for twenty years when the bank was merged with the National Bank of Tulsa.

☐ **At McAlester, Oklahoma**, the National Bank of McAlester has installed a night depository.

☐ **Eighty Shares** of the capital stock of the National Bank, Verdun, Oklahoma, has recently been purchased by A. Schuler, Roy C. Smith and John B. Wooten of Chickasha, Oklahoma, from the former stock owner, Gus J. Kunze, Marrisa, Illinois.

☐ **J. E. Vanlandingham**, former cashier of the Bank of Commerce, McLoud, has purchased the Farmers and Merchants Bank, Sparks, Oklahoma.

☐ **Oklahoma State Bank**, Ada, has installed an air conditioning unit in its building.

☐ **No definite action** was taken by the state banking board before adjournment on the application for a new state bank to be located in Oklahoma City. Harry B. Carson, former vice president of the First National Bank & Trust Company, and M. G. Young, former president of the Security National Bank, Muskogee, are the active organizers of the new bank. The bank had planned to open August 1 if the charter had been granted in time.

☐ **The 1939 Convention** of the Oklahoma State Bankers' Association will be held at the Biltmore Hotel in Oklahoma City, it has been announced by Eugene F. Gum, secretary of the organization. The dates set for the convention are May 4 to 6.

☐ **Fourth National Bank**, Tulsa, Oklahoma, has increased capital structure to \$550,000 by adding \$25,000 to the surplus fund. This fund is now a total of \$250,000. Capital is \$300,000.

☐ **National Bank of Tulsa**, Tulsa, Oklahoma, has installed an automatic multi-color lighting system which completely floodlights the tower of the National Bank of Tulsa building from the twenty-first floor up. The tower is floodlighted with a constantly changing color scheme of green, white and amber. The display is visible for thirty or forty miles.

☐ **Jack Caldwell**, son of Roy Caldwell, Sr., executive vice president of the National Bank of McAlester, McAlester, Oklahoma, has joined the staff of the Farmers State Bank, Allen, Oklahoma.

☐ **Falkner C. Broach**, vice president of the National Bank of Tulsa, has been appointed by Mayor Penney as a member of the City of Tulsa Charter Revision Committee. The committee, which includes three attorneys, a tax expert and Mr. Broach, are expected to cooperate with the City Attorney's office in revising the Tulsa City Charter.

☐ **W. C. Hunt** has resigned as cashier of the First State Bank, Fairfax, Oklahoma, and will devote his full time to the business of the Fairfax Insurance Agency.

Guaranty Trust Company of New York

FIFTH AVE. OFFICE MAIN OFFICE MADISON AVE. OFFICE
Fifth Ave. at 44th St. 140 Broadway Madison Ave. at 60th Street
LONDON PARIS BRUSSELS LIVERPOOL HAVRE ANTWERP

Condensed Statement, June 30, 1938

RESOURCES

Cash on Hand, in Federal Reserve Bank, and Due from Banks and Bankers	\$ 567,402,506.31
Bullion Abroad and in Transit	898,905.00
U. S. Government Obligations	594,526,714.33
Public Securities	43,390,111.93
Stock of the Federal Reserve Bank	7,800,000.00
Other Securities	16,085,103.31
Loans and Bills Purchased	515,626,317.08
Items in Transit with Foreign Branches	1,396,608.60
Credits Granted on Acceptances	19,650,057.51
Bank Buildings	12,366,305.99
Other Real Estate	668,604.40
Real Estate Bonds and Mortgages	1,994,698.63
Accrued Interest and Accounts Receivable	34,401,957.37
	\$1,816,207,890.46

LIABILITIES

Capital	\$ 90,000,000.00
Surplus Fund	170,000,000.00
Undivided Profits	12,010,401.89
	\$ 272,010,401.89
Dividend Payable July 1, 1938	2,700,000.00
Miscellaneous Accounts Payable, Accrued Interest, Taxes, etc.	18,598,714.85
Acceptances	\$36,067,808.31
Less:	
Own Acceptances Held for Investment	16,417,750.80
	19,650,057.51
Liability as Endorser on Acceptances and Foreign Bills	6,817,918.00
Deposits	\$1,471,569,237.14
Outstanding Checks	24,861,561.07
	1,496,430,798.21
	\$1,816,207,890.46

Securities carried at \$10,215,505.11 in the above Statement are pledged to qualify for fiduciary powers, to secure public monies as required by law, and for other purposes.

(Member Federal Deposit Insurance Corporation)

NEWS of KANSAS BANKS and BANKERS

☐ **Constantine Schneider**, 61, Otis, Kansas, banker and president of the Bazine State Bank, Bazine, died at his home in Otis last month. He had been a director of the Olmitz State Bank, Olmitz, for 15 years, and for 10 years a director of the Galatia State Bank.

☐ **New fireproof doors** are being installed on the cash and records vaults

of the Fidelity State Bank, Garden City, Kansas, and a set of modern fireproof safety deposit boxes are being added. The new boxes were ready for use August 1, according to R. N. Downie, vice president and cashier.

☐ **R. M. Clogston**, prominent Kansas banker and president of the First National Bank, Ottawa, has been elected

a director of the Kansas State Bank, Wichita.

☐ **W. C. Blaker** has been elected president of the Bank of Pleasanton, Pleasanton, Kansas, to succeed the late Verner Humphrey.

☐ **Two former tellers**, Larry S. Wilson and Charles D. Cunningham, have been promoted to the position of assistant cashiers in the First National Bank, Chanute, Kansas.

☐ **Complete remodeling** and redecorating of the Hesston State Bank, Hesston, Kansas, has been started.

☐ **L. W. Stevens** of Medicine Lodge has purchased the controlling interest in the First State Bank, Kiowa, Kansas.

☐ **Robert L. Hamilton**, president of the Farmers & Merchants State Bank, Claffin, Kansas, since 1907, died last month.

☐ **First National Bank**, Olathe, Kansas, has appointed Max Riffey assistant cashier.

☐ **Dana G. Sunley**, assistant cashier of the Citizens State Bank, Paola, Kansas, was recently married to Miss Mildred Williar of Paola.

☐ **At Elk City, Kansas**, the front of the First National Bank is being repainted and the interior redecorated.

☐ **Air conditioning units** are being installed at the following Kansas banks: Farmers National Bank, Great Bend; Cheyenne County State Bank, St. Francis; Peoples State Bank, Ellinwood; and Citizens State Bank, Moundridge.

☐ **Douglas County Bankers Association** recently elected W. M. Clark, vice president, Baldwin State Bank, Baldwin City, president of the organization and George B. Dunkley, assistant cashier, Peoples State Bank, Lawrence, vice president. W. E. Decker, assistant cashier, Lawrence National Bank, Lawrence, and Harold von Gunten, First National Bank, Lawrence, were re-elected secretary and treasurer, respectively.

☐ **James M. Brier, Jr.**, owner of the Brier Insurance Service, has been elected a member of the board of directors of the National Bank of Topeka, Topeka, Kansas. He succeeds William H. Davis who resigned last January as

CENTRAL HANOVER BANK AND TRUST COMPANY NEW YORK



Statement of Condition at Close of Business
June 30, 1938

ASSETS

Cash and Due from Banks	\$591,724,267.52
U. S. Government Securities	150,906,315.96
State and Municipal Securities	15,499,358.25
Real Estate Mortgages	7,206,983.52
Other Securities	22,762,105.54
Stock in Federal Reserve Bank	2,430,000.00
Loans and Bills Purchased	168,417,921.39
Banking Houses	16,116,010.00
Other Real Estate	2,321,652.27
Interest Accrued	713,531.80
Customers' Liability Account of Acceptances	3,087,982.66
Total	\$981,186,128.91

LIABILITIES

Capital	\$21,000,000.00
Surplus	60,000,000.00
Undivided Profits	11,027,489.56
Reserve for Taxes,	
Interest Accrued, etc.	5,587,070.61
Dividend Payable	
July 1, 1938	1,050,000.00
Acceptances	3,427,144.93
Deposits	879,094,423.81
Total	\$981,186,128.91

There are pledged to secure public monies and to qualify for fiduciary powers
U. S. Government Securities \$3,628,792.10

Member Federal Deposit Insurance Corporation

active vice president and director after having been associated with the bank as director and officer for the last thirty-five years.

☐ **Samuel B. Haskin**, 65, formerly an Olathe and Lenexa, Kansas, banker, long a leader of business and civic affairs of the district, died recently at his home.

☐ **W. P. Waggener**, president, Exchange National Bank, Atchison, Kansas, has left on a two months' vacation cruise to South America.

☐ **Merchants National Bank**, Topeka, Kansas, last month celebrated its 50th anniversary. No festivities were carried out but an anniversary booklet was issued for the occasion. W. Laird Dean, president, pointed out that the bank had not changed its name, consolidated, nor made any alteration in its original charter since its founding.

☐ **Three Pullmans** have already been reserved for the Kansas bankers' special train for the A. B. A. convention in Dallas, Texas, next November. Clearing house associations in Wichita, Ft. Worth, and Dallas are providing special entertainment en route. Bankers from South Dakota, Nebraska, Missouri, Colorado and Oklahoma are invited to join this train.

☐ **Peabody State Bank**, Peabody, Kansas, is closing at noon Thursdays during July and August.

☐ **City National Bank**, Atchison, Kansas, has retired \$2,000 of preferred stock and added a like amount to its common. \$52,000 is the present common capital and \$47,500 the preferred.

☐ **Jack B. Snyder** of Topeka, Kansas, has been admitted to the firm of Estes & Company, investment dealers of that city, as a special partner. He has had several years experience in the securities business with Stone, Webster and Blodgett and with H. M. Byllesby & Co. He is a graduate of Phillips Exeter Academy and of Amherst College.

☐ **Rhodes-Seltsam Co.**, a new investment firm, has been formed at Topeka, Kansas, by T. J. Rhodes and D. A. Seltsam. Mr. Rhodes was formerly with Stern Bros. & Co., Kansas City, and Mr. Seltsam was formerly with Estes & Co., Topeka.

☐ **D. G. Sunley**, assistant cashier of the Citizens State Bank, Paola, Kansas, was married recently to Miss Mildred Williar of that city.

☐ **V. Humphrey**, president of the Bank of Pleasanton, Pleasanton, Kansas, died recently.

☐ **City National Bank**, Atchison, Kansas, has retired an additional \$2,000 preferred stock, leaving the bank with preferred of \$47,500 and common of \$52,500.

☐ **Peoples State Bank**, Ellinwood, Kansas, is having a cooling system installed and both the Citizens State Bank, Moundridge, Kansas, and the Cheyenne County Bank, St. Francis, Kansas, have recently completed installation of new air-conditioning units.

☐ **George Docking** has been elected a vice president of First National Bank, Lawrence, Kansas, and Kelvin V. Hoover has been elected cashier.

☐ **Oscar Duehn**, vice president and director of the Clements State Bank, Clements, Kansas, died recently.

☐ **Group nine** of the Kansas Bankers Association met recently in Garden City, Kansas.

☐ **First National Bank**, Elk City, Kansas, is being repainted and redecorated inside and the front is being refinished.

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Kansas City, Missouri

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NEWS of MISSOURI BANKS and BANKERS

☐ **Paul E. Schowengerdt** has been elected a director of the Commerce Bank, Warrenton, Missouri, to replace William E. Buder who asked to be relieved because of the extra demand made upon his time by his candidacy for Congress and other political activities. All other directors of the bank were re-elected for the coming year at the meeting last month.

☐ **Holt County Bankers Association** met in Mound City, Missouri, July 14, and heard Beverly Pitts, American National Bank, St. Joseph, principal speaker, talk on "a bank's safety deposit box liabilities."

☐ **At Madison, Missouri**, the Monroe-Shelby-Knox Tri-County Bankers Association met recently and heard the following speakers: Richard Chaimer, Moberly; Emmett S. Finley, Madison; John C. Atterbury, Moberly; Waller W. Eubank, Madison; A. S. Rucker, Moberly; and Lane B. Henderson, Shelbina, Missouri.

☐ **Bankers of Benton and Pettis Counties** met at Sedalia recently to form a bi-county organization to be known as the Benton-Pettis County Bankers Association. The officers are: president, W. R. Courtney, cashier, Sedalia Bank & Trust Co., Sedalia; vice president, S. O. Brill, cashier, Farmers Bank, Lincoln; secretary, J. E. Norlin, assistant cashier, Sedalia Bank & Trust Co., Sedalia. The new association does not supplant the association in each county, which continue to function separately. The next meeting of the bi-county organization will be on September 20.

☐ **Barry County Bankers Association** recently met at Roaring River State Park and elected Hubert Kaiser, assistant cashier, First National Bank, Mo-

nett, president; Raymond Brite, assistant cashier, First National Bank, Purdy, vice president; Milburn Walker, assistant cashier, Gillioz Bank & Trust Co., Monett, secretary; and as treasurer, John Ellston, cashier, Bank of Exeter, Exeter, Missouri. Speakers at the meeting were F. B. Brady, vice president, Commerce Trust Co., Kansas City; W. E. Pettit, vice president and C. F. Knox, cashier, Union National Bank, Springfield, Missouri, and R. L. Brown, cashier, Aurora Bank, Aurora, Missouri.

☐ **Recently organized** at a Neosho, Missouri, meeting is the Newton-McDonald Inter County Bankers Association with W. T. Williams, cashier, Goodman State Bank, Goodman, as the president; R. V. Smith, cashier, Corner Stone Bank, South West City, vice president; and M. O. Plummer, cashier, State Bank of Seneca, Seneca, secretary.

☐ **Farmers & Commercial Bank**, Holden, Missouri, has accepted the resignation of James A. Haller, for fifteen years president of the bank. Paul Binkley has been chosen president in his place. Haller will continue as chairman of the board with C. H. Sherlock as vice chairman.

☐ **J. L. White**, cashier and secretary of the Allen Banking Company, Harrisonville, Missouri, died recently.

☐ **Kearney Trust Company**, Kearney, Missouri, has elected Dave Hall vice president to fill the office made vacant recently when Louis Hessel was made president to succeed the late George R. Denney.

☐ **Citizens Bank**, Pacific, Missouri, has purchased the assets and assumed the deposit liabilities of the Pacific Bank in that city.

☐ **John Henry Smith**, 65, president of the Kansas City Title & Trust Co., died recently.

☐ **Eugene Campbell**, assistant cashier of the Rolla State Bank, Rolla, Missouri, died recently.

☐ **Bank of Spickardville**, Spickard, Missouri, chartered half a century ago, is suspending business and is starting the process of liquidation. The bank is paying off its depositors 100 cents on the dollar.

☐ **B. P. Burnham** has been named successor to W. C. Mabrey, formerly cashier, Iron County Securities Bank, Ironton, who recently resigned.

☐ **The large well-equipped quarters** of the old Pioneer Trust Company, Kansas City, has been leased and formally opened by the Baltimore Bank, Kansas City.

☐ **M. M. Davidson** has resigned his position as cashier of the Bank of Middletown, Middletown, Missouri, because of ill health.

☐ **Claude A. Eaton**, president, Delmar Bank, University City, Missouri, was recently elected president of the St. Louis County Bankers Association; W. C. Unger, president, State Bank of Wellston, Wellston, was elected vice president; and K. W. Howe, assistant secretary, Webster Groves Trust Co., Webster Groves, secretary and treasurer.

☐ **Bank of Ash Grove**, Ash Grove, Missouri, is having the front of its building redecorated.

☐ **The interior** of the Carroll County Trust Company, Carrollton, Missouri, is being remodeled.

Officers

OWEN J. SULLIVAN
President
HAROLD W. KRAMER
Vice President
JOHN W. MINTON
Vice President
ROBERT D. GARVIN
Cashier
JAMES W. SINGER
Asst. Cashier
OKEY MILLER
Asst. Cashier
CARROLL F. BURTON
Asst. Cashier

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National Stock Yards, Illinois

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

☐ **At a special meeting**, the Central National Bank, Carthage, Missouri, board of directors recently elected George S. Beindick, Jr., as a member of the board to fill the vacancy caused by the death of W. W. Patterson, former chairman of the board.

☐ **Chariton County Exchange Bank**, Brunswick, Missouri, is being redecorated.

☐ **Bunceton State Bank**, Bunceton, has moved its fixtures into the Cooper County State building.

☐ **Representatives** of banking interest have been recently investigating Burlington Junction, Missouri, with the view of opening a bank there.

☐ **Claxton E. Allen**, southwestern district manager of the Westinghouse Electric & Manufacturing Company, has been elected to the board of the Plaza Bank, St. Louis.

☐ **Capital Stock** of American State Bank, Flat River, Missouri, has been increased to \$50,000 according to E. J. Francis, cashier.

☐ **Installation** of a new "day" timelock has been completed by the City Bank & Trust Company, Moberly, Missouri, as an added safeguard against bandits.

☐ **Trenton National Bank**, Trenton, Missouri, is having the entire interior of its building cleaned and redecorated.

☐ **Citizens State Bank**, Maryville, Missouri, will be completely air conditioned, according to Joseph Jackson, Sr., president of the bank.

☐ **George F. Atwood**, 34, head of the loan and discount department of the Mutual Bank & Trust Company, was fatally injured in an automobile mishap near St. Louis. He was en route home from a meeting of Beta Theta Phi at Bogey Country Club when the accident occurred.

☐ **A. H. Gidionsen**, vice president, Tower Grove Bank & Trust Company, St. Louis, has succeeded H. H. Reinhard, vice president, Mercantile-Commerce Bank & Trust Company, as president of the St. Louis Savings Association of Clearing House Banks. Walter O. Heim, assistant secretary, United Bank & Trust Company, is vice president; W. A. Crockett, savings manager, Mississippi Valley Trust Company, is treasurer; and Miss Ella C. Guenther, Mercantile-Commerce Bank & Trust Company, secretary.

☐ **Macon-Atlanta State Bank**, Macon, Missouri, has installed an outside depository.

☐ **"Just Across the River" from St. Louis the boys at the National Stock Yards National Bank are now wearing their coats, whereas you could formerly find them in their shirtsleeves—sometimes minus their neckties. The reason for all of this is air-conditioning which was turned on late last month. It is so nice and cool over there now that we are considering moving over to the National Stock Yards National Bank to get out our next issue. The bank, in addition to air-conditioning, has completed another addition to its transit department—the second addition in two years, more than doubling the space to take care of their 604 correspondent accounts.**

☐ **Union National Bank**, Kansas City, Missouri, last month retired \$33,000 preferred stock, leaving the bank with preferred of \$1,125,000 and common stock of \$1,000,000. The bank also added \$35,000 to its surplus account, bringing surplus to \$375,000.

☐ **S. P. Lindsey**, president of the Cabool State Bank, Cabool, Missouri, returned last month from a 30-day motor trip through the East. He was accompanied by Mrs. Lindsey and their son, Bobbie. In Washington, D. C., they visited with another son, S. P. Lindsey, Jr., who is director of the Feed, Seed and Loan Department of the Federal Farm Credit Administration. Mr. Lindsey reports that crops look good in most all of the sections which he covered in his trip.

☐ **Deposits** of the National Stock Yards National Bank, National Stock Yards, Illinois, are now more than \$29,479,000 and total resources are more than \$33,738,000. The bank has capital of \$1,000,000, surplus of \$1,000,000 and undivided profits of more than \$162,000.

☐ **R. E. England** has been named first assistant cashier of Citizens Bank, Festus, Missouri, and Miss Helen Guthrel has been appointed assistant cashier. Both were formerly of the Farmers and Merchants Bank, the assets of which were recently bought by the Citizens Bank.

☐ **Bank of Kirksville**, Kirksville, Missouri, has purchased the fixtures of the Kirksville Savings Bank and will have them installed in its place of business.

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

☐ **John C. Mann**, has resigned his position as assistant cashier of the Wellington Bank, Wellington, Missouri, to devote his time to his private business.

☐ **St. Louis Conference** of Bank Auditors and Comptrollers has elected John Vuch, auditor of the United Bank and Trust Co., chairman, to succeed Clifford L. Moore, assistant auditor, Mississippi Valley Trust Co., Joseph Wotawa, auditor of the Manufacturers Bank & Trust Co., was named first vice chairman; E. M. Kleinsorge, cashier of the Southwest Bank, second vice chairman; and Ralph M. Fox, assistant cashier of the Plaza Bank, secretary-treasurer.

☐ **Associate Bankers** of St. Louis held a meeting at the Coronado Hotel, recently, to clear and transact routine business of the association. Twenty-seven were reported in attendance.

☐ **Speakers** at the recent meeting of the Carroll County Bankers Association held in Carrollton, Missouri, were: David B. Parks, financial editor, Kansas City Star; Norton Thayer, assistant vice president, First National Bank, Kansas City; D. K. Snyder, assistant cashier, Inter-State National Bank, Kansas City; F. B. Brady, vice president, Commerce Trust Company, Kansas City; and R. W. Traughber, local representative, Federal Land Bank of St. Louis.

☐ **At Crystal City**, Missouri, Jefferson County Bankers Association recently held a meeting with twenty in attendance. Principal speakers were E. Blake, president Jefferson County Bankers Association, and H. H. Hannah, superintendent of the tank department of Pittsburgh Plate Glass Co., both of Crystal City.

☐ **Eugene H. Benoist**, former director and real estate officer of the Mississippi Valley Trust Co., St. Louis, died recently at the age of 86.

☐ **Pettis County Bankers Association** met recently in Sedalia, Missouri, and extended an invitation to Benton County to join the organization, making a bi-county association. C. A. Wisdom, cashier Farmers & Merchants Bank, Green Ridge, and past president of the Missouri Bankers Association, was the principal speaker. Charles L. Hanly, cashier, Third National Bank, Sedalia, was elected president for the ensuing year; Ernest R. Knox, cashier, Smithton Bank, Smithton, vice president; and James E. Norlin, assistant cashier, Sedalia Bank & Trust Co., Sedalia, secretary-treasurer.

☐ **Farmers State Bank**, Union Star, Missouri, reports deposits of more than \$155,000 and loans of more than \$44,000 in a recent statement of condition received from the bank. Total resources are more than \$193,554.

NEWS of TEXAS BANKS and BANKERS

☐ **First National Bank**, Allen, Texas, has sold its assets to Central National Bank, McKinney. The former had assets of \$125,000.

☐ **R. V. Payne**, Texas, has become active vice president of the Hale County State Bank, Plainview, Texas, succeeding J. K. Crews, who is chairman of the board and will continue with the bank in an advisory capacity. Payne was

formerly president of the Farmers & Merchants State Bank, Turkey, Texas.

☐ **First National Bank**, Gatesville, Texas, has awarded the contract for the proposed improvements on its building.

☐ **J. Virgil Scott** will succeed Robert W. Wier as chairman of the board of the San Jacinto National Bank, Houston, Texas.

☐ **First National Bank**, Weslaco, Texas, has announced its sponsorship of a baby beef contest for Hidalgo County and will finance farmers to purchase 125 beef calves to be assigned at the rate of two to five head among feed growers. A six months' note at 8 per cent will be security, according to C. L. Skaggs, executive vice president.

☐ **B. H. Hall**, 50, employe of the Farmers-First National Bank, Stephenville, Texas, was killed, and Earl E. Frey, president of the bank, severely injured in an automobile mishap near Stephenville last month.

☐ **W. C. Dowell**, president, Lone Oak State Bank, Lone Oak, Texas, died recently at the age of 67.

☐ **W. E. Harrington**, formerly vice president and cashier, Frost National Bank, Frost, has been elected active vice president of the Irving State Bank, Irving.

☐ **John E. Millhollon**, president, First National Bank, Stanton, Texas, died recently at the age of 72. He has been president since 1931 and associated with the bank since its organization in 1906.

☐ **The new building** of the Hillcrest State Bank, expected to be finished about October 15, will feature a drive-in teller's window for customers. A circular driveway will lead the automobile customers to the window at the back of the building. A large parking lot is also provided for those who care to go inside to transact their business.

☐ **Marshall National Bank**, Marshall, Texas, has increased common stock from \$100,000 to \$125,000.

☐ **The 25th Anniversary** of the State National Bank, Robstown, Texas, was celebrated last month. The institution started in 1913 as the Guaranty State Bank. Present capital is \$50,000; deposits as of June 30 were \$685,488.

☐ **W. E. Easterwood, Jr.**, director, Dallas National Bank, Dallas, last month offered to pay any fine that might have been imposed on Douglas Corrigan for his unauthorized "wrong way" flight from New York to Dublin, Ireland.

Mr. Easterwood, an aviation enthusiast, in 1930 backed the Coste-Bellonte flight.

☐ **Workmen** repairing the building of the First National Bank, Clarendon,

MANUFACTURERS TRUST COMPANY

*Condensed Statement of Condition as at close of business
June 30, 1938*

RESOURCES

Cash and Due from Banks	\$201,689,318.29
U. S. Government Securities	183,533,695.29
State and Municipal Bonds	16,488,017.08
Stock of Federal Reserve Bank	2,262,000.00
Other Securities	54,985,860.16
Loans, Bills Purchased and Bankers' Acceptances	221,848,141.26
Mortgages	20,929,752.41
Banking Houses	13,066,723.52
Other Real Estate Equities	4,934,741.23
Customers' Liability for Acceptances	15,555,085.48
Accrued Interest and Other Resources	2,518,594.29
	<u>\$737,811,929.01</u>

LIABILITIES

Preferred Stock	\$ 9,356,520.00
Common Stock	32,998,440.00
Surplus and Undivided Profits	45,129,356.66
Reserves	87,484,316.66
Common Stock Dividend (Payable July 1, 1938)	7,389,830.24
Preferred Stock Dividend (Payable July 15, 1938)	824,958.50
Outstanding Acceptances	233,913.00
Liability as Endorser on Acceptances and Foreign Bills	16,437,314.78
Deposits	5,617,461.34
	<u>619,824,134.49</u>
	<u>\$737,811,929.01</u>

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The Preferred is convertible into and has a preference over the
Common to the extent of \$50 per share and accrued dividends.*

Texas, found a box of silverware which had been lost for over 40 years. Deposited in 1898, clerks in the bank had been unable to locate the box when it was called for by the owner. The repairmen discovered it in a little-used storeroom beneath a pack of debris.

☐ **Raymond P. King**, cashier and director, Gainesville National Bank, Gainesville, died recently of heart attack at the age of 41.

☐ **John Edmund Millhollon**, president of the First National Bank, Stanton, Texas, died last month following a paralytic stroke.

☐ **Buchel National Bank**, Cuero, Texas, recently retired additional preferred stock and now has preferred stock of \$41,750 and common stock of \$50,000.

☐ **R. V. Payne** has been elected vice president of the Hale County State Bank, Plainview, Texas, succeeding J. K. Crews who becomes chairman of the board.

☐ **Merchants & Planters National Bank**, Sherman, Texas, has retired all of its remaining preferred stock, amounting to \$260,000 and now has common capital of \$400,000.

☐ **Texas** was one of the four states recently to attain for the first time the goal of one thousand points in banker-farmer activities, for its work in 1937. Requirements are determined by the rating program sponsored by the Agricultural Commission of the American Bankers Association. The chairman of the agricultural committee in Texas is E. L. Boston, vice president of the First National Bank, Angleton. Texas has 915 banks, nearly all of which are interested in agriculture. To function effectively, each committee member is designated as a group chairman and is held responsible for the appointment of county key bankers and for the activities within the group. The projects of state-wide application include 4-H Club work, farm accounts with associated budgets and financial statements and soil conservation with special emphasis on erosion control. Texas bankers enjoy the whole-hearted cooperation of the farm, home and club agents as well as of the officials of the Extension Service of A. & M. College. The record has been made possible through work with them.

☐ **Eugene McElvaney**, vice president of the First National Bank, Dallas, Texas, and officer in charge of oil loans, has announced the affiliation of Ted A. Hall as chief appraisal engineer. For the past six years Mr. Hall has been chief engineer in the oil produc-

tion division of the Tidewater Associated Oil Company at Houston.

☐ **Texas bankers** who were members of the 1938 graduating class of the Graduate School of Banking at Rutgers University include: Murray Kyger, Houston Land & Trust Co., Houston; A. S. Boarnet, Houston National Bank, Houston; Royal L. Mullins, Wolfe City National Bank, Wolfe City.

☐ **Seventeen Texas bankers** attended the 1938 session of the Graduate School of Banking at Rutgers University. In addition to the three graduates, listed above, they were: W. D. Gentry, Hous-

ton; Charles W. Hamilton, Houston; W. Earl Harrison, Waco; Weldon U. Howell, Dallas; Ernest G. Hudel, Dallas; Joe L. Janeway, Nocona; Jack M. Jeffus, Wichita Falls; F. C. Magee, San Antonio; William T. Mann, Dallas; Frederic C. Morse, Austin; DeWitt T. Ray, Houston; C. R. Spearman, San Antonio; Earle Thomas, Houston; and James S. Whitworth, Houston.

☐ **Jordan Ownby**, advertising manager of the First National Bank, Dallas, Texas, was the winner of the recent quarterly award of the Dallas Advertising League for the best newspaper campaign produced in Dallas.

UNDER the hood, out of sight, the gasoline engine performs daily miracles of efficiency and power.

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MUNICIPAL BONDS

Kentucky Municipals

By THOMAS GRAHAM

The Bankers Bond Co., Louisville

DURING the month of July there have been a good many offerings of various types of Kentucky Revenue bonds, largely School, Statutory Mortgage issues, and Water and Sewer Revenue bond issues. This has been occasioned by the large influx of funds into Kentucky from the Public Works Administration and also from the Works Progress Administration.

We are looking forward to a good deal of activity in the next three to six months, due to the fact that there will be probably fifty various kinds of issues offered in the next sixty days, all of the revenue type.

There has been very little activity in county and city bonds and but few offerings during the month, but the market level has held at the peak prices.

Oklahoma Municipals

By G. H. C. GREEN

R. J. Edwards, Inc., Oklahoma City

AT no time during the writer's experience of more than fifteen years in the Oklahoma municipal bond business has there been quite so great a scarcity of bonds. During the past few years there has been issued a very small amount of new bonds on the one hand; while there has been a very great amount paid on the other. The out-of-state demand for the better names has just about taken such bonds away from the Oklahoma market. New issues of the better quality of bonds are commanding the lowest rate of interest ever ex-

perienced before, I believe. There is a very active and consistent demand for such bonds, especially from the banks for the shorter maturities.

There are no new issues of consequence coming out in the immediate future with the exception of the \$8,000,000 Oklahoma State Tax Anticipation Notes, which will mature in May, 1939. The interest rate is fixed at 2 per cent and the funds will be used to retire approximately an equal sum in outstanding non-payable 4 per cent General Fund Warrants. The sale will be conducted on a subscription basis and a proration will be made in case the issue is over-subscribed. It is proposed to have the Notes issued by August 20.

BOOK REVIEW

✓ EXECUTIVE'S DATA BOOK:

This little book, which fits in your vest pocket, not only contains diary pages for daily memos and appointments, but also contains accurate information on such subjects as: (1) the surtax on a given income; (2) the dates on which to pay installments under Title IX of the Social Security Act, or when to file and pay the Capital Stock Tax; (3) maps showing the locations of cities and countries; (4) a brief outline of the Law of Contracts. In addition, the book contains important facts about leading cities; telephone, telegraph and postal information; calendars for 1937, 1938 and 1939. There are 195 pages and 16 maps. It is published by Prentice-Hall, Inc., 70 Fifth Avenue, New York. Price \$1.00.



NATIONAL BANK OF DETROIT

DETROIT, MICHIGAN

ESTABLISHED MARCH 24, 1933 ☆ RESOURCES EXCEED \$400,000,000

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Bank of China Vault Is the Safest Place in Shanghai During Bombing

WHILE aerial bombs were bursting around the Cathay Hotel on the Bund in Shanghai, James Ness of the York Safe and Lock Co., and his gang of workmen were busy installing the giant vault in the Bank of China's new 20-story skyscraper adjoining the Cathay Hotel. The bombs fell only 165 feet distant from where the men were working, but owing to the solidity of the vault, all they felt was a slight concussion. In fact they were entirely unaware of the catastrophe outside and went right on with their job until quitting time at five o'clock.

Mr. Van Ness reports that the Bank of China's new vault is the safest place in Shanghai. It is the largest bank vault in China and required 10 months to build in the shops of the York Safe and Lock Co., in York, Pennsylvania. Twelve separate shipments were necessary to transport the entire equipment to China.

One of these shipments, aboard the S.S. Gertrude Maersk, in trying to avoid one disaster, ran into another. Steering clear of Shanghai, owing to the war conditions at that port, she proceeded instead to Hong Kong, arriving in time to run into the typhoon

that struck that port late in August. The ship and its cargo of York safe deposit boxes both suffered considerable damage.

The need for strong vaults in warring countries seems to be emphasized by the fact that recently the York Safe and Lock Co., built the largest bank vault in the Orient for the Bank of Japan in Tokyo, another for the Centre Bank of Manchou at Hsinking, Manchoukuo, and also a group of vaults for the Bank of Madrid.

At Neosho, Missouri, the Newton-McDonald Inter-County Banker's Association late last month elected the following officers: W. T. Williams, cashier, Goodman State Bank, president; R. V. Smith, cashier, Corner Stone Bank, South West City, vice president; M. O. Plummer, cashier, State Bank of Seneca, Seneca, secretary.

Willard Bunn has been elected a director of the Springfield Marine Bank, Springfield, Illinois, to fill the vacancy created by the death of the former Lieutenant Governor John G. Oglesby.



The picture shows the Bank of China's 20-story skyscraper under construction in the center, the Cathay Hotel at the left and the smaller building of the Yokohama Specie Bank on the right. These buildings are located on the famous "Bund," main business thoroughfare of the city, at the intersection of the Nanking Road, facing the Whangpoo River where Japanese warships are stationed.

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On 100 Unlisted Bonds as of July 28, 1938

	Bid	Asked		Bid	Asked
Abitibi Power and Paper, 5s, 1953	67½	69½	Joplin Water Works, 5s, 1937	104½	105¾
Alabama Water Service, 5s, 1957	97	99	Kansas City Gas, 5s, 1946	102¼	104
Allied Owners, 2-3s, 1953	60	62	Kansas City Public Service, 4s, 1957	27	28
Amer. Utilities Service, 6s, 1964	66½	68	Kansas Okla. & Gulf, 5s, 1978	86	88
American Water Works, 5s, 1975	91	94	Keystone Public Service, 5s, 1978	94½	95½
Arizona Edison, 5s, 1960	38½	40½	Koppers Co., 4s, 1951	102½	103½
Arkansas Missouri Power, 5s, 1957	87½	89½	Lake Superior Dist. Power, 3½s, 1966	99	100
Associated Electric, 5s, 1961	47¼	48¼	Lawrence Portland Cement, 5½s, 1942	98	99
Associated Gas & Electric, 3¾s, 1978	25	26	Lehigh Power Security, 6s, 2026	98¼	99¼
Associated Garages Income Lshld. W. S., 3½s, 1956	18	21	Lexington Telephone, 6s, 1944	99	101
Baltimore & Ohio, 4½s, 1939	37½	38½	Lexington Water Power, 5s, 1968	72	74
Bloomington, Decatur & Champaign, 5s, 1940	93½	95½	Libby McNeill & Libby, 5s, 1942	103	105
Broadway Motor Bldg., 4s, 1948	63	65	Lion Oil, 4½s, 1952	106	107½
Bowser (S. F.), 5s, 1944	46½	48½	Loews Inc., 3½s, 1946	99	100
Central Electric & Telephone, 5s, 1955	99	100	Loews Theatre & Realty, 6s, 1947	92	94
Central Gas & Electric, 6s, 1946	75½	76½	Long Island Water, 5½s, 1955	103	105
Central Indiana Gas, 5s, 1957	86	88	Louisiana Power & Light, 5s, 1957	105¼	106¼
Central Indiana Power, 6s, 1947	90	91½	Louisville & Nashville, 4s, 1940	100	101
Central Properties Income, 5s, 1949 W. S.	26½	27½	Louisville Henderson & St. Louis, 5s, 1946	103	105
Chicago Evening American, 6s, 1939	98	99	Lukens Steel, 5s, 1955	72½	74½
Community Water Service, 5½s, 1946	63	64	Luzerne County Gas & Electric, 6s, 1954	107	109
Consolidated Cities Lt. Pr. & Traction, 5s, 1962	77	78	Macon County Gas, 4½s, 1952	92	95
Consolidated Elec. & Gas "A", 6s, 1962	42	43	Manhattan Refrigerating, 5½s, 1941	75	78
Continental Roll & Steel, 6s, 1940	90	92	McCall Frontenac Oil, 6s, 1949	104¼	105¼
Coronado Hotel (St. Louis) C/Ds 6	7	7	Mead Corp., 6s, 1945	102½	104½
Council Bluffs Gas, 5s, 1948	95	97	Memphis Union Station, 5s, 1959	108	110
Crown Cork & Seal Deb., 4½s, 1948	97¾	98¾	Mengel Co., 4½s, 1947	90	92
Des Moines Railway, 5s, 1955	18F	19F	Mercantile Properties, 5½s, 1946	100	102
Dickey Clay Mfg., 5s, 1949	70	72	Metropolitan Chain Properties, 6s, 1948	88	90
Dominion Gas & Electric, 6½s, 1945	84	85	Metropolitan Edison, 4s, 1965	107	108
East Coast Public Service, 4s, 1948	58½	60½	Metropolitan Playhouses, 5s, 1945	63	65
Eastern Minn. Power, 5½s, 1951	60	62	Michigan Associated Telephone, 5s, 1961	104¼	105¼
Falstaff Brewing Deb., 5s, 1947	87	92	Michigan Gas & Electric, 5s, 1956	85	87
Federated Utilities, 5½s, 1957	70	72	Michigan Public Service, 5s, 1947	92	94
Florida Public Service, 4s, 1955	74	75	Minneapolis Gas Light, 4s, 1950	101¼	102¼
Flour Mills of America, 6½s, 1946	40F	42F	Missouri Edison, 5½s, 1947	85	87
General Public Utilities, 6½s, 1955	82	84	Mo. Power & Light, 3¾s, 1956	101¼	102¼
Granite City Generating, 5s, 1963	45½	47½	Nat. Dairy Products, 3¾s, 1951	103	104
Greenwich Water & Gas, 5s, 1952	99¾	100¾	National Gypsum, 4½s, 1950	98½	100½
Gulf Public Service, 6s, 1945	91	94	Nat. Lumber & Creosoting, 5½s, 1957	97	100
Hearst Brisbane, 6s, 1942	41½	43½	National Steel, 4s, 1965	107	108
Holly Sugar, 4s, 1947	90	92	New England Power, 3¼s, 1955	105	106
Ill. Commercial Telephone, 5s, 1960	98½	99½	Ohio Electric Power, 5s, 1957	97½	99
Indiana Gas Utilities, 5s, 1946	60	65	Ohio Water Service, 5s, 1958	99	100
Indiana Service, 5s, 1950	55	57	Pacific Lighting, 4½s, 1945	104¾	105¾
Indianapolis Power & Light, 5s, 1957	104¼	105	Pennsylvania Electric, 5s, 1962	102	102¾
Indianapolis Water Works, 5s, 1958	91	94	Remington Rand ex-warrants, 4¼s, 1956	98	100
Interstate Public Service, 6½s, 1949	96	98	Southern Cities Utilities, 5s, 1958	41	42
Interstate Tel. & Tel., 5½s, 1953	91	93	Telephone Bond & Share, 5s, 1958	64½	66
			York Ice Machine, 6s, 1947	94	96

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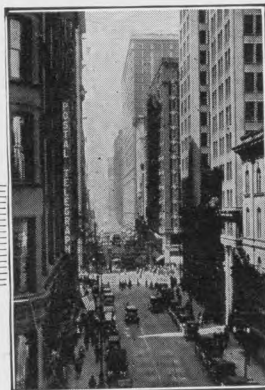
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Little Rock, Arkansas

Olive Street Notes

By JAMES J. WENGERT



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✓ **Arthur L. Gray** of Humphrey, Jacques & Co., has made application for membership on the St. Louis Stock Exchange.



✓ **William McChesney Martin, Jr.**, former St. Louisan, now president of the New York Stock Exchange, is the subject of a feature article in the current issue of FORTUNE magazine. The article is headed: "Bill Martin Is Thirty-One." The article tells how Bill received only three votes from fellow members of his graduating class at Yale as "the man most likely to succeed." The article states further that the man who received the most votes is now a comparatively obscure clerk in a brokerage firm.



✓ **Edward D. Jones** of Edward D. Jones & Co. was last month elected a director of Flour Mills of America at a meeting of stockholders held in Baltimore, Md.



✓ **Gordon D. Scott** has been made a general partner of A. G. Edwards & Sons, succeeding William McChesney Martin, Jr., the new paid president of the New York Stock Exchange. Transfer of Martin's seat on the New York Stock Exchange to Scott has been approved by the Exchange Committee on Admissions. Seabury Oliver, formerly with Mabon & Co., is now associated with the New York office of A. G. Edwards & Sons.



✓ **L. M. Forster** of Stifel, Nicolaus & Co. has been named to succeed the late Henry Nicolaus as president of the Hyde Park Brewery. Louis J. Nicolaus was named a director of the brewery.



✓ **Partners** of the firm of Newhard, Cook & Co. were guests last month at a party given by employes of the firm in appreciation of the consideration shown employes by members of the firm. The party was given at a club house on the Meramec River.

✓ **Thomas T. Poleman & Co., Inc.**, with offices in the Boatmen's Bank building, last month became the first St. Louis investment counsel firm to have the full investment management facilities of a major eastern company with the announcement of an association between the firm and Young & Ottley, Inc., of New York. Thomas T. Poleman & Co., Inc., was organized in 1935 to act in an advisory capacity to individuals, and specializes in estate planning and investment supervision. Officers are: Thomas T. Poleman, president; P. O. Eisenbeis, vice president; Edmund T. Allen, vice president and secretary. Walter von Tresckow, president of Young & Ottley, is the author of numerous articles that have appeared in the MID-CONTINENT BANKER, and is author of the basic United States study of financial trends, "Merchants of Debt," published about two years ago.



✓ **Directors** of the Investment Bankers Association of America last month urged the Association's 700 members to support the organization of groups to be set up under the Maloney Act for the regulation of over-the-counter securities transactions.



✓ **Calvin B. Stuart**, formerly associated for six years with Kerwin-Fotheringham & Co., has been named St. Louis manager of Banning & Co., Chicago investment firm. The new St. Louis manager is well known among bankers throughout the Missouri-Illinois territory, having served this territory for several investment houses. His first investment experience was with the bond department of the First National Bank of Chicago. Banning & Co. has moved into new quarters in the Boatmen's Bank Building. The firm, which does a general investment business, has offices in Peoria, Rockford, Champaign, Ill., and Madison, Wisconsin, in addition to the head office in Chicago. The firm plans to expand its activities in the St. Louis territory through its enlarged St. Louis office.



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LEGAL TENDER

Volume 23

August, 1938

Number 8

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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.

Air Minded?

"In fourteen ninety-two Columbus sailed the ocean blue . . ." and in so doing tried to prove that the east could be reached by going west. He was unsuccessful. Four hundred and forty-six years later an Irishman named Corrigan proved that Ireland could be reached from New York by heading an airplane for California.

What does that have to do with St. Louis? Much—for the plane was manufactured here.

St. Louis is air-minded—and so is the St. Louis Chapter. So much so that it is having several planes built to secret specifications of its own, and in September will stage a stupendous, colossal, gigantic transcontinental air race. Various members of the chapter are being trained as pilots, and each pilot states he is confident of victory.

Unfortunately, due to the enormous cost of the planes, only five will be available. If you intend to go along get aboard early, and assist your pilot all you can.

Watch for further details.

Has It Ever Occurred to You

. . . that the activities of the St. Louis Chapter are composed of two separate and distinct parts? There is the educational side with which we are all familiar. There is the social side which also plays an important part in the chapter's activity. Recently the tendency has been to lose sight of the importance of the social side. We have allowed ourselves to get in the rut of believing that if we could not, or did not care to attend school, there was no use for us to continue our memberships. Brothers and sisters, that is where we're wrong.

The Chapter has much to offer those who do not attend classes. First of all, there is the convention with its com-

bination of educational and social activities . . . the dances which reach a climax in the annual dinner dance . . . the picnic . . . public affairs trips . . . forum meetings and alumni activities. Anyone accustomed to the use of figures, as bankers are, can see at a glance that the social activities alone are worth more than the cost of membership.

You are not yet convinced? Here is another motive for continued membership. It concerns a very delicate subject which centers around the word Gratitude—with a capital "G." Many of us have received advancements of one kind or another because of study of banking subjects taught at our Chapter. Unfortunately, some of us discontinue our membership as

soon as we have taken all the classes which we believe will help us, in the same manner that a person throws away an orange after squeezing out all of the juice. In our blindness we do not see that our continued membership will help some other person to benefit in the same manner that we benefited because someone before us took a broad view.

Strong words? Yes, sir! But if they instill in all of us the thought, "Once a member always a member," they shall not have been in vain.

Start Thinking

Just a little over a month until A. I. B. classes begin. Too hot to even think about school now? No, granted it's too hot to study, but not to start planning what you are going to study this fall. While we have been taking it easy trying to keep cool, our Educational Committee has been spending long hours in committee meetings doing some real thinking and planning for us.

Realizing that five o'clock classes have been very inconvenient for the outlying groups, the Educational Committee has added the following seven-thirty classes to the regular schedule:

Tuesdays: Bank Organization and Operation, 7:30-9:00.

Thursdays: Commercial Law, 7:30-9:00.

Fridays: Bank Management, 7:30-9:00; Negotiable Instruments, 7:30-9:00; English—Letter writing, 7:30-9:00.

What we believe will be one of the highlights in this year's curriculum will be a new class, namely: "Customer Relations Psychology for Banks." In the words of Harold Stonier, National Educational Director, "Since it is obvious that the product money and credit which a bank offers

WANTED!

At least five hundred new members. Must be employed by banks or financial institutions. Those between the ages of nine and ninety preferred. Good advancement possible for those who major in money, credits, and banking subjects. Good fellowship for those who major in social activities. Think it over . . . make up your mind . . . then run, 'don't walk' to the nearest member of the membership committee.

for sale to the public is absolutely identical with that offered by all others, only one possible basis of comparison remains, and that is the character of the service which the individual bank provides in addition to its financial facilities." Inasmuch as there is not a bank in the City that can afford to miss the opportunity of having their personnel taught the most effective means of bringing about a better understanding between the customers and the bank, we expect one of the largest enrollments in this class.

In the past many students have adopted a "hit or miss" policy of choosing their subjects, whereas it would be much more beneficial if they made their choice with a definite goal in mind. If you are in doubt as to the necessary subjects to be completed for either your pre-standard or standard certificate, call our executive secretary, Emil N. Ullrich, who will be only too willing to give you this information. After all, so much more may be gained by taking the subjects in the order prescribed by the National Office. Don't wait until the last minute to decide what you are going to study this year. Start thinking about it now.

—N. S.

For Women Only

By PHILLO GILL

Girls, I'm fully aware of the fact that I'm putting my chin out, but here goes anyway. I know most of us think we are really modern bank women, but are we? Well, we may be among the first to shorten or lengthen our skirts as Dame Fashion decrees; to use a new shade of nail polish; to try our tresses in some new style, even if we sometimes greatly resemble a cocker spaniel. But when it comes to being real leaders as Women Bankers, we girls from St. Louis are back in the—well, I won't say hoss and buggy age—but at least in the touring car and linen duster era.

And why? Frankly I don't know. We have an active A. I. B. Chapter, and the boys on the committee are more than willing to share the laurels with us, but we just don't seem to care. I know that we all have as much ability, pep, and personality as our sisters in the other cities, but for some unknown reason we have let them get ahead of us.

Most of us, I know, pay our dues each year, and attend a party or two, if sufficiently urged, but we don't really give the committee our support. All we give them is our half-hearted cooperation—and never an idea.

Now, I don't have to enumerate all the advantages this organization can

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offer you. You all know what it means to Women Bankers in other cities, and it can mean that much and more to you. It can do a lot for you if you will do just a little for it. So girls, let's all make a resolution to really help our committee this year, and put the *St. Louis Women Bankers out in front.*

What Is Your Attitude?

Regardless of a man's occupation, he will have a definite attitude towards his work or profession. Naturally, this same attitude will prevail towards his superiors, his associates and his customers.

The business of banking today has all the aspects of a profession. As a professional man respects the source of his technical training and the standards set by his profession, so should bank employes respect their institution and the purpose for which it exists. To enable a bank to succeed in its efforts to meet the just requirements of the community it serves, all of its employes must extend, in a co-operative movement, their combined efforts towards a common goal. This goal can only be reached when complete satisfaction is secured through the relationship of master and servant. It is obvious, therefore, especially to those keenly aware of the responsibility of bank employes toward their bank and its customers, that the customer's rightful place in this relationship is that of master. If this factor is always borne in mind, a bank employe need have little reason to be concerned about his attitude in this respect.

It is only logical for those who own a substantial interest in their bank to feel that sense of satisfaction which comes with the possession of tangible things of great value. For them to assume the attitude of "my bank," "our bank," "our earnings," "our losses" and many other expressions of ownership is logical, but by what line of reasoning can those in banks, whose only visible means of ownership rests in the position they hold and the right of income therefrom, follow, which will give them the same sense of satisfaction and be made to feel they do possess a financial interest in their institution?

If every bank employe would regard his income as being derived from an insurance annuity, the total cost of such an annuity would be astounding. Assume, for the sake of an example, that the cost would be \$100,000.00. Is it not reasonable to assume that such an investment in a personal enterprise would provide that sense of satisfaction which comes to those who possess such wealth? So long as a bank employe performs his duties in a conscientious and constructive manner his

**MOONLITE FROLIC
SEPTEMBER 15
NORWOOD HILLS
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MAKE IT A DATE**

bank assures him his monthly income as regularly as any annuity plan. With this realization in mind, is it not reasonable to assume also that such a bank employe would feel the bank in which he works is his bank, that he really has a financial interest of a very definite nature?

So often employes in banks assume the attitude they are on the outside looking in. To them the bank is only a means to an end and this end is never more than a livelihood. It is little wonder then that customers are quick to sense this attitude of employes by hearing such expressions as:

"The bank in which I work is most conservative." "Maybe I'm wrong, but I still can't see why *they* don't do differently, but after all I only work here." "Why couldn't the bank do this?" "Some officers of *this bank* think this should not be done." "Let me ask *them* about this."

The impression conveyed by such statements is obvious. Once the right attitude is acquired, an employe's daily work becomes a real factor in his life's pattern which, whether he likes it or not, is being cut each day he lives. Would it not be better if he felt a genuine sense of ownership in the institution in which he works? By possessing such a feeling, the above comments made by an employe having the wrong attitude would quickly take on a new spirit of satisfaction and security which would be reflected by the same statements in this manner:

"*Our bank* is most conservative." "Maybe I don't have all the facts, but I still can't see why *we* don't do differently." "*Our bank* must have definite policies regardless of one's individual opinion." "Why couldn't *we* do this?" "Some of *our officers* think this should be done." "Let me ask *our bank* about this."

Naturally, stockholders of every bank hope to have the right attitude prevail among all their employes, whether they be officers, tellers, bookkeepers, or clerks. The adoption of this right attitude insures a more constructive customer relationship and close co-operation between employes and employer.

Class Prize Winners

In the June issue of Legal Tender we announced the winners of \$5 cash prizes for highest grades. At that time all the final reports had not been made.

In Bank Organization & Operation, Mr. Gregory's class, the winner was Ray W. Poertner of the Jefferson Bank & Trust Company, with a final average of 91.4 per cent.

In Accounting III, Richard O. Kaley of the Federal Reserve Bank had the highest grade, 95.25 per cent.

In Accounting I, Earl C. Hemmer of the Illinois State Trust Company, East St. Louis, Illinois, tied with Anthony W. Connole of the Federal Reserve Bank of St. Louis, with grades of 98 per cent. Each student was awarded \$2.50.

Weigel Joins Federal Reserve

Howard H. Weigel, formerly cashier of the Hoyleton State & Savings Bank of Hoyleton, Illinois, has been named assistant vice president of the Federal Reserve Bank of St. Louis, it was announced by Wm. T. Nardin, chairman of the board.

Mr. Weigel, who is 30 years old, has had ten years' experience as a bank executive. He assumed his new duties last month, assisting in its bank and public relations work.

Calculates With a Single Handling of Figures

An Electric Duplex Calculator, equipped with *direct subtraction*, has recently been developed by Burroughs to do a complete calculating job with but a single handling of the figures. Computing or checking invoices, payroll, inventories, costs, requisitions, sales analyses, statistics, prorating,



New Burroughs Electric Duplex Calculator.

bank account analyses, and general calculating can now be greatly speeded and simplified.

The Burroughs Duplex Calculator has been designed to provide the re-

BOOK REVIEWS

sults of individual calculations and to accumulate the grand total without the separate operation of recapping, thus avoiding the chances of errors which frequently occur when figures must be "cleared" from the machine and then relisted to obtain a grand total.

An outstanding advantage of the Burroughs Electric Duplex Calculator is that the result of a single calculation, appearing in the lower of two sets of dials, can be verified for accuracy before being transferred to the upper set of dials, which provides the grand total or net result. If the amount is incorrect, it can be cleared from the lower dials without affecting the figures already accumulated in the upper dials.

The electric duplex calculator is equipped with a subtract key by which the amount in the lower dials is quickly subtracted from an amount in the upper dials without the use of complementary figures. Thus, any amount in the lower dials can either be added to or subtracted from the amount in the upper accumulating register merely by touching the plus bar or the minus key.

Where calculations result in fractions of cents, the machine will either give or take the half-cent as desired, or accumulate the fractions in the normal way.

The Burroughs Duplex is enclosed in a neat, crystal-panel case, trimmed with black enamel. The slope of the keyboard and position of the dials reduce eyestrain and permit easier operation. Fast and uniform key-action is obtained through the quiet motor which runs only when keys are depressed, thus saving unnecessary wear and expense. Partial registration of key values and the simultaneous depression of two keys in the same column are impossible.

The electric duplex calculators with direct subtraction are available either in ten- or fourteen-column capacities, and are backed by Burroughs standard guaranty and world-wide service.

MECHANICS OF PROSPERITY:

This book by Hobart C. Dickinson is a discussion of the possibilities of human control of the business cycle. Dr. Dickinson writes on the nature of the money mechanism, the reasons for its erratic behavior and of the ways in which the peaks and troughs of the business cycle may be leveled. The book contains 131 pages and sells for \$2.00. It is published by the Williams & Wilkins Company, Baltimore, Maryland.

BANKS UNDER ROOSEVELT: by J. F. T. O'Connor who served as Comptroller of the Currency from 1933 until a few weeks ago when he resigned to move to California where he is a candidate for the Democratic nomination for Governor.

This book, written in simple narrative style, contains the only complete authoritative statement of the administration of banks under the Roosevelt Administration.

It contains a summary of the activities of the Federal Government in alleviating the distress occasioned by the banking crisis of 1933.

Students of finance and banking will be interested in observing through the book the manner in which a highly efficient Bureau of the Government functions.

Bankers will be interested in obtaining from an authoritative source information concerning the steps taken by the Federal Government in rehabilitating the banking structure of the nation.

To lawyers it will be of interest as the book is thoroughly annotated in order to provide a ready reference to copies of original documents, laws and court decisions. It will prove a source of enlightenment concerning the legal problems which arise in connection with the supervision, regulation and liquidation of national banks.

Distributed through Callaghan & Company, 401 East Ohio Street, Chicago, Ill. Price \$2.50 per copy.

FEDERAL TAXES ON ESTATES, TRUSTS, AND GIFTS 1936-1937: by Robert H. Montgomery and Roswell Magill; published by The Ronald Press, New York, N. Y.; 1 vol.; 526 pages; \$7.50.

This is the second edition of this treatise by the same authors and the same publishers. The previous edition was for the period 1935 and 1936. This edition is for the period 1936 and 1937. As is to be implied from this fact and the title, it covers, in a modern and up-to-date fashion, the application of the federal estate tax laws, the federal gift tax laws, and the federal income tax laws as they effect estates and trusts.

The most unique feature, which, incidentally, is an innovation from the volume previously published, is Part IV that deals with methods of estate distribution and planning the distribution of estates. More than thirty pages are devoted to this subject.

There are discussed the advantages of the disposal of an estate during the lifetime of a donor as against the disposal after his death by will or otherwise, the best methods of dividing income producing property, and provisions for federal estate taxes. This feature will be most valuable and helpful to trust officers and others interested in estate matters.

The three parts prior to the fourth part mentioned above are concerned with federal income taxes on estates and trusts, federal estate taxes, and gift taxes. In addition, there is included the laws themselves and an excellent index. The authors have combined the legal and accounting viewpoints on the subjects covered and have handled them in a very plain, understandable, and practical way.

MUNICIPAL ACCOUNTING: This book by Charles H. Langer, Ph.B., C.P.A., is a textbook on this subject and a very desirable contribution to the literature of accounting.

The book is recommended to anyone who desires to acquire a knowledge of municipal accounting and governmental accounting procedure because it is so arranged that the reader can study the sections treating with local problems without in any way detracting from the major qualities of the basic outline of the book.

The regular school edition contains problems and questions for class use. Price, \$3.50. Published by Walton Publishing Company, 332 South Michigan Avenue, Chicago, Illinois.

FOR SALE: One Mosler-Corliss safe with double time lock. Address First National Bank, Green Forest, Ark.

8-38

FOR SALE: 100 safe deposit boxes, very reasonable price. Address First National Bank, Berryville, Ark.

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FOR SALE: One Mosler delayed time lock chest; one Victor manganese safe; one Burroughs posting machine—electric, but does not have motor return carriage. For details write to the Old Bank, Perryville, Kentucky.

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FOR SALE: Large Mosler burglar-proof safe with fire-proof jacket. Also set of bank fixtures, 2 one-half inch vault doors and 210 safe deposit boxes. For details write B. L. Ross, president Phillips National Bank, Helena, Arkansas.

8-38

Answers to Legal Questions on Page Twelve

1 In general, an executor or administrator of a stockholder has a right to vote stock standing on the corporate books in the name of the stockholder at the time of his death.

2 In most states a statute requiring a will to be signed or subscribed by the testator is satisfied if the signature is made by the testator's mark.

3 No. The rule making communications between attorney and client privileged from disclosure ordinarily does not apply where the inquiry is confined to the fact of the attorney's employment, the name of the person employing him, and the address of that person, since the privilege presupposes the relationship of attorney and client, and therefore does not attach to its creation.

4 No. A parent requesting medical or surgical service for an adult son under the circumstances described does not by the mere request for such services render himself liable to pay for such services.

5 Yes. In the state designated, forbearance to prosecute a doubtful claim to a materialman's lien is sufficient consideration to support an agreement to pay it. It follows that, since Thompson's agreement was supported by a valid consideration, he should pay pursuant to its terms.

6 No. Except as authorized by statute, the lien of a judgment cannot, after the death of the debtor, be forthwith enforced by a writ of execution. In such cases it is necessary to institute further proceedings giving interested persons notice and an opportunity to be heard.

7 No. In all of the few cases in which the point has been involved, it has been held that insurance effected on property conveyed in fraud of creditors does not take the place of the property after its destruction by fire, and, accordingly, the proceeds of such insurance are not subject to the claims of the grantor's creditors.

8 Yes, according to the majority of the cases adjudicating the point. Such cases seem agreed that a foreign corporation doing business within a state is to be regarded as a non-resident

for the purposes of the attachment law of such state.

9 In a number of cases, on the theory that the situs of a simple contract debt is at the domicile of the debtor, a payment to the personal representative appointed at the domicile of the debtor, of a debt represented by a promissory note, has been sustained, or such representative has been allowed to sue thereon and recover, notwithstanding the appointment in another jurisdiction of another representative.

10 Yes. An agreement by a labor union that, if one should lose her employment in consequence of becoming a member, the union would pay her an amount equal to the salary she was earning until she should obtain other employment or other employment should be provided for her by the union, is not lacking in mutuality.

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

I have chosen as my victim this month a man whose friends all call him "Lim." He is M. A. Limbocker, president of the Citizens National Bank, Emporia, Kansas. I first knew him at Burlington, Kansas, almost a quarter of a century ago and at once became very fond of him when he was so generous in offering help to me in my troubles with the old Farmers National Bank of Burlington which since then has been closed and liquidated.

M. A. Limbocker is not only a high class banker but also one of the finest citizens of Kansas—a man decidedly worth knowing. He is very active in the work of the Kansas Bankers Association and in other banking activities that extend beyond the borders of the State of Kansas.

Emporia is situated in one of the finest agricultural regions of Kansas—cattle raising and cattle feeding being the chief industries. In addition, Emporia has a citizenship of which any city might feel proud. William Allen White lives there and his fame as a newspaperman and writer is known from coast to coast. It has been my good fortune to visit this fine citizen in his office on numerous occasions.

In looking over the names of the officers and directors of the Citizens National Bank of Emporia I find many familiar names: L. J. Buck, E. H. Rees, J. S. Langley, A. H. Gufler, W. C. Hughes, F. B. Jensen and E. K. Lord—all of whom are known to me and all of whom are among Emporia's finest citizens. Fred Newman, former president of the bank who has passed on to his reward, was also one of my good Emporia friends.

Emporia has three other banks in which I have some very good friends but they are too numerous to mention in this article beyond saying that Emporia should feel justly proud of its present day banks and bankers.

It is always a pleasure for me to visit this grand old town which holds many memories for me. It is a pleasure now to offer these words of commendation for my good friend Limbocker and the fine banking organization so ably guided by him. He directs his energy along intelligent lines and is deserving of the success that is coming to him.

Here's a toast to good old Emporia,
A town of much fame and glory.
If you take away the fame brought by Bill
White's name,
It would still be "good old Emporia."

Mid-Continent Banker's representative in Missouri and interested friends have sent us recent financial statements of banks in the state showing the following deposits: Security Bank of Auxvasse, Auxvasse, \$172,136; Farmers & Traders Bank, California, \$668,344; Shelby County State Bank, Clarence, \$291,889; Bank of Crocker, Crocker, \$177,901; Glasgow Savings Bank, Glasgow, \$635,395; Citizens Home Bank, Greenfield, \$308,391; Peoples Bank, Hawk Point, \$166,014; First National Bank, Mexico, \$1,350,591; Monroe City Bank, Monroe City, \$526,571; Bank of O'Fallon, O'Fallon, \$186,149; Bank of Otterville, Otterville, \$134,030; First National Bank, Plattsburg, \$495,320; Pulaski County Bank, Richland, \$329,156; St. James Bank, St. James, \$222,000; First National Bank, St. Joseph, \$6,732,750; First Trust Company, St. Joseph, \$3,020,600; First St. Joseph Stock Yards Bank, St. Joseph, \$3,687,241; Bank of Troy, Troy, \$310,000; United Bank, Union, \$714,765.

THE CHASE NATIONAL BANK

OF THE CITY OF NEW YORK

Statement of Condition, June 30, 1938

RESOURCES

CASH AND DUE FROM BANKS	\$ 801,269,850.66
BULLION ABROAD AND IN TRANSIT	24,343,897.89
U. S. GOVERNMENT OBLIGATIONS, DIRECT AND FULLY GUARANTEED	626,756,050.59
STATE AND MUNICIPAL SECURITIES	91,177,927.99
OTHER BONDS AND SECURITIES	167,707,242.08
LOANS, DISCOUNTS AND BANKERS' ACCEPTANCES	654,026,782.71
BANKING HOUSES	35,166,169.41
OTHER REAL ESTATE	6,780,510.74
MORTGAGES	11,402,198.26
CUSTOMERS' ACCEPTANCE LIABILITY	22,644,464.99
OTHER ASSETS	7,991,978.67
	\$2,449,267,073.99

LIABILITIES

CAPITAL FUNDS:	
CAPITAL STOCK	\$100,270,000.00
SURPLUS	100,270,000.00
UNDIVIDED PROFITS	31,998,651.39
	\$ 232,538,651.39
RESERVE FOR CONTINGENCIES	17,129,505.77
RESERVE FOR TAXES, INTEREST, ETC.	2,492,769.87
DEPOSITS	2,152,228,097.07
ACCEPTANCES OUTSTANDING	24,070,566.89
LIABILITY AS ENDORSER ON ACCEPTANCES AND FOREIGN BILLS	14,234,040.91
OTHER LIABILITIES	6,573,442.09
	\$2,449,267,073.99

United States Government and other securities carried at \$78,098,322.24 are pledged to secure public and trust deposits and for other purposes as required or permitted by law.

Member Federal Deposit Insurance Corporation



1804...

The West is Opened

from **ST. LOUIS**

ON May 14, 1804, the expedition of Meriwether Lewis and William Clark started from St. Louis. Two years later they returned, having explored the west from Missouri to the Columbia River and the Pacific. The tide of western expansion began... the west was open to settlement and trade.

It was natural for Lewis and Clark to start their momentous journey from St. Louis because of its strategic, central position at the gateway to the new western lands. The advantage of St. Louis' location is a fact that will never change, and today, because of this location, the transit service of Mercantile-Commerce reaches practically all points of the country overnight.

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