

NORTHWESTERN BANKER DES MOINES

THIRTY-SECOND YEAR

NUMBER 477

APRIL, 1927

It's "Clean House"—or Branch
Banks

That Honest Six Per Cent!

THE PHOTO BELOW:

*E. D. Schumacher, of Richmond,
Va., who is this year president of
the Mortgage Bankers Association of
America.*





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We invite correspondence regarding our service to banks and bankers.



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The Northwestern Banker is the oldest banking publication west of the Mississippi river—and was the first in America to join the Audit Bureau of Circulations. It is the official publication of the South Dakota Bankers Association, the Iowa Farm Mortgage Bankers Association, and the Iowa Bond Dealers Association. It must be used to cover America's richest agricultural territory.

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A Message for those

Who have *not* Purchased
Bonds From Us

IT is with a great deal of satisfaction that we find each year bringing to us many hundreds of new bond clients. Some who are making their first bond investment; newcomers who have found profitable employment in the Northwest; and then those who come to us as they gradually learn of the character of service our institution is equipped to render. Experience, facilities and a desire to serve are the three qualities which we believe should interest you, as an investor, in selecting The Minnesota Loan and Trust Company as your Investment Banker.

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**THE MINNESOTA LOAN
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405 MARQUETTE AVE. MINNEAPOLIS, MINN.

Prescribe Modern Farm Methods

THE continued use of old and out-of-date equipment is costing the farmers of the United States millions of dollars annually. Many farmers are paying, over and over again, for improved equipment they do not own. The United States Department of Agriculture says that over-repaired, inefficient machines and implements are losing their owners more than the cost of new tools, through scant yield and loss of labor and time in preparing seed beds, planting, cultivating, and harvesting the crops.

Costly labor charges eat most deeply into farming profit and prosperity, and here the recognized remedy is tractor power and broad-scale tractor-operated drawbar and belt machines.

A report of the U. S. Department of Agriculture covering 684 average farms shows that 66 days of man labor are saved in a year's time, per farm, by the use of the tractor. Such savings are possible because the tractor speeds up every farming activity. It provides a two-sided power available for both drawbar and belt machines. It starts with plowing, goes through seed-bed preparation, seeding, haying, grain and corn harvesting, threshing, silo filling, shredding, hay baling, etc., and continues into winter belt work.

The farmer must learn what every successful manufacturer has long ago learned, that the value of a piece of equipment should be measured never by its price but by what it will do for him—by what it will *earn*, and *save*, and *make*. It is the mission of the farm equipment dealer to convert his customers to this sound philosophy. *It may well be the mission of the banker to work in the same direction so that production costs may be lowered, profits be increased, and the prosperity of the community be continuously served.*

Modern Farm Machines Work Such Wonders as These:

A tractor and 2 or 3-bottom plow will plow 8 to 12 acres a day as against 3 acres for a 3-horse team.

Three horses on a two-row cultivator will do 90 per cent more than two horses on a one-row cultivator, saving \$50 in labor in four cultivations of 40 acres.

A spike-tooth harrow section attached to one side of the tractor plow to catch the furrow crowns, will save 50 cents per acre on harrowing expense.

A mechanical corn picker picks, husks, and delivers into a wagon five times as much corn in a day as the hand husker.

The modern harvester-thresher cuts, threshes, and cleans wheat at 7 cents per bushel compared with 27 cents a bushel for harvesting and threshing in the usual way.

The farmer's old-time formula was "An Acre a Day per Horse." The slogan of the average tractor farmer is "Ten Acres a Day per Man."

A new corn planter will save from 100 to 200 bushels of corn on 40 acres over an old planter which cracks or misses but one kernel in 10.

New cream separators frequently save \$25 per month over inefficient machines they replace.

Twenty years ago a hay loader saved two men in the field, each getting \$1.00 a day. Today, a better loader saves the same men, but each would be earning \$3.00 a day.

The Illinois farm worker uses \$600 worth of farm equipment compared with \$115 worth used by the North Carolina farm worker. The Illinois man cultivates 53 acres compared with 12 for the N. C. man and has an income correspondingly larger.



Wahoo, Neb.—A scene at the Nebraska State Corn Husker Contest last winter. The McCormick-Deering Corn Picker and Tractor outfit was a center of attraction and it ought to be. The champion hand husker did twice the work of the average man and the mechanical picker did *three times as much as the champion!*

INTERNATIONAL HARVESTER COMPANY

606 So. Michigan Ave.

of America
[Incorporated]

Chicago, Illinois

Your Account in Des Moines

A careful and studied attention to the requirements of our correspondent banks and a sincere desire to place at their disposal our broad facilities—these are dominant ideas at the Des Moines National Bank.

When good fortune brings you to Des Moines, we invite you to visit our institution. Whenever you have business transactions in Des Moines, we invite you to make use of our complete service.



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Capital \$1,000,000.00

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NORTHWESTERN BANKER

DES MOINES

The Oldest Financial Journal West of the Mississippi

Member Audit Bureau of Circulations

THIRTY-SECOND YEAR

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NORTHWESTERN BANKER
DES MOINES

MID-CONTINENT BANKER
ST. LOUIS

UNDERWRITERS REVIEW
DES MOINES

IOWA BANK DIRECTORY
DES MOINES



TRANS-MISSISSIPPI BANKER
KANSAS CITY

INSURANCE MAGAZINE
KANSAS CITY

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THE IOWA FARM MORTGAGE ASSOCIATION
THE IOWA BOND DEALERS ASSOCIATION

Leading the Way to Better Business



With ample resources and abiding confidence in Iowa, we are prepared to meet the financial demands of increasing business. Let's put our combined energy and intelligence into a consistent drive for improved results.



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IOWA NATIONAL BANK

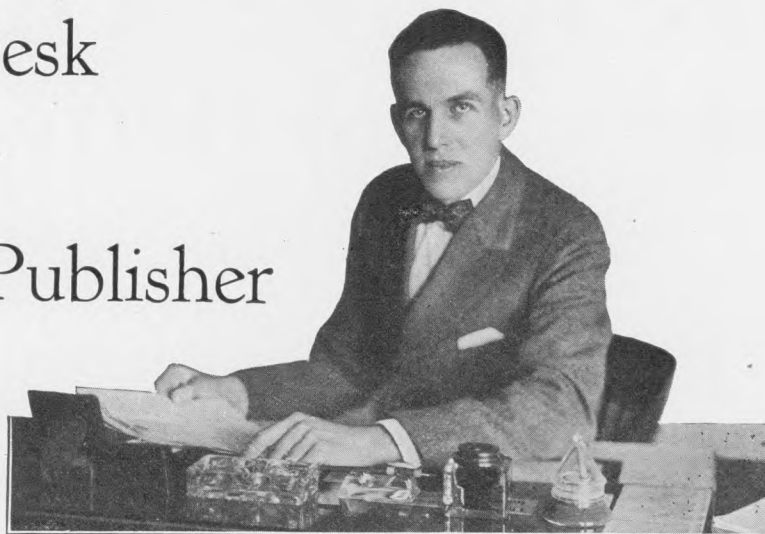
DES MOINES SAVINGS BANK AND TRUST COMPANY
Iowa's Largest Bank - Des Moines - Sixth and Walnut

Across the Desk

from

the Publisher

By Clifford DePuy



LAST month I was motoring from Ft. Worth to Dallas, Texas, with a banker friend of mine, and we came to a sign which said: "Detour—a Sign of Progress!"

The more I thought about what that sign said the more it impressed me. Usually in my motoring I have hated to see a detour sign because it forced me to go out of my way, and usually over poor and bumpy roads, and I had never thought before that while I was still being temporarily inconvenienced because I had to detour, that this very fact indicated a spirit of progressiveness on the part of the city, county or state which was improving the main highway.

I thought of the men I knew in the banking business who were real successes, and I thought of the detours they had made, every one of which was a "sign of progress" in the development of themselves and their business.

Some of the detours they have made were in the paths of economics, agriculture, business statistics, business conditions and a better understanding of the fundamental problems of banking so necessary if a banker is to be a real success. These "detours" took them temporarily away from the main highway of banking, but it always brought them back with a better understanding of the path ahead and the goal to be reached.

Every "detour" that you can make along similar lines will be a real sign of progress in the work you are doing to make yourself a better banker, and your bank a better institution.

As one author said: "When the hopeful, helpful feeling of progress leaves you, or leaves me, success for us will be suffocated. Fresh ideas keep

our intellects fresh. Listen to every new idea. The man who does not entertain the spirit of progress will certainly entertain the ghost of failure."

Distributing Bonds

THE president of a well-known bond company writes us as follows: "It was quite a shock to us to note the article on page 80 of the Annual Investment Edition of THE NORTHWESTERN BANKER, on 'The Bond Outlook in the Middle West' In this article it said, 'We believe banks only should sell bonds to its customers. The future to us looks very good, only we think bonds should be marketed entirely through banks rather than salesmen.' We know you did not write this, but it is the statement of some banker. We would modestly state that the bond houses are, in our judgment, just as well posted as any banks in the state on bonds."

It is our belief that bonds will be distributed more and more through banks. This means that bond companies will be able to sell in larger quantities and more quickly through banks than they would otherwise be able to do. The banker whose statement was quoted above apparently feels that it is unfair to him to purchase bonds from a bond house to sell to the bank's customers, and then have this same salesman sell the same bonds to the customers of his bank. This is a point which must be given consideration by bond companies and by banks. It is without doubt a debatable question and has many interesting phases.

It seems to us, however, that banks and bond companies, not only can, but should, work in the

closest harmony for the best interests of the ultimate purchaser of the bonds.

The point some bankers make is that if they are to distribute a particular bond in their community, and this especially applies to the smaller cities; they in turn should not have competition from the salesman of the bond company from whom they purchased the bonds.

Legalizing Insolvent Banking

DURING the present session of the Iowa legislature four guaranty bank deposit bills were introduced in the House. Briefly, they covered the following points:

- H. F. No. 1. This bill provided that depositors, if they wish to could contribute to a fund to insure their own deposits.
- H. F. No. 175. This bill was patterned after the Nebraska guarantee of bank deposits law and placed the whole burden on the banks themselves, and permitted insolvent banking in the same manner as the Nebraska guarantee law does.
- H. F. No. 437. This bill provided that the guaranteeing of deposits should be done jointly by the depositors and the banks. The banks were to be assessed one-half of one per cent on average daily deposits, and depositors were to be charged 50c per month, or \$6.00 a year payable in advance on their checking accounts, and 1 per cent on average daily time and savings deposits.
- H. F. No. 460. This bill provided that depositors in state and savings banks desiring to avail themselves of the provisions of the act should designate such a fact at the time of the making of said deposit. At the end of each six months' period the bank would report to the superintendent of banking the amount of money each depositor had in his account, and credit to the superintendent of banking 2 per cent upon the average daily balances of said deposits both checking and time deposits, which money should be known as a guarantee fund.

All of these bills, while somewhat different in their general provision, still make insolvent banking legal by allowing banks to operate through money secured from a guarantee fund, which in turn places the burden of insolvent banking upon solvent banks.

In House File No. 175 this was particularly true, as it was based upon the Nebraska guarantee law. Insolvent banking has made it possible for the Nebraska guarantee law to stand as long as it has. In 1923 the Nebraska legislature passed an act "De-

claring an Emergency," which permitted insolvent banks to be kept open and operated in the same manner as solvent banks. Today there are 47 of such insolvent banks being operated in Nebraska, and no one can tell how many more will be added to this list. Depositors of such insolvent banks are not permitted to draw their money, only under certain conditions, and then only a part of it.

To do away with the menace of any guarantee of bank deposits law, the Iowa Bankers' Association bill, introduced at this session of the legislature provided among other things for "District Banking Associations," and was a step in the right direction.

This bill, if it becomes a law, will provide:

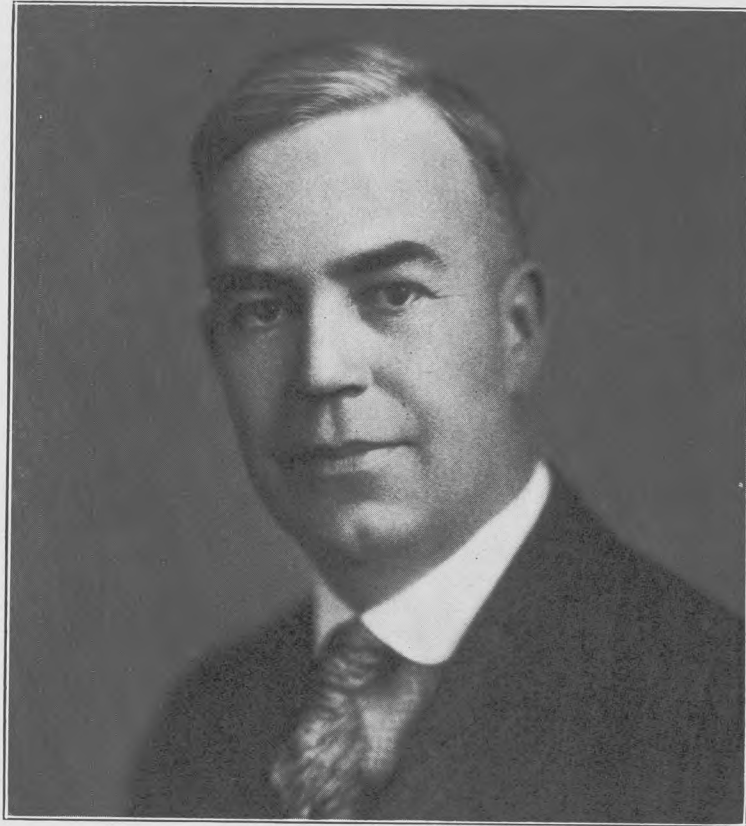
- 1st. For still better banking examination.
- 2nd. For the establishment of preventive measures against any bad banking practices and possible bank embarrassments.
- 3rd. For raising banking ethics still higher.
- 4th. For creating credit bureaus on borrowers.
- 5th. For the all-around purpose of preserving and strengthening confidence of the public still more in the banking institutions of the state.

Two Fundamentals of Successful Banking

IN ALL the various analyses which have been made of bank failures in the past three or four years most of them come back to two fundamental causes, first, the assets of failed banks have not been kept as liquid as they should have been, and second, there have been too many banks in proportion to the population they serve.

The Federal Reserve Board in a recent report said: "Banks which have had a large proportion of their assets in not only un-liquid, but in most cases, worthless assets, have constituted the majority of the banks that have become insolvent in recent years." If a bank is to maintain a strong liquid position it must have assets which are easily convertible and readily marketable. Banks, more and more, are learning this lesson, and as a result are buying high-grade securities for their secondary reserve.

If we take the population of the various states, and divide this by the number of banks in those states, we will find that the states that have had the greatest number of bank failures have been the states where the number of banks per thousand has been the highest.



E. C. DAVENPORT
New President, Nebraska Bankers Association

E. C. Davenport, newly elected president of the Nebraska Bankers Association, succeeding Clarence Bliss, who became Nebraska secretary of Trade and Commerce, is president of the Nebraska State Bank of Valentine, which was organized twelve years ago. He has been its president since organization. His bank now has deposits in excess of half a million dollars.

Mr. Davenport is well known in the affairs of the State Association. In 1925 he was elected a member of the Executive Council for a three-year term. Last year he was elected president of Group Six.

NORTH WESTERN BANKER



THE COVER PHOTO

Ernest Daniel Schumacher, whose photo appears on this month's cover page, is president of the Mortgage Bankers Association of America. He was born near Anderson, Grimes county, Texas, on February 4, 1882. His father and grandfather were leaders in the south's agricultural, banking and industrial development—the latter being a pioneer in the cotton seed and cotton oil business. Through close contact with these men and experience derived from being raised on a large plantation, he became deeply interested in economic and agricultural problems and acquired much knowledge which has been of inestimable value in giving insight into his life work.

After graduating from the Navasota high school he studied banking, business administration and commercial law at Hill's Business College, in Waco, Texas. Mr. Schumacher has been devoting his time to city and farm mortgage business, insurance and municipal bonds since 1904. From 1911-1914 he was with the Colonial Trust Co., of Hillsboro, Texas; from 1914-1920 with the Old Dominion Trust Co., of Richmond, Va. In 1918 he negotiated the purchase of 4500 mortgages, involving a consideration of \$7,500,000.00, from the British & American Mortgage Co., of Dundee, Scotland, and sold these to insurance companies and other investors. He is now president of the Southern Bond & Mortgage Co. and the Title Insurance Co. of Richmond, Va.

"THAT HONEST 6 PER CENT!"

That's the subject for one of the headlines in this issue, starting on the next page, pages 12 and 13. The material is gleaned from many letters and interviews with leading bankers of the middle west. Some bankers require financial statements from all the borrowers, and others don't. The reader will be interested to know exactly how others handle this loan problem and there's much of interest on this subject in the article in question. Be sure to read it!

IN THIS ISSUE

BRANCH BANKING

Ever since the spectre of the branch bank first cast its shadow over the American banking horizon, the subject has been of deepest interest to all financial men. Having already gained a temporary foothold in parts of the country, it is causing bankers of the middle west to stop and think.

A South Dakota banker discusses this subject in this cause, with particular emphasis on the danger of middle western branch banking becoming a fact, unless bankers in this section set about to strengthen their position in the eyes of the public. "It's Clean House—or Branch Banks!" is the title of the article and it's on page 17. The author speaks intimately of the banking situation in his home state, but his analysis is so general that it can be applied with equal ease to any other state in the middle west. THE NORTHWESTERN BANKER recommends that the reader study this article carefully.

Coming Conventions

May 1-7—A. B. A. Council. Hot Springs
 May 19-21—Reserve City Bankers Assn. Pittsburgh
 June 8-10—Minnesota. St. Paul
 June 14-15—North Dakota. Jamestown
 June 20-22—Iowa. Des Moines
 June 21-23—Wisconsin. Madison
 June 23-24—Illinois. Danville
 July 1-2—South Dakota. Deadwood
 October 2-4—A. B. A. Houston

IOWA GROUP MEETINGS

As this issue goes to press, the office of the secretary of the Iowa Bankers Association announces that the Iowa group meetings will be held as usual in May, the Northern Group the second week of the month, the Southern Group the fourth week. Definite dates for each group meeting have not been settled, but the towns are as follows:

- Group 1—Cherokee.
- " 2—Twin Lakes (Manson)
- " 3—Charles City.
- " 4—Elkader.
- " 5—Council Bluffs.
- " 6—Boone.
- " 7—Waverly (tentative)
- " 8—Tipton.
- " 9—Greenfield.
- " 10—Oskaloosa.

Why He Quit

A janitor of a school threw up his job the other day. When asked the trouble, he said:

"I'm honest and I won't stand being slurred. If I find a pencil or a handkerchief about the school when I'm sweeping, I hang or put it up. Every little while the teacher or some one who is too cowardly to face me will give me a slur. A little while ago I seen wrote on the board, 'Find the least common multiple.' Well, I looked from cellar to garret for that thing and wouldn't know the thing if I met it on the street. Last night in big writing on the blackboard it said, 'Find the greatest common divisor.' 'Well,' I says to myself, 'both of them things are lost now, and I'll be accused of taking them, so I'll quit.'"

Unappreciated Encore

The small boy was taking part in a local concert. He was only 7 years old and recited so well that he was encored.

"Well, Harry, and how did you get on?" asked his proud father when he reached home.

"Why, I thought I had done all right," replied Harry, "but they made me do it again."

INDIVIDUAL OR FIRM
TO THE BANKERS TRUST COMPANY, DES MOINES, IOWA

Name: _____ Business or Occupation: _____
 Location: _____ Principal Residence: _____

ASSETS		LIABILITIES	
Cash on Hand and in Bank	Accounts Payable—Not due	Accounts Payable—Part due	Accounts Payable—Part due
Accounts Receivable—Good	Notes Payable—Unsecured	Notes Payable—Secured	Mortgages on Real Estate
Notes Receivable—Secured—Good	Real Estate Mortgages	Real Estate Mortgages	Dividends, Interest and Taxes
Notes Receivable—Unsecured—Good	U. S. Government Bonds	Cash Value Life Insurance	Other
Merchandise	Other Bonds	Corporate Stocks	Partners and Shares
First Mortgage Receivable	Partners and Shares	Other	
Second Mortgage Receivable			
Cash Value Life Insurance			
Other Bonds			
Corporate Stocks			
Partners and Shares			
Other			

CONDENSED PROFIT AND LOSS STATEMENT FOR FISCAL YEAR ENDING _____

Income: _____
 Expenses: _____
 Net Profit: _____

Supplies and Undivided Profits: _____

Contingent Liability of Any Kind: _____

At Close of Previous Year: _____
 Add for Profit or Loss: _____
 Less for Dividends: _____
 Total: _____

CONDENSED BALANCE SHEET FOR FISCAL YEAR ENDING _____

Assets: _____
 Liabilities: _____

The modern banker is striving as best he can to teach the newer generation, in particular, the value of using financial statements, like the above, in asking for loans.

That Honest Six Per Cent!

SOME one who knew quite a lot about human nature and the world in general, has suggested that "the hardest thing for a business man to do is make an honest dollar earn an honest 6 per cent!"

Many bankers of the middle west have wrestled with the same problem, not always with beneficent results, particularly in the matter of their loans. Feeling that possibly a round-table discussion of the general problem of making loans would benefit its readers, THE NORTHWESTERN BANKER has sounded out a number of prominent bankers of the middle west with some of these questions in mind:

"What is the ordinary loan procedure of the average bank?"

"Do the managing officers of the average bank make loans personally or is each loan referred to the bank's board of directors?"

"What requirements are usually made of the debtor?"

"Do most banks require financial statements and if so, how often are these reviewed, and by whom?"

In these times of the middle west, when the exact middle of the road is by far the

safest place for bankers to tread, character seems to remain the golden quality of the successful borrower. Intimate, firsthand knowledge of the borrower's habits and needs, run a close second and are nicely stressed by a veteran Iowa banker, C. J. Wohlenberg of Holstein, who has this to say from his years of loaning experience:

Know Your Customers

"In the matter of loaning, our bank has never been as strict as a great many others, inasmuch as our men behind the counter are as well versed with the financial conditions as some of the head officers. We have meetings with every one in our employ every so often and go through our note case and depositors ledger and oftentimes learn a lot from our younger employees who know the habits and surroundings of the borrower's and depositors better than we do. For that reason, we have established credit limits to the customers and if the clerk behind the counter is dealing with some one and knows our custom in handling this man's affairs he is at perfect liberty to loan this party some money, which of course

must be in the ordinary line of conducting his business.

"All the new deals, matters of importance, and large loans always come before me, and if the deal does not altogether look favorable to me, I talk matters over with our cashier and our vice president. I do not like the 'One Man Bank.' A lot of the customers like some of the employees a 'darn' sight better than any of the principal officers and if they can arrange for a small loan with them, it is a great deal more satisfactory to the patrons.

"In the matter of requiring property statements of all loans of \$500 and over, we have never lived up to this rule. I have lived here for 44 years, have been in business that long, have seen the most of our customers grow up and either prosper or fall down by the wayside, and know their habits, have watched them, successful or otherwise, whether they saved, or spent money foolishly, and the majority of our borrowers are old-time friends and we understand each other to the last penny, and why should we molest them with property statements? It shows on our part that we lost confidence in them and

in their ability to pay and make good. It may happen once and in a great while that our judgment in these men has been wrong, and that, if by having taken a financial statement from them would have corrected our own opinion of them, but these cases have been very rare.

"It is very seldom that we pester our board of directors with actions on applications for loans. We are three directors in the bank and if we do call a meeting of the other four, all of whom can be gotten inside of five minutes phone calls, they generally tell us that we know best what to do about it and to use our own judgment.

"We have asked of late of every borrower, who is more or less a young customer and beginner, to give us property statements and from these we generally ask personal security or chattels or whatever they are able to furnish. If we see the right sort of timber in the young men we are glad to help and assist them to get along in life and build up and construct a substantial livelihood, whether it be in the line of farming or commerce.

Patrons Appreciate Help

"As a banker I believe that it is as much our duty to see to it that the customers receive aid and advice in making headway so as to create better and more comfortable homes as it is to look after the stockholders dividends. No one appreciates the assistance given them in time of need better than those who would have otherwise been down and out, and as long as there has been any effort shown on part of the borrowers to roll up their sleeves and buckle in and face the prevailing conditions we have always aided as long as there are signs of hope.

"In the line of statements, if bankers stay closely to their customer friends, they know if they are making or losing money, and if making money, we are not so particular about the renewals of the statements, and if they are losing, new statements taken at annual intervals will be the best evidence to show them that there is something wrong. To get property statements from some of the older men, who are absolutely honest, safe all around, money makers, means teaching them something new and a great many will look at it as an insult in doubting their integrity and soundness. A banker knows these men and a statement from such men should be waived. You can not make any laws to fill all conditions and requirements and this is the way I look upon the property statements of all loans of \$500 or over. I believe in good judgment and common sense on part of the bank officers first and last and all, as they should know best how to handle their own affairs.

"In a talk with two Davenport bankers where they are surrounded with similar conditions as we are here, with these old-time German citizens, they all agreed on

IN THIS ARTICLE

In this article are the answers to some of these questions: "What is the ordinary loan procedure of the average bank?"

"Do the managing officers of the average bank make loans personally or is each loan referred to the bank's board of directors or loan committee?"

"What requirements are usually made of the debtor?"

"Do most banks require financial statements and if so, how often are they reviewed and by whom?"

my stand on this matter. After all it is the personal knowledge of men and customers and their faith and confidence in you, and yours in them, which counts, and all formal other matters are secondary."

Several angles must be considered in making a loan, says T. R. Watts, Grand Junction banker, who continues:

"We try to analyze our loan applications from several angles, namely: moral hazard, inclination of applicant to pay, security offered, how borrowed funds are to be invested, possibility of investment repaying the loan and whether the proposed investment looks economically sound.

"We take financial statements from all of our borrowers of any consequence, and try to renew them at least once a year, and with some customers more frequently."

A national banker from Nebraska says this is the way loans are handled in his institution:

Approved by Board

"It is customary for any new loans made by our bank to be approved by our board of directors. The requirements which we ordinarily ask of the debtor is sufficient margin of security to protect the advance and also that he carry a reasonable balance with us. Our bank asks for a financial statement from every borrower who does not furnish us with chattel mortgage security when the loan is in excess of \$500, and oftentimes we take a property statement when the loan is less than that amount. Property statements which we accept from people who borrow money from us are renewed every year, and the old one kept in our files to show the progress being made by the borrower."

Clay W. Stafford, cashier of the Ames National, Ames, Iowa, says of his bank's loan policies:

"Nearly all of our loans are made upon the approval of the president and cashier. Loans which the active officers feel are questionable or loans on which there may be some doubt in our minds as to their

desirability are referred to our board of directors for their approval.

"We insist on a financial statement from every borrower who borrows \$500 or more on an unsecured note and we aim to renew these statements twice a year."

One Iowa banker says:

"All loans are handled by a few of our executive officers and in nearly all cases referred to the officers in charge of his particular branch of our business.

"With exceedingly few exceptions, the customer must submit a statement or high grade collateral. New statements are procured at the end of each fiscal year unless their business is of such a nature that they can make monthly reports, when they are often obtained more frequently.

"As to our bank correspondent business, we aim to get statements of their various calls. Loans of any size and if at all irregular are always referred to our loan committee. In short, we are inclined to be quite technical along those lines, feeling that is consistent with good banking nowadays."

Take Financial Statements

Another middle western banker says:

"Loans by this bank are made by individual officers unless on new credits or those not made freely on the judgment of the one officer. In that event several officers confer. Loans are not referred to board of directors before made but read at each monthly meeting. We are taking financial statements from borrowers. An officer of the bank visits the borrower for observing his general condition, checking statement and taking security where necessary. Statements are going to be taken twice each year."

In the average bank of the middle west, how many loans are secured by a reasonable amount of collateral? One Iowa banker, in a town of thirty thousand population makes this comment:

"During the past two years, we have endeavored to secure collateral on a greater portion of our loans and discounts, and a survey in December disclosed that better than 50 per cent of our loans had definite pledged collateral with sale values in excess of the amount of the loans (not including mortgage loans).

"In connection with the unsecured loans, our policy is to take a statement from the customer and determine the greatest amount of credit he may desire at any one time and then ask our discount committee to grant an open line of credit. If the committee does not see fit to grant this full line, we aim to decline to make the first loan.

"We endeavor to procure a property statement on all loans of \$500 or more, and at least once each year, our board of directors reviews statements and passes on all of the established lines of credit.

"In addition to this, individual lines

(Continued on page 61)

The Investment Trust Idea

IF I were called upon to symbolize the Investment Trust idea with a sketch, I think I would draw a picture of a man unmistakably Scotch distributing eggs in a number of baskets. Each basket would be guarded by a sentinel. This sketch I believe would emphasize the fact that the Investment Trust principle is based upon the simple old maxim which says, "don't put all your eggs in one basket". On the other hand, the sketch, paradoxical as it may seem, would illustrate what people of the opposite view mean when they say, "do put all your eggs in one basket but watch the basket." For you see I would have drawn a number of baskets with one egg in each, but I also would have suggested that an alert sentinel was watching each of the baskets. Thus I think the drawing would express the fundamental idea of the Investment Trust—diversification and alert supervision, in other words, "spreading the dollars" over a number of carefully chosen investments and then watching each and every investment.

The investment trust as you might imagine was invented by a Scotchman. It was born also of necessity. It came to life in the last quarter of the 19th Century because of the desire of English and Scottish investors to take advantage of the obvious opportunities for profitable investment in the foreign field.

For a number of years prior to 1879 both English and French investors had attempted to place their savings advantageously in foreign enterprises with quite disastrous results. To mention only one, I will refer to the South Sea bubble. Naturally the dire results of these attempts to earn a high rate of return on money sent abroad were quite sufficient to cause prudent business men to seek a vehicle which would handle with safety and profit the accumulated savings of the English people. The Investment Trust was the answer to the question. The success of these Trusts since their inception is not surprising. Like most successful undertakings the underlying idea is simple.

Now why is it that the average investor cannot in practice apply the same principle to his investments? The answer is very simple. In the first place the investor of small means finds difficulty in splitting up his principle into from thirty to fifty parts. In the second place, after having done so he finds as a busy man that he simply cannot watch the various investments which he has thus secured. Possibly this fact has given rise to the saying which I mentioned above which is quite the contrary from the diversification principle, namely "put your eggs in one basket and watch the basket." Sometimes it is possible for the average business man to watch

By Col. Benjamin F. Castle
Vice President and General Manager
First Federal Foreign Investment Trust
(From address broadcast over radio Station WJZ)

one basket but most assuredly he cannot watch twenty-five or one hundred baskets. The Investment Trust performs the function for him. And how does he obtain the service of the Investment Trust? He becomes a partner. He buys the common stock of the Trust and the Trust immediately invests his money under the most advantageous conditions.

A well established trust usually has representatives in many lands. These representatives are selected because of special



COL. BENJAMIN F. CASTLE

qualifications. A trust has a statistical staff capable of analyzing investment opportunities which are presented through many channels. Naturally the managers of a trust are selected because of particular skill and experience in the investment field and also because of technical administrative skill. This last is important because of the fact that successful trusts must be managed at low cost. The history of trusts show that this low cost of management has been achieved in most cases. In fact the average business man would be amazed at the small fraction of gross income that the operating cost represents.

I have briefly sketched the facility which is placed at the disposal of the smallest investor and I think you will see how logical it is for the small medium and even the large investor to give serious consideration to this interesting type of financial opportunity. He obtains diversification—spreading of the dollars, geographically as well as by industries, in the character of the securities, bonds, preferred stock, some times commercial bills—in the character of the participations which the Trust takes—he secures also that sentinel-like watchfulness which no individual investor actually engaged in

business can obtain if he handles his investments alone. He secures safety of income and a steadily increasing share of the growing surplus which a Trust usually finds it easy to accumulate.

The Investment Trust idea has been growing in popularity in the United States since the World War. This is entirely logical on account of our position now as the world's banker. This implies that we are sending money abroad to the various countries which are developing their latent resources or, as in Europe, rebuilding antiquated plants. Someone has said that the first railroads of the United States were ballasted with Dutch Guilders and Pounds Sterling. So, in the next fifty years we shall probably see the enterprises of foreign countries in many lands bolstered up with American dollars. These traveling American dollars if taken on their tours of the world by investment trusts will return safely and bring rich gifts.

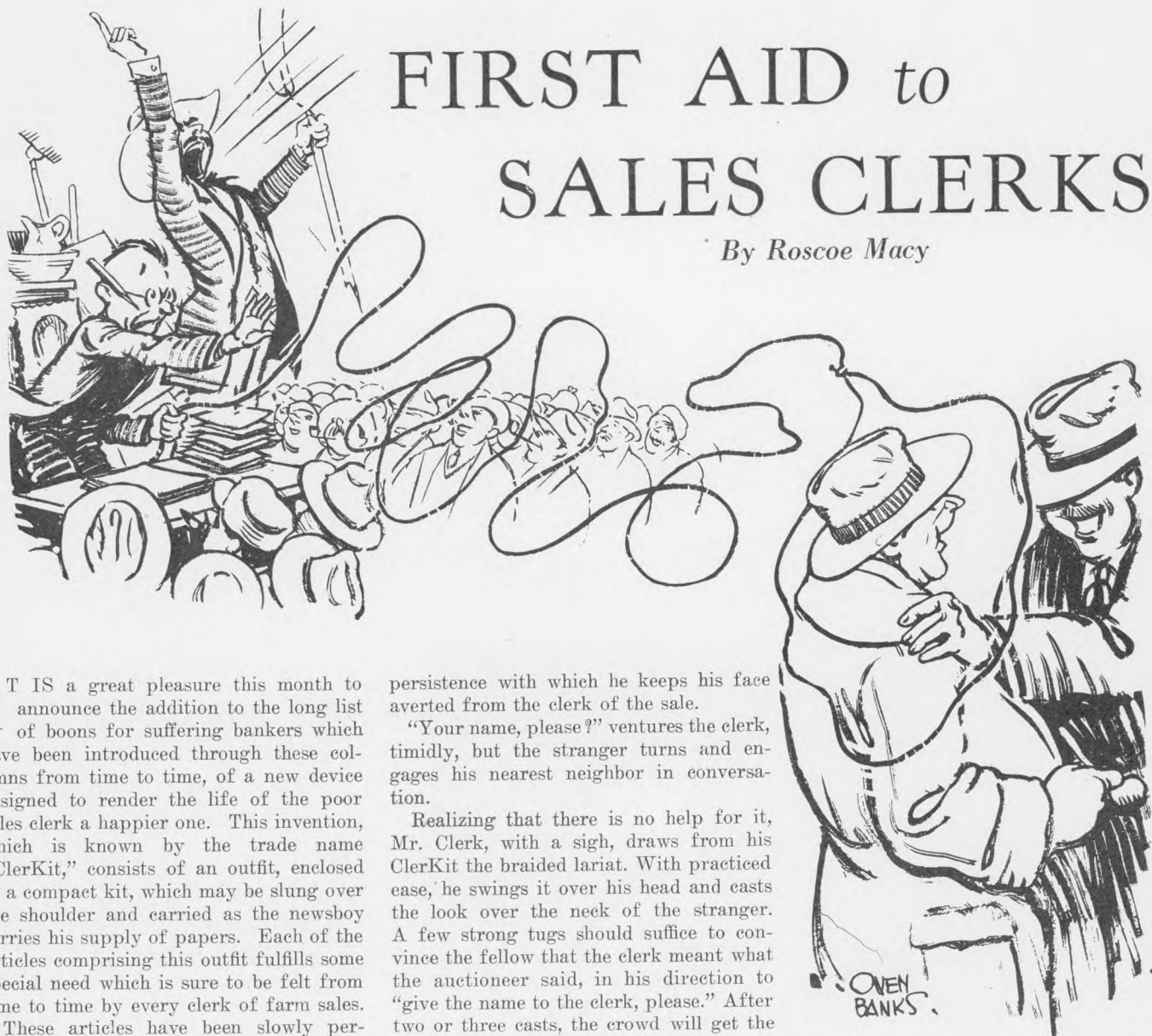
In addition to what might be called the standard form of investment trust in the United States we have another type which seems to be original in this country and which springs from the vision of our best financial minds who saw soon after the War that there must be some means for building up American trade and some means for meeting competition of the long term credits which it is the practice of British and German banks to extend to importers in foreign lands. Our commercial banks are limited to handling six months paper as it is called in banking parlance. In other words, they cannot grant commercial credits for a period longer than six months. So Congress added a section to the Federal Reserve Act known as the Edge Law which provided for the creation of corporations having a minimum capital of two million dollars. These can operate only in foreign lands or we may say in foreign investments. They are subject to the jurisdiction, supervision, and inspection of the Federal Reserve Board, in much the same manner as National banks are. National banks are permitted to take an interest by purchasing stock. Thus you see there has been set up a vehicle which is helpful to American investors, helpful to American manufacturers, and helpful to the nation.

These interesting corporations which are authorized by the Federal Reserve Act have all the characteristics of an investment trust but in addition have the powers of a bank even to the point of accepting deposits. Congress at the time of passage of the law showed clearly its intent to clothe these corporations with the prestige which Federal incorporation gives and to

(Continued on page 61)

FIRST AID to SALES CLERKS

By Roscoe Macy



IT IS a great pleasure this month to announce the addition to the long list of boons for suffering bankers which have been introduced through these columns from time to time, of a new device designed to render the life of the poor sales clerk a happier one. This invention, which is known by the trade name "ClerKit," consists of an outfit, enclosed in a compact kit, which may be slung over the shoulder and carried as the newsboy carries his supply of papers. Each of the articles comprising this outfit fulfills some special need which is sure to be felt from time to time by every clerk of farm sales.

These articles have been slowly perfected and thoroughly tested in our own laboratories, before being accepted as components of the ClerKit.

The first device consists of a flexible rope, with a noose on the end, resembling a lariat. It is found in a convenient position for withdrawing quickly from the kit. As the auctioneer mounts upon the hay-rack which has been piled high with all the useless plunder that has a way of accumulating on a farm, and finishes his opening speech, he picks up an ax with a broken handle, or a pitchfork with an important tine missing. "What am I offered for this useful and valuable instrument?" he inquires. "What's that? Did you say ten cents, sir? SOLD, Mr. Clerk, to that good-looking gentleman over there. Your name to the clerk, please," and he passes immediately to the next bit of salable jewelry. The harried clerk, meanwhile, anxiously scans the faces before him in unsuccessful search for a "good-looking gentleman," and finally succeeds in locating the purchaser, a total stranger, by his guilty manner and the

persistence with which he keeps his face averted from the clerk of the sale.

"Your name, please?" ventures the clerk, timidly, but the stranger turns and engages his nearest neighbor in conversation.

Realizing that there is no help for it, Mr. Clerk, with a sigh, draws from his ClerKit the braided lariat. With practiced ease, he swings it over his head and casts the look over the neck of the stranger. A few strong tugs should suffice to convince the fellow that the clerk meant what the auctioneer said, in his direction to "give the name to the clerk, please." After two or three casts, the crowd will get the idea, and no further trouble will be experienced along this line until the next sale.

Another Necessary Weapon

After cleaning up the hay-rack, the auctioneer will lead the way down a long line of machinery, and as he progresses down the line, Mr. Clerk will be left farther and farther in the rear, as he changes twenty-dollar bills and compromises disputed bids. Sooner or later, he will find himself with his back flush up against the sharp teeth of a hay-rack, and at that exact moment, somebody's 225-pound hired man will plant one of his Number Twelves on Mr. Clerk's right foot, jam a muscle-bound elbow into Mr. Clerk's stomach, and mash the patent sales-ledger up against a bystander in such a way as to destroy \$22.50 worth of sales records. Calmly, Mr. Clerk reaches into his ClerKit, takes therefrom the hand-forged sixty-ounce hammer marked "No. 2," and with a deft flick of his wrist, gives the hired man a sharp clip behind

the ear. The offender sinks to the ground without a sound, and by mounting on the body, Mr. Clerk is able to enjoy a clear view of the progress of the sale until it passes out of hearing down the line. It goes without saying that the milling mob now clears a respectful path for Mr. Clerk right up to the auctioneer's elbow.

Presently Henry Jones, from Spillville, over on the other side of the county, digs the clerk in the ribs and remarks, "Say, I got to go home now, and it's too cold to write a check. I'll be back in your town two weeks from next Saturday, if the roads stay good, and I'll pay you then for that mower I bought," and he starts away. Mr. Clerk's hand comes forth this time grasping the handle of Device Number Three, which consists of a curious-looking metal hook on the end of a telescoping steel rod. Pressing a button on the handle, the hook shoots out to the full length of the rod, at which time it resembles on a larger scale, one of those

contrivances which are used to catch chickens in a pen. With the hook, Mr. Clerk deftly trips up Henry Jones, of Spillville, and drags him back.

"That's all right, Mr. Jones," he says, "but I was employed to clerk this sale today—not two weeks from next Saturday. I've been writing all morning, in spite of the cold, and if I can fill out your check and stub, I believe you should be able to sign your name."

Several other ingenious contrivances go to make up the ClerKit. There is the heavy belt, studded all around with six-inch spikes, which is worn to protect the clerk from being smothered to death in the crowd when the household goods are sold. And there is a sharp hook hung on the back of the kit for filing garnishment papers, with a neatly-lettered notice just

above it: NOTICE TO THE SHERIFF: The Answer to the Interrogatories is "NO." File your papers on this hook and don't bother me."

And then there is the neat case containing tickets to the corn-measuring. Many clerks, including the writer, are noted for their fluency in measuring round cribs of corn, and I have known people to come to sales from miles around, just to hear me measure a round corn-crib. Until recently, I have furnished this attraction without any additional compensation, but with the ClerKit we are now able to sell tickets to the after-slow, with the understanding that if a sufficient number of tickets are not sold, we will measure the corn under our breath or in a low voice.

And lastly but not leastly, there is the crowning achievement of the inventors of

the ClerKit: the Macerator. This instrument is operated by a coil spring. At lunch time, it may be wound up and set running, and the clerk's lunch is then dumped into the hopper. An attachment resembling a sausage-grinder then disintegrates the various elements composing the lunch, and drops the macerated product into a basin containing pepsin and gastric juice. The lunch in this way is masticated and digested without requiring the slightest attention on the part of the clerk, so that he is left free to settle with the many buyers who always leave immediately after lunch. The finished product of the Macerator is an excellent feed for young chickens, and by munching a chocolate bar while the hogs are being sold, the clerk will be able to keep going until evening.

WHEN THE PRESIDENT "Cut Up"

THE

CASHIER!

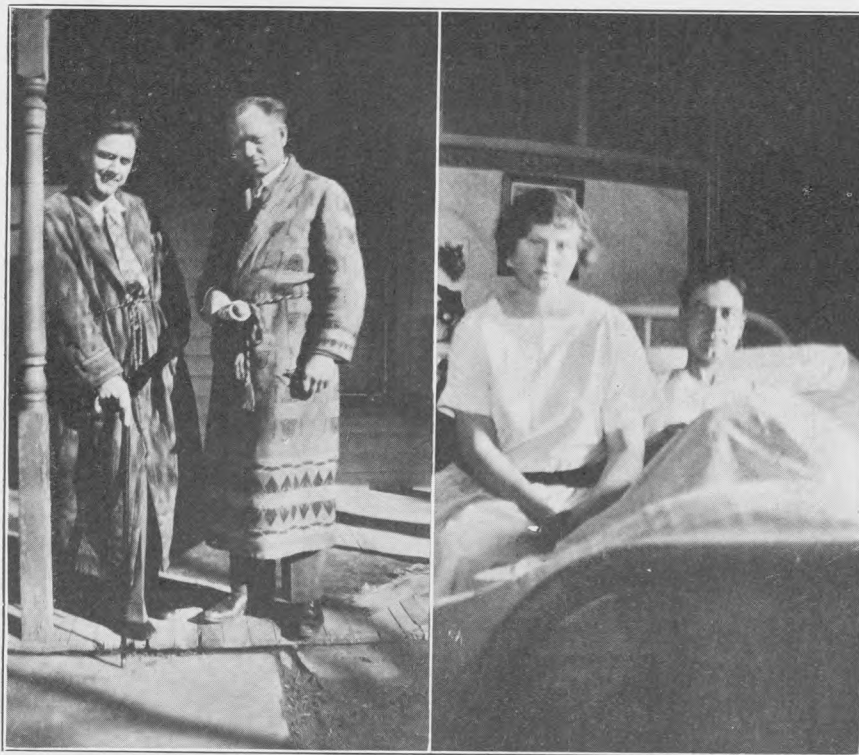


Photo on the left, Mr. Boe, cashier and Dr. Junger, physician and president of the bank, a few days following Mr. Boe's operation. On the right, Miss Ruth Christensen, his nurse, and Mr. Boe, following the operation.

IT'S NOT often that the president of a bank can cut up the cashier—and still be within the law. But a case of this nature came to light recently at Soldier, Iowa.

Harold O. Boe is cashier of the Soldier Valley Savings Bank of that city. Incidentally it happens to be one of Iowa's "Honor Roll" banks, with surplus and undivided profits exceeding its capital. Dr. E. C. Junger, well-known physician of the same city, is president of the bank.

Recently Harold suffered an acute attack of appendicitis. What could be more fitting then, that the president should be in charge of the operating ceremonies? Enter, Dr. Junger, banker-physician, and his instruments.

The rest of the story, Harold tells, stating in the beginning, "I hope Dr. Junger doesn't make the carving of my tummy too much of a joke, but of course, it is rather unusual for a president to operate on his cashier. Here are the facts:

"In the first place we operate a 'roll of honor bank.' Dr. Junger came to this town direct from school 25 years ago and has practiced medicine here ever since. He has made quite a name for himself in medical circles as a surgeon. Owns his own hospital here in town. Has made all of his money here. He is not active in the bank, (also is well known among doctors as he attends every medical convention that he can).

"I took sick very suddenly and had one other attack just after I got out of the service and none other until this time. I was operated on and feel fine now. I am 27 years old, served during the war as a sailor most of the time on transports. This year I am commander of our local American Legion post; vice president of the Monona County Bookkeepers Association and a member of the Abu Bekr Temple of the Shrine at Sioux City."

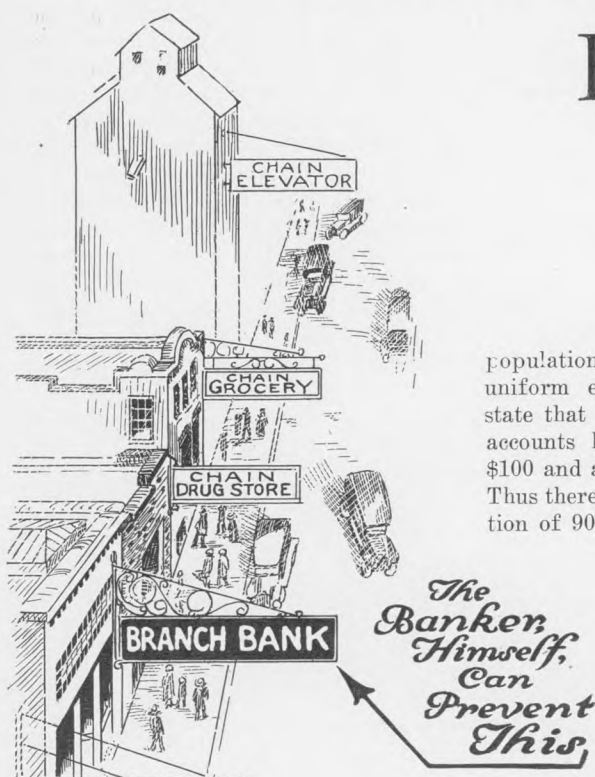
Dr. Junger is evidently very proud of Harold, for he says: "Harold is the oldest of a family of six boys. His father is our local harness maker. Harold served in the navy during the war and has held a number of other bank positions. He was rather fortunate to have the good judgment to allow me to operate on him just in time. One of his brothers is serving in the navy hospital in Philadelphia, one is a pharmacist, one is studying medicine at Iowa City, one is a student there and the fifth is a senior in the local high school."

IT'S "CLEAN HOUSE" — or

BRANCH BANKS

So Reads the Handwriting on the Wall

WRITTEN BY
A SOUTH DAKOTA BANKER



population of 900, and it has been the uniform experience of bankers in this state that at least half of the depositors' accounts have average balances under \$100 and are therefore a loss to the bank. Thus there are only about 100 in a population of 900 who can have accounts which are profitable for a bank or approximately one in nine.

The minimum sized bank should have three employes; one bookkeeper, one teller and one officer who takes care of the loans, and who also acts as teller when necessary. A bookkeeper can handle

400 active accounts and should have that many to keep busy. On this basis there should be one bank for a population of 3,600. This is about the rate in eastern states.

Results of Over-Banking

The evils resulting from over-banking are legion and fatally destructive. Excessive competition caused the granting of unsafe and excessive loans. It was the direct cause of giving countless free services by the bank to get and hold depositors. In order to attract depositors, flattering interest rates were offered, sometimes as high as 6 per cent and often a bonus was given in addition. In order to pay this high rate of interest and to pay for the numerous free services, the banker was compelled to loan out at a high rate of interest a large part of his deposits. He often loaned dangerously close to the reserve limit. It is the sad experience of all people loaning money, that when a high rate of interest is secured on a loan, the safety of the principal is impaired proportionately.

Is it strange then, that when the period of deflation and depression came in 1920-1921 that a great many of these keen competitors were caught with excessive, unsafe and unsecured loans, with reserves impaired, and with a large amount of second mortgages on real estate, which later ripened into that "frozen asset," known in winter or summer as "other real estate."

"Other real estate" and other frozen assets do not pay interest, not even when the interest is added to the principal, and so the average bank began to show expense and interest paid in excess of the profit account. At first the surplus fund was impaired and gradually the capital of the bank itself was encroached upon, and in too many cases completely wiped out.

While it is conceded that the technical definition of an excessive loan has a direct relation to the capital and surplus of the particular bank, still, in a wide sense a loan may be excessive even though it be very small in size. Too often the banks were guilty of making capital loans when all of their deposits were virtually demand liabilities. The rule that a farmer's short term liabilities should not exceed one-third of his quick assets was too often violated.

This policy of making unwise loans, poorly secured or entirely unsecured or loans unsupported by financial statements properly checked, just because the banks competitor was making them, corrupted many a banker's note case, and the result was disastrous.

The strong, correcting hand of the supervising department was lacking. Examinations by the banking department were often entirely superficial. It is admitted that an examination occupying only part of one day or a day or two at most, must be superficial. But excessive loans can easily be detected. Cross lines and duplicate lines in other banks could and often were detected and sometimes reported. But in such cases rarely, if ever, anything much was done about it. It is possible that the department thought that given time and the opportunity, most of the banks would work out the situation.

All of the banks which have been closed during this frightful period reported excessive loans at the time of closing. It seems that the banking department could have had a larger measure of success in combating this cause of bank mortality.

Another contributory cause is one which is not often mentioned, namely that of excessive overhead. Several elements en-

THE old saying that "competition is the life of trade" may be true, but if it is too keen, competition results in "death to the competitors." That it has resulted in death to a great many competitors in the banking business in South Dakota and other states of the middle west is history. The chief causes of bank mortality in the last seven years in the order of their importance are:

1. Over-banking.
2. Excessive loans.
3. Poor banking personnel.
4. Inefficient supervision.
5. Lack of diversification.
6. Free services.
7. Criminal violations of banking laws.

Other causes which are sometimes given, but which upon careful analysis are shown not to be contributory, are:

1. Lack of sufficient capital investment.
2. The deposit of reserves in South Dakota banks.
3. Depositor's guaranty law.
4. Inability to meet stockholders double liability.

A great many suspensions undoubtedly resulted from too much competition. At one time the state had an average of one bank for every 900 people. When this is compared with one bank for 4,000 in some of the eastern states, the fact that we were over banked is obvious. There cannot be more than 200 deposit accounts among a

ter into the excessive overhead of a bank. The chief element is interest paid on deposits. In a great many banks this item represents more than half of the expenses of the bank. The rate of interest paid by the bank was so high that time deposits in large volume were attracted so that often five-sixths of a bank's liabilities were interest bearing. Expensive banking quarters were erected and maintained upon which high taxes and insurance premiums were paid. In one case a banking house with 12 tellers' windows was erected in a town of 700 people. And this town had another bank at the time!

Too Many Employees

Too much help was employed in instances so that some of the officers had plenty of time to solicit life insurance business for their own profit and make land deals, which resulted in heavy second mortgages on real estate which found their way into the assets of the bank.

In granting a new charter for a bank in a given community no thought was given by the department to the question whether the locality needed new banking

facilities, and what is still more important, whether the applicant possessed the necessary qualifications to insure sound banking. It was discovered too late that a great many speculators, real estate agents, promoters, and even criminals had received charters and had operated banks. In some cases a chain of banks was acquired through a system of pyramiding liabilities.

Practically all the services at the disposal of the bank were rendered free of charge. Nothing was charged for writing letters, remitting by draft, paying taxes, making deeds, affidavits, bills of sale and even sums of money were loaned for short periods free of charge. When a depositor opened a \$5.00 checking account, he received free of charge, a check book and pass book costing 40 cents. Out of town drafts and checks were cashed at par, collections effected for customers without charge.

It was always expected that sometime in the future in some mysterious way the bank would make a lot of money out of the customer who was getting the free services. Of course the bank never did

make any money on the customer, although in some cases he finally paid his bill when the bank liquidated or reorganized.

Seven years ago it was the usual thing for a bank to report no bonds or securities and outside of the bank building and fixtures the only assets were the loans and discounts made in the community in which the bank was located. There was no diversification, no secondary reserve, no bonds which had a ready market. These are words and phrases which the bankers of South Dakota have learned only recently.

Of course there were rare instances of criminal violations of the banking laws which wrecked some banks, but the ease with which charters were obtained, the guaranty of deposits law, the laxity of examinations invited some criminals into the banking system and they did their damage.

If a bank's assets were worth one hundred cents on the dollar, and if they were collectable when due, the size of the bank's capital stock or the stockholder's additional responsibility were immaterial. If

(Continued on page 36)

An Illustrated Glossary of Banking Terms

---- As Compiled by Frank Godwin



COMPOUND INTEREST



SURPLUS



SECURITY



IMMATURE NOTE



UNCERTAIN BALANCE



SIGHT DRAFT



FACE VALUE



PROTESTED CHECK

Frank Godwin
SIGNATURE
IRREGULAR

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Why Can't the Economist and Banker Get Together?

IN SPITE of the fact that the science of economics deals primarily with the basic principles and problems of commercial enterprise, the economist is reluctant to air his ideas and opinions in business magazines. Undoubtedly custom partially accounts for this hesitancy on the part of economic writers. Such writers express their views almost exclusively in various journals read for the most part by fellow economists. The paramount reason, however, seems to be due to a hitherto lack of understanding and sympathy between the business group and the economists. To attempt to place the blame for this existing situation is beyond the purport of this article. One need not search extensively to discover that economist who feels and exhibits a sense of aloofness and superiority over his fellow citizen, the business man. It is even easier to find that merchant, banker, or other enterpriser who stands ready and willing to ridicule and criticize the theoretical economist by branding his teachings as impractical, radical, and sometimes socialistic. Granting then that there is an intolerant spirit oftentimes in evidence and granting further that no one group is wholly to blame, it seems to the writer that mutual benefit might be derived from examining some of the causes of the diverging opinions. The differences are not found in the subject matter and content involved but chiefly in points of view and purposes.

Economics Defined

Economics has been aptly defined as a study of the wealth getting and wealth using activities of man. One eminent economist has stated it more simply as a science of making and spending of money. The business man, regardless of his field of endeavor, is actively engaged in utilizing his material resources and his services in an attempt to increase his existing supply of wealth. To be sure there are driving forces other than the lure of additional wealth that prompt a business man to spend a lifetime in a certain vocation—the aspiration to be a constructive unit

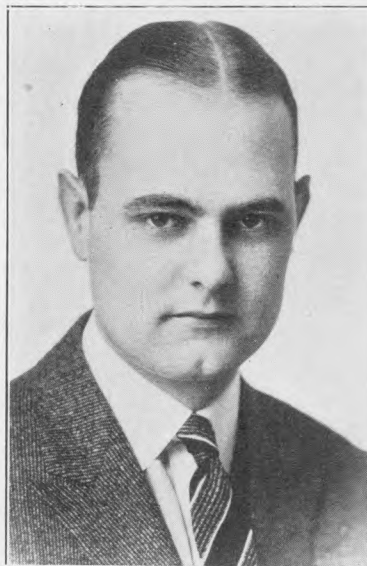
in society for instance. It is generally believed, however, that the desire for material gain is the immediate goal in spite of the existence of other motives. To gain this objective the business man must have a working knowledge of production, distribution, exchange and consumption of wealth, the identical topics which harass the economist. Why then, one may ask, since the subject matter is the same, do economists and business men often disagree so widely in their viewpoints?

WHY is it that the skilled economist is reluctant to air his views in business magazines, and instead, gives vent to his pent-up opinions and emotions in journals read almost exclusively by fellow economists?

In like manner, why do most business writers and bankers hesitate to step over into the economic magazines, where their views would be most welcome? Why can't these two groups of thinkers exchange thoughts, try to see economic questions through the same microscope—and get together on common problems?

Professor Macy, author of the interesting article on this page, grapples with this problem, saying he feels that "no one group is wholly to blame and that mutual benefit might be derived from examining some of the causes of this divergence of opinion."

Incidentally, Prof. Macy is a cousin of Roscoe Macy, Lynnville, Iowa, banker, whose monthly articles are being read widely by Northwestern Banker readers.



C. WARD MACY

There seems to be but one logical answer; that is, the business man, with his own resources and oftentimes his own standing in his community at stake, views the phenomena strictly from an individual point of view and as applying to his particular work. The economist, on the other hand, being not vitally concerned with the success or failure of any one line of business, is attempting to see the same phenomena from a social point of view. He hopes to discover weaknesses the remedying of which will cause the greatest good to the greatest number. This article is in no way intended as a criticism of the business man's view as it is perfectly natural for one's thinking and actions to be influenced by one's direct interests. But the significance of the views as set

forth above seems to warrant some consideration.

One example of the individual as against the social perspective is demonstrated in the age-old economic and political problem of the protective tariff. How can we blame the American manufacturer, who must compete with foreign manufacturers, for desiring and seeking legislation providing him with protection and eliminating a great risk? And if the tariff is advantageous to the manufacturer, others in the community directly or indirectly benefit and of course favor tariff legislation. Furthermore, how can a fair minded person at the present time criticize the mid-westerner for seeking legislation designed to relieve the farmer of economic ills by placing him on a more equal footing with the individual in industry? For purely personal and perhaps selfish reasons the captain of industry favors a tariff. For the same reasons the farmer and others dependent upon agriculture want legislation embodying similar principles. Nothing is more natural. Economists, however, generally oppose protective tariffs. This opposition is not due to any failure on their part to appreciate the benefits derived to certain groups, but is attributed to the apparent impossibility of administering a tariff policy that will be fair to

all. In other words, from a social standpoint, a protective tariff policy does not meet the requirements of an economic ideal. The same objections can and are voiced against farm relief legislative measures, although a few middle-western economists have supported the plans. This support, however, has for the most part been due to a desire to see the advantages of legislation more equally distributed between east and west and not to inherent economic soundness of the projects. Some of the objections voiced against farm relief coincide with the economists' convictions on the theory involved, but these objections at the same time so rankle and stir one's sense of fair play that even economists occasionally

become individualists and support such proposals.

Another Point of Difference

Another point of difference between the business man and the economist is revealed in their varying concepts of business costs. Again we see the practical business man studying the problem from an individual and short run view. Costs of production to this person include

all sums actually paid out in the process of utility creation, which means production. Such items as wages, interest on borrowed capital, rent, insurance, taxes and the like are listed as costs and rightfully so. If at the end of the fiscal year the accounting system reveals a credit balance, or income greater than outlay, it is generally assumed that that business has been temporarily profitable. To have gained this the produced article or

service, as the case may have been, is presumably sold "above costs of production."

In regard to the same problem of costs, the economist continues in his attempt to see the problem from the social and not the individual angle. To the actual money outlay there should be added as costs of production sums to include such implicit items as interest on invested

(Continued on page 38)

FACTS *about the* "BANKER'S LIEN"

Ordinarily the bank has the right to apply a deposit to the satisfaction of a debt owing to it from a depositor, and this right is known as a "Banker's Lien" or set-off. But when the depositor is acting as either an agent or trustee, complications arise. This article describes such a case and what the Court said about it

OFTENTIMES, a bank is confronted with a situation that requires them to consider making a settlement of some kind with one of their depositors who has borrowed money from the bank. They are unable to protect their interests without applying the amount on deposit to the credit of the depositor to the satisfaction of a debt owing to the bank from the depositor. The depositor's obligation might be in the form of a past due promissory note or an overdraft.

Ordinarily, a bank has the right to apply a deposit to the satisfaction of a debt owing to it from a depositor. This right is referred to as a "Banker's Lien," although it is more properly speaking, a right of setoff.

Becomes More Complicated

The question as to the bank's right in this respect becomes more complicated when it appears the deposit made by the depositor consists of funds held by him as an agent or a trustee, the bank having no knowledge that any person other than the depositor has an interest in the funds.

A firm engaged in importing, carried an account, and borrowed money from a bank. This importing firm was adjudicated bankrupt.

The bank had delivered to the bankrupt documents representing title to three thousand bags of coffee in exchange for a "Trust Receipt," a document, the character and effect of which has been much discussed in the courts. The bankrupt sold five hundred bags of this coffee and received therefor a check for five thousand dollars, which sum, together with other items, the whole amounting to

\$20,548.36, the bankrupts deposited to their credit in a trust company. The history of that deposit account shows that on the date on which the receiver in bankruptcy was appointed, the balance remaining was \$9,978.36.

The Trust Company was at that time a very large creditor of the bankrupt firm for monies advanced to pay letters of credit for imports of coffee. The Trust Company declined to honor a check of the bankrupt for \$5,065.50. It offset against its liability to the bankrupts under the general deposit account so much of its claims against bankrupt as wiped out the balance.

The question now presented is:

Was the Trust Company legally entitled to offset its claims against the proceeds of the check for five thousand dollars, or was the bank entitled to collect that money from the Trust company?

The Trust Company acknowledged the receipt of the five thousand dollars and that this amount was part of the balance included in the amount remaining with the Trust company at the time the receiver took charge of the bankrupt estate. The Trust Company further conceded that the bank retains its rights in the proceeds of trust receipt property, where they are found in the hands of a third party undisposed of.

The maximum amount of the trust fund remaining undisposed of was agreed by the bank to be \$2,338.53. This amount is based on the view that subsequent deposits restore a mingled and depleted trust fund. It is further conceded that the banker's right over a general deposit is not

in strict essence a common law lien, since a deposit is a mere debt, and there can not be a lien against the property of the lienor.

Practically, the sole question for consideration is whether the bank can offset the amount of this check against its claim against the bankrupts, without affirmative proof that it has given some present consideration or credit for the deposit thereof, other than the mere credit upon the general account of the debtor.

Many Different Decisions

There are very many decisions, by no means harmonizing, bearing upon this question.

Although there is a conflict, the weight of authority is to the effect that, if funds in which third persons have an interest are deposited in the individual name of the depositor in a bank which has neither actual notice nor notice of facts sufficient to put it on inquiry as to the true character of the deposit, it may apply the deposit to the payment of the individual debt of the depositor to the bank, and may do so whether or not it made any advances or otherwise changed its position on the faith of such deposit. Ordinarily, the lien or right to offset attaches in favor of the bank upon the securities and monies of the customer deposited in the usual course of business, for advances which are supposed to be made upon their credit. It attaches to such securities and funds, not only against the depositor, but against the unknown equities of all others in interest.

NEWS AND VIEWS OF THE BANKING WORLD By Clifford De Puy

Edgar L. Mattson, vice president of the Midland National Bank & Trust Co. of Minneapolis, is being urged by his many friends to be a candidate for the second vice presidency of the American Bankers' Association at the convention in Houston, Oct. 24-29.

Mr. Mattson is ably qualified to fill the position of second vice president of the A. B. A., which position automatically leads to the presidency of the association. He is a student of banking affairs, is a successful banker, has been president of the Minnesota Bankers' Association, and active in the national bank division of the A. B. A. He withdrew two years ago and his friends believe that the Houston convention would honor itself and honor him by placing him on the third round from the top of the A. B. A. ladder.

The Board of Governors of the Mortgage Bankers' Association of America, at a recent meeting, passed a resolution to refuse membership to real estate bond houses that do not place the proceeds of bond issues with separate trustees. The new regulation is designed specifically to prevent confusion in the minds of investors as to the relative merits of various bond issues, based on buildings in the course of construction.

What effect this resolution may have on real estate bond houses may only be conjectured, but it at least emphasizes the point that the Mortgage Bankers' Association is giving increased consideration to placing the proper safeguards around the issuing of real estate bonds. The legitimate real estate bond houses are now complying with every requirement, which means increased safety to them and to their clients. With the tremendous increase in the amount of bonds being sold in the United States, additional regulations will be necessary, first, to protect the bond-buyer, and second, to protect the legitimate real estate bond houses from having unscrupulous bond dealers enter the field.

Percy J. Ebbott, vice president of the Seaboard National Bank, New York, tells us that a prominent business man who is a customer of the Seaboard, and who has steadfastly refused to sell goods on the installment plan, is to be made the subject of Bruce Barton's next book, "The Man Nobody Owes."

Oscar Wells, past president of the A. B. A., is a candidate for membership on

the board of directors of the United States Chamber of Commerce, according to a circular sent out by the Birmingham Chamber of Commerce.

Oscar Wells began his banking career in Missouri. In 1905 he went to Texas as cashier of the Ft. Worth National Bank. The next five years brought him rapid promotion until he became vice president of the First National Bank of Houston. In 1915 he served as Governor Federal Reserve Bank, Dallas, and as Class A Director of that institution. For many years he has been active in the Birmingham Chamber of Commerce, and today serves as a director.

Governor Baker of Missouri has before him a bill which will tighten the banking requirements of state bank and trust companies in his state. This bill is in line with what other states are doing and makes the minimum requirement of capital stock for banks \$15,000, instead of \$10,000, and requires that the capital stock must be paid up in full. The previous law allowed banks to capitalize for \$10,000 with only half of the capital paid up. The new bill applies only to banks in towns of 1,000 population or less.

Joseph S. McCoy, government actuary, has estimated the total number of holders of stocks and bonds in the United States at only 3,000,000, whereas most of the leading economists have figured the number in the neighborhood of 15,000,000.

Mr. McCoy uses the report of the Internal Revenue Bureau, covering statistics of income for 1924, as reported to the government for tax purposes as the basis for his estimate. Mr. McCoy estimates that there were between 4,000,000 and 5,000,000 subscribers to each of the liberty loan issues.

Perry J. Holden, farm organization expert, believes that agriculture is vastly bigger than legislation, and says that before farmers can complain of the lack of legislation that they should set their own house in order. Speaking specifically of Iowa Mr. Holden said, "The state needs first of all better roads. Following that the establishment of traveling libraries in all rural communities, direction of boys and girls work by civic organizations, home ownership, and a study of conditions as they exist outside of the state must follow.

Mr. Holden further said: "Although Germany proved that legislation could

either make or break agriculture, the fact remains that Iowans are intelligent enough to get together, face their own problems and work out their own solution."

Frank Merrill, publicity director of the Northwestern National Bank of Minneapolis, calls our attention to the following "Modern Business Letter," but does not state whether it produced the desired results—we assume it did.

"Dear Sir:

"Our records reveal that you have again become delinquent in your orders to us. Your past record has been only fair. You have not been giving us 100 per cent of your business. We feel that we have been very lenient with you in this matter. Your actions indicate a disposition to impose upon our laxity.

"Unless we have an order from you on or before Easter day we will be forced to place the matter entirely in the hands of our supersalesman, Mr. Go Getham, who needs no introduction to you.

"Hoping you will make such a drastic step unnecessary, we remain

"Very truly yours,

"Jones Mercantile Company,

"Per Johny Jones, Sales Mgr."

Over thirty-five thousand stockholders now own the stock of the Bank of Italy, which is a broader distribution of ownership than has any other bank in the United States. The bank now has 1,087,000 depositors and the accounts of these customers total \$575,000,000. The bank ranks second in the United States in the amount of invested capital, with capital, surplus and undivided profits of \$105,000,000.

George P. Edwards, publisher of the *Coast Banker*, has been mentioned as state corporation commissioner of California. Governor Young announced that he would appoint a southern Californian, and this might disqualify Mr. Edwards, who lives at Oakland and has his office in San Francisco, although he also maintains an office in Los Angeles. Mr. Edwards' long experience with the banking conditions of his state, most admirably fits him for such a position.

Craig B. Hazelwood, vice president of the Union Trust Co., Chicago, who believes very strongly in advertising in financial journals, sent us a clever paragraph from the menu of a leading restaurant where he frequently dines. "Day before yesterday these beautiful oysters were frolicking under the last rays of sunshine along the sandy bottoms of Delaware Bay. Cruel fate, by the hand of man, snatched them from their playground. They were inspected, shucked and shipped to us by express the same day, and here they are to appease that craving so long suppressed."

Minnesota Bankers Hear and Talk Farm Problems



A group of bankers and farmers studying the dairy cow at the short course held last month at the university farm, St. Paul.

THE Banker-Farmer short course given at the University Farm of the Minnesota State University at St. Paul, March 15th and 16th, was a success so far as the program was concerned, but the percentage of bankers in attendance was so small that university authorities will probably not repeat the course next year. Several well known agricultural authorities spoke at the business sessions.

Bankers and farmers were urged by F. W. Peck, director of the university's agricultural extension service, to assist the movement for the keeping of farm records and accounts by farmers generally. Records of business transactions and of the results obtained from live stock and crop production are of material help in planning the operations of the future, he said. The extension division has organized a state-wide project in farm management and the keeping of farm accounts and offers the services of a specialist, who is in charge of a correspondence course, in presenting the lessons and checking the year's records kept by individual farmers who join the class. The only cost to the farmer is postage and a small sum for two account books.

Mr. Peck also emphasized the importance of planting only tested and virile seeds—a need more obvious this year than in many years past because of the early frosts and prolonged wet weather last fall. All seed corn should be tested, he said, as a means of insurance against a poor crop. In dairy feeding schools held over the state by specialists of his division attention was being directed particularly to the need of proper feed combina-

tions to meet the scarcity of hay and oats in many localities. Ways for more economical production by dairy herds and poultry flocks, by means of testing, culling and feeding, were also being emphasized.

Will Push Club Work

Boys' and girls' club work, which showed a 15 per cent increase in enrollments in 1926, is to be pushed again this year. More work is to be done upon the live stock projects and the number of summer camps will be increased.

William Boss, chief of the division of agricultural engineering, gave the opening address the second day of the short course, speaking on the subject, "The Engineering Needs of the Farmer and How They Can be Met."

Professor Boss took up in turn such subjects as the operation of machinery, the clearing of land by the use of pyrotol, land reclamation by drainage systems, farm buildings, installation of water systems and the use of self-oiling windmills, and power farming.

Up to 1923, he said, the number of horses on farms in Minnesota continued to increase each year in spite of the fact that automobiles, tractors and trucks were coming into increasing use. This was due to the fact that the amount of work to be done also increased in the period mentioned. In many cases the work done by the automobiles and trucks is not work that would have been done by the horses. It would either have gone undone or it would have been done by the railroad companies. Many trips are now being taken by the automobile and much hauling is

now being done by trucks that would have been done by railroad trains had the automobiles and trucks not been available.

Discussing the "State Outlook for Agriculture," Andrew Boss, vice director of the university experiment station, said, in part:

The Minnesota Outlook

"Agriculture in Minnesota in 1926 experienced low returns as a whole. In some sections of the state where crops were good and where dairy products and hogs were major enterprises the returns were very satisfactory. In areas where crops were the main source of income and where drouth conditions prevailed the incomes were low. Conditions for the production of crops the coming year appear to be better than they were a year ago. There is more moisture in the ground and spring appears to be coming on earlier. Both of which are advantages in crop production. Live stock prices are at the present time very satisfactory. The prospects are that they will continue to be satisfactory for beef cattle, dairy products and hogs, the three largest factors in the live stock income.

"It is believed to be good policy to maintain or reduce slightly the acreage in crops. Flax may be excepted because the United States produces only a little over half of the flaxseed needed. It is believed that the acreage of this crop could be expanded 10 per cent without seriously reducing the market price. More legumes should be sown for pasture and hay and live stock production should be increased moderately. It is better agricultural policy for the state to have a full supply of feed crops on hand with a moderate production of live stock than to have an overproduction of live stock and be short of feed crops. Land sown to legumes will be improving for crop production later when needed.

"Conservatism in expenditures, efficiency in production and lowered costs of operation are the best insurance that Minnesota farmers can write."

Then the Hair Flew

"It must be three years since I saw you last. I hardly knew you—you have aged so!"

"Really! Well, I wouldn't have known you except for that dress."—*Judge.*

One on Every Corner

"Is your husband fond of home cooking?"

"Oh, yes, we always dine at a restaurant that makes a specialty of it."

Formal Opening of New Building March 21, 1927



“Forward— with Keokuk’s Largest Bank!”

During its life of over half a century, Keokuk’s largest banking institution has progressed conservatively and surely, and now its present building becomes inadequate as its home.

The new bank structure erected immediately opposite the old location is now completed. It is an imposing building, yet practical, and affords the State Central Savings Bank the opportunity of better facilities for an even greater measure of service to its Iowa banking friends.

Keokuk’s largest bank built on the firm foundation of Keokuk’s steady growth—confidently expects to continue indefinitely “building for Keokuk and its recognized financial solidity.”

The State Central Savings Bank Keokuk, Iowa

ACCOUNTS OF BANKS AND BANKERS INVITED

A UNION FOR

THE consolidation of the Cedar Rapids National Bank and the Security Savings Bank is a symbol of the spirit of Cedar Rapids and Iowa.

Certain that the future progress of this great city and this great state can be furthered only by real evidence of business confidence—these institutions have joined hands for “greater service.”

The larger and stronger bank made possible by this union will be known as the Cedar Rapids National Bank with assets of \$16,000,000 and deposits of more than \$14,000,000.

To you this merger means the continued opportunity

The CEDAR RAPIDS

OFFICERS

Ralph Van Vechten, Chairman of the Board
Glenn M. Averill, President
E. M. Scott, Vice President
C. C. Kuning, Vice President and Cashier

Van Vechten Shaffer, Vice President
Geo. F. Miller, Vice President and Trust Officer
Frank Filip, Vice President
Peter Bailey, Asst. Cashier

Total Assets \$16,000,000.00

CEDAR

THE FUTURE

of maintaining banking relations with an institution building for a greater Iowa.

Located as we are in the very heart of the richest territory in the world—we look forward into the business future with genuine faith and conviction.

The purpose of the union of these two banks is apparent. We realize that a city, state or nation cannot advance ahead of its credit supply. Determined to contribute in a large way to the future of our city and state—we have created an enlarged institution—with greater facilities for true service—and a real desire to serve you.

NATIONAL BANK

OFFICERS

Marvin R. Selden, Asst. Cashier
Bertha M. Wolf, Asst. Cashier
George W. Swab, Asst. Cashier
Maude W. Carpenter, Asst. Cashier

Walter Allison, Asst. Cashier
R. D. Brown, Asst. Cashier
O. K. Kearney, Asst. Cashier

Deposits Over \$15,000,000.00

RAPIDS

Banks Favor Newspaper Advertising

THIRTY per cent of the banks in South Dakota, including about twenty banks in towns not served by newspapers replied to the advertising questionnaire early last month, and 61 per cent of these placed newspaper advertising first in importance. Twenty-three per cent of the banks gave newspaper advertising second place while only 8 per cent placed newspaper advertising in third place. These figures are from 109 banks in newspaper towns.

Calendars ranged second with 21 per cent of the banks giving this type of advertising first place. Thirty-six per cent of the banks give calendars second place.

Circular letters or bulletins were given third place, 16 per cent of the banks placing this type of publicity in first rank. Movie advertising or miscellaneous each received one vote for first place. Only three banks placed novelties first.

One interesting item brought forth in the survey is the expression of banks as to whether they expect to increase or decrease any of the various forms of advertising. Relative to newspaper advertising, of the 109 banks, 21 banks intend to increase, 41 banks will continue about the same while 28 banks expect to cut down their newspaper appropriation. As to calendars or novelties, 8 banks will increase on this item, 14 will continue their present policy while 54 will decrease or cut out this item entirely. As to bulletins or circular letters, 31 banks

By Geo. A. Starring

Secretary South Dakota Bankers Association

The material on this page is the result of an extensive survey recently made by Secretary Starring among South Dakota bankers, on their advertising. It should be of real interest, likewise, to bankers in other states.
—Editor's note.

plan to increase the expenditure for this item, 13 will continue their present budget while 34 will decrease or eliminate this item altogether.

Average Per Bank

The banks heard from spent in 1926 for all advertising, \$47,887.95, or an average of \$439.34 per bank. Probably \$175,000.00 was spent for all kinds of advertising last year by South Dakota banks. The amount spent last year by the banks which replied to the questionnaire for newspaper advertising alone amounted to \$21,888.57 or an average of \$200.81, or 34 per cent of the total advertising budget. Probably \$80,000.00 was spent by South Dakota banks last year in newspaper advertising.

Calendars and novelties rank second place in total expenditure which was

\$11,441.70 or an average of \$104.97 per bank. The amount spent for bulletins or circulars was \$4,424.63 or an average of \$40.60. For movie ads the expenditure was \$1,603.05, or an average of \$14.70 per bank. For miscellaneous items, contributions and other items charged to advertising the expenditure was \$6,048.09.

Eliminating the banks in the larger cities, we find that the total expenditure per bank in the average South Dakota town with weekly papers is \$305.12 of which \$149.04 is spent for newspaper display. The average amount spent for newspaper advertising in the larger cities with daily newspapers is \$713.36 per bank.

Concerning the amount appropriated for advertising, 8 banks report that their advertising budget is based upon a percentage ranging from one-fifth of 1 per cent to 1 per cent. The proportion of operating expenses charged to advertising ranges from one-tenth of 1 per cent to 18 per cent—from 2 to 5 per cent being most frequently mentioned. Eighteen per cent of the banks replying have yearly contracts with their newspapers. Seven per cent of the banks buy a commercial advertising service costing from \$10 to \$360 per year with an average of about \$100. The advertising services most frequently mentioned are Craddick, Wessling, Creteher and U. B. Thrifty. The size of advertisements most frequently mentioned are 2 columns by 6 inches and 2 columns by 8 inches.

Two Banks Merge at Cedar Rapids

AT MEETINGS of the boards of directors of the Cedar Rapids National Bank and the Security Savings Bank held last month, it was unanimously decided that a merger of the two institutions, operating as the Cedar Rapids National Bank, would be very beneficial to both banks, to their depositors, and to their entire community. Agreements completing this action were approved by both boards, and the business of the Security Savings Bank has been moved to the Cedar Rapids National and the two banks are operating as the Cedar Rapids National Bank, in its present banking room. The matter of combining the two banks has been in the minds of the directors of both institutions for many years, but certain laws in the National Banking Act would not permit of such combinations. However, at the last session of Congress, the McFadden bill was passed making it possible to accomplish what both banks have desired for

Cedar Rapids National Officers

Chairman of the Board, Ralph Van Vechten.

President, Glenn M. Averill.

Vice Presidents, E. M. Scott, Charles

C. Kuning, Van Vechten Shaffer,

George F. Miller, and Frank Filip.

Cashier, Charles C. Kuning.

Assistant Trust Officer, George W.

Swab.

Assistant Cashiers, Peter Bailey,

Marvin R. Selden, Bertha M. Wolf,

George W. Swab, Maude W. Car-

penter, Walter Allison, R. D. Brown

and O. K. Kearney.

a good many years. This law provides ways and means whereby banks may merge without conflicting with either the state laws or the National Banking Act and it also places a National Bank in position to give to customers all of the

facilities offered by a State Bank as well as retaining all of the facilities of a national institution. The combination will operate as a National Bank under the direct supervision of the United States government.

History of the Banks

The history of the two banks has been closely interwoven for many years. In 1877 G. F. Van Vechten reorganized the old Union Bank and operated it for ten years as a private bank, when it was incorporated as the Cedar Rapids National Bank, with A. T. Averill, president, and Ralph Van Vechten, cashier. Only a short time after the organization of the Cedar Rapids National Bank, G. F. Van Vechten organized a strictly savings institution, taking in no commercial business and operating under the laws of the state of Iowa as the Security Savings Bank, this institution now being in the fortieth year of its service to the public.

During the years following C. D. Van Vechten and George B. Douglas were officers and directors of both banks and up to the present time the Van Vechtens, Averills and Douglas's are largely interested in both institutions, as are many other of the stockholders. It is interesting that on the fortieth anniversary of both institutions they should be put together and made the largest banking institution in Cedar Rapids, both as to capital and deposits. It is a singular circumstance that in the year 1877 when both banks were organized, E. M. Scott, now president of the Security Savings Bank, was the first teller in the Cedar Rapids National Bank. Mr. Scott will assume the office of vice president in the combined institution, as will also Mr. Frank Filip of the Security Savings bank. The other officers and clerks of the Security Bank will be retained and will have practically the same duties and titles they now hold in the Security.

The officers of the bank will be: Ralph Van Vechten, chairman of the board; Glenn M. Averill, president; E. M. Scott, vice president; C. C. Kuning, vice president and cashier; Van Vechten Shaffer, vice president; George F. Miller, vice president and trust officer; Frank Filip, vice president; Peter Bailey, assistant cashier; Marvin R. Selden, assistant cashier; Bertha M. Wolfe, assistant cashier; George W. Swab, assistant cashier

and assistant trust officer; Maude W. Carpenter, assistant cashier; Walter Allison, assistant cashier; R. D. Brown, assistant cashier; O. A. Kearney, assistant cashier.

Sutherland C. Dows, John M. Ely and E. M. Scott have been made directors of the Cedar Rapids National.

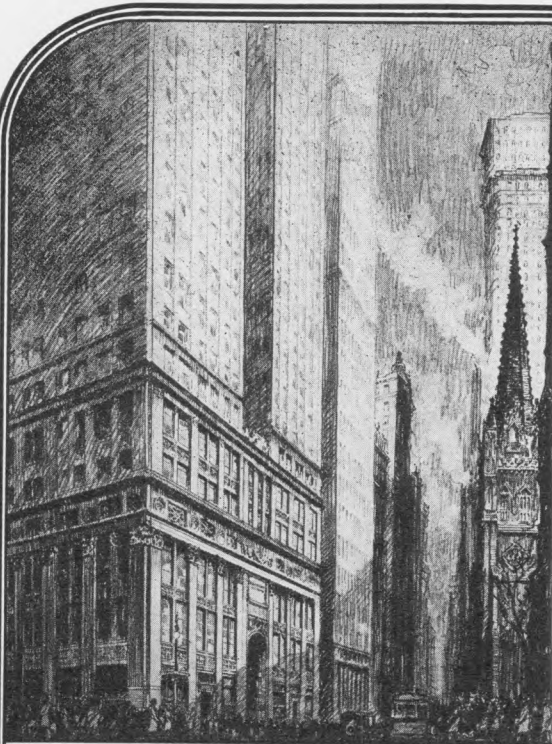
For the present and until such time as the necessary enlargements are made in the banking rooms of the Cedar Rapids National, the safe deposit and steamship business of the Security Savings Bank will be maintained in their present quarters. All the balance of the Security business will be transferred to the Cedar Rapids National Bank rooms, where extensive alterations are under way to give the public the best banking facilities to be had. The Security building will continue to be operated as a high class office building and in due course alterations will be made in the present banking room to fit it for general commercial purposes.

Combined Figures

The first statement published by the Cedar Rapids National Bank was May 14, 1877, at which time it had a capital of \$100,000, a surplus of \$2,000 and deposit of \$210,000, while the first statement of the Security Bank showed a capital of \$50,000, undivided profits of \$112,

and deposit of \$1,055.60. The combined bank will show a capital of \$600,000, surplus and undivided profits of approximately \$500,000, and added to this the capital and surplus of the Cedar Rapids National company, owned and controlled by the stockholders of the bank, makes the combined total of capital, surplus and undivided profits of approximately \$1,225,000, with deposits of approximately \$14,500,000, and circulation privileges of \$600,000, making the total resources approximately \$16,000,000.

Both of these banking institutions have always maintained the idea of stability in all transactions and their growth has been predicated on methods of sound financing, taking a prominent part in making the name Cedar Rapids synonymous with sound banking. The directors of the combined institution represent a large percentage of the leading industries of this city, men who have built the community and who still continue to give their time and money to further its interests. There is no doubt that the combination will have the approval of the depositors of both banks and the business interests of Cedar Rapids, as well as the public. It is another great step forward in Cedar Rapids banking, and gives greater facilities for the future growth of Cedar Rapids as a banking, commercial and industrial center.



WE HAVE specialized on a personal type of correspondent bank service for many years at the New York end.

We offer you all of our services.



*Member Federal Reserve System
Resources Over Fifty Million Dollars
In the Center of Things Financial*

FIDELITY TRUST COMPANY
120 Broadway of New York Equitable Building

Advertising and Selling Trust Service

IN DEALING with our subject, as in dealing with any other subject, we must strive to discover and discern the true or right idea of it, if we wish to make any progress in the right direction.

In both the advertising and the selling of trust services, we should deal with the true and right idea of trust services, or else the money spent in advertising and the effort put forth in selling are worse than wasted.

In dealing with our subject, I shall endeavor to treat it wholly from the viewpoint of the true or right idea of it.

By Samuel Witting

Assistant Secretary, Continental and Commercial Trust and Savings Bank, Chicago

Now why should we stress the right or true idea? Because it is the only permanent thing about anything and everything. The idea that $2x2=4$ is permanent because it is true and right. There is nothing permanent about the figures themselves that we may use to illustrate the science of mathematics. There is nothing eternal about the lead pencils or the

crayon that we may use in writing these figures, nor is there anything enduring about the paper or the blackboards upon which these figures may be written, but the idea that $2x2=4$ is the same today as it always has been, and it will always be the same as it is now. Can anyone conceive of a time when $2x2$ did not make 4? Is there anyone who can conceive of a time when $2x2$ will ever not make 4?

You may write on the blackboard $2x2=4$ —erase it. Have you erased or wiped out any part of the science of numbers? Not a bit of it. Why? Because the science of numbers exists as an idea, not as blackboards, paper, crayon or lead pencils.

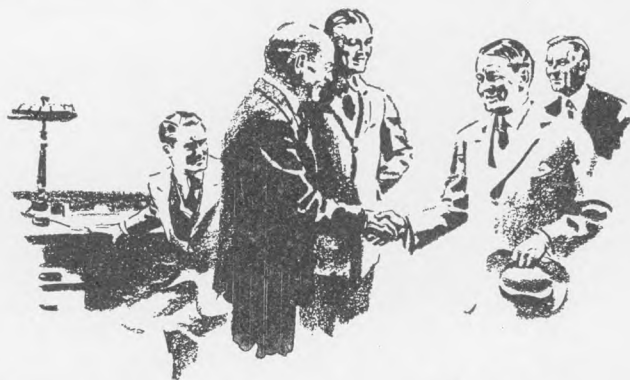
An idea, therefore, is indestructible, permanent, enduring, eternal or, in Biblical language, "from everlasting to everlasting." Webster said that the only permanent thing that a man can leave to posterity is a good idea.

Must State Truth

An advertisement of trust services must state a true or right idea of trust services, if it is to have any permanent value or do any lasting good.

Now an idea, to be a real, true or right idea, must be an idea of the absolute truth regarding the subject advertised. It must be truthful. And being the full truth of the subject it cannot contain any exaggeration. It does not strain at the truth, it does not omit any essentials, and therefore, it is not misleading.

A true or right idea is the only thing that has power. When the idea that $2x2=4$ began to unfold in your individual consciousness you were absolutely helpless to prevent its unfolding, or offer resistance of any kind, for the idea kept on unfolding in your consciousness until you understood it and could demonstrate it and, when you understood the idea, you were for it, because you saw that you could use it and you have been using it every day since that unfolding took place. Now why were you unable to resist that idea? Because the right idea has all power, and blackboards and paper, crayon and lead pencils, are helpless to offer any opposition. The right idea is a manifestation of omnipotence. Does anyone believe that another power will ever rise that will be strong enough to overthrow or destroy the science of numbers or the idea that $2x2=4$? Do you suppose that the statement that $2x2=3$, which sometimes presents itself, will ever be powerful enough to overthrow the science of mathematics, or the idea that $2x2=4$? Never! Why? Because the statement $2x2=3$ is a false claim, a false statement. Anything that is false cannot be understood, it can only be believed.



'Again—Thank You!'

Mutual confidence increases with each new opportunity to serve, steadily strengthening the bond of friendship between this Bank and the many fine institutions for which it has acted as Chicago correspondent throughout ten, twenty, and even thirty years or longer.



FREDERICK H. RAWSON
Chairman of the Board

HARRY A. WHEELER
President

CRAIG B. HAZLEWOOD
Vice-President

UNION TRUST COMPANY

CHICAGO

Complete Private Wire Service—Direct B/L and Collection Facilities

You cannot understand or demonstrate that the moon is made of green cheese, one can only believe that. The same is true of the tradition about Santa Claus. A false belief, or falsity of any kind, does not embody any power in itself. The falsity that $2 \times 2 = 3$ has been presenting itself from time immemorial, but you cannot point to any progress it has made in destroying the right idea of mathematics. It does not embody any power in itself and every time that it raises its head it is destroyed and annihilated by the right or the true idea, which is everywhere.

Astronomy tells us that there are nebulae so far apart that light traveling at the rate of 16 billion miles a day would take three millions of years to traverse the distance from one nebula to the other. When you multiply this distance by the days of the year and again by the number of years, we find that it is a distance of 17 quintillion 520 quadrillion miles—a distance inconceivable to the human mind, and yet every inch of that distance 2 and 2 would always be 4.

No Results Without Truth

The right or the true idea about everything is everywhere and has all power and that is the sole reason why any statement, not wholly truthful or right, can do nothing in the right direction or accomplish any lasting results. Anything that is false, or not wholly true, is constantly changing. Ten or fifteen years ago many theories in economics, psychology, sociology, etc., were taught which today are tabooed by college professors, and this for the simple reason that those theories, which were taught as truth, were not true and, therefore, they have been discarded for some that are thought to be true at the present time. And so it will ever be, until we arrive at the right or true idea of those subjects. A true idea such as $2 \times 2 = 4$ does not change.

Do you not already see the importance and advantage of discovering or discerning the right or true idea of trust services in order really or properly to advertise them? If we state the true idea of trust services in our advertisements, it can be understood by the people and, when understood by them, they will be for it, just as you and I are for the idea that $2 \times 2 = 4$, and they will use it as much as we use the right idea of the science of mathematics.

In trust activities, however, we find as many falsities clamoring for recognition as we find in most every other field of human endeavor, but it is only as we discern the true idea about trust services, we can begin to clear away the rubbish.

A salesman representing one of the large advertising firms came to us and tried to sell us an insurance trust campaign. That campaign was based on statistics which he claimed showed that all

440,000 Items All in a Day's Work

The organization which handles 443,838 items—checks, drafts and notes—in a good day's work *must* be efficient

The **CONTINENTAL and
COMMERCIAL
BANKS**
CHICAGO

RESOURCES HALF A BILLION—AND MORE

proceeds of life insurance paid in lump sums to widows or children were entirely dissipated and wasted within seven years. When asked what method he, or the insurance companies, had used by means of which they could follow a lump sum payment of ten, twenty-five, fifty, or one hundred thousand dollars to a widow or a child, and watch those proceeds so that

they could honestly say at the end of seven years that these assets were entirely wasted, he threw up his hands and confessed he had none himself and knew of none that the insurance companies used. However, he came back with the bravado of the so-called successful salesman and said that the statement was based upon statistics and proven by them. When he

was pressed as to what method was used in compiling those statistics, he frankly confessed his ignorance about the whole matter and admitted it was most probable that no method could be devised to determine such a result. Insurance men, with whom I have discussed this point, have admitted that they did not know of any method used by insurance companies for this purpose. But you will meet this argument almost every day in the trust field.

Inductive Reasoning

Here we have a good example of inductive reasoning and the danger of trying to draw a general conclusion from a few particular cases. A few moments, thought should convince us that such a statement was well-nigh impossible to prove and, at best, it is only a guess. Yet I know some trust companies and banks with trust departments that are waging an insurance trust campaign based upon that guess.

Do you suppose that anything permanent can be accomplished by such a campaign? Such a trust company probably will find that it will have many insurance trusts revoked, or that it will be compelled to sell its customers all over again on a basis nearer the right idea. In either case it is a bad investment of time and money.

This case shows that men can hypnotize themselves into believing what they may want to believe, or that which they find convenient to believe. It is bad enough when the one who does it is alone concerned, but when an advertising man does that it awlays costs his employer some hard-earned money. This illustration also shows that, when it comes to distorting the truth, nothing can do that so well and with such seeming authority as statistics. They do not always embody the true or right idea.

Some five years ago there unfolded to us one of these right and true ideas of trust services. We had it set forth in an advertisement and at the end of the first year we could trace directly to the idea over \$8,000,000 of potential trust business secured as a result of it. We are still securing trust business as a result of that advertisement and can trace many millions more of potential trust business to that idea.

And right here appears the value of the true or right idea in advertising and selling trust services. A true idea, once set in operation, will go right on unfolding in the individual consciousness of man. It knows no boundary and men are helpless to resist this unfoldment. When men understand that idea they will use it, just as they use all ideas they understand. And an advertising man may believe that he needs an advertisement every two weeks in the papers to keep the trust services of his company or bank before the public,

National Bank of Commerce in New York

Established 1839

Statement of Condition, December 31, 1926

RESOURCES

Loans and Discounts	\$368,631,960.22
United States Securities	49,817,437.67
Other Bonds and Securities.....	16,115,825.45
Stock of Federal Reserve Bank.....	1,950,000.00
Banking House	4,000,000.00
Cash in Vault and in Federal Reserve Bank...	60,999,148.27
Due from Banks and Bankers.....	178,243,824.00
Interest Accrued.....	1,444,174.67
Customers' Liability under Acceptances.....	35,912,273.13

\$717,114,643.41

LIABILITIES

Capital.....	\$25,000,000.00
Surplus.....	40,000,000.00
Undivided Profits.....	2,479,320.07
Reg. Dividend payable Jan. 3, 1927	\$1,000,000
Extra " " " " 500,000	1,500,000.00
Deposits	563,356,022.65
Bills Payable	24,000,000.00
Reserved for Interest, Taxes and other Purposes	6,579,882.85
Unearned Discount.....	984,154.27
Liability as Acceptor, Endorser or Maker on Acceptances and Foreign Bills.....	53,215,263.57

\$717,114,643.41

Chairman of the Board

JAMES S. ALEXANDER

President

STEVENSON E. WARD

Directors

JAMES S. ALEXANDER		VALENTINE P. SNYDER
JOHN W. DAVIS	CHARLES E. DUNLAP	HARRY B. THAYER
HENRY W. de FOREST	ANGUS D. McDONALD	JAMES TIMPSON
JOHN T. DORRANCE	GEORGE E. ROOSEVELT	STEVENSON E. WARD
EDWARD D. DUFFIELD	CHARLES B. SEGER	THOMAS WILLIAMS

but that does not apply in the realm of ideas, or when we advertise the true idea of trust services.

We do not see any advertisement that $2 \times 2 = 4$ to keep that idea in operation. That idea has been set forth and put into operation in the human economy and it is keeping right on unfolding itself and annihilating everything unlike itself. No one now thinks of opposing it.

So when we come to advertising trust services, all we need to do is to set a true idea in operation and it will keep on unfolding itself in the individual consciousness of men until it is understood.

What Is the Right Idea?

Now what is the right idea of trust services? Far be it from me to define it for you. Each day I am striving to discover more of it and discern it more clearly.

We all know that a trustee can do for a man what a man can do for himself, except a few personal things such as getting married, voting, etc., and we all know, too, that men, because of shiftless habits or press of business, are neglectful of their own personal affairs or of the personal affairs of others. The lawyer who draws wills for others but fails to draw his own will is a good example of this.

The true fundamental idea of trust services must, therefore, be discoverable in the ability of a trustee to relieve a man of the personal cares and responsibilities regarding his own affairs or the personal affairs of others.

This is what I would call the generic idea of trust services, or the one fundamental idea that covers all the services of a trust company. This generic idea is made up and embodies all the right ideas of all the individual trust services which a trust company can render. These ideas are inexhaustible, attractive, and enduring, and can be and will be used when understood. These ideas make the most valuable material that there is for advertising trust services and they can be stated in a most interesting and attractive manner. The true idea is always attractive and nothing else should be attractive to us.

Trusts are based upon faith and confidence. No one has any faith or confidence in the false statement that $2 \times 2 = 3$, but note the unbounded confidence that we all have in the right idea that $2 \times 2 = 4$. Therefore, in the proportion that a trust advertisement embodies the true or right idea, in that proportion does it have the power and ability to inspire the faith and confidence of mankind.

Advertising the true idea of trust services prepares the way for the salesman to sell trust services. The advertising man should, through his advertisements, send forth the true idea into the, so-called, realm of human thinking, which will immediately begin to unfold itself in the in-

dividual consciousness of man and thus prepare the soil for the harvest which the trust salesman is to reap.

In selling trust services, the same rule applies. The trust salesman must be honest, he should dedicate himself wholly to this true idea of trust services. In his sales talks, letters, telephone calls and interviews with customers, he should never depart one iota from the true idea.

Five years ago it was my privilege to talk with a certain man about trust services. Three years later he came into the bank and laid my card (which I had left), on my desk and asked to have our trust company take care of his personal affairs. If that interview had not contained something of the true idea of trust services, it could never have produced such results. If it had been based upon falsity and misrepresentation, it would have been as changeable as all false things are.

If the trust advertising man advertises the true idea, and the trust salesman departs from it in any degree, it is more or less like black rust getting into a field of wheat; instead of reaping a harvest of plump kernels, they will be shriveled up.

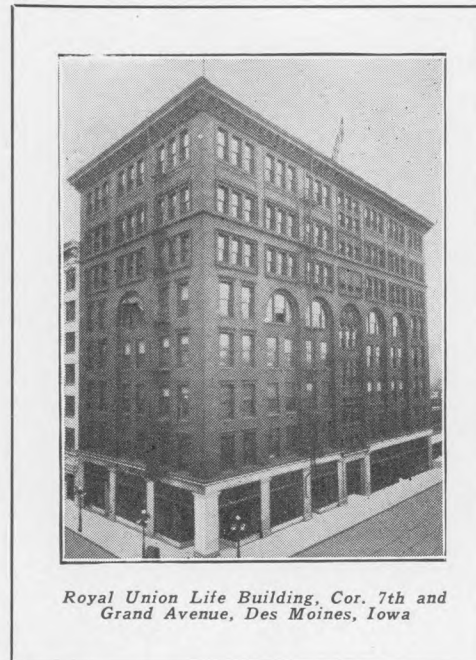
If the trust advertising man does not advertise the true idea, then no matter how honestly the trust salesman may deal with the true idea, the harvest will not be as full and rich as it should be, because the dictum of the Scriptures is "As ye sow so shall ye reap."

The trust advertising man and trust salesman should cooperate for another reason. The salesman, in selling trust services, meets with certain sales-resisting forces—certain obstacles. Just as a general, during a war, will meet an obstacle, such as a fort, that opposes his advance across the country.

As the general sends forth shell toward the fort to remove the obstacle, so the

ROYAL UNION LIFE INSURANCE COMPANY

DES MOINES, IOWA



Royal Union Life Building, Cor. 7th and Grand Avenue, Des Moines, Iowa

Offers an unexcelled line of policy contracts.

Our Juvenile policies, written on children as young as one day old, go in full benefit automatically at age five without re-examination.

Our special low rate policies to business and professional men are fast sellers.

We write women on equal basis with men.

Special agency openings are now available. Write William Koch, Vice President and Field Manager.

Royal Union Life Insurance Company

Des Moines, Iowa

A. C. TUCKER, President

To Have Lived Long *is* To Have Served Well



Over one hundred years ago, in the days of experiment, speculation, and uncertainty, two of the outstanding banks of the city were the Philadelphia Bank and the Bank of Stephen Girard.

With little banking precedent to guide them, less banking law, and no supervision whatever, only those institutions could survive the times whose management was in the hands of directors and officers who needed neither law nor supervision.

Today this, the leading bank in Philadelphia, enjoys the same careful, experienced, unbroken succession of able management as characterized the Philadelphia and Girard Banks as separate institutions.



THE PHILADELPHIA - GIRARD NATIONAL BANK

PHILADELPHIA, PA.

Capital, Surplus and Profits . . . \$28,500,000

trust advertising man and trust salesman should work out the right idea to be sent forth in a trust advertisement to remove the sales obstacle. This right idea will unfold in the individual consciousness of man and thus clear the ground for the trust salesman.

What better example could be cited of the eternality of the right idea, and words expressing that right idea, than that of Christ Jesus, who said, "Heaven and earth shall pass away, but my words shall not pass away until all be fulfilled." And His words have not passed away, but are being read and studied at the present time more than ever before.

When we analyze the four gospels, we find that all that the good Master did was state, elucidate and demonstrate the right idea of truth, which He declared would make all mankind free. His words have stood the test of twenty centuries of time.

Is this not a standard worth while for us all to keep before us and strive to emulate?

The right or true idea should challenge our best efforts to the utmost and it is the fundamental and real bedrock for all permanent work in the advertising and selling of trust services.

Called at 105

The White-Phillips Investment Company of Davenport, Iowa, announce that the Red River Valley Power Company First Mortgage 6½s and General Mortgage 7s have been called at 105.

The Red River Power Company, located at Crookston, Minnesota, operating in that city and supplying the surrounding territory, was originally financed by the White-Phillips Company. In May, 1924, they brought out a \$700,000 issue First Mortgage 6½s due May 1, 1944, and \$150,000 General Mortgage 7s due January 1, 1930. Both issues have now been called at 105.

The Interstate Power Company, located at Chicago and New York, have bought the Red River Valley Power properties and merged them with their organization. This latter company has re-issued the Red River Valley issues making a \$20,000,000 First Mortgage issue of the Interstate Power Company properties.

Try Anything Once

A blur-eyed man entered a savings bank and hurried up to the teller's window. "Lemme have two cases right away," he said, pushing a \$50 bill through the grating.

"What do you mean? Two cases of what?"

"Hanged if I know what name you give it," was the reply, "but I saw a sign outside that said '4 per cent,' and I'll drink it whatever it is."

A Constructive Piece of Legislation

By Clifford DePuy

Publisher, Northwestern Banker

ONE of the most constructive pieces of bank legislation presented to any bank legislature this year was the bill prepared by the legislative committee of the Iowa Bankers' Association, relating to the banking situation in this state.

This bill contains 31 sections covering every important point connected with the banking business, but in this article we wish to call especial attention to Section 29 relating to "District Banking Associations." The state of Iowa is to be divided into not less than 11 districts, and each district will include not more than 80 banks available as members. National and private banks are permitted to join if they conform to the rules and regulations prescribed by the District Banking Association and the superintendent of banking and state banking board.

The members of each District Banking Association shall select from their members a board of directors, the number and manner of selection to be prescribed by the superintendent of banking and the state banking board. The presidents of the several county bankers' associations of the counties located in each district shall constitute the district advisory committee.

The chairmen of the district banking associations shall constitute a state advisory committee.

Each district banking association shall provide a scale of assessment for its member banks, sufficient to cover all operating and examining expenses.

A special insignia or emblem may be prescribed by the superintendent of banking and the state banking board, which insignia may be used on letterheads and in advertising and other publicity.

The District Banking Association shall have authority under the direction and advice of the superintendent of banking and state banking board:

1. To carry on any and all work not inconsistent with law that shall aid them in making their banking institutions still stronger and still more efficiently managed.
2. To safeguard each other if and when any emergency may arise.
3. To establish any practical means of printing checks and drafts and such transit items for their own district and for other districts.
4. To establish district credit bureaus and disseminate credit information on borrowers to the members of their own district, and to the members of the several districts if and when requested.
5. To set up a system of district bank examinations by resident examiners,

provided said examiners shall be required to meet the same qualifications as bank examiners employed by the state banking department. Nothing herein shall prohibit the superintendent of banking accepting the examination of the district examiner in place of that of a regular state bank examiner if the superintendent of banking shall so desire.

6. To institute better and more uniform bookkeeping systems.
7. To hold district meetings.
8. To do any and all things not inconsistent with law that shall aid them in carrying on the purposes of this act.
9. To dismiss or penalize members not conforming to rules and regulations, under authority from the superintendent and state banking board.

Members of the District Bankers' Associations will be required to put up a bond with the superintendent of banking and the state banking board, to insure payment of all penalties that may be assessed against them.

In the statement of fact issued by the Iowa Bankers' Association, it says: "It is confidently believed that the people of this state are more interested in knowing that the worthless paper is out of our banks than they are in the passage of some Utopian scheme to keep open insolvent banks, because the people are too intelligent not to know that when the bad paper is out of the banks that those banks are just as sound and secure as they can be made, and they are too intelligent not to know that any state law that is passed, compelling banks to pay the losses of other banks can be in great economic disasters like we have gone through, the very thing that would make it absolutely impossible for the stockholders, directors and officers to take the bad paper out of their own institutions."

If this bill becomes a law, as we hope it will, it will be a distinct step forward towards better banking and better business in Iowa. Banks fail because they can not collect the money due them. If closer examination is made of the loans to borrowers, the solvency of banks will be greatly increased.

A Fair Question

The teacher was giving the class a lecture on "gravity."

"Now, children," she said, "it is the law of gravity that keeps us on this earth."

"But, please, teacher," inquired one small child, "how did we stick before the law was passed?"



Bonds and A Bank's Loan Structure

THE source of a bank's income as well as its ability to meet its deposit and other liabilities rests fundamentally in the bank's lending operations.

Loans, of whatever type, possess in varying degree and composite such qualities as certainty of payment, rate of income and convertibility into cash, and the banker who would obtain maximum results, maintains such a relationship between loans, reserves and deposits as composites and selects loans with such degree and composites of loan qualities as enables the bank to meet its liabilities and to earn the maximum return on the stockholders' investment.

And, to accomplish this, such a banker, in building the bank's loan structure, uses as materials not only local loans and discounts but also commercial paper, bank acceptances, bonds and mortgages, all of which he coordinates from the standpoints of certainty of payment, rate of income, convertibility into cash, and diversification with respect to type, maturity, industry and geographical location.

Eternal vigilance is the price of maximum results and we invite you to send a list of your bonds to our Analytical Department for analysis from the standpoints of certainty of payment, convertibility into cash, and diversification.



First Illinois Company
BONDS FOR INVESTMENT

CHICAGO MILWAUKEE
ST. LOUIS AURORA

DAVENPORT
Union Savings Bank Bldg.



A Specialized Service

for Banks and Bankers which is the result of more than sixty years of experience is offered by

THE FIRST NATIONAL BANK OF CHICAGO

and

THE FIRST TRUST and SAVINGS BANK

Complete facilities are provided for active and inactive accounts, collections, bills of lading, investments and foreign exchange transactions

FRANK O. WETMORE, Chairman
MELVIN A. TRAYLOR, President

Combined Resources
Exceed \$450,000,000

Personal Paragraphs

George E. Roberts, vice president of the National City Bank of New York, has been elected one of three members-at-large of the Engineering Foundation, to succeed Elmer A. Sperry, and will serve for three years.

Cornelius F. Kelly, president of the Anaconda Mining Company, was one of the principal speakers at a recent dinner of the Investment Division of the American Bankers Association held in New York City.

George M. Reynolds of the Continental & Commercial Bank, Chicago, reports from California regarding business conditions in the west that the situation there has continued sound, with business progressing at a satisfactory pace.

Melvin A. Traylor, president of the First National Bank, Chicago, is on a trip through the south. Among other stops, he spent two weeks near Biloxi, Mississippi.

William L. Jacoby, vice president of the A. G. Becker & Company, Chicago, has resigned to become president of the Kellogg Switchboard & Supply Company, succeeding J. B. Edwards, who has retired.

Watson F. Blair, a director of the Illi-

nois Merchants Trust Company, has returned to his home in Chicago. Mr. Blair recently underwent an operation in New York.

John W. O'Leary, vice president of the Chicago Trust Company and president of the Chamber of Commerce of the United States has returned from Cuba. The February meeting of the board of directors of the chamber was held at Havana on the 17th and 18th. On February 18, Honorable Dr. Gerardo Machado, president of Cuba and his cabinet were hosts to the members of the chamber board and their wives. Prior to leaving for Cuba, Mr. and Mrs. O'Leary were among the guests at the dinner, given by Dr. Hubert S. Work, secretary of the interior in honor of the President and Mrs. Coolidge. Because of the presence of Henry Ford, Harvey S. Firestone, Andrew Mellon and Simon Guggenheim, the eastern papers referred to this dinner as the five billion dollar banquet.

Mr. Lucius Teter, president of the Chicago Trust Company, enjoyed a spring vacation "riding the hounds" at Pinehurst, N. C. He returned to Chicago March 12th.

George P. Edwards, publisher of the *Coast Banker*, San Francisco, is a candidate for state corporation commissioner

The Basis of Prosperity

(Little Talks on Tiling, No. 25)

PROFIT on his business is the main incentive urging a man, or an industry, to work at his highest capacity. Without that incentive he soon "lays down." When his product is a basic raw material, all industry dependent on its suffers from his let down. Most of our industries are built upon, or around, farm

products or farm consumption. Therefore, when agriculture is not prosperous and producing at full capacity the whole nation suffers; when it is prosperous, so is the whole nation. That is why the far-visioned banker exercises his utmost ability to make farming prosperous in his trade territory.

Tile Drainage Lowers Production Costs
and Increases Agricultural Profits

Mason City Brick and Tile Co.

312 Denison Bldg. Mason City, Iowa

of California. If Governor Young sees fit to give the honor of the commission to Mr. Edwards, he would be appointing one of California's best boosters.

John Hogan, former president of the Des Moines National Bank, and now vice president of the Continental & Commercial National, Chicago, visited recently in Des Moines. Mr. Hogan, who left the Des Moines National several months ago, was the third official from that institution to go to the Continental & Commercial in recent years.

Fred J. Figge, president of the Ossian Iowa, State Bank, and Mrs. Figge, have been spending part of the winter vacationing in New Orleans. Mr. Figge reports a wonderful time and wonderful weather.

W. J. Murray, one time Superintendent of Banking for Iowa, and more recently a vice president of the Des Moines National Bank, and who is now located with the California Bank at Van Nuys, California, was recently elected vice president of the San Fernando Valley Bankers Association.

The officers and directors of the State Central Savings Bank of Keokuk, Iowa, were hosts recently at the formal opening of their new bank and office building.

The **W. D. Hanna & Company**, of Burlington, Iowa, announce the recent appointment of L. E. Gardner as the manager of their Analytical Department. Mr. Gardner comes to W. D. Hanna from A. G. Becker & Company of Chicago. He is thoroughly familiar with bonds of every type, and will devote his time to analyzing securities for banks and individuals, checking the latest earning reports, making surveys, etc.

Everett L. Harris, formerly with Lee, Higginson & Company, has recently become associated with Lackner, Butz & Company, of Chicago, as vice president and director of sales.

Charles H. James has retired as vice president of the First National bank of Philadelphia after a service covering a period of forty-two years.

He entered the bank in a clerical capacity in 1885, was elected assistant cashier in 1892 and vice president in 1920.

Mr. James' special hobby is to travel in foreign countries. In recent years he has devoted considerable time to two trips around the world, from east to west and from north to south, visiting practically all the Nations of the world, as far north as North Cape, and as far south as Australia and New Zealand. At the

present time he is in the Hawaiian Islands.

H. E. Henderson, formerly president of the Stanley-Henderson Company of Cedar Falls, who disposed of his interests in that firm the first of this year, has announced his intentions of continuing in the farm loan business in eastern Iowa and has opened his office in the Higley Building, Cedar Rapids. He is well known to Iowa bankers through his years of connection with the farm loan business. The name of the new firm is "H. E. Henderson Farm Loans."

Farm and City Loans

During the month of February the John Hancock Mutual Life Insurance

Company of Boston, accepted nearly \$5,000,000 of farm and city loans. The actual amount was \$4,713,543, divided as follows: \$3,167,305 on 479 farms, \$1,546,238 on 118 city properties of which 98 were dwelling houses and 16 apartment buildings, housing 279 separate families.

The loans on this class of property in January amounted to \$4,375,000 making nearly \$9,100,000 on this class of loans thus far in 1927.

Norman J. Ford, vice president of the Illinois Merchants Trust Company, Chicago, will leave in May for an extended vacation trip to Europe.

Fred A. Crandall, vice president of the National Bank of the Republic, Chi-

THE FOREMAN BANKS

FOUNDED 1862

We invite your business
on a 65-year record of continuous growth. We are fully equipped to serve you in every banking function.

The Foreman National Bank
The Foreman Trust and Savings Bank

La Salle and Washington Sts.

Chicago

Resources Exceed 100 Million Dollars



Built for a Long Future



The files of Wessling Services contain a priceless mine of information about every state in the Union. Mr. D. R. Wessling and his co-workers are constantly increasing their store of facts by personal interviews with thousands of bankers and laymen in every part of the country.

THE Wessling program of original publicity stands upon the solid rock foundation of actual banking experience. The simple, unique Wessling way to the patron's heart brings measurable returns which are both prompt and lasting.

"It is the best service for a bank, regardless of price," one banker wrote recently. "We have renewed our contract solely on the results of the service." This is the verdict of hundreds of bankers in small towns and large cities.



PLANNERS AND CREATORS OF ORIGINAL BANK SERVICES

WESSLING SERVICES
LYTTON, IOWA

ago, is planning a trip to California, with the first stop at Pasadena. Golf will take up considerable of his time, among other vacation pursuits.

W. C. Cook, vice president of the Central Trust Company, Chicago, and Mrs. Cook have left for Los Angeles and other points in California.

Chester D. Masters, vice president of the Chicago Trust Company, Chicago, in charge of the banking department, recently addressed the Master Printers Association of Chicago on the subject of "Hand-to-Mouth Buying as Viewed by a Banker."

State Official Dies

E. S. Delaney, 37 years old, manager of the Bismarck district in the office of L. R. Baird, state bank receiver of North Dakota, died of heart disease recently in the Asbury hospital. He left Bismarck on a business trip and became suddenly ill while attending a show in Minneapolis. He was taken to the General hospital and later transferred to the Asbury hospital, where his condition appeared to improve. He is survived by his wife and eight children in Bismarck. He went to Bismarck in 1923 from Minot, N. D. Prior to his residence in Minot he had lived at Havelock, N. D.

IT'S "CLEAN HOUSE"—OR BRANCH BANKS!

(Continued from page 18)

the assets were "frozen," then in most cases the stockholder's and director's liabilities were insufficient, regardless of the capitalization, to pay the depositors in full.

Few Making Money

Neither did the fact that the country banks deposited their surplus funds with South Dakota depositories have any bearing on the matter except in so far as they put "all of their eggs in one basket." There were at all times good, sound banks in the larger cities of the state, and if the country banker was at all proficient in reading bank statements, he could tell which banks were safe to hold his reserve funds.

From reliable information it appears that very few banks in the state are even now making money. Of course a great many are still charging off "frozen assets." But unless the bankers of the state adopt a new system of banking, and show the

If the individual banker would survive, he must be able to render the services required of a bank, at a reasonable profit. He cannot do this if (a) the community is over banked; (b) he does not possess the necessary qualifications of a good banker; (c) there is inadequate or infrequent supervision; (d) there is a lack of diversification; (e) he renders any free services;

(f) he grants excessive loans, or loans not supported by adequate security and financial statements; (g) he cannot cooperate with his competitor; (h) he pays excessive rates of interest on savings or time deposits; (i) or does not keep down the overhead.

As set forth at the beginning, a community is overbanked if it does not have 400 depositors, the size of whose average deposits warrant an account in the bank. This would eliminate banks in the towns of the state with population of less than 400 and there would be but one bank in cities up to 2,000 with two or three banks in each of the larger cities.

To be successful in the future the banks must be manned by officers possessing the necessary qualifications. The speculator, real estate agent, or life insurance salesman must be discharged. The man who takes his place must be able to analyze costs, determine the departments and services in the bank which are operated at a loss, and have the courage to discontinue them or put them on a paying basis. He must be able to make conservative loans and diversify the banks investments. He must not play favorites, grant excessive loans, or render free services to anyone or any class and he must be able to say "no." He must be qualified to keep down the overhead of his bank and make a reasonable profit for his stockholders.

Then, too, there must be real supervision. The most efficient bank examiner, though he accomplish much, has not the time or the power to render the supervision and make the examinations with the desired effectiveness. There must be some supervising agency, similar to the traveling auditor of a chain industry, with power to discharge the officers of the bank. The auditing should be done frequently and daily reports of the activities of the bank should be sent in to the auditing department. Irregularities must be checked at the outset before an opportunity is given to dissipate the assets of the bank. The auditing done by the directors of the bank has failed of its purpose.

What of the future? Individual banking in the northwest is fighting for its life. The public has lost confidence in the individual banker, his bank and his system. If he does nothing or fails to inspire confidence soon, the day of individualism is over. Branch banking will inevitably follow in some form because banking facilities are a necessity. Large corporations, chain stores, and branch banking are all steps forward in the evolution of the present industrial and financial system. Where individualism and competition have broken down, cooperation and large corporations with chains and branches have been successful. Let us hope the individual banker learns his lesson before an aroused public brushes him aside.

"FOUND"

Another pleased customer of the Fisher Co., Charles City, Iowa. Mr. A. C. Erickson, president Albert Lea State Bank, tells us that they are more than pleased with their fixtures and the high class work done by our most efficient workmen. Perhaps we can please you, too.

ESTABLISHED
1879

The Human Element in Banking Transactions

As the clientele of this institution increased in size and our business developed year after year, we have endeavored to conserve the personal element in our contact with every customer. The importance of this factor is appreciated by bankers, especially in handling transactions entrusted to us by out-of-town banks.

The new State Bank of Chicago building—now being erected at La Salle and Monroe Streets—will provide increased facilities for out-of-town customers.

HENRY A. HAUGAN
Chairman Board of Directors

RALPH VAN VECHTEN
President

LEROY A. GODDARD
Chairman Executive Committee

OSCAR H. HAUGAN
Vice Chairman of the Board

State Bank of Chicago

A Trust Company

La Salle and Washington Streets

Member Federal Reserve System

CAPITAL, SURPLUS & UNDIVIDED PROFITS OVER \$10,000,000

WHY CAN'T THE ECONOMIST AND BANKER GET TOGETHER?

(Continued from page 20)

capital, wages for the effort and ability of the enterpriser, and a fair compensation for business risks which must be assumed but which cannot be covered by actual payments in the form of insurance premiums. It is at once admitted that some business concerns do regard one or all of the above additions as costs, but general observation would probably show more of them failing to recognize these items as regular and certain costs. The economist in treating the cost problem furthermore considers long run rather than short run effects. Temporarily an article may be selling for a price high enough to merely cover costs of production as these costs are commonly regarded, but quite obviously over a period of time those other items of interest on invested capital, wages of management and payment for risk must be accounted for if the business is to be permanently successful. Otherwise the entrepreneur would profit by loaning his capital and selling his services to some other enterpriser, as his financial returns would be greater. An individual business man is interested in his own undertaking. If his income is greater than his outgo he tends to be satisfied, and the more so as that proportion increases. The economist, seeing the industry as a whole with no particular attention to any unit, often times can see an economic loss socially speaking because proper account has not been made of all costs of production. There may be a net social loss and still each individual business involved may show a positive gain which, however, is not sufficient to cover the economic concepts of costs.

Other instances might be cited to show the differences that exist between the business man, educated in the field of practical experience, and the theoretical economist who has obtained his knowledge in an altogether different way. The same prevailing point of difference, namely, that one is individual and the other social in his outlook, would continue to be evident. It might be here restated for the sake of emphasis that no criticism is intended for the one who is individualistic. Perhaps the economist, if he were fortunate enough to have funds to invest and should become, we will say, a manufacturer, would also instantly become a protectionist. He would then shape his entire business policy with his thoughts and actions centered upon his own personal affairs with little or no regard to the industry as a whole. Nothing is more ordinary than for man to be guided by the instinct of acquisitiveness, especially when his success and station in life are dependent upon the wealth which he acquires.

**Probable Effects of the
McFadden Act**

AN ADDITION of \$1,181,000,000 may be calculated as made to the funds of national banks legally loanable on real estate by provision of Section 15 of the new McFadden Banking Act. Whatever further increase may be made by the act in volume of funds released for loaning on real estate security through the provisions of Section 2 (b), permitting the buying and selling of marketable investment securities, is as yet impossible to appraise, according to the concensus of opinion of leading banking economists given in answer to an inquiry by the National Association of Real Estate Boards.

Heads of Federal Reserve banks are as yet loath to predict the extent to which national banks will avail themselves of the new mortgage loan provision, the association's inquiry indicates.

J. W. McIntosh, comptroller of the currency, confirms the general interpretation of the new act as affecting the powers of national banks not only with reference to long-term first mortgage city real estate loans but also with reference to the purchase of bonds for investment. It will be the province of the comptroller of the currency, under the act, to define what investment securities may be considered eligible for national bank purchase and sale.

While bankers and economists vary widely in their views as to the degree to which the effect of the new provisions may come to be felt, those replying are united in foreseeing changes in banking practice the total effect of which may be expected to be measured primarily by the degree to which the individual real estate investment meets the loan appetite of the individual banking institution.

Expect Increase to Be Gradual

"As the provisions of the new banking law are better understood, doubtless a gradual increase in the amount of mortgage loans in the portfolios of national banks will be noted," E. R. Fancher, governor of the Federal Reserve Bank of Cleveland, predicts.

The effect of the new act is going to be largely a matter of the policy of each individual bank, Mr. Fancher points out, and it is as yet impossible to make any accurate evaluation of results.

"The McFadden bill will increase the power of national banks to lend money on real estate mortgages and will undoubtedly result in considerable expansion of such investments," Charles J. Bullock, director of the Harvard Economic Service and chairman of the Committee on Economic Research of Harvard University states.

"I have an opinion from Federal Reserve authorities that time deposits can

Reliability!

"We have purchased securities from this company for a number of years and have never had any default in the payment of interest or principal of any bonds purchased from them, and we have always found that any statement they have made regarding investments could be relied upon."

The White-Phillips Co. takes great pride in such letters from satisfied customers.

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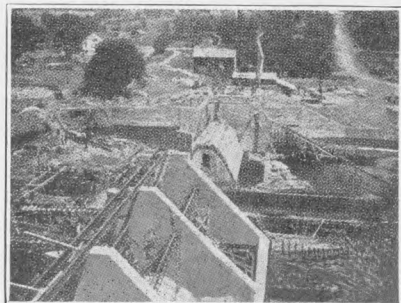
DAVENPORT, IOWA
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We offer to our clients a complete selection of electric light and power Bonds and short term Notes.

Also Bonds listed on the New York Stock Exchange and nationwide market Bonds of

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be invested in mortgages under the conditions stated by the law; but that a considerable proportion of the so-called 'time deposits' are not really savings deposits and that well managed banks will not treat them so. Moreover, Federal Reserve authorities may discourage excessive investment of time deposit money in real estate mortgages.

"The so-called 'time deposits' of member banks undoubtedly include some money that can fairly be considered savings, and can be invested in real estate loans as safely by member banks as the savings deposits of ordinary savings banks can be similarly invested. Upon the other hand, a considerable and increasing proportion of the time deposit represents money which formerly was carried as commercial deposits, and cannot safely be treated as real savings deposits."

A computation of the volume of funds in national banks released for real estate loans as made by R. G. Rodkey of the University of Michigan, School of Business Administration, is as follows:

"Section 24 of the Federal Reserve Act provided that for national banks not located in central reserve cities loans on farm lands might be made with maturities not exceeding five years and loans on improved urban real estate with maturities not exceeding one year. The total of all such loans could not exceed twenty-five per cent of the capital and surplus or to one-third of the aggregate time deposits," Mr. Rodkey points out.

"Section 15 of the new act does not exclude banks located in central reserve cities and increases the total amount which can be loaned to twenty-five per cent of capital and surplus or to one-half the time deposits.

"On June 30, 1926, total time deposits of national banks amounted to about \$6,300,000,000. Prior to the passage of this new act one-third of this, or \$2,100,000,000 could be loaned legally on real estate. The new act increases this to one-half, or \$3,150,000,000. This makes an increase of approximately \$1,050,000,000. To this should be added about \$131,000,000 for central reserve city banks, making a total of \$1,181,000,000 additional funds now legally loanable on real estate security.

"The effect of Section 2 (b) is impossible to appraise until the comptroller of the currency defines the meaning of the term 'marketability.' The act provides that national banks may buy and sell 'marketable' investment securities. If the comptroller rules that the ordinary issues of bonds secured by office buildings, hotels, apartment houses, etc., are 'marketable' there would appear to be no legal limit for national banks in purchasing such securities except that the bonds of no one issuer shall be held in an amount exceeding twenty-five per cent of the

bank's capital and surplus. Under the law as it previously existed such bonds were considered real estate loans, but the new act provides that nothing shall be considered as a real estate loan except where a single bank holds the entire obligation."

Installment Buying

Four rules for Americans to follow in buying on the partial payment plan are:

1. Don't buy anything on credit to suit a quick whim.
2. Don't buy anything on credit unless you know its true value.
3. Don't buy anything on credit that will wear out and lose its value before you have finished paying for it.
4. Don't buy anything on credit that you do not desire greatly enough to be willing to undergo sacrifice in some other direction.

These rules are set out in a recent article in Collier's Weekly by William G. Shepherd, entitled, "They Turn Your Promises into Cash," an interview with John J. Raskob, chairman of the finance committee of the General Motors Corporation. The writer says that Mr. Raskob is "father of the General Motors Acceptance Corporation and that more than one and a half million families have been enabled to buy new or used motor cars by means of Mr. Raskob's installment system."

Mr. Raskob is quoted: "Since seventy-five per cent of motor cars are bought on the installment plan it is perfectly clear what an enormous difference would have been made had no cars been sold except to persons who were able to pay cash down. We have found that consumers' incomes have been able to meet payments. Four-fifths of all the cars used today are fully paid for.

At this moment more than 600,000 accounts are in our hands; the average is \$350. We know from experience that these debts will be paid. The loss will not equal one-fifth of one per cent."

Mr. Raskob says that unsound installment buying of the fly-by-night kind must be wiped out. Consumers' credit must be placed on a sound banking basis. The first essential is that the merchant who sells on the installment plan must be accountable for the buyers' debt.

"Bankers help to protect producers against themselves; against using too great credit," said Mr. Raskob. "They help to protect distributors against themselves."

Clear Enough

"Rastus, what's an alibi?"

"Dat's provin' you wuz at a prayer meetin' whar you wasn't, in order to show dat yo' wasn't at the crap game whar you wuz."—Montreal Star.

Announcement

Guaranteed Mortgage Company

Minneapolis

has arranged with

LANE, PIPER & JAFFRAY, INC.

Minneapolis—St. Paul

and

LANE, ROLOSON & COMPANY, INC.

Chicago

for the wholesale and retail distribution of GUARANTEED MORTGAGE COMPANY First Mortgage Collateral Trust Gold Bonds, in Minnesota, Wisconsin, Iowa, Illinois, North Dakota, South Dakota, Montana and Upper Michigan.

GUARANTEED MORTGAGE COMPANY First Mortgage Collateral Trust Gold Bonds are secured by carefully selected first mortgages on Completed, Income-Producing properties of moderate size, largely Owner-Occupied Homes, independently appraised, which mortgages are made for not more than 60% of a conservative certified appraisal.

The bonds are the direct obligation of the Guaranteed Mortgage Company and the mortgages securing these bonds are unconditionally guaranteed by the United States Fidelity and Guaranty Company. The assets of both Companies constitute a guaranty fund of more than \$53,000,000 for the protection of the bondholders.

WHITE-PRICE-COMPANY

Baker Building, Minneapolis

DIRECTORS of GUARANTEED MORTGAGE COMPANY

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Modern POWER *and* LIGHT FINANCING

The electric power and light company must grow to meet the increasing demands upon it as a monopoly type of service and the financial structure as well as the engineering structure must be so constructed that it can grow

A COMMON approach to the problem of financing of the electric light and power industry is to call attention to the huge investment in the industry—now estimated to be something over eight billion dollars—and to point to the serious work involved in providing money for the very large growth that we know to be ahead of the industry. Eight billion dollars now—and the industry in the next ten years will require another seven or eight billion dollars of newly invested money and may have to refinance as much as from a third to a half of its present investment.

With such a huge sum of money invested, and with a turnover, to use commercial phraseology, of only once in five years, it is immediately apparent that the administration of this money, as such, is of relatively greater importance compared to the administration of the plant and to the commercial side of the industry than is the administration of money in almost any other business. In a manufacturing business in which the investment in plant is, say, one million dollars to do a million dollars' worth of business annually and in which skilled labor is the principle item of expense, the engineer can appreciate that the efficiency of the machinery and the administration of the labor in that plant are the most vital elements from the standpoint of executive administration and business success. This given manufacturing industry is also doubtless in intense commercial competition with other manufacturing establishments in

By *Van H. Cartmell*
Bonbright & Co.

the same line, and commercial methods and administration are likewise of extreme importance. This is not to say that the financing and the handling of the money represented by the investment in the plant are not of high importance, but rather to emphasize that engineering construction and operation of equipment and commercial sales are relatively more important factors in the success of the business than the item of interest on bonds, expense of selling securities and other similar problems on the financial side of the company. Take the even more exaggerated case of a mercantile establishment in which the investment is turned over eight to ten times a year, in other words, in which, on an investment of \$100,000, a million dollars' worth of business is done annually. In this case the expense of the original financing of the plant to the extent of \$100,000 is of comparatively minor importance.

On the other hand, in the electric power and light industry, where it takes a five million dollar plant to do a million dollars' worth of business annually, the handling and administration of this five million dollars is of itself so vital a factor that good handling may mean success of the company and bad handling may mean failure. This does not minimize the responsibility of the engineer toward his original plant and toward its operation, nor does it minimize the necessity

of intelligent commercial development of the industry.

Yet in all electric light and power company organizations finance is one of the major, if not the major executive interest. Cooperating with the executive or executives responsible for the finance of the company is the investment banker, who acts in the dual capacity, first, of "consulting engineer" on financial structure, and, second, of "merchandiser" of the money, that is, of the securities which the company sells. The second role may be more important to the investment banker, for he makes his money by being a seller or merchandiser of money. His institution is not a depository, nor does he individually buy for retention the millions of dollars of both bonds and stocks. Rather, he buys on Monday and sells on Tuesday. But, in the first role, as consultant, he acts in cooperation with the executives of the company, first, to decide when money is needed and how much is desirable; second, what particular kind of security to issue; and, third, when is the most advantageous time to market the security—all with the problem in mind of maintaining the financial structure in a sufficiently strong and yet flexible position to be extended as the company's demands upon it grow.

There is also this other vital difference between the public utility problem and that of most other businesses. With the latter, growth is a matter of inclination, of business judgment. No shoe manufacturer or dry goods merchant is forced to expand or add more capital to his busi-

ness. But the electric light and power company *must* grow to meet the increasing demands upon it, as a monopoly type of service, and the financial structure, as well as the engineering structure, *must* be so constructed that it *can* grow.

The construction, maintenance and operation of this financial structure might well be likened to the construction, maintenance and operation of an engineering structure. It might be said to be the supporting skeleton framework of the electric light and power business entity. The correct proportioning of the structure as between bonds, debentures, preferred stock, common stock and their variations

is just as important as the correct proportioning of the actual physical elements of an engineering structure. And, just as in engineering there may be several alternative designs all for the same purpose, so may there be in the financial end of the business. In each case provision must be made for future additions to the structure, and the amount and accuracy of provision to provide for various possible emergencies and conditions of growth is naturally most important.

In the details of the structure itself the specifications of the individual parts of the structure are also of primary importance. In other words, the exact provis-

ions of bond issues, of debentures and of preferred stock are of primary importance. It is being found today, for example, that many component members of the financial structures of some companies were built under such specifications that today these members are not able to hold the load that it is desired to place upon them, and before the company can have any further growth these members must be replaced.

It is not necessary to carry out the simile into any greater detail, but it is worth while pointing out that there has been advance in our knowledge both of how to proportion the structure and of how to write specifications for the individual members, just as there has been advance in our knowledge of similar factors in engineering. One of the greatest changes, and one frequently remarked upon, has been the bond specifications. Today practically all bonds are "open end" as against the earlier "closed" mortgages. It used to be that a bond mortgage limited the total sum that could ever be borrowed under the first mortgage. Today it is required only that a certain ratio between property value and bonds outstanding, or a certain ratio between earnings and bonds outstanding be maintained, or not exceeded, the total allowable sum being unlimited. This makes growth easier.

An example or two may indicate what is actually done by the financial executive and his investment banker, adviser and merchant in the reconstruction of financial structures. In the case of the Commonwealth Power Corporation, which is a holding company, a financial reconstruction three or four years ago has had a very important effect on the success of the company and its subsidiaries. As a commercial business each of the various subsidiaries was doing a good job. For example, the Consumers Power Company of Michigan is one of the subsidiaries and it is well known for its excellent engineering and commercial development. But the intercorporate relationships of the Commonwealth Corporation and its subsidiaries, and the various security issues throughout the structure were such that money was costing too much and general credit position was not as high as desirable, and the company was hampered in its development only on account of that situation. The first move was to dissociate most of the railways into a separate corporation. This made no difference with reference to the parent company earnings—it was merely a corporate shifting. But the electrical properties were the ones in which necessity for growth lay, and this corporate change freed them of the previous negative effect on the securities occasioned by their close tie with the railways. For we cannot neglect to recognize that the public has

Canadian Department-Stores

LIMITED

First Mortgage, Sinking Fund

(Closed Mortgage)

Gold 6½% Bonds

Due March 1, 1947

Canadian Department-Stores, Limited, the third largest department store organization in the Province of Ontario, is a consolidation of 22 long established and successful department stores operating in principal cities of the Province and in Montreal. The individual department stores have a record of successful operation averaging over forty-four years.

These bonds will be secured, in the opinion of counsel, by closed first mortgage on the land and buildings of 19 store properties owned in fee, on two leasehold properties and on other fixed assets of the Canadian Department-Stores, Limited.

Interest requirements on these bonds were earned on the average of over 4.3 times during the past ten years. Net tangible assets amount to approximately \$3,512 for each \$1,000 bond outstanding.

The management of the company will remain in the hands of men long associated with the successful operation of Canadian department stores.

Price: 99½ and Interest
To Yield 6.55%

TRUE-WEBBER & CO.
INVESTMENT BONDS

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BOSTON



CEDAR RAPIDS

not as great a desire for securities in which railway properties are included as it has for those which are purely electrical. In each of the subsidiary companies a modern mortgage with its open-end feature was created and the bonds which had been issued under the old closed mortgage were called and retired. Customer ownership campaigns were instituted to provide not only the excellent public relations which always result from customer ownership, but also that equity in preferred stock owned in the community which has so great an influence on strengthening the position of the bonds of the company. As a result of these two moves and corollary to them was the creation of sufficient working capital and provision for a strong cash position to free the subsidiary companies from having constantly to borrow from the parent concern, which, in turn had been weakening its financial position. As a result of all this, both the subsidiary companies and the parent company had larger amounts of cash on hand, which meant larger bank deposits and better credit position. The specifications of the various new bond issues were such that they lent themselves to expansion and growth of the company, allowing the company at all times to take advantage of the market situation as it may exist at any time to obtain money for necessary growth on most advantageous terms.

There was, of course, an endless amount of detail just as in building any engineering structure, but perhaps this illustrates in a few words what is meant by recasting of a financial structure to meet modern conditions. Just as the engineering of plants built in 1900 was excellent as measured by the engineering standards of the time, so was the financing of these companies done in what was a modern way at the time it was done. But just as an obsolete generating station is replaced by the product of modern engineering, so does it frequently happen that the financial structure can to advantage be replaced by one built under modern conditions.

Elected Cashier

The Security Trust & Savings Bank of Ryan, Iowa, has secured as their cashier, U. S. Baxter. Louis Reilly, who has had the responsibility since the death of former Cashier Frank Foley, will act as assistant cashier.

Heads Finance Company

Ben Stern, for 10 years identified with the financing of motor vehicles in the middle western states, has established a finance company at 219 Liberty Building, Des Moines. The name of his new company is the Stern Finance Company. Its officers are Ben Stern, president; Vincent

Starzinger, vice president; and Byron A. Jacobs, secretary and treasurer.

At the present time the operations of the company will be confined to the purchase of automobile paper in the state of Iowa, purchasing paper on all classes of cars, trucks and tractors. Eventually they plan on going into the surrounding states and begin to do business in several other middle western states.

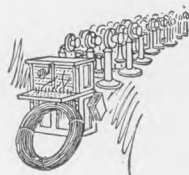
Mr. Stern states that he has made a close study of the conditions in Iowa, and looks for a large improvement in business conditions during the year 1927. Collections on automobile notes receivable have been very satisfactory and there is a feeling of optimism among

many dealers that he has talked with. Mr. Stern feels that over any span of years, Iowa will produce as good a class of finance paper as any state in the union, and that is his reason for locating in the state of Iowa.

Increase Dividend Rate

Directors of the National bank of the Republic of Chicago at their regular monthly meeting March 17th., voted to increase the annual dividend rate from 8 per cent to 10 per cent, the disbursement for the present quarter being payable April 1st to stockholders of record March 24th.

The Securities of the Bell Telephone System are based on Service



THE physical properties of the System have a book value of more than \$2,800,000,000, but besides that there is a scientific and technical force of 5,000 people engaged solely in seeking to further develop the science of telephony and to improve methods for making the service better. The activities of this force furnish dependable assurance of continued improvement in the plant of the System and its service to the public.

The stock of A. T. & T., parent company of the Bell System, can be bought in the open market to yield a good return. Write for booklet, "Some Financial Facts."



BELL TELEPHONE SECURITIES CO. Inc.

D.F. Houston, President
195 Broadway NEW YORK



"The People's
Messenger"

Money Rates and Securities

Regarding money rates and investment securities, a recent bulletin of the National Bank of Commerce, New York City, has this to say:

Basic influences continue to operate on the side of easy money. Gold continues to flow toward us and commercial demand is moderate. Were it not for seasonal factors it is doubtful whether rates would have been maintained at current levels during the last thirty days. While it is true that because of the limited supply of United States certificates of indebtedness and the specialized character of the demand for them the rates on the new issues dated March 15 can not be considered as an accurate measure of the market as a whole, they are nevertheless a striking indication of the underlying ease which pre-

vails in money. Purely temporary factors, such as the customary seasonal demand for funds or a burst of speculative activity, may at times result in a firmer tone for a little while, but the outlook continues to be for moderate rates.

Investment Securities

The course of the investment market and the operations of the United States Treasury as of March 15th have brought clearly home to American investors the rapidly shrinking supply of Government securities and the downward trend of yields on all classes of investments. We have repeatedly called attention to the inevitable long-time trend toward lower yields in the American investment market. Those special influences which made returns abnormally high at the close of

the World War are no longer operative. Capital is being accumulated in the United States at an unprecedented rate because production is far in excess of consumption.

Some idea of what is going on can be gathered from consideration of such evidences of our accumulation of capital goods as our enormous and sustained building activity, our huge expenditures for improved mechanical equipment and our excess of exports over imports at a time when we are not borrowers but lenders abroad. Capital accumulation is also going on at a healthy rate in a number of European countries.

The only logical conclusion is that prices of investment securities will advance over a period until yields are as low as they were before the World War or lower. The return on United States Government securities then and now is not comparable because of their importance as a basis for national bank circulation prior to the establishment of the Federal reserve system, but yields on prime railroad bonds are fairly comparable. According to computations by Professor W. C. Mitchell in his "Business Cycle," the average yield on ten American railroad bonds for the five years 1901 to 1905 was about 3.85 per cent. Then American securities were the favorite medium of British and Continental investors for the employment of funds which they could not profitably place at home. Today the United States is the major source of the world's capital.

Enlarges Department

In order to be of the greatest possible assistance to its investors and customers, True, Webber & Company, dealers in investment bonds in Chicago, have increased the personnel of their Mail Service Department.

The Mail Service Department is intended to supplement the service of company representatives, and to render the greatest possible service to investors upon whom it is impossible for their representatives to call.

Through their Mail Service, True, Webber & Company will furnish markets on bonds, give an analysis of bonds already owned, or analyze bonds which may be contemplated as a purchase. This department offers a very broad service, and is equipped to give intelligent answers to any investment problem.

Farms Sell for Cash

The investment department of the Merchants Life Insurance Company, Des Moines, under the direction of T. A. Murphy, has compiled a list showing the sale of 450 farms between September 1, 1926, and March 1, this year. It is significant to note that of the 450 sales made, all but 87 were made for cash, these few changing hands through trade or auction.

The Value of a Good Name

PRESTIGE, a good name, reputation for responsibility and integrity are not earned in a month or a year. These are the rewards of long years of constant vigilance, honest, straightforward dealings and sound, conservative judgment.

The reputation of Wollenberger & Co. has stood the test of time. For forty-two years the name Wollenberger has been associated with sound banking and conservative investment—synonymous with safety and reliability. Every Wollenberger bond has been paid promptly at maturity; every interest coupon has been cashed without a day's delay.

Today Wollenberger & Co. First Mortgage Real Estate Gold Bonds, with this unblemished record of safety, yield the attractive return of $6\frac{1}{2}\%$. They are available in denominations of \$1000, \$500 and \$100, and mature in three to twelve years.

Bankers, business men and private investors are invited to send for our literature and become familiar with the conservative offerings of this House.

Ask for Booklet 810.

WOLLENBERGER & CO.

 **Investment Bankers** 
105 So. La Salle Street
CHICAGO

42 Years of Investment Banking

Why We Need New Foreign Markets

THE unabated prosperity of the United States, with the continued improvement and stabilization of the economic and political conditions of Europe during 1926 point towards new peaks of progress and prosperity for 1927; nevertheless the tendency towards the creation of an adverse trade balance and the ever increasing productive power and efficiency of Europe impose on us the necessity of creating new and wider spheres of influence in world markets during the coming year if our present high standards and prosperity are to be maintained. The rapid acquisition by Europe of new working capital, the expansion of its investments in trade producing channels and the tendency of London's return toward world financial leadership, and our dependence on foreign markets as a stabilizing factor insuring our prosperity are facts which are dangerous if ignored.

Growth of National Wealth

The rapid growth of our national wealth is one of the amazing developments of the past decade; beginning with 1912 our national wealth was estimated at \$1,950 per capita; this advanced to \$2,918 by 1922 and is now estimated at \$3,786, representing a growth of almost 100 per cent within 14 years. During the same period our per capita debt underwent considerable fluctuation; beginning with \$12.48 in 1912 it increased to \$209.25 by 1922 and through efficient fiscal administration and prosperity it was reduced to \$179.80 at the end of 1925.

The rapidity of our national growth before the war necessitated our borrowing over \$5,000,000,000 from Europe for development purposes, and ample employment was found at home for all available capital. The spirit of adventure inspired by the results of the opening of our great west had invested overseas by 1914 approximately \$1,500,000,000 in the acquisition of proprietary interests in the construction and development of railways, public utilities, mines, sugar plantations, etc., in Canada, Latin America and the Orient; these investments represented important trade producing factors.

During the period from 1909 to 1913, an average of \$1,767,340,000 was invested annually in new domestic corporate development.

Post-war Investments

The great accumulation of wealth since the war is best evidenced by the fact that new capital investments during the past five years have averaged \$5,316,669,000 annually; as follows:

By Paul Klopstock
President Foreign Trade Securities Co.,
New York

New Domestic Corporation financing	\$3,039,772,000
Municipal loans	1,212,847,000
Farm loans	224,163,000
Foreign	666,040,000
Canada	173,897,000

Total

\$5,316,669,000

An examination of our foreign invest-

ments during the past five years demonstrates that while we have loaned money to stimulate the return of normal social conditions, and for the growth and efficiency of our foreign competitors, little has been done in the direction of permanent trade and financial penetration through which our foreign influence can be permanently assured. The fact remains that the repayment of our foreign loans has the tendency of rapidly reducing our influence on world markets.

The changing and more conservative

EUROPE Is "Coming Back"

The fact that the League of Nations is doing much to promote cooperation between European countries along commercial lines is significant to the investor, and particularly to the buyer of foreign bonds.

Europe's rehabilitation means greater security of principal, and assures continued service of the loans already in investors' hands. Constructive developments now taking place on a large scale are creating further demands for American capital, as is also the revival of trade on a pre-war basis.

In other words, foreign bonds are becoming a better investment every day.

We solicit your orders or inquiries with regard to any type of foreign investment

BAKER, KELLOGG & CO., Inc.

*A Specialized Service in Foreign Securities for
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111 West Monroe Street

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DETROIT
BUENOS AIRES

character of our outlook towards the employment of our capital overseas indicates a serious weakening of the pioneer spirit which established our foreign markets and developed our country. It is obvious that if our present prosperity is to be maintained an imperative necessity exists to insure a stable outlet for our recently increased productive capacity, as the natural growth of our population is insufficient to consume the full limit of our present production.

The increasing competitive capacity of Europe, the tariff barriers, question relating to war debts, our social reforms, and the increasing competition of newly created industries now supplying their do-

mestic markets, necessitate the employment of more energetic steps as well as our capital resources in trade producing channels if our trade position is to be continued.

To insure the continuation of our prosperity, it is imperative that the same vision and courage demonstrated in the development of our country be directed in the development of the natural resources of Latin America, Eastern Europe, Africa and the Orient, so that the potential purchasing power of their people will be greatly stimulated. American capital and effort directed into these channels is the greatest insurance policy for a continuation of our present standards, and it is the

duty of the leaders of American finance to lead the way and again demonstrate that our foresight and courage did not die with the development of our own resources.

Will Distribute Guaranteed Mortgage Co. Bonds

FINANCIAL interests of the northwest were last month interested in the announcement that Lane, Piper and Jaffray, Inc., have completed arrangements with the Guaranteed Mortgage Company of Minneapolis, to handle the wholesale and retail distribution of Guaranteed Mortgage Company bonds in Minnesota, Iowa, Wisconsin, Illinois, North Dakota, South Dakota, Montana and Upper Michigan. Lane, Piper and Jaffray have associated with them the firm of Lane, Roloson, Inc., of Chicago.

The Guaranteed Mortgage Company bonds are the direct obligation of the company and the mortgages are guaranteed by the United State Fidelity and Guaranty Company. Titles are insured by the New York Title and Mortgage Company and the Minneapolis Trust Company act as trustees for the mortgages. The company numbers among its officers and directors a group of prominent Minneapolis business men.

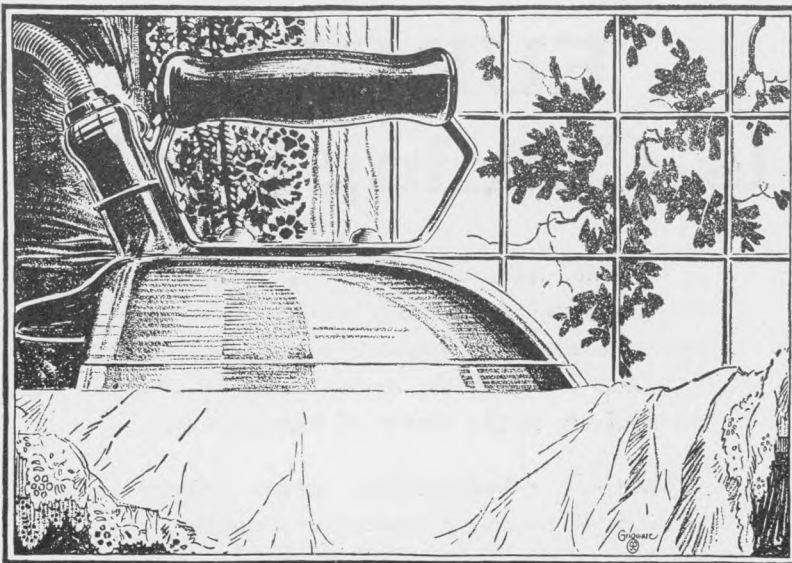
Commenting on the new arrangement, Lane, Piper and Jaffray, say:

"We are very glad to take over the distribution of Guaranteed Mortgage Company bonds throughout this territory. With our main office at Minneapolis, and branches at St. Paul, Rochester, Mankato and Fargo, together with Lane, Roloson, Inc., Chicago, we are well equipped to handle a large volume of these bonds in the Northwest. Our company has found that there is a strong demand for securities of this type, and a notable interest in Guaranteed Mortgage bonds. In arranging for the distribution of these bonds, we are confident that we are offering investors the highest type of guaranteed investment."

Move to New Building

Announcement is made of the removal of the Chicago offices of DeWolf & Company, investment bankers, on February 28th, to the new building at 100 West Monroe street.

DeWolf & Company will occupy a large part of the second or "bank floor." Their offices are said to be among the handsomest and most efficiently arranged of their kind. The office entrance is of black and gold carved marble with plate glass doors and an ornamental bronze grill. The interior is completely paneled in walnut from floor to ceiling. Cork tile floors are used throughout, and the ceilings are of special acoustical Celotex to distribute and deaden both office and street noises, reducing them to a minimum.



Even the Humble Flatiron Adds to Your Income

Drudgery eliminated hours saved health improved work bettered Life is made easier for millions of women by simple household helpers, brought into the home by Electricity.



So common and intimate have become the uses of electricity, that people take it as a mere matter of course. But to the Electric Power and Light Companies every use, no matter how humble, is a matter of added income—to investors in their bonds, a matter of added safety.



You'll find much of interest in our booklet, "The Ideal Investment," which tells why Electric Power and Light Bonds are so much in favor among careful investors. Ask for Booklet T-26, please.

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Bonds in Bank Investments

From address of Lawrence H. Sloan, Managing Editor Standard Statistics Company, New York City, before Central Regional Savings Conference, Savings Bank Division, American Bankers Association, Cleveland, Ohio, March 24, 1927.

THE main trend of high grade bond yields has been downward, without important interruption, since the middle of 1920. Whereas sixty high-grade issues yielded something better than 6 per cent in mid-1920, at today's prices they return only a shade above $4\frac{1}{2}$ per cent. The direction of this movement is typical of the trend of bond yields in general—both in other high grade issues and in what are usually referred to as second grade, or unseasoned, issues.

It need not be pointed out that the rate paid by savings and commercial banks on time deposits has not shown a corresponding decline. Precise data in this respect are not available, but sample data suggest that, since bond yields reached their peak in 1920, the number of banks that have increased their rates has been larger than those that have lowered rates.

The generally upward movement of bond prices which has been in progress during the past seven years has been steeper and longer than any other up-swing which has occurred thus far during the twentieth century. Our index of high grade bond prices has arisen from 78.2 in July, 1920, to about 98 flat at the present time—an increase of more than 25 per cent.

Think what this protracted and unremitting up-swing of prices has meant to the professional reputations of the bond purchasers for various banks, insurance companies and other financial institutions! During the last seven years it has been humanly possible, of course, to make grave mistakes in the bond market. Indeed, there has been hardly any basic line of industry which has not had its spectacular defaults. But these have been the very exceptional cases. Any bond buyer who had intelligently diversified his purchases, and who had made it a rule to eschew the dubious and highly speculative issues, would have been obliged to sit up nights figuring out a way to show anything but a consistent profit on his operations during the past seven years. To report that average bond prices have been rising during that period is merely to report that the prices of the majority of individual issues have been rising.

It is somewhere toward the top of such a long rise as this that the lotus-flowers begin to dull our senses to the actualities and realities of the situation, to its inherent hazards and uncertainties. They give us what may prove to be a false sense of security, a false appraisal of our own wisdom. It might be, of course, that the long rise in bond prices, the long record of

glittering success achieved by bond buyers, involve no hazards or uncertainties. Perhaps this business and financial structure of ours has freed itself permanently from all adverse influences, and perhaps bond prices will continue to rise, without important interruption, for seven more years. The only thing that we securely know is that bond prices never had continued to rise over such a protracted period of time.

Prices Ever Changing

It might be that prices, after rising

somewhat further, will flatten out and hold relatively stable for seven, or twice or thrice times seven years. But our experience teaches that bond quotations never have made a seven year straight line. Like speculative stocks, bond prices have been, in the past, always going somewhere—only going there more leisurely than stock prices ordinarily go. They have always been in a state of flux, both the direction of their movement and their level at any given time conforming with a remarkable degree of fidelity to the changes



Quick Action Necessary?

PRIVATE WIRE—over 11,000 miles of it—connects our offices in over fifty principal cities of the country and brings our banker-customers everywhere in almost instant touch with the great investment centers.

These facilities are yours to command when you want quick action on a bond offering or seek market quotations or other investment information.



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BONDS / SHORT TERM NOTES / ACCEPTANCES

in, and the level of, interest rates and purchasing power of the dollar.

Those who have refused to taste of the dangerous bond market lotus flowers hold that none of the underlying forces which determine the long-term trend of bond prices has been nullified; that the most important sustaining force in the market is an abundance of credit facilities and that this sustaining force will function as long as, and only as long as, easy money endures. When our season of money plethora comes to an end, there is scant doubt that we will witness another downward swing of bond prices, such as occurred in 1917-1920, 1909-1915, during 1907 and 1902-1903.

When such a movement begins, it will be characterized by a considerable amount of bank liquidation of bonds, and will to no small extent be occasioned by bank liquidation. That is why point has here been made of the fact that the characteristic long term behavior of the bond market is that of cynical fluctuation, and that the present might be an opportune time to take stock of inventory—while everything in the bond market is rosy, and while average prices are at a level higher than at any previous time in the past decade. Naturally, in any financial situation which dictates bond liquidation, it will be the second grade issues that will decline most violently in price.

Emphatically, it should be made clear that there is nothing in the foregoing which is intended as an alarmist's cry. So far as the short term is concerned—say the next six to twelve months—the studios of the Standard Statistics Company have developed nothing whatsoever to indicate a sharp decline in bond values. Indeed, our conclusions are precisely the contrary. We regard the present level of bond prices as justified by prevailing financial conditions and as tenable for some time to come, and we should not be the slightest surprised to see the trend of prices continue mainly upward for a number of months—although at a slackening pace. In raising the question of the bond market's outlook at all at this time, we are merely looking ahead into the long term future, and are guiding our expectations, to no small extent, by the lessons that economic history has taught.

Nor are we greatly worried about the character of bank investments, on the average. We see a good many bank bond lists, and find the majority of them in a gratifying condition. But unhappily, not all of them are in that condition. As usual, it is chiefly the smaller banks in rural communities, located somewhat off those main channels through which the tide of market sophistication flow more swiftly, that are nearer the border line. Doubtless one of the greatest services that you can render to your smaller correspondents at the present time is that of suggesting—indeed, perhaps insisting upon—the desirability of a careful study of investment holdings.

Any banker, I take it, can safeguard the interests of his clients to the nth degree by placing all of the bank's surplus funds in Liberties, Atehison 4s, City of Detroit 4 1/4s, etc. But that program might, over a period of time, prove as serious an error as though the bulk of the funds had been placed in highly speculative issues.

Viewed both from the standpoint of the bank as an institution organized for profit and from the standpoint of the bank's clientele, one may assume that the best banking investment policy comprehends something of a compromise with the ultimate of safety—a compromise which does not omit to keep in the portfolio a portly backlog of highest grade issues, but one which, at the same time, has the courage to carry a certain amount of lower grade issues, and the wisdom to chose such second grade bonds as will, in the fullness of time, themselves become high grade. The only warning that is implied here is against too much of a compromise with the ultimate of conservatism. A wise and carefully computed compromise, yes; a radical, reckless, or careless compromise, no.

Baby's Complexion

"Madam, what is the complexion of your new baby, dark or fair?"
 "To tell the truth, he is a little yellor."

Conservative Securities

\$7,500,000

Federated Utilities, Inc.

First Lien Collateral Trust Gold Bonds
 5 1/2 % Series of 1927
 Due March 1, 1957

Properties appraised at \$14,000,000

These bonds will constitute, in the opinion of Counsel, a first lien on the constituent properties, subject only to \$1,712,400 of underlying bonds.

EARNINGS

Gross	\$2,832,863.37
Operating Expense, including maintenance and local taxes...	1,704,440.54
Net Earnings	\$1,129,422.83
Total annual interest requirements.....	\$408,120

Price 94.75 to yield about 5 7/8 %
 Concession to banks



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INCORPORATED
 FIRST NATIONAL BANK BUILDING
 CHICAGO

FIRST WISCONSIN NATIONAL BANK BUILDING
 MILWAUKEE

Lower Money Seen for Current Year

THE announcement last month by the treasury department that it will exchange new five year 3½ per cent for the Second Liberty Loan 4¼ per cent bonds, and will offer new short term certificates bearing interest only at three and one-eighth and three and one-quarter, and running only six and twelve months, was one of the interesting events of the month, in the investment field. Commenting on it, the *Bache Review* says that incidentally "it strengthened the credit of the government making Liberty Bonds more desirable for certain purposes and also in the case of certificates emphasized the treasury's opinion of the future of money. The effect of the secretary's announcement was to establish a new high level record for all time in several United States Securities."

The *Review* comments further:

"The low rate of the certificates is not the lowest on record, as in March and June of 1925 certificates of this character were placed at 3 per cent, and in June and September of 1924 at the record low rate of 2¾ per cent. The 3⅛ rate, however, is lower than any for a year and a half, and the significance lies in the fact that heretofore when these very low rates were offered, it turned out to be an indication of the treasury's judgment that low rates in money would prevail for a year or thereabout. They did so in the former cases, and the inference is drawn now that they will do so again.

"These reasonings and indications have already shown their effect on the bond market. A large part of the present issues of Government bonds have drifted, as the years have gone by, into the hands of strong institutions like banks and insurance companies, and into the safety boxes of very large estates. Such institutions are loath to part with securities which are almost akin to so much cash and still draw a reasonable rate of interest.

"The supply of Governments is decreasing and the demand for them increases every year. Calling in a large block naturally further diminishes the supply, and this fact is realized by large owners, among whom the popularity of them has been steadily growing. The net result of the Treasury's March 15th Certificate funding operation will be the withdrawal from the market of about \$200,000,000 more short-term paper than is created through the two new issues.

"All Second 4¼s which are not exchanged for these new bonds will undoubtedly be called for redemption this year at par and interest.

"Many present holders of Second 4¼s, who bought their bonds at a considerable

discount from par, seem reluctant to accept an obligation no matter how gilt-edged, which nets only 3½ per cent return on its principal. These, of course, are not the very large holders, who are almost compelled to keep a large part of their holdings in Governments. Many of the comparatively smaller holders are diverting their funds into gilt-edged railroad and industrial bonds which yield between 4.25 per cent and 4.75 per cent.

Others are selecting Municipal bonds, which show a greater return on account of their tax-exempt features. For instance, State of New York bonds are selling at a price to return 3.80 per cent, and New York City bonds 4.10 per cent. The securities of various other Municipalities are selling at prices which reflect estimates of their value in the open market—that is, the higher the yield the lower the range in the average of safety.

"We believe this new buying will create a very much stronger tone in the bond market, which has become top-heavy due to the huge amount of offerings which have been made since the first of the year

We solicit inquiries for buying or selling orders in the following securities:

	YIELD
Appalachian Elec. Power Co., 1st & Ref. Mtg. 5s, May, 1956.....	5.25%
Birmingham Water Works Co., 1st Mtg. 5½s, October, 1954.....	5.15%
Gulf, Mobile & No. R. R. Co., 1st Mtg. 5s, October, 1950.....	4.90%
Michigan Home Tel. Co., 1st Mtg. 6s, November, 1946.....	5.80%
Minnesota Power & Light Co., 1st & Ref. Mtg. 5s, June, 1955.....	5.02%
New Rochelle Water Co., 1st Mtg. 5½s, November, 1951.....	5.38%
Puget Sound Pr. & Lt. Co., 1st & Ref. Mtg. 5½s, June, 1949.....	5.47%
St. Louis County Water Co., 1st Mtg. 5½s, December, 1945.....	5.25%
Southwestern Pub. Ser. Co., 1st Mtg. 6s, July, 1945.....	5.88%

Our trading department maintains an active market in a large number of high grade public utility and rail issues, such as the above list.

The yields indicated above are subject to change in accordance with the market.

P. W. CHAPMAN & CO., INC.

170 W. Monroe Street, Chicago
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Mortgage Bankers State Position on Real Estate Bonds

AT THE close of a meeting of the Board of Governors of the Mortgage Bankers' Association of America, held in Chicago recently, it was announced that a resolution had been adopted providing that the board in the future will refuse membership in the association to real estate bond houses that do not place with separate trustees the funds realized from sales of bonds issued against buildings in course of construction. The resolution follows:

"Whereas, the Board of Governors of

the Mortgage Bankers' Association of America in meeting assembled do and have always looked with disfavor upon the practice followed by some companies of offering to the public bond issues secured by mortgages on real estate for construction purposes where the funds for such construction are not segregated and deposited with a disinterested corporate trustee; now therefore,

"Be it Resolved, that this Board of Governors declines to accept for membership mortgage bond firms unless such firms

subscribe to a rule of practice that whenever a loan is made for construction purposes, the funds for such purpose arising from the sale of bonds to the public, shall be segregated and kept apart as a separate entity from the funds derived from the sale of bonds of other issues and deposited with a bank or trust company (with capital and surplus commensurate with the amount of such deposit), to be used only upon the enterprise for which such bonds are sold."

President Makes Statement

The president of the Mortgage Bankers' Association, Mr. E. D. Schumacher, who is president of the Southern Bond & Mortgage Company of Richmond, Virginia, has issued the following statement concerning the action of his board in its Chicago meeting:

"For thousands of years people have borrowed money, pledging as security therefor their lands and dwellings. The 'mortgage' is undoubtedly the world's oldest financial device. It has come to be considered as the one most safe and conservative investment for those of small means who are not in position to assume the risks of speculation.

"The mortgage business has long been recognized as a reliable branch of financial commerce. The mortgage banker unquestionably has played a major part in inducing the large investors to lend their funds on farms, residences and business property. No agency, not even the Joint Stock Land Banks or Federal Land Banks has provided more funds and given greater assistance to our American citizens in

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MINNEAPOLIS ✓ First National Soo Line Building

For your own funds or
for those of clients, you
can rely upon

Fidelity First Mortgage 6½% Bonds

Denominations \$100, \$500 and \$1000

Write for list of issues

FIDELITY
BOND & MORTGAGE CO.
J. U. MENTEER, President INCORPORATED 1913

1182 New York Life Bldg., Chicago

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Fidelity Guarantees Every Bond

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owning their homes, farm and city, than the members of the Mortgage Bankers' Association of America. A great part of the two billion dollars farm mortgages and three billion dollars residence and business loans now held by American insurance companies has been loaned through our members.

"Now it happens that in the last few years a very important factor in real estate financing has come into existence known as the real estate first mortgage bond. The bond is merely a device to split up a mortgage so it can be distributed among many people. Conservatively issued, real estate bonds are in no sense speculative but have investment security with a very high factor of safety. Without the real estate bond it would be difficult to finance many of our largest and most needed buildings.

"In 1926 a large eastern bond house, not a member of our association, failed for about fifty million dollars. This was only a drop in the bucket compared with thousands of mortgage and bond firms that continued solvent and handled millions of dollars daily without loss to anyone; but the man in the street, startled by the well-merited publicity attendant upon this sensational failure, began at once to assume that the first mortgage investment was open to suspicion after enjoying centuries of good repute. How much actual harm this failure has caused among banks and mortgage companies is debatable. Some feel that the example to the public, painful as it was, improved conditions for the responsible companies. Certain it is, however, that every danger signal in any business must be closely heeded; so the Mortgage Bankers' Association has studied very carefully the general situation in the real estate bond field—not only with the interests of the members at

heart but also with a view to the welfare of investors large and small who look to us for guidance and on whose good will and confidence our success depends.

Public Wants Reassurance

"The public looks upon our association as having within it financial houses of acknowledged responsibility producing first mortgages on real estate (farm or city) and selling these securities in such a manner that the investor comes into possession of a first lien on real property as soon as he writes out his check. In the case of city property, if the building is already constructed and being used it is plain to see that the investor has bought

something very definite. If, however, the building is only *in process of construction* he will wisely inquire if his money is to be placed in trust with a separate, disinterested, corporate trustee and be paid out only on the enterprise for which bonds have been sold. Unless this precaution is taken, it is self-evident that until a building is completed the security behind a real estate bond is not the building but the credit of the bond house.

"If a real estate bond house switches an investor's funds from one building project to another at will no harmful result can be expected *as long as the bond house remains solvent*; but once difficulties are encountered the investor is apt to find that

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AND COMPANY**
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**Emery,
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Investment Securities

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years of litigation are necessary before he can get back any part of his principal. The advantages of separate trusteeship thus becomes evident. The investor's funds, if deposited at once with a bank or trust company and reserved for a particular building project are safely removed from the vicissitudes which may be attendant upon the bond house's other building projects.

"Much of the comment following the failure of the large Eastern house has been along the lines of trusteeship. As stated in the resolution our association has always looked with disfavor upon the practice followed by some companies of not depositing investors' funds with disinterested corporate trustees, where a building is still under construction. Before the Mortgage Bankers' Association of

America would be called upon to give an account of itself and in order that the public might know our position we have seen fit to announce our membership policy as stated in the resolution.

"It is hopeless to expect that any non-governmental body such as ours can dictate business practices to individual firms—especially if they are outside our Association. But we can and do exercise the right to select our members judiciously; and in so doing we thus offer the investing public a certain standard of measurement which would not otherwise be available."

New Work Program

The Trust Development Division of the Financial Advertisers Association, at its meeting in New York City last month inaugurated a comprehensive plan of work

covering the subject of new business for trust departments. The committeemen were guests of the Equitable Trust Company of New York, in whose uptown office the meetings were held.

The single, broad object of this Division of the of the F. A. A. is to assist its members in securing for their respective institutions an increased volume of profitable trust business in the most economical manner and the new division is desirous of cooperating with existing bank and trust company organizations who are engaged in advancing the Trust idea.

The Division will seek to attain its objectives through the collection and dissemination of information concerning materials and methods used and the experiences encountered by the various trust companies of the country in the development of their trust business; and by the study of the problems peculiar to those personally engaged in trust development work.

As a concrete means of attaining these objectives, it was determined to allocate different portions of the research work and the program to various sub-committees as follows:

- (a) The trust development representative, his qualifications, training, and function.
- (b) Successful methods of securing the cooperation of directors, officers, employees and stockholders.
- (c) Effective means for obtaining the cooperation of organized bodies such as schools and clubs.

Honored by Directors

Carroll Ragan, who was president of the Financial Advertisers Association in 1925-26, was the recipient of a beautiful watch, the gift of the board of directors of the association. Fred W. Ellsworth, Vice president of the Hibernia Bank and Trust Company, New Orleans, made the presentation during the mid-year gathering of the Financial Advertisers Association in New Orleans, March 10, 11 and 12.

Issue "Prosperity" Booklets

A fiscal program for depositors which guarantees financial success if followed and promises to revolutionize bank promotion methods is announced by the State Bank of Chicago.

The bank is distributing sixteen textbooks, each meeting a definite need. One "How to Become a Financial Success," lays down a simple set of rules by which a person can become independent.

The series ranges from "How to Make the Family Income Go Farther" and "How to Own a Home," to "How to Build Your Credit" and "How to Use Your Bank for Profit."

These prosperity handbooks cover every phase of individual financial education.

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Broadcasts Investment Talk

Three fundamental principles which should govern in the investment of funds are to buy securities only from a reliable house, to put safety of principal ahead of rate of return and to diversify the purchases, C. Palmer Jaffray, of Minneapolis, vice president of Lane, Piper & Jaffray, Inc., investment bankers, told radio listeners in an address over WCCO recently. Analyzing the subject, "How to Invest," Mr. Jaffray outlined practical solutions of the problems which confront persons seeking safety plus a fair rate of interest on their investment funds.

"The problem of the individual investor is more difficult than that of the banker, who is supposed to have specialized knowledge of finance," Mr. Jaffray said. "Generally speaking, investments of persons of limited means should be confined to high-grade first mortgages or bonds. Because of the tax-exempt feature, the yield on municipal bonds is too low for the small investor, but good bonds yielding 6 per cent are available, whose element of risk is very small."

Divided California

California, with its 158,297 square miles of territory, extends north and south for 1,000 miles along the waters of the Pacific.

Three-quarters of a century ago the upper part of the state began to develop, with the gold rush of 1849 as the opening wedge. San Francisco became, and remains, a city touched with romance. It is the commercial and social metropolis of the old California, wherein the third generation of descendants from the Argonauts and their kind mold affairs.

Not until near 1880 did the southern third of the state begin its ascent. A salubrious climate and previously undeveloped agricultural and mineral wealth made their appeal. The result has been a tremendous expansion in population, the rise of Los Angeles as one of the leading American cities, and the accentuation of differing temperaments between the north and the south of California.

The social makeup of the north extends its roots to the states east of the Mississippi almost wholly. Not so the south of California. While the latter has gathered unto itself settlers from all parts of the country, the states west of the Mississippi more than those east have supplied the determining currents in the population drift.

Thus there is a considerable cleavage between the two sections, reflected in contrasting mental attitudes. That extends to the views frequently taken on public questions.

The conflict is perennial, and explains why talk again is heard for and against making two states out of the one.—Indianapolis *News*.

Earn Their Own Way

IN addition to earning their way as a part of your regular reserves—

—good bonds are equivalent to cash in the event of emergencies. They can be converted without delay, and are equally acceptable as security for a loan up to virtually their full face value.

We are assisting a constantly growing number of banks in building a sound reserve of such marketable bonds. We invite you to take advantage of our special experience in this field. Our latest offerings for banks will be mailed to you without obligation, upon request.



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Investment Securities

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Des Moines

Phone Walnut 55, 56, 57

"Common Sense and Foreign Securities"

THE PURCHASE by American investors of billions of dollars worth of foreign securities the past few years, has placed a new responsibility on the investment bankers of the country, says a recent bulletin of the Foreign Trade Securities Co., entitled, "Common Sense and Foreign Securities," the bulletin goes on to say:

"Dealers are frequently called upon to assume the responsibility of recommending such securities to their customers, and to consider them in every phase of their customer's daily needs. In many parts of the country dealers have not yet realized that the sale of such securities has become a necessary part of their everyday business, and in many cases their recommenda-

tion is either frowned upon or made under great reserve.

"This organization has recently concluded a survey of the foregoing situation, and has come to the conclusion that the chief hindrances to a general confidence in foreign securities lie in the following causes:

"1. An absence of complete confidence in the political stability of Europe.

"2. The failure to appreciate the possibilities which foreign securities afford in the field of diversification, and increase of average yield of income, also that dealers have not equipped themselves with proper service machinery and a general knowledge of fundamental foreign economic and political conditions through which their

sales organization may overcome ordinary sales-resistance, and

"3. The frequent market depression, following the public issue of new securities.

"An examination of these facts may aid in arriving at a clearer conception of the situation, and we respectfully submit the following for your consideration:

"1. *The Absence of Confidence in the Present Political Structure of Europe* is the most persistent difficulty to be overcome before Foreign Securities can occupy their logical position in the field of investments. The intensified form in which this question remains in the public mind seems to be due—not so much to recollections of the war as it does—to impressions left on the public mind by the French occupation of the Ruhr and the several remaining political questions, which are the subject of continued agitation and propaganda. This, and the vivid recollections of the financial debacle of Europe during the period of currency inflation, seem to be the main factors to be overcome before Foreign Securities are accepted without reserve.

"There remains an absence of realization of the tremendous strides which Europe has made towards economic reconstruction since the stabilization of its respective currencies, as is best evidenced by the general movement and negotiations now pending for the refunding of the European debts to the government of the United States, the balancing of their budgets and the equalization of their foreign trade. Credit is not given to the profound movement, on the part of the European masses, their statesmen and politicians, towards securing an era of peace, which is best evidenced by the determined and satisfactory character of the present negotiations for a security pact, which, when consummated, will effectively mean an "insurance policy" for the peace of Europe for many years to come.

"2. *A Careful Comparison of the Securities Sold by the Leading European Countries* in our market during the last few years shows that the securities of many of these countries were selling on an approximately 3½ to 4 per cent basis before the war, and at that time over five billion dollars of American Securities were held abroad, and were yielding at an average rate of approximately 5½ per cent. So that Europe then demanded, and received, an increase of approximately 1½ per cent from its American investments.

"One of the results of the war has been the tremendous growth of an investment class amongst which is found a large percentage of people who are dependent on their income from investments. To such people, and the invest-

RESERVES

For the investment of certain funds included in the bank's secondary reserves, safe bonds of proper maturities are highly desirable. We carry a diversified list of sound investment issues.



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ment public in general, the field offered by Foreign Securities for the diversification of investments and the increase of their average yield becomes a matter of great importance.

"The present purchasing power of the dollar, compared to that of 1914, is approximately 65 per cent. While it might be argued that the general increase in income since that time compensates for the loss in purchasing power of the dollar, the fact remains that present interest rates are substantially the same as they were in 1914. This fact, coupled with the increase in the standard of living, brings forward the everpresent question of *higher yields* on invested funds, and the investment house is continuously called upon for advice as to how this problem can be solved.

"Considering the fact that no European Government or Municipality, whose securities are now quoted on the New York Stock Exchange, has defaulted on their foreign obligations, and as the available yield from these securities cannot be equaled amongst domestic investments, and as the economic and political developments in Europe during the past 18 months indicate that Europe can count on a long period of economic and political improvement, we feel that a carefully selected list of foreign securities can be purchased with safety.

"The refunding operations, conducted in this market during the past few months by the Scandinavian countries and Switzerland indicate a rapid readjustment of interest rates, as the 8 per cent securities of these countries have been refunded with a 5½ per cent coupon. We believe that the conditions in the Continental countries, when compared to the so-called *Neutral countries*, does not justify an advance of from 2 to 2½ points on the coupon rate and that, within the next few years, Foreign Governments' Securities will readjust their interest rates and be much nearer in line with our own.

"3. The frequent depression following the dissolution of the syndicates interested in new issues has had a depressing influence on dealers, and the public has frequently been led to believe that securities could be purchased cheaper at such times than at the time of issue. This has been largely brought about by the fact that dealers have underestimated selling resistance and made underwriting commitments in excess of their selling capacity, so that the dissolution of the syndicate is usually the signal for a forced selling movement during which the security price must suffer. The unpreparedness of dealers to give their clients an intelligent and organized service in guiding their foreign investments is one of the leading causes for the public's failure to appreciate the possibilities for profit and higher yield in this field of investment, and it seems to us that, if dealers are to succeed in

this line, they will have to prepare themselves more fully to understand the problems of the issuing groups and the underlying conditions affecting the value of the securities offered to them."

Purpose directs energy and purpose makes energy.—Parkhurst.

Not at Home

Jakie: "Fadder, the man you owe five hundred dollars to is on de 'phone."

Jakie's Fadder: "Tell him ve had de 'phone token out."

The future is purchased by the present.—Johnson.



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Sound Short Term Notes

	Maturity	Yield
General Necessities Corp. Serial 6s	July, 1928	5.75%
Associates Investment Co. 6s	Feb. 1929	6.20%
Consolidated Public Service Co. 5s	Mar. 1928	6.00%
General Furniture Co. Coll. Trust 6½s	Aug. 1931	6.50%

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Predict Bond Prices Will Continue Steady

INTEREST rates and commodity prices—the two primary factors in fixing bond prices—are distinctly favorable, both showing continued easing tendencies, thus promising well for an extension of existing price levels in the bond market.”

Briefly, that is the opinion of Halsey, Stuart & Co. on the present outlook for the bond market, as expressed in its quarterly review, which was issued last month. It also points out that while new offerings since the first of the year have continued large, prices have remained firm and the issues for the most part have been readily absorbed. Industrial conditions also remain good, the review indicates, saying:

Outlook for 1926 Good

“Despite some hesitancy since the first of the year, sentiment now appears agreed that industry can look forward with considerable confidence to a year of good business, perhaps not in such abnormal volume as 1926, but good, nevertheless measured by ordinary standards.

“Production efficiency, careful buying, sound labor conditions, and an excellent credit and money situation are all factors favorable to the expectation that 1927 will be a good year in industry. Considering the well-entrenched position of most industrial organizations following last year’s profitable operations, and the fundamentally sound outlook for the present year, the prices of good industrial bonds present some of the best opportunities in today’s markets.”

The strong position foreign bonds have now reached, and interesting facts about some of the other bond fields, are then considered. The review says:

“Foreign bonds have made noteworthy advances in recent weeks—a tardy recognition of the investment values to be found in this field. While it is true that this movement grows in large part out of the lowering yields among domestic bonds, an important contributing factor has been, of course, the greater familiarity with foreign bonds on the part of American investors and the resulting awakened appreciation of their merits. There has been a material decline in financing coming out of Europe, particularly from Germany, which last year was the largest foreign borrower here. Indications point toward a continued smaller volume of foreign financing which, together with the large demand now prevailing, should maintain, if not further strengthen, the existing level of prices.

“Many investors in public utility bonds, whose first experience with this type of investment was gained during the era of high yield, find it difficult to become ac-

customed to the existing price level among this type of securities. Aside from the general advance in all bond prices, such investors need to be reminded of the materially strengthened position of utility bonds in the intervening period. Vast sums of junior money have been put back of their bonds, thus improving the equity. Much favorable legislation has been enacted, clarifying the position and fortifying the earnings of these companies. Consolidations have been effected, and operating technique improved. All this has had the effect of enormously popularizing public utility bonds, which is in itself a strong market factor.

"Despite existing price levels, it is probable that in investment value the buyer of utility bonds obtains more for his money today than at an earlier period when yields were higher.

Building Operations Lag

"Building operations, though continuing in large volume, have shown some tendencies toward slowing down in recent months. This, together with considerable agitation and suggested legislation looking toward the correction of certain bad practices which grew up in the real estate bond field during its period of remarkable development following the war, has been reflected in a slight reduction over the past several months in the output of real estate bonds. The fact remains, however, that real estate bonds issued under proper restrictions and sponsored by reputable houses are among the safest forms of investment. It is our feeling, therefore, that with careful selection, excellent investment values may be found among real estate bonds, for while it is increasingly difficult to obtain a 5½ to 6 per cent yield among other domestic issues, these rates still prevail in the real estate bond field.

"While demand in the tax exempt field has recently not been so active as in other classifications, municipal bond prices remain firm. The market for farm loan bonds has shown some hesitancy because of legislation suggested in the closing session of Congress and continued over into the next session. In our opinion, there is, however, nothing in this situation to cause apprehension among holders or buyers of bonds of well-located and well-managed banks. Offerings of both municipal and farm loan bonds were in reduced volume during the last few weeks. This tendency, which gives promise of continuing, together with the firmness of the market generally, indicates the probable maintenance of at least existing price levels among tax exempts."

People have prejudices against a nation in which they have no acquaintance.—Hamerton.

A. J. Boldt & Company

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Lower Interest Rates on Time Deposits?

By W. H. JOHNSON, JR.
Buffalo, N. Y.

THE question of reducing interest rates on time deposits is primarily a problem facing the commercial banks rather than the savings banks. The situation that confronts us is a diminishing return on loans and investments on the one hand and an apparently fixed rate on the price we must pay for money on the other—the result being a smaller margin of profit.

Is it practicable to lower the interest rates on time deposits? Speaking as a commercial banker to commercial bankers with savings departments, I believe it is. I come from a high rate town, Buffalo, where both commercial banks and mutual savings banks pay 4 per cent on time deposits. I am talking naturally to those of you who are similarly situated so far as rates are concerned.

While an outsider might assume that a bank can invest the dollar of one depositor to bring in just as much as the dollar of another depositor, we know that such is not the case. Some deposits are invested in 5½ per cent mortgages and on the other hand, other deposits are invested in Liberty Bonds or equally liquid securities. The difference in the way in which deposits must be invested is what causes us all to differentiate in the rate paid on checking accounts and the rate paid on time deposit accounts.

Encouraged by the competition between banks, the public has a wrong conception of what constitute legitimate time deposits and the commercial banks are suffering accordingly. Based upon the permanence of the account and the amount of service the depositor expects, I believe a just distinction may be made in the amount of interest the present so-called time deposits of a commercial bank are entitled to receive. I believe there is a distinction which warrants a reduction by commercial banks in interest rate to 3 per cent on certain of this business. Let us look at a classification of time deposit accounts.

The Genuine Savings Account

First, consider the genuine savings account which is virtually an investment, remaining the same over long periods of time.

In this first group are the accounts of people skeptical of investments. In our own bank, for example, accounts of thrifty old country folks, widows, etc. No service is demanded and no expense incurred in handling this business. This class of account I therefore believe is justly entitled to the maximum rate of say 4 per cent. Should a single commercial bank or all of the commercial banks in one community arbitrarily reduce interest rates on time deposits, they might well expect to lose

this class of business to the mutual savings banks.

Second, there is the thrift account, generally of modest size, with frequent deposits, occasional withdrawals, possibly "supporting" a mediocre active checking account.

With reference to Group Two, in which is the great number of accounts, I believe these would remain with a commercial bank, in spite of an interest reduction from 4 per cent to perhaps 3 per cent, for several reasons. It is the accumulation of principal and not the interest rate which attracts this type of business; an indication of this is the fact that Christmas clubs operate just about as well without interest as they do if interest is offered. Again, this type of account is held to a great extent by the service of a commercial bank; by that I mean the convenience of a branch around the corner from the customer's home or place of business, the convenience of Saturday evening banking hours, the fact that in the same bank he may have his checking account, a safe deposit box, etc., facilities which, without disparaging the savings bank, he finds and appreciates in the commercial bank.

Third, there is the temporary "special interest" account, proceeds from sale of property or from life insurance awaiting investment, building funds, etc.

Fourth, there is the reserve account of corporations in an easy cash position, perhaps very indirectly supporting a line of credit.

Groups three and four contain types of accounts which by no rhyme or reason can be honestly considered as savings accounts or genuine time deposits because they are temporary in character, for only a few months perhaps. The commercial bank with big accounts of this character doesn't dare invest this money where it will safely yield even 3 per cent or better in mortgages, for example. The banker must put it into commercial loans, commercial paper, Government securities, etc., yielding on an average these days not much over 4 per cent. Generally speaking, such deposits are made by business men accustomed and desirous of dealing with a commercial bank. In their hearts they understand that the law of supply and demand applies with reference to the worth of money. Naturally, if their business bank will pay 4 per cent on such deposits, they will take 4 per cent. They would be foolish if they did not. The big point here, as I see it, is that our customers as a rule feel the necessity of carrying these reserves as cash and they will likely take the best going rate they can get. They do not want to put the amount into investments.

But suppose you do not want to risk losing even a portion of your deposits, that portion comprised in the account classified in group one because you feel

well justified in paying 4 per cent for money that is with you over long periods of time. Would it not be possible and fair to establish the following policy?

Pay interest on time deposits at 3 per cent per annum figured on lowest quarterly balances, crediting $\frac{3}{4}$ of 1 per cent interest April, July, October and January 1st. At the end of each year, pay an extra 1 per cent on the lowest annual balance. Such a proposition would be fair to the customer whose money is with you as an investment—whose money you in turn may put out with safety at a somewhat higher rate, and I believe this suggestion is workable.

Always, however, into the question of the practicability of reducing interest rates there enters the inevitable problem for your bank—what will your competitors do and there is the hitch. You would like to do it but you think your competitors will not play along. But, after all, isn't it a common problem, just as serious for the other fellow as it is for you? This price competition as it exists today is the most unsatisfactory form of competition. Little by little, however, banks are getting together in minor matters such as the elimination of donation advertising, the establishment of uniform service charges, etc., and are showing a tendency to cooperate which as it develops should enable us to solve this most important problem—the fair reduction of the too high price now paid by us for money.

THE INVESTMENT TRUST IDEA

(Continued from page 14)

confer broad powers, powers sufficient to make them real constructive factors in the foreign trade of the United States.

Fortunate for us it is that our lawmakers saw the necessity for these corporations and placed ready to hand a type of financial organization which can be of great service to American investors.

American investors may now profit by opportunities in foreign lands knowing that the old principle of "the eggs in many baskets" holds good and that above all investments far away from home must be subject to rigid scrutiny thereafter and must be carefully supervised. We have the experience of the Scottish-British trusts to draw from, we have American ingenuity and energy to provide driving power and we have a steadily mounting surplus of funds to invest constructively.

The Investment Trust under Federal supervision comes as a profitable solution of the problem which has caused many investors to hold back on foreign investments.

THAT HONEST SIX PER CENT

(Continued from page 13)

may come up for discussion at the suggestion of any officer, or director, at any weekly meeting during the year.

"Of course, there are times when it is necessary for one of the executives to make a loan without first getting the authorization of the loan committee, but loans so made are ones that there can be no question about and the matter is carefully presented to the loan committee at the first opportunity.

"We find that the practice of establishing a definite line of credit for all customers who may have occasion to borrow from time to time has several advantages. A customer knows just what he may expect from his bank and the officer is relieved from the necessity of considering each request so long as the loan does not exceed the limit granted. This affects considerable time savings with the officers and in many cases saves the unpleasant experience of saying "No" to an established customer. On the whole, customers appreciate this policy and in practically all cases furnish the desired information voluntarily each year."

Illinois 6% Street Improvement BONDS

FOR BANK INVESTMENT

Central Bond Company

H. I. FOSKETT, Manager

702 Equitable Bldg., Des Moines, Iowa

The Trend of Utility Development

THAT the year 1926 witnessed an era of consolidation surpassing anything in previous history of the industry, is pointed out in the March 15 issue of "Bond Briefs", by the Northern Trust Co. of Chicago, which goes on to compare that trend with the days when the trunk line railroad systems were being formed by merging numerous small roads.

"At that time," says the article, "when railroad consolidation was a feature of the financial news there was much comment to the effect that the movement was

merely to secure monopolies, that the new companies were overcapitalized, and that the public interest was likely to suffer. Considered as a whole, the railroads have, by consolidation, served the public far better than could the original separate lines. Capitalization today is low compared with the value of physical properties and railroad managements have learned that only by serving the public interest do they permanently serve their own.

"The origin of the early public utility operating companies is very similar to

that of the railroads. The first power and light companies were organized to serve small territories, usually by a group of business men desirous of bringing their town up to date. The best equipment to be had was inefficient and soon obsolete, and the costly electricity produced was somewhat intermittently supplied to a restricted community. With the development of the technical side of the industry and an increased demand for power, larger generating stations and wider distribution facilities were built. These called for greater capital, and consolidation commenced on a small scale.

"When two systems serving adjacent towns joined an actual merger was comparatively simple. However, as the systems grew state lines were crossed and the problem of contradictory state commission rulings was met. The best solution seemed to lie in the holding company which owned the stocks of two or more companies operating in different states. With increased demand for power, however, still larger generating plants and longer transmission lines were needed and it became advantageous to operate as a unit several companies which themselves had subsidiaries. The terms of bond indentures or provisions governing preferred stocks frequently made dissolution of subsidiaries and merging of the actual properties so difficult as to be impractical. This left holding companies owning stocks of other holding companies as the only feasible method of unifying control. As important as unified control was a simplified debt structure. Holding company debentures were resorted to but as the parent companies' earnings came from the dividends upon subsidiaries' stocks these debentures were somewhat removed in their lien upon the earnings of the operating properties. To overcome this disadvantage, the parent companies have in a number of cases issued collateral mortgage bonds secured by the pledge of bonds which were a direct lien on the properties.

Old Operating Methods Give Way to New

"During 1926 several recapitalizations were put through to simplify both the operating and the financial structures of some of the most extensive electric power systems of the country. The public has been benefited in both decreased cost of power and improved service. For instance, a city of 15,000 population maintaining a generating plant and men to operate it frequently finds that a high-tension line from a large low-cost plant in a nearby city can provide, at half cost, a more dependable service. The local plant becomes a reserve station in the larger system and the superpower con-

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This company conducts a general securities business, originating and participating in high-grade investment issues and devoting special attention to first mortgage real estate bonds

nections of the latter insure the community against a cessation of service. Or perhaps one company secures a water power site capable of developing more electricity than its own customers can use. A distribution system serving a great many communities can bring this surplus cheap power of the hydro-electric plant into every hamlet. The superior credit facilities available to the large company offer another opportunity for economy.

What Is Overcapitalization?

"No one today would advocate a return to the chaotic conditions in transportation which existed prior to the creation of the present great railroad systems. The original consolidations in this field may have included properties later discarded. In fact, it is stated that only a small proportion of the Pennsylvania Railroad's main track from New York to Chicago is, today, located on the original right-of-way. This does not prove, however, that the parts discarded were not needed in the system when first consolidated."

To Sell Mortgage Bonds

Announcement is made by the White-Price Company of Minneapolis that the first mortgage collateral trust bonds of the Guaranteed Mortgage Company will be distributed, both for retail and wholesale, by Lane, Piper & Jaffray, Inc. The bonds are a direct obligation of the Guaranteed Mortgage Company and are guaranteed by the United States Fidelity and Guaranty Company.

Plan Expansion

F. J. Lisman & Co., investment bankers of New York City, are planning an expansion of their activities in the middle west and Stanley C. Eaton, a partner

of the firm, is going to Chicago soon to assume charge of the expansion activities. Ralph W. Stansbury, who has been in charge of the Chicago office the past



STANLEY C. EATON

year, will continue as manager of that office, working with Mr. Eaton.

Mr. Eaton has been in the investment business for 25 years, in New York and Philadelphia. He served on the Mexican border in 1916 with the Pennsylvania National Guard, and was a captain in the 79th division during the world war.

Cleanse the fountain if you would purify the stream.—Alcott.

Prejudice is the child of ignorance.—Hazlitt.

Authorized Capital \$300,000.00

Prompt Closing

We are better equipped than ever before to negotiate your loans—promptly and efficiently.

STANLEY-HENDERSON CO., Inc.

I. C. STANLEY, President

Farm Mortgage Bankers

CEDAR RAPIDS

CHICAGO TRUST COMPANY



Parallel Growth

The rapid growth of Mid-West business requires an equal growth in institutions supplying the necessary banking service. In four years, this bank's deposits have doubled. Proof of customer-confidence and of ability to serve.



CHICAGO TRUST COMPANY

Lucius Teter President John W. O'Leary Vice-President

CHICAGO

LIFE INSURANCE AND BANKING COOPERATION

The two mighty businesses of banking and life insurance drew visibly closer together in their cooperative service of the people during 1926. Each became better informed regarding the nature and the details of the service rendered by the other, and consequently became better able to work together for the benefit of their patrons. **The Penn Mutual Life Insurance Company**, of Philadelphia, is fully cognizant of the value of this clearer understanding and of the growth of the spirit of cooperation between these two public service institutions. Our representatives throughout the country are cooperating with banks and with trust companies, especially in cases in which the protection to be given is essentially of a trust and discretionary nature.

Penn Mutual Life Insurance Company of Philadelphia, Pa.

Organized 1847

SEVENTY-NINTH ANNUAL STATEMENT

Year Ending Dec. 31, 1926

RECEIPTS DURING 1926		ASSETS	
For Premiums and Annuities.....	\$52,292,341.94	Liberty Bonds	\$ 13,520,000.00
For interest, adjustment of values, etc.....	20,832,366.50	State, Municipal, Railroad and other	
Total	\$73,124,708.44	Bonds } at Market Values {	81,517,721.00
		Stocks }	88,150.00
		Mortgages and Ground Rents, 1st Liens.....	167,340,804.30
		Loans on Policies and Premium Notes within Re-	
		serve Values	56,412,874.59
		Loans on Bonds, Stocks, etc.....	933,498.73
		Home Office and other Real Estate.....	2,759,444.42
		Cash on Deposit and in Company's office.....	2,456,114.65
		Interest and Rents Due and Accrued, etc.....	6,056,096.23
		Net Deferred and Unreported Premiums.....	8,160,664.90
		Total, Dec. 31, 1926.....	\$339,245,368.82
		LIABILITIES	
		Reserves to Mature Policy Contracts.....	\$280,478,889.74
		Policy Claims in process of settlement.....	1,831,911.49
		Premiums Paid in Advance, Unearned Interest, etc....	4,328,207.84
		Dividends left with the Company to accumulate at	
		interest, subject to the order of the owners of	
		the policies	11,924,830.47
		Accumulations upon Deferred Distribution Policies....	211,727.61
		Dividends to Policyholders for 1927.....	13,300,000.00
		Surplus Reserves } for Mortality Fluctuation... 12,695,487.00	
		} for Asset Fluctuation and	
		} other contingencies	14,474,314.67
		Total, Dec. 31, 1926.....	\$339,245,368.82

New Business paid for in 1926, 43,653 Policies for.....\$215,174,510.00
 Increase over 1925..... 8,804,209.00
 Insurance Outstanding December 31, 1926, 412,038 Policies for.\$1,584,288,506.00

WILLIAM A. LAW, President

INSURANCE SECTION

Income Insurance Helps Mental Attitude

WE ALL get into a rut occasionally and that is to be expected. The wise man, however, takes stock of himself and climbs out of the rut as soon as possible; and bear in mind that the man in the rut must get out himself, as no one else can do that for him.

Getting into a rut in most cases is due to wrong thinking. An agent gets into a rut largely because he is disheartened for some reason or other. When he takes stock of himself he oftentimes finds that it was not so bad as he had thought it was. In many cases he finds that he did not have the proper mental attitude. Maybe he had in a measure lost sight of the real value of his merchandise. Any agent that does not know that his policy is worth a hundred cents on the dollar is doomed to failure. Any agent that does not know that he is rendering valuable service to his clients is also doomed to failure. Confidence in your policy and in your own ability to serve your clients in a capable manner is most important to your success.

It is human to err, and the time comes when every life insurance agent slips from that high pedestal that he has built for himself. He begins to wonder whether

By *A. E. Littig*

Secretary-Treasurer Register Life

or not he has the one outstanding best company in the whole world. He wonders if he was really cut out to be a life insurance man, and pretty soon he begins to wonder what's wrong with the world in general. He begins to doubt our form of government and about that time he strikes the bottom of the rut.

Entitled to "Mental Spree"

So far, he is all right. He is entitled to this mental spree. If he has the right kind of stuff in him, he will begin to do some intelligent thinking about this time. When he does, he will find that the world is not much worse than it ever was. He will find that his company is just as good as it ever was. Then he will find himself in a better mood and will be a better life insurance man because he will know that all that is necessary is the right mental attitude. The right mental attitude is nothing more or less than a desire to fight for what he knows is right.

Income insurance is a wonderful tonic when a fellow begins to feel himself

slipping. An agent cannot canvass a man for an income policy without becoming enthused about life insurance. It is logically right. It provides the necessities of life for the prospect's widow and his orphans. It accomplishes most of the essential things that the man himself would provide had he lived. It permits a mother to care for the children in place of having to earn a living for them. It is the only known means on earth whereby a man can be absolutely assured of these things. It is the agent's greatest asset, as no other policy and no other means have ever been devised whereby a man can be assured of the financial future of his family.

With these facts in mind it certainly stands to reason that no agent can be in a rut when he is talking this most excellent form of protection.

Much has been said and much has been written about human needs and the ability of the agent to fit the policy to the prospect's needs; and all that I have heard and all that I have read is very fine. However, it does not take a highly educated agent with a magnifying glass to discover in most families the great need for more income insurance.

Becomes General Agent

Lloyd E. Douglass has been appointed general agent in Detroit for the Register Life of Davenport, Iowa. He has been in the life insurance business a number of years, receiving his early training in Newark, New Jersey, and went to Davenport office for the Equitable of Iowa.

Speaks at Davenport

Chester O. Fischer, general agent at St. Louis for the Massachusetts Mutual Life and vice president of the National Association of Life Underwriters, was the speaker at the March meeting of the Davenport, Iowa, Association. Members of that organization also discussed plans for their one-day sales congress to be held there May 21st.

Meeting at Waterloo

A meeting of Des Moines Life and Annuity general agents was recently held at Hotel Russell-Lamson, Waterloo, Iowa. The conference was attended by agents from northeast Iowa, and their wives. Dinner was served at seven o'clock. Bar-

ney Pearson, St. Louis insurance expert, made the principal address.

Others in attendance were H. B. Bosser, Des Moines agency supervisor, and E. R. McCormick, Waterloo.

Recovering from Illness

I. M. Lieser, former well known Des Moines insurance man, and now United States marshal of the Panama Canal Zone, has improved from his recent serious illness sufficiently to remain there until his vacation next June.

With Merchants Life

LaMonte Loucks has become associated with his father, Elmer Loucks, Des Moines agency manager for the Merchants Life home office. LaMonte is a graduate of Iowa State College and has been with the Western Electric Co. of Chicago for the past few years.

Hog Prices Going Up

C. S. Whitfield, state manager for Iowa for the International Life of St. Louis, has announced his agency slogan for

March. It is "Bring Home the Bacon." And it means what it says, because for every \$1000 application written during the month, each salesman gets one pound of bacon, and ten pounds of bacon will mean one ham. Mr. Whitfield tells his men not to be afraid of getting too many bacons and hams, as the neighbors will help them eat if they win more than they can use themselves.

The Iowa agency of the International Life had a big month in February, and if March comes up to expectations, there will certainly be a shortage of smoked meat in Iowa within the next thirty days.

For Safety's Sake

There are still many men who think \$5,000 life insurance a large amount. The trouble is they have thought "\$5,000" all the time. Not once have they gotten down to hard-pan figuring and seen how much their families would get each week after they have passed away.

Five thousand dollars does sound like a big amount—in a lump sum—but the average insured would not place that



Back of NORTHWESTERN NATIONAL A Strong Board of Directors

THEODORE WOLD

THEODORE WOLD, vice president of the Northwestern National Bank of Minneapolis, and a member of the Advisory Council of the Federal Reserve Board at Washington, was elected to membership on the Board of Directors and the executive committee of the Northwestern National Life in August, 1926, to fill the vacancy created by the death of James A. Latta.

Mr. Wold came to the vice presidency of the Northwestern National Bank in 1919, after making a conspicuous record as the first governor of the Federal Reserve Bank for the Ninth District. He entered the banking business at the age of 21, at Elbow Lake, Minnesota, and was afterwards successively assistant cashier, First National Bank of Little Falls, cashier, Merchants State Bank of Winona, and president, Scandinavian-American National Bank (now Midland National) of Minneapolis, directing its affairs until 1914, when he became governor of the Federal Reserve Bank.

This is one of a series of advertisements on the Board of Directors of Northwestern National Life. Each member has been eminently successful in business, and each is in close touch with the affairs of the Company, taking an active part in its management.

**NORTHWESTERN
NATIONAL LIFE
INSURANCE CO.**
O. J. Arnold, Pres.
Minneapolis

amount in his wife's lap and depend upon her to keep it intact.

It is strange how practically every man who has life insurance rests easy in the belief that his widow is going to safely guard against loss of every dollar he may leave her. She will, according to the best of her knowledge, and it is remarkable that a number of women, without instruction along financial lines, have through hard work and earnest study, been able to keep almost intact the money left to them. But it has meant some sleepless nights to avoid the disappointment of unwise investments.

A man with \$5,000 believes the sum should last a long time. When you encounter such a prospect, write down \$5,000 and cross off the three zeros. When he asks "What's the idea?" tell him that if the whole \$5,000 was left for the widow and invested at a safe return, the \$5 remaining would represent her income per week. If she had to dip into the \$5,000 to pay his burial expenses, she would receive much less.

Do you believe \$5,000 will seem a large amount to him after you have illustrated it in this way? Now is your opportunity to speak of monthly income and the need of a monthly check for a certain amount for his widow and children—a stated sum of money to carry the home and pay for real necessities.

Ask any widow of your acquaintance as to whether a monthly income of \$100 for five, ten or more years would have been of much assistance to her when she was left to grapple with mountainous problems. She will give you facts of wonderful value for your canvass.

Get your prospect to think in bigger terms for his own and his family's sake.—(General Selling Arguments)—*Prudential Weekly Record.*

Honor D. W. Corley

Celebrating the termination of a sixty-day sales contest in honor of their agency organizer, D. W. Corley of the Des Moines branch of the New York Life Insurance Company, agents and their wives and the cashier's office force, to the number of eighty, participated in a banquet last month at the new Younker tea room, Des Moines.

Robert E. Whitney of Chicago, inspector of agencies, acted as toastmaster, and the address of the evening was delivered by Charles F. Adams, agency organizer of Des Moines, whose subject was "Power of Vision."

Opens Premium Department

The National Savings Life Insurance Company of Wichita, Kansas, will open a monthly premium department in connection with their Dallas branch office at Dallas, Texas.

Charles H. Sharrick, formerly with the Mutual Life of Baltimore, will be in charge of this department. Mr. Sharrick is one of the most widely known and successful life insurance men in the Middle West. His experience has been in the office as well as in the field, where he has served in the capacity of salesman, assistant superintendent, superintendent and manager. Mr. Sharrick has written both ordinary and industrial business. As manager of the new monthly premium department, Mr. Sharrick will, however, devote his entire time to the industrial type of business.

The dollar monthly premium policy originated with the National Savings Life, November, 1926. The policy is written on the whole life basis, the only difference between it and the other whole life policies written by the ordinary department being that the premiums are payable monthly and that the premiums are constant while the amount of protection is variable. That is, regardless of age, the premium is \$1 per month for each unit of protection. Anyone between the ages of one month and sixty years is eligible for one of these policies, and they are written on the nonmedical plan up to \$1,000 of protection.

Shows Increase for Year

The American Old Line Insurance Company of Omaha, Nebraska, from its statement at the close of business on December 31, 1926, shows an increase in admitted assets for the year of \$179,401, with a surplus to policyholders of 151,319. The company has total assets of \$579,654, and insurance in force of \$13,827,257.

Under resources the American Old Line carries \$291,400 in first mortgage loans, \$115,161 in municipal and other bonds, and cash in banks of \$95,346.

Addresses Printers Association

Chester D. Masters, vice president in charge of the Banking Department, Chicago Trust Company, addressed the Master Printers Association of Chicago, at their monthly meeting on March 17th. He took for his subject, "Hand to Mouth as Viewed by a Banker."

Thinking Backwards

Some drivers seem to think that the sign on the road crossing: "Stop, Look and Listen," was put there to warn the locomotive engineers.

Understanding

Automobilist: "I come here to make a fair settlement and you ask \$500 just because I ran over your foot—good gosh, man, I'm not a millionaire."

Injured party: "I'll have you understand I'm no centipede, either."

Agents in Three States Make April "Auto" Month

A UNIQUE insurance movement is on foot in Illinois, Indiana and Michigan, which has for its purpose the underwriting of as much automobile liability insurance during April as possible. The campaign is explained quite concisely in a recent editorial in the *Chicago Journal of Commerce*, which says in part:

"The insurance business is planning a unique method of forestalling an attack by state governments. Faced by the possible passage of compulsory automobile liability insurance laws, the insurance business is planning a tremendous campaign to induce motorists to purchase insurance voluntarily.

"For this purpose a test area has been designated. The area consists of the neighboring states of Illinois, Indiana and Michigan. The time for the test is all of next month. During that period motorists in the three states will be constantly told: 'April is automobile insurance month. Insurance in April.'

"The average man will want to know what is back of all this. Why do the insurance companies object to a law requiring motorists to take out insurance and thus pay premiums to the companies? Why this paradoxical rebellion on the part of the insurance business? And what does the business hope to gain by increasing the number of policyholders without compulsion?

"The answers are simple.

"The insurance business wants policyholders, but it wants to select them on a basis of personal responsibility. If you go out now and buy automobile liability insurance, you get a price which is held down by reason of the character and the intelligence of your fellow policyholders. If the companies accepted every Tom, Dick or Harry who asked for insurance, you would have to pay a much higher premium on your policy.

"Now, then, suppose compulsory automobile liability insurance laws were enacted in the forty or so states in which bills to that effect are now pending. The companies would have to accept every motorist. The result would be either that all rates would go up, or that the companies would be compelled to adopt a sliding scale of rates, based upon the character of the individual applicant. The state governments would vigorously fight such a move. The companies would be denounced as extortionists. Insurance rates would become a political issue. If the companies won their fight in the courts, various politicians would instantly rival each other in clamoring for protection of the poor, downtrodden motorist by means of state insurance.

"Thus the state would get into the insurance business.

"The insurance companies do not want the state as a competitor, any more than the shoe companies, the shirt companies, or the automobile manufacturing companies want the state as a competitor.

"The resistance of the insurance companies to compulsory automobile liability insurance laws is thus a resistance to state insurance.

"Such is the motive of the insurance business in its resistance.

A Twofold Motive

"What about its motive in its new drive to increase the number of voluntarily in-

sured motorists? That motive is twofold. In part it is the desire for more business, which will be welcome in April, just as it would be welcome in May, June, July, or any other month. But the overshadowing motive for the April drive is the desire to insure as many motorists as possible, so as to weaken the principal argument of those who favor compulsory insurance.

That argument is that the injured and their dependents are now often deprived of compensation, in view of the fact that motorists who commit injuries are not insured and have no money to pay damages.

"If the insurance business now succeeds in insuring a large percentage of uninsured motorists, the foregoing arguments will be materially weakened."

A single grateful thought towards heaven is the most complete prayer.— Lessing.

ROYAL UNION LIFE INSURANCE COMPANY

DES MOINES, IOWA



Royal Union Life Building, Cor. 7th and Grand Avenue, Des Moines, Iowa

Offers an unexcelled line of policy contracts.

Our Juvenile policies, written on children as young as one day old, go in full benefit automatically at age five without re-examination.

Our special low rate policies to business and professional men are fast sellers.

We write women on equal basis with men.

Special agency openings are now available. Write William Koch, Vice President and Field Manager.

Royal Union Life Insurance Company

Des Moines Iowa

A. C. TUCKER, President

Bankers Approve Compensable Rates

That banking sentiment is overwhelmingly in favor of the principle of compensable rates in forgery insurance is indicated by an analysis made public recently by the Metropolitan Casualty Insurance Company. The analysis is a summary of opinion expressed by bankers throughout the country on the system inaugurated by the company, whereby preferential rates are granted those of their assured who adopt approved means to reduce loss hazards in forgery insurance.

Of 520 letters received from 260 of the representative banks of 48 states in the country, nearly 99 per cent approved the principle operative in the Metropolitan's merit rating plan whereby discounts from the base insurance rates are granted for the use of mechanical check

protection, the discounts being graded according to the scheduled rating of the protection used.

More than 90 per cent of those indorsing the principle unqualifiedly approved the application of the discounts scheduled.

Of those who approved the principle of compensable rates, less than 9 per cent questioned the size of the discounts. Two-thirds of those dissenting on the scheduled rates believed that they might safely be reduced, while the remainder expressed the opinion that the discounts either on the check writer, on the paper, or on both, should be increased.

The interest of bankers in the plan was shown by the large proportion of letters in which the standards fixed for compensable rates were examined and discussed in detail. The letters which thus treated the subject more than perfunctorily ranged from a discussion of the relative merits

of brands of machines and check papers to the objection of one writer that he could not see why people should be rewarded with discounts for saving themselves money.

Of all the letters that discussed the classification formulated by the plan, nearly 68 per cent were in complete accord with its standards. About 65 per cent of those who mentioned the make of machine used by them named a brand in Class A of the plan.

In the discussion of safety paper, there was a sharp difference of opinion developed as to the virtue of the hidden warning in such paper, but the majority seemed to believe that this device is advantageous.

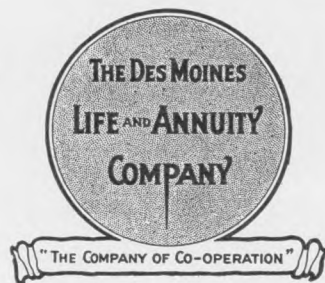
Losses Blamed on Depositors

Bank depositors, rather than the banks, are responsible in many cases for losses caused by check frauds, according to a digest of recent court decisions made public by James E. Ryan, manager of the forgery bond department of the Metropolitan Casualty Insurance Company of New York. The digest was prepared from a mass of decisions in seventeen states in which the court rulings now stand as law.

Five major cases in which losses from forgery, alteration and other frauds may be incurred through the negligent acts of the depositor are cited in the digest. They are: By the depositor prior to signing the check; in the act of signing and drawing the check; with respect to maker's custody of the check, but prior to its delivery by him to the first holder; with respect to the act of delivery to the first holder, and with respect to maker's examination of his cancelled checks after their return to him.

Analysis of decisions holding the maker of a check liable for losses gives the following summary of reasons for reaching the several decisions:

The check was carelessly drawn; it was handed to an unknown person, contrary to the rule for due diligence; the maker was negligent in leaving his check book lying around; checks were signed in blank and left in charge of an employee; due diligence was not observed to see that the check was sent to the proper person; the check alteration was so well done as not to be detected with the naked eye; forged signature was so well done as to correspond with specimen signature in bank's possession; the criminal who cashed the check had previously established his identity with the bank; the bank showed due diligence in telephoning maker's office to verify check, and a confederate answered the call and verified it; the maker was negligent in not checking over his cancelled checks immediately upon their receipt from the bank.



Planning Ahead

The man with initiative, the man who plans ahead and does things while others are thinking of them, is the man who makes the biggest success in the Life Insurance world. That is just what Des Moines Life and Annuity Cooperation is doing for its banker agents, and will gladly do for you. It would help you analyze your field and determine its possibilities and then assist in the plans for producing business.

Such is the kind of service we render willingly and gladly to all of our banker agents.

J. J. Shambaugh, Pres.

Des Moines Life and Annuity Company

Des Moines, Iowa

Fire News

The Iowa senate has passed the Model Arson bill, substantially as recommended by the National Association of Fire Marshals of North America. It reduces materially the penalties for certain types of arson, thereby making it easier for state officials to obtain full confessions on doubtful cases.

The E. R. McDonnell insurance agency of Council Bluffs, Iowa, has purchased the business of the H. B. Jennings, Jr., insurance agency of that city.

The first of a series of regional meetings of the Western Hail and Adjustment Association, was held recently in Des Moines. A number of field men and adjusters attended the session. L. G. Warder, of the Hartford Fire, Chicago, and James B. Cullison, Jr., of the Insurance Company of North America, were in attendance, and addressed the meeting. The subjects discussed by the adjusters and field men were: (1) The application and policy with a view of uniform understanding as to intent and purpose; (2) practical methods of determining losses; (3) need for uniform blanks for handling losses, and (4) cooperation among the adjusters.

The Southern Surety Company officials announced they will start at once to raze the building next to the Southern Surety building, which they already own, and will erect a new twelve story building adjoining the Southern Surety building. During the past few years, the company has outgrown its old quarters in the Register and Tribune building and various departments have been quartered in several buildings over the city. When the proposed new twelve-story structure is completed, the company will occupy six floors of it.

The general insurance department of Burns Brothers Company, Des Moines, insurance and real estate, has been purchased by the M. L. Dudley local agency. The Burns Brothers insurance business has been under the management of E. R. Holland, vice president of the company. The M. L. Dudley agency is one of the oldest local agencies, and has offices in the Insurance Exchange building. M. L. Dudley is president and M. L. Cremer, secretary.

Seaboard National

At the annual election of officers of the Seaboard National Bank of the City of New York, the following changes in the official personnel were made:

John A. Burns, formerly vice president and trust officer, now a vice president.

William A. B. Ditto, formerly assistant cashier, now assistant vice president.

Frank E. Frazier, assistant vice president (new).

Egbert V. Nelson, formerly assistant trust officer, now trust officer.

Willard Schenek, assistant cashier (new).

G. Kellogg Rose, Jr., assistant cashier (new).

Wyllys P. Ames, assistant cashier (new).

Charles C. Fagg, assistant cashier (new).

The following were also appointed assistant managers of the foreign department: P. McGovern, H. R. Robinson, A. C. Stousland, John R. Lynch.

in New York state. The statement, which is narrative in form, is being distributed throughout the country among bankers, legislators and other influential men as part of the committee's nation-wide campaign to promote the adaptation in other states of New York's successful methods of suppressing crime. Last year, the committee strongly commended the Baumes laws and has repeatedly called attention to the need of greater celerity and more drastic punishment for criminal offenders, the strengthening of the local and state police and constabulary forces and other principles of crime control as embodied in the Baumes law.

Issue Statement on the Baumes Laws

The protective committee of the American Bankers Association has issued a statement describing the effective way in which the Baumes laws have curbed crime

Let me say amen betimes, lest the devil cross my prayers.—Shakespeare.

No man ever prayed heartily without learning something.—Emerson.

Do You Live in One of These Four Towns?

CLINTON
COUNCIL BLUFFS
DUBUQUE
FORT DODGE

We have an interesting District Agency proposition we would like to make to you. Insurance experience essential. We will also train and help you.

MISSOURI STATE LIFE INSURANCE COMPANY

M. E. Singleton, President Home Office, St. Louis

Life Accident Health Group

MAIL
COUPON
TODAY

B. C. Thurman, Manager, Des Moines Branch,
618 Insurance Exchange,
Des Moines, Iowa.
Please send me information regarding your proposition
for District Agency.
Name
Address

How Life Insurance Companies Are Investing Their Funds

SPEAKING on the subject, "Insuring Economic Life Through Life Insurance Investments," at the twentieth annual convention of the Association of Life Insurance Presidents recently in New York City, Frederick H. Ecker, vice president of the Metropolitan Life, made some interesting comment on the investment history of the various big life companies.

Mr. Ecker had this to say relative to the distribution of total investments, as illustrated by the chart on this page:

"Taking, first, the subject of mortgage loans, let us briefly review the situation relating to farm mortgages. From 1906 to 1920, agricultural production and agricultural wealth were on a generally increasing scale year after year, which was rapidly accelerated by the influences arising out of the World war. With the depression which began in 1920, there was a marked decline in agricultural values. In 1921, the total farm indebtedness of the country was approximately \$13,000,000,000, and this had declined in 1926 to \$12,250,000,000. This figure relates to the farm indebtedness as a whole and not

merely to the indebtedness represented by real estate mortgages on farms. Nevertheless, while the farm indebtedness was thus reduced \$750,000,000, farm mortgage loans from life insurance companies increased by \$638,000,000. For the twenty-year period, the farm mortgages of the life insurance companies increased from \$268,000,000 to \$1,960,000,000. Thus the life insurance companies furnish nearly one-sixth of the sum necessary to carry the farm indebtedness of the United States. Of the entire admitted assets of the companies, 9.3 per cent was devoted to farm mortgages in 1906 and 16.5 in 1926.

City Property Mortgages

"The other branch of the mortgage loan business of the companies, loans on city properties, furnishes a striking illustration of the way in which life insurance funds keep pace with the necessities of the investing public so as to respond, so far as possible, to the greatest need. In 1906, mortgage loans on city properties amounted to \$552,000,000 or 19.2 per cent of the admitted assets, whereas in 1926

such loans amounted to \$3,123,000,000 or 26.3 per cent of the admitted assets. The tremendous increase in building from 1921 to 1926 is reflected in the increase in city loans from \$1,252,000,000, to \$3,123,000,000.

"It may be well at this point to emphasize the extent to which life insurance funds are sought to be invested so as to be of the greatest benefit to the whole public. Loans for agriculture are not only of direct benefit to the individual borrower, but are of immeasurable benefit to the country as a whole. Loans for housing and business purposes in the cities are not only a necessity, but also furnish the means by which labor may be employed and, indirectly, the means by which a market may be furnished for the products of the agricultural community.

"In the field of bond investments, one naturally thinks first of loans for governmental purposes. Prior to the issue of United States government securities in connection with the World war, the life insurance companies held bonds of the national government to the extent of less



Iowa bankers should do business with this strong Iowa company, which has gained a country-wide reputation as a "National Institution of Service."

The Federal Surety Company is managed by experienced underwriters, and has from its conception built for STRENGTH rather than size.

Backed by Federal Service, these lines are written—
Accident and Health, Automobile, Burglary, Plate Glass, Public Liability and Workmen's Compensation Insurance, and Surety Bonds.

FEDERAL SURETY COMPANY

CASUALTY INSURANCE

SURETY BONDS

W. L. TAYLOR, Vice President and General Manager

HOME OFFICE

DAVENPORT, IOWA

than one-tenth of one per cent of their total assets. In 1919 the ratio was 11.5 per cent, illustrating, again, the response of the life insurance business to the most important demands from time to time. As new financing on the part of the government diminished, life insurance funds flowed into other channels and, in 1926, the companies held such securities to the extent of about 4 per cent of their total assets.

"Investment in state, county and municipal bonds increased during the twenty-year period from \$104,000,000 to \$344,000,000. This form of security, however, is more readily absorbed by other classes of the investing public, by reason of tax exemptions and so, as is to be expected, the portion of total admitted assets of life insurance companies, invested in such securities, has decreased from 3.6 per cent to 2.9 per cent.

"With respect to investment in foreign government securities, it is significant that, whereas the investments of the companies in securities of countries other than Canada increased from \$65,000,000, or 2.3 per cent of the assets in 1906 to \$139,000,000 or 2.6 per cent of the assets in 1916, they have, since the war, decreased to \$24,000,000, or to one-fifth of 1 per cent of the assets. On the other hand, during the twenty-year period, investments in Canadian government securities increased from \$22,000,000 or eight-tenths of 1 per cent of the assets, to \$261,000,000 or 2.2 per cent of the assets.

Railroad Securities

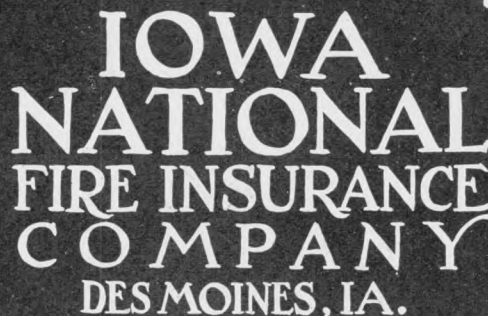
"Investments in railroad securities have increased, during the twenty-year period, from \$1,002,000,000 to \$2,435,000,000. This increase of 143 per cent represents, nevertheless, a decrease in ratio of railroad securities to total assets from 34.8 per cent in 1906 to 20.5 per cent. The total funded indebtedness of the railroads during the period increased 85 per cent so that while the life insurance companies now hold a smaller proportion of railroad investments, as compared with total assets, than was the case twenty years ago, they have met the demand for funds on the part of the railroads to a greater proportional extent than at the beginning of such period.

"A superficial consideration leads many to believe that life insurance investments in railroad securities do not afford such benefit to the public as do investments in farm and city mortgages, but this view overlooks the general economic and social welfare of the people as a whole. Ample and efficient transportation facilities are, as has many times been demonstrated, a vital necessity in the interrelations of the people under our modern civilization. Great cities depend upon transportation for the daily food supplies. If the transportation machine is thrown out of gear tragic results are to be anticipated. The

Confidence ...

Confidence is the keystone around which the success of this company has been built. The people of Iowa have confidence in the Iowa National Fire because of the service it has given them in the past.

*Fire
Lightning
Tornado
and
Automobile
Insurance*



**IOWA
NATIONAL
FIRE INSURANCE
COMPANY
DES MOINES, IA.**



Hotels of Hospitality

- Hotel Fontenelle.....Omaha, Neb.
- Hotel Chieftain.....Council Bluffs, Iowa
- Hotel Lincoln.....Lincoln, Neb.
- Hotel Rome.....Omaha, Neb.
- Hotel Montrose.....Cedar Rapids, Iowa
- Hotel Capital.....Lincoln, Neb.
- Hotel Martin.....Sioux City, Iowa
- Hotel Norfolk.....Norfolk, Neb.
- Hotel Carpenter.....Sioux Falls, S. D.
- Hotel Cataract.....Sioux Falls, S. D.
- Hotel West.....Sioux City, Iowa
- Hotel Magnus.....Cedar Rapids, Iowa
- Hotel Evans.....Columbus, Neb.

*"Unchanging
Rates
are Posted
in Every
Eppley Room"*

Operated by Eppley Hotels Company

recently increased efficiency of our railroads has demonstrated their beneficial influence upon the commercial life of the nation and has lately been the subject of much favorable comment.

"Investments in public utility securities have increased tremendously during the twenty-year period. In 1906, the companies had so invested \$134,000,000 and they now have \$819,000,000, representing an increase from 4.7 per cent to 6.9 per cent of total admitted assets. In 1906, the major portion of public utility investment was in street railways, whereas today by far the larger portion is invested in connection with companies supplying

light, power, heat, telephone and other similar service for home and business uses. As an illustration of how these investments tend to benefit individual citizens, it is reported that 17,000 new customers were added to rural electric lines in Pennsylvania during 1925 and that, throughout the United States, more than 1,000 farms per month are being added to the service lines of the different electric light and power companies. Life insurance companies, owning, as they probably do, more public utility bonds than any other class of investors, are thus directing their funds into a channel of distinct service to the community.


The Policy Loan

"One form of investment perfectly secured but not to be encouraged in the interest of policyholders, is the policy loan. The amount of such loans which a company is obliged to make by reason of legal and contractual requirements, is not controllable under any form of investment policy on the part of company officials. Demands for policy loans are seen to follow closely the swing of business conditions. In times of general stress, policy loans increase, but the companies use every means to impress upon policyholders and beneficiaries the well-known fact that policy loans really tend to defeat the object for which the life insurance was originally procured. It is doubtful whether much of the money loaned on life insurance policies really finds its way into productive channels. At the beginning of the twenty-year period under consideration, the life insurance companies which have furnished data, had policy loans and premium notes to the amount of \$255,000,000 which was 8.9 per cent of their assets. This ratio increased to 14 per cent in 1916, but has now declined to 12.1 per cent.

"Real estate, as such, is not a proper subject for the investment of the funds of life insurance companies. Real estate holdings of such companies are practically confined to home office buildings. The amount of assets invested in real estate increased from \$156,000,000 in 1906 to \$214,000,000 in 1926. It is significant, however, that the ratio of real estate assets to total assets decreased during that period from 5.4 per cent to 1.8 per cent.

"A novel bit of legislation may well be noted at this point. During the recent period, when there was such a scarcity of housing facilities, the legislature of the state of New York authorized life insurance companies, under certain limitations, to invest funds in housing projects. One company responded to the demand in this direction by the investment of some seven millions of dollars in a housing project within the corporate limits of the city of New York. This investment served not only to relieve the existing shortage in shelter accommodations for those moderately circumstanced, but also as a demonstration that buildings for such purposes could actually be constructed of attractive design and under healthful conditions, with all outside rooms, steam heat and modern improvements, to rent for not more than \$9 per month per room. This demonstration, it may be said in passing, was in every way successful and, from a financial standpoint, yields a net return of 8.8 per cent, under which the company credits 6 per cent to interest income and 2.8 per cent to amortization of the cost of the improvements.

"A particularly good illustration of the constant effort on the part of life insurance companies to utilize most produc-



Community Service

Bankers are beginning to realize the importance of Life Insurance in their communities. Life insurance today is one of the greatest constructive agencies for the advancement of town and country. It not only serves your community, but it can also be made a direct source of profit to your bank.

Our Company gives real cooperation—the kind that has helped many bankers build their insurance department to a strong, profitable source of income.

**NORTH AMERICAN NATIONAL LIFE
INSURANCE COMPANY**

OMAHA ~ NEBRASKA

F. J. UEHLING
PRESIDENT

STRONG AS THE STRONGEST

tively funds of their policyholders in directions which are conducive to the best interest of the public, may be found by comparing the amounts of cash held, as related to total assets in 1906 and to 1926. In 1906, 2.3 per cent of the total assets of the companies were represented by cash on hand, whereas this proportion has now been reduced to .9 per cent.

You must confine yourself within the modest limits of order.—Shakespeare.

New Housing Loan Records

The Metropolitan Life Insurance Company in 1926 broke all its previous housing loan records by authorizing 22,150 loans for a total of \$141,682,337 which exceeds the 1925 figure by approximately \$40,000,000.

Authorization of the loans was made principally for the purpose of constructing one and two-family dwellings and moderate priced apartment houses. The housing provided accommodations for 33,947 families, as compared with 25,400 in the preceding year. The greatest number of loans were made outside of greater New York, the total number of dwellings being 21,228 and 390 apartments, for a total of \$111,817,687, accommodating 28,659 families.

At the end of 1926 the Metropolitan Life had completed seven years in which it has followed the policy of loaning on apartment houses and one and two-family dwellings, and, in the period since January 1, 1920, the total number of housing loans has been 74,048 aggregating \$485,469,156 to accommodate 129,941 families.

A Business Statesman

The account of the elder J. P. Morgan, as given by Judge Gary in the *Saturday Evening Post*, is probably the best analysis of that great man's character ever written. Morgan's brilliance, his energy, his firmness, his fair-mindedness, his utter trustworthiness, are finely portrayed.

"In my opinion his was the most constructive mind we have had in the whole business history of our country," says Judge Gary. "He is ranked by all as a great financier, but he was more than that. If ever there was a business statesman it was J. P. Morgan."

One evidence of Morgan's business statesmanship that is not stressed by Judge Gary was his perception of the need for better organization in business. Morgan saw, as few men did, that the business organization of the world was in a kindergarten state. Even today the world is marvelously unorganized. Tremendous economic wastes are taken for granted because it is assumed that modern industrial organization is in an advanced state. It is not. Far more organization is coming. Business statesmanship will promote it.—From *Chicago Journal of Commerce*.

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Position Wanted: By young man as bookkeeper, teller or assistant cashier, where there is chance for advancement. Now employed in bank. Good reason for change. Can furnish best of references. Available at once. Also will consider position with C. P. A. Hold diploma of C. P. A. training course. Address K. A. Coates, Chapin, Iowa—4-5.

Wanted: Position of assistant cashier in a good progressive bank with future. 30 years of age, married. Ten years of banking experience in Iowa and Nebraska banks. Available on short notice. The very best of reference can be furnished. Address No. 2969, The Northwestern Banker—4.

Wanted Connection in Good Iowa Bank. Experienced. Good education and best of references. Address No. 2972, the Northwestern Banker—Indef.

Cashier, having 13 years, banking experience, desires change. Eight years with present employers. Married. Age 33. Experienced in all branches of country banking. Address No. 2968, The Northwestern Banker—3-4.

Position wanted as assistant cashier: Young man with University education, also banking and business experience. Excellent references can be furnished. Address No. 2967, The Northwestern Banker—Indef.

Assistant Cashier now employed desires change where there is good opportunity for advancement. Ten years' general banking in state banks of Nebraska. Know all departments. Best of recommendations. Available March 1st to 15th. Address No. 2955, The Northwestern Banker—2-3.

Wanted: To buy about 350 two key lock safety deposit boxes. Address No. 2964, The Northwestern Banker—3-4.

Banking position wanted by man of several years banking experience in Colorado and Illinois. Age 38, Protestant. Married. Address No. 2965, The Northwestern Banker—3.

Married Man 33 Years Old, now employed in a bank, would like to make a change. I am familiar with country bank work and would prefer work in such a bank as assistant cashier. I can give the best of references, also my present employer as reference. I can also take some stock in a good bank. Available after June 21 or sooner. Address Northwestern Banker, No. 2971—4.

Bankers, Investment and Insurance Managers: Married man over 12 years' successful banking experience, desires connection offering future. Familiar every country bank department including foreign exchange, real estate, insurance, state and federal corporation and individual income tax, sales clerk, purchasing commercial paper and bonds, legal forms, cost and revenue analysis important departments of bank, stenography, etc. Seven years' experience loans and discounts, collections. A tireless worker in prime of life and willing to prove my worth. Will consider auditor country banks, representative, assistant or secretary to executive or manager and other responsible positions. Interview feasible. What have you to offer? Address No. 2966, The Northwestern Banker—3-4.

Executive Bank Position Wanted: With 20 years' successful banking experience, both state and national banks in executive capacity. Married. Good reputation for ability and genial aggressive personality. Protestant and lodge affiliations. Consider any desirable point, middle west, east or south modern conveniences. Satisfactory references furnished. Address EBC, The Northwestern Banker—Indef.

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Research work on banking subjects, and speech writing to specifications. Edward West, 500 Fifth avenue, New York.

We have plenty of money for loans on Canada land that is under cultivation. Write Box 1038, Cedar Rapids, Iowa—3-4.

Wanted: Vault doors, safe, check and deposit files with or without cabinet and safe deposit boxes. Give prices with descriptions. Address No. 2962, The Northwestern Banker—3-4.

Position Wanted as cashier or assistant cashier by young man now employed as assistant cashier. Ten years banking experience. Clean record and can furnish A-1 reference. Address Northwestern Banker, No. 2970—4.

Senator Walsh's Service

There was a Herculean task undertaken by Senator Walsh of Montana when he set out to discover and expose the corruption of the oil lease. His labors have now come into full fruition by the unanimous judgment of the United States supreme court.

The charges he made against the unholy alliance between Doheny and Fall are confirmed with an authority and finality from which there can never be an appeal. The Augean stables are cleansed.

It was more than an investigation. It was in the nature of a crusade. Here he was, a lonely figure, attacking the citadel of vast wealth and highest official prestige, with their incalculable resources, material and moral. The task called for resolution, fortitude and patriotic passion of the highest character.

Atop of all this was the fine deportment of the man. There was never an indication of personal vindictiveness or partisan rancor in his work.

Senator Walsh has rendered an invaluable public service. We are all his debtors.—St. Louis Post-Dispatch.

There can hardly, I believe, be imagined a more desirable pleasure than that of praise unmixed with any possibility of flattery.—Steele.



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South Dakota Bank News

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County Bankers Elect

E. W. Radeke, of Alexandria, South Dakota, has been elected president of the Hanson County Bankers' association for the coming year. Other new officers are: vice president, C. T. Coyne, Emery; secretary, Julius Bertsch, Fulton; treasurer, Richard Fluth, Emery. Following the election the bankers and their wives were guests at a banquet given by wives of bank officers at Fulton.

Banks Merge

Consolidation of the Putney State Bank of Putney with the First State Bank of Claremont, South Dakota, has been completed. The business will be conducted at Claremont.

Hold Annual Meeting

The annual meeting of the stockholders and directors of the Citizens State Bank, Mobridge, South Dakota, was held recently at which time all the officers and directors were reelected. M. E. Beckley of Minneapolis and Oscar A. Olson of Timber Lake attended the meeting. The directors reelected are W. F. Mailand, F. M. Regan, M. E. Beckley, W. P. Jones, and Oscar A. Olson. The officers are as follows: W. F. Mailand, president; M. F. Beckley, vice president; F. M. Regan, vice president; W. P. Jones, cashier. The bank had a very satisfactory year during 1926 and all the officers and directors look forward to much better conditions the coming year.

New Building

Among the important building projects in Britton, South Dakota, this spring will be the erection of a two-story structure to replace the Farmers and Merchants bank building which was destroyed by fire. The greater part or all of the ground floor will be occupied by the bank.

Bank Opens

The Farmers' State Bank of Lester-ville, South Dakota, opened its doors to the public recently. The bank is the result of the consolidation of the Farm-

ers' State Bank and the Community State bank of Lesterville.

The capital stock of the reorganized institution is \$25,000 with a surplus fund of \$5,000.

The officers of the Farmers' State Bank are: president, J. A. Weiland; vice president, John Ripple; cashier, A. J. Weiland; and assistant cashier, H. J. Auch. The directory consists of the officers named and F. J. Koblas.

Reorganized

At a meeting of the stockholders of the Citizens State Bank of Arlington, South Dakota, the following officers were named: president, G. H. Glendenning; vice president, Martin Peterson and C. W. Quinn; cashier, C. P. Swift and assistant cashier, C. P. Stanwood.

The directors of the new bank are Martin Peterson, W. W. Brown, G. H. Glendenning, John Bonde, Edward C. Paulson, C. W. Quinn and C. P. Swift.

The new institution is capitalized at \$25,000 with a surplus of \$2,500, making the capital and surplus \$27,500.

Bank Clearings

Sioux Falls, South Dakota, bank clearings for February, 1927, exceed the same month of last year by \$2,557,117.45. The figure for February, 1927, is \$6,704,230.79, whereas the figure for the same month of last year is \$5,147,013.34.

The total amount for the two preceding months was greater than the amount of last month. In the month of December, 1926, the total bank clearings for the city of Sioux Falls aggregated \$7,161,331.42.

The total of the bank clearings in January was \$7,391,493.63.

Fifteen Banks Opened

Fifteen banks have reopened in South Dakota since the first of the year. Those which reopened, with the date for each are as follows:

Bank of Aurora, January 3; Bank of Centerville, January 3; First State bank, Wesley, January 3; First State bank, Onida, January 8; Bank of Bruce, Jan-

uary 10; Security Bank & Trust Co., Webster, January 10; Alcester State bank, January 15; Beresford State bank, reopened to be consolidated with Security State bank, Beresford, January 17; Volin State bank, January 24; First State bank, Hetland February 1; Bryant State bank, Bryant, February 9; Farmers State bank, Lesterville, February 10; Bank of Alpena, Alpena, February 15; Farmers State Bank, Elk Point, February 16.

Amend Guaranty Law

In passing Senate Bill 104, which contains amendments to the original Guaranty Law, the South Dakota legislature took a decided step in strengthening the going banks of the state, and also recognized the voice of the people regarding the repeal of the law which was expressed at the election last November.

Thomas O'Brien, chairman of the Legislative Committee for the South Dakota Bankers Association, comments on the action of the legislature as follows:

"It was apparent from the result of that election that the majority of those who voted felt that the legislature should not permit the state banks of the present to escape the payment of one-fourth of one per cent of their average daily deposits into a fund for the protection of the depositors. The legislature therefore has passed Senate Bill 104 by the terms of which every state bank now in existence or every state bank to be organized must continue paying into a guaranty fund the same rate which the law previously required them to pay.

"The legislature recognized, however, that the income to the guaranty fund is entirely inadequate to meet its liabilities, and that the distribution of the fund which would be obtained by continuing the guaranty fund to the creditors of banks already closed would be almost an impossible task, since the annual distribution of the fund to about two-thirds of the creditors would necessitate the issuance of a thousand checks averaging less than ten cents each. Therefore, with this apparent helpless position of the old guaranty fund before it, the legislature has provided in this new act that assessments to be collected in the future should be appropriated for a use that would be of some benefit to the creditors of going banks. The legislature felt that the depositors of open banks are entitled to protection in as much as the losses in the banks that had closed in the past were not losses that could be attributed to the banks that are now open. Therefore it provided that the guaranty fund assessment to be collected in the future should be maintained as a fund with the state treasurer for providing protection to the depositors of each individual bank by whom the assessment is paid.

"A third important feature of the new

act is the wider scope of the duties and powers of the Guaranty Fund Commission in regulating the banks. Stricter supervision over applications to engage in the banking business are provided, and the commission has the final word as to the fitness of all officers appointed by the directors of any bank. The commission will also have the full power at all times to inquire into the business and affairs of all banks under its supervision, and the directors of every state bank must within five days after the election of any officer of such bank forward to the Guaranty Fund Commission the names of such officer together with such other information as may be required."

New Director

Election of Clifford Peck, vice president and secretary of the Brown Drug Co., and manager of the Peck properties, as a new director of the Citizen's National bank, Sioux Falls, South Dakota, was announced recently by W. E. Stevens, president of the bank. Mr. Peck is also a new member of the board of directors of the Sioux Falls agricultural credit corporation.

Consolidated

The Bryant State bank and the Merchants State bank of Bryant, South Dakota, have been reorganized as a consolidated bank under the name of Bryant State bank, and have reopened for business according to the state banking department.

Meet in Aberdeen

Gathering at the Chamber of Commerce building in Aberdeen, South Dakota, for their annual meeting, members of the Brown County, South Dakota, Bankers' association convened to elect new officers to handle the affairs of the organization during 1927, and to

take up other business matters. Representatives of 15 Brown county banks were present, and a very successful conference was reported.

An Aberdeen banker, S. L. Allen, was chosen as president for the ensuing year. John H. Kissinger, Hecla, will take over the duties of vice president, and W. M. Russell will act as secretary-treasurer.

The officers who are retiring after being active during 1926 are Don W. DeVey, Westport, who was president, and Earl Wickland Stratford, who held the Secretary-treasurer's office. S. L. Allen last year was vice president.

Preparations were laid for the group meetings which will be held this spring, and for the state meeting which will follow. The group meetings are held throughout the state, at which time the issues which are to arise at the state convention are discussed.

Granted New Charter

The Belvidere State Bank, Belvidere, South Dakota, has received a renewal of its charter having passed the twenty years for which the charter was originally granted. The old charter was dated March 2, 1907, and at that time the railroad was not completed to Rapid City. The homesteaders were just coming to the country at that time and the town of Belvidere had just been established a short time before.

Hold Midwest Savings Conference

The Midwest Regional Savings conference was held in St. Louis, March 29 and 30, under auspices of the American Bankers Association.

A well-balanced but busy two-day program was scheduled for the representatives who came from banks in fifteen states, including North and South Dakota,

Nebraska, Kansas, Oklahoma, Texas, Minnesota, Wisconsin, Alabama, Iowa, Missouri, Louisiana, Mississippi, Arkansas, Tennessee and Illinois. This was the third regional conference of the year, one being scheduled at Oakland, California, on March 17 and 18 and the other at Cleveland, March 24 and 25. A fourth one will be conducted at Washington, D. C., April 7 and 8.

The program for the St. Louis meeting included speeches from leaders in the savings bank field and a number of round-table discussions, where everyday problems were threshed out. The speakers and their subjects on March 29 were:

Address of welcome, John G. Lonsdale, president of the National Bank of Commerce in St. Louis and head of the St. Louis Clearing House.

Address by W. R. Morehouse, president of the Savings Bank Division of the American Bankers Association and vice president of the Security Trust and Savings Bank, Los Angeles.

"Competition for the Savings of the Peoples," by Rome C. Stephenson, president, St. Joseph Loan and Trust Company, South Bend, Ind.

"Methods of Procuring New Business," John W. Rubecamp, assistant cashier, Illinois-Merchants Trust Company, Chicago.

"Building Savings Balances," Gaylord F. Morse, assistant cashier, State Bank, Chicago.

Address by Noble R. Jones, savings manager, First National Bank of St. Louis.

"Organizing and Building a Savings Department," Arthur R. Cooney, assistant vice president, Texarkana (Texas) National Bank.

"The Value of Savings to the Community," C. B. Mudd, cashier, First National Bank, St. Charles, Mo.

"The Dilemma of Thrift," F. S. Wet-tack, cashier, First National Bank, Coffeyville, Kan.

A banquet was held on the evening of March 29, at which Walter B. Weisenburger, vice president of the National Bank of Commerce in St. Louis was toastmaster. Speakers at this gathering were Fred N. Shepherd, executive manager of the American Bankers Association, and Eugene Angert, a St. Louis attorney.

The program on March 30th, the closing day, was as follows:

"Savings Bank Taxation and Other Handicaps," W. S. Webb, president, Missouri Savings Association Bank, Kansas City, Mo.

"Printed Figures Versus Pen and Ink," Stephen C. Thorning, manager savings department, First National Bank, Kansas City, Mo.

"School Savings," Paul S. Abt, vice president, Southern Illinois National Bank, East St. Louis, Ill.

"Fashions Have Changed in Savings," Mrs. L. D. Sultzer, manager, savings de-

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"Developing the Bank's Personnel," Fred W. Ellsworth, vice president, Hibernia Bank and Trust Company, New Orleans.

Canadian News

Mr. Cecil Harmsworth, head of the board of directors of the London *Daily Mail*, has been telling the Ottawa press how scarce he finds English news in the Canadian papers.

There are times when we wish we could get more English news on the moment. But if the whole truth must be told, it is that the balance of quantity is tremendously in favor of our own papers, when it comes to a comparison between English news in Canada and Canadian news in England.

There are of course many factors operative on both sides of the Atlantic affecting the quantity of news published from various sources.

England is, for news purposes, part and parcel of all Europe. She is also the news center of the civilized world. Canada similarly is part and parcel of the North American continent. But there is no reason why a local eruption in, say, Latvia, should receive more space in the British press than important developments in Canadian expansion. Yet that is often the case.

The man in the street in England is far less intimately acquainted with Canadian affairs than he is with those of, say, Poland, so far as the British newspapers are concerned. Yet Canada is of infinitely greater importance to him than Poland.

Canadian newspapers do their very best to keep their public fully acquainted with all matters of moment in the old country, and they largely succeed. It would be a far stretch of the imagination to say the same about the British press.—*Montreal Star*.

Hit the Spot

A Texas plantation owner had given one of his old darkeys a cigar that he had kept in his pocket for quite some time. On seeing the darkey later he inquired, "Well, Rastus, how did you like that cigar?"

"It was just right, Colonel, just right."

"What do you mean by just right?"

"Well, Colonel, if it was any better 'n 'twas you'se wouldn't give it to me, and if it was any worse I'se wouldn't smoke it. It was just right."—*Forbes*.

Realize Their Responsibilities

The responsibility of a public utility to the community in which it is located was dwelt upon recently in New York by Henry M. Brundage, president of the Empire State Gas & Electric Associa-

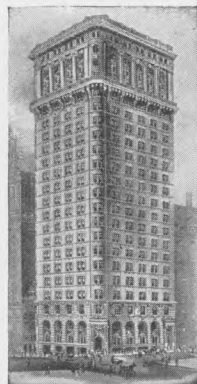
tion. Mr. Brundage is a vice president of the Consolidated Gas Company of New York.

"Public utilities feel and acknowledge a heavy responsibility to the communities they serve," Mr. Brundage said. "The very nature of their place in the scheme of things imposes it—a far weightier responsibility than rests on most classes of business. When a gas or electric company assumes the obligation of furnishing service, it binds itself to do something which vitally affects the comfort, happiness material welfare and, under certain circumstances, the safety of life of the people of the community."

Mr. Brundage further said: "Rates are established for the various classes of users of service which will produce revenue sufficient to pay the cost of the business. These costs include taxes and a fair return on the value of the property used in furnishing the service. The fair return on the investment is the wages paid to capital, and must cover interest on bonds and dividends on stocks, if the company is able, by capable and efficient management to earn such dividends. The law allows this return, which commissions and courts have interpreted as meaning not to exceed 8 per cent on the value of the property."

Modesty is the only one sure bait when you angle for praise.—Lord Chesterfield.

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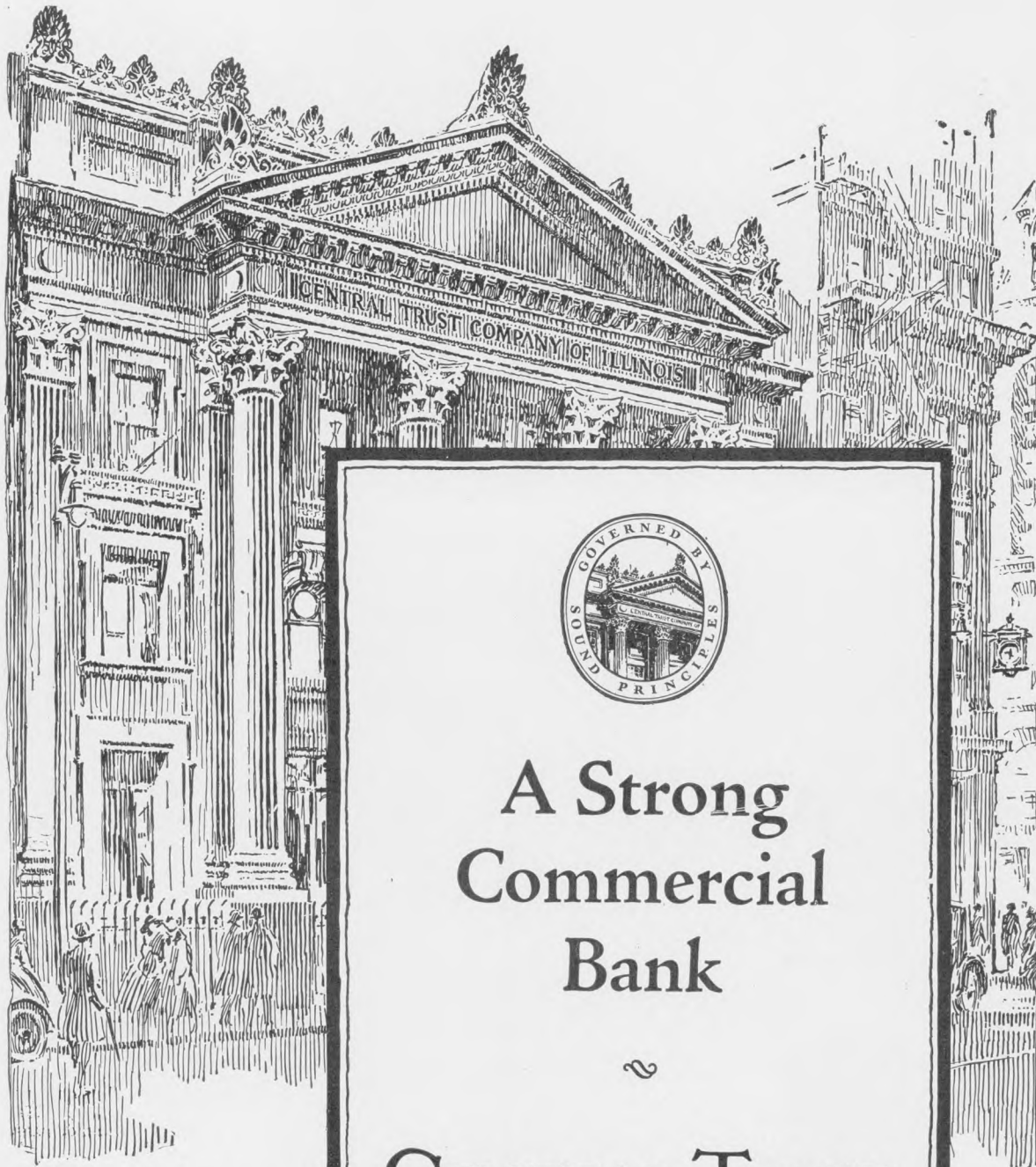
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E. C. DAVENPORT
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WM. B. HUGHES
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shareholders have bought all of the interests in the institution of Mr. and Mrs. Clarence Bickel, now of Lincoln. New officers have been elected as follows: Geo. T. Ovenden, president; Jacob Sprecht, vice president; Ernest Frisch, cashier; Miss Louise Brehm, assistant cashier; members of board of directors, George T. Ovenden, Jacob Sprecht, Ernest Frisch, R. W. Sennen, H. H. Schacht, C. P. Brehm and H. W. Holtgrewe. The bank has a capital stock of \$25,000. Mr. Bickel was formerly cashier of the institution.

Changes to State Bank

The First National Bank of Bassett, Nebraska, has been converted to a state bank under the name of the Bassett State Bank with an authorized capital of \$50,000, and a paid up capital of \$25,000 and \$5,000 surplus. A charter to the state bank has been issued by Secretary Bliss of the department of trade and commerce. The officers of the bank remain the same, J. M. Flannigan of Stuart, president; M. J. Lipman, vice president; V. A. Stockwell, cashier and E. A. Flannigan, assistant cashier. In converting a national bank to a state bank the law requires payment of a premium of one per cent of deposits to be paid to the guaranty fund. This has been collected. The new bank will further pay the regular assessment of the guaranty fund as levied upon state banks in the future.

Sells Interest

C. W. Tiabert, who has had controlling interest in the State Bank of Ellis, Nebraska, for the past several years, has disposed of his interests in the bank to the other two directors and will locate in Chicago. Charles Bonham of Beatrice, former employe of the bank, has again assumed control.

With Commercial Bank

Charles L. Lear of Ainsworth has accepted a position with the Commercial Bank at Bassett, Nebraska. Mr. Lear has had nine years of banking experience in Nebraska and South Dakota banks.

Declare Usual Dividend

At the annual meeting of the directors of the Obert, Nebraska, State Bank, held recently the usual dividend was declared. Directors were elected as follows: W. S. Weston, C. A. Pederson, O. O. Gilbertson, L. Nedergaard, and E. F. Robinson of Orlando, Fla., who was elected to take the place of his father, the late J. C. Robinson. The officers elected are: W. S. Weston, president; C. A. Pederson, vice president, and L. Nedergaard, cashier.

President Resigns

On account of the serious and continued illness of E. K. Kimmerly, who several months ago became president of the Seven Valleys State Bank, Calloway, Nebraska, he has resigned that position. His stock in the bank has been purchased by S. C. Waldron, and Mr. Waldron has been elected president of the Seven Valleys State. The remaining officers of the bank will continue as for some time past. Dr. R. D. Bryson being vice president, J. I. Christansen, cashier, and Hoyt Lower, assistant cashier.

Start New Building

The building program in Aurora, Nebraska, started recently when the First National Bank let the contract for its new bank building on a prominent corner and workmen began the tearing down of the old building. The new building will be one story in height and occupy a space of 50 by 44 feet. It will be modern in every way and will be on a corner well located near the postoffice.

The old building being torn down to permit the construction of the new one is one of the historic business places of the town and many years ago was occupied by a bank which was the predecessor of the First National. For a good many years the First National Bank has owned this location, intending some time to build. The officers of the First National Bank now are F. C. Mather, president; G. W. Sandin, vice president; L. C. Opper, cashier; Arnold Isaacson, assistant cashier.

Assistant Cashier

R. S. Hutchinson has been installed in the First National Bank of Albion, Nebraska, as assistant cashier, taking the position made vacant by the resignation of Lee Hallstead. Mr. Hutchinson has been with the Bull-Howell Motor company for the past four or five years and previous to his services there, served two terms (six years) as county treasurer.

Reorganized

The Cook State Bank of Cook, Neb., has been reorganized. Thirty-six new

Changes to State Bank

The First National Bank of Bassett, Neb., has been changed to a state bank, with the name of Bassett State Bank, an authorized capital stock of \$50,000.00, and a paid up capital of \$25,000.00. Surplus is \$5,000.00.

J. M. Flanagan, former president of the Nebraska State Bankers association, is president of the new bank. The other officers are James Lipman, vice president; V. A. Stockwell, cashier; A. E. Flanagan, assistant cashier.

The conversion was announced by C. G. Bliss, secretary of trade and commerce. A premium of one per cent on all deposits must be paid the state guaranty fund, in changing a national to a state bank.

Resigns Position

Earl Horner, assistant cashier of the Citizens Bank, Beaver Crossing, Nebraska, for the past seven years, has resigned his position. He has made no permanent plans although he has several positions under consideration.

Sells Out

W. F. Ruzicka, vice president of the First State Bank at North Bend, Nebraska, resigned after selling his stock. He announced that he would engage in the banking business in some other Nebraska town.

Agricultural Advisor

Russell Kendall, who recently completed his course at the state agricultural college, has joined the personnel of the Packers' National Bank at Omaha, Nebraska, in the capacity of farm advisor. He will cooperate with live stock feeders and farmers in various lines of development. At present he is helping to organize pig, calf and corn clubs in Sarpy county. Mr. Kendall was a farmer before starting to college, was a member of the meat judging team that took first honors at the international stock show in Chicago last fall and had charge of the college hogs that were shown at the Denver and Kansas City shows.

Annual Meeting

The Farmers State Bank of Nickerson, Nebraska, held their annual stockholders' meeting recently and reports showed a successful year. The following are the officers and directors at the present time: H. W. Moeller, president; Wm. Lallman, vice president; Herbert Koyen, cashier; Ed F. Langhorst, Ed Clough and George Ruff, directors.

Goes to South America

George H. Stevenson of Nebraska and formerly in the farm loan business, has been engaged to advise the Peruvian government in the establishment of a system of rural credit banks.

Since May, 1923, he has been associated with the Federal Farm Loan bureau.

Mr. Stevenson is former president of the Baltimore Federal Land Bank. He also served as examiner for the federal land banks in Nebraska and other western states, and as an expert in agricultural extension for the department of agriculture.

Appointed Cashier

Louis Wittenberger has been appointed cashier of the Commercial Bank of Grant, Nebraska, to fill the place vacated by the resignation of D. A. Sawyer.

Mr. Sawyer will move with his family to Kearney within a short time. He plans to give his time to the development of Kearney property and his wheat farming interests in Colorado. He may also promote some exchanges on irrigated land around Kearney.

Mr. Wittenberger, who takes Mr. Sawyer's place as cashier of the bank, has been assistant cashier of that institution for some time past.

Cashier Resigns

E. O. Waite, who has been connected with the Laurel National Bank of Laurel,

Nebraska, for the past nine years, has severed his connections with that institution. He returned from Omaha recently where he completed a deal whereby he becomes associated with the Standard Oil Co. He takes the position of superintendent of the agents in the Laurel district and will maintain his headquarters in Laurel.

Remodeling

The Platte Valley State Bank of Scottsbluff, Nebraska, is remodeling the Orr block, which they have recently acquired. The building will present an entirely new appearance. A new front is to be put in, a different and more convenient arrangement for the stairway to the second floor; the first floor will be lowered to correspond with the street grade, and a large archway cut through the brick wall, that separates the two rooms formerly making up the first floor.

Hold Annual Meeting

The annual meeting of the First National Bank of Peetz, Nebraska, was held recently. T. J. Hansen of Omaha, president of the institution, attended the meeting.

Officials were chosen as follows: Directors, C. C. Hansen, T. J. Hansen, E. T. Hall, Harvey J. Weeth and D. F. Enevoldsen; president, T. J. Hansen; vice president, Harvey J. Weeth; cashier, D. F. Enevoldsen; assistant cashier, Anna I. Knifer.

Banker Dead

L. E. Southwick of Lincoln, for many years engaged in the banking business at Friend, Nebraska, and who was well known to residents of the south part of Seward county, left an estate valued at about \$700,000, according to figures given out at Lincoln where the estate is being

probated. Homer J. Southwick and Philip O. Southwick, sons, have been appointed special administrators.

Establish Precedent for Conventions

Beginning with its 1927 convention, the Financial Advertisers Association will hold independent and self-supporting conventions. This action was unanimously taken by the board of directors at their mid-year conference in New Orleans, March 10, 11, and 12, and it is the first instance of an association of advertisers to do this.

Under this departure the first convention will be held at West Baden, Indiana, September 12 to 15, 1927. West Baden was selected by the directors as a place well suited to the association's new purpose.

The business program will be carried out with no interference by entertainment provided by local members, but ample time will be set aside for entertainment by the association itself.

Banker Dies

Otto H. Schurman, former Fremont, Nebraska, banker and for the last three years a resident of Omaha, died at his home, 305 North Fifty-fourth street recently. He had been in ill health for several years, having been forced to retire from active business seven years ago. He was 57 years old.

Cashier Resigns

W. F. Ruzicka, who has been connected with the First State Bank in North Bend, Nebraska, for the past several years, first as cashier and later as vice president, has resigned his position. He has not fully decided on his plans for the future. Jack Kelly, who resigned his position as cashier of the bank a year ago to engage in farming, is back again, and Bernard Pabian of Morse Bluff is also assisting with the work in the bank, in addition to the regular force.

NEBRASKA NEWS

The bankers of the North Platte valley, especially Scottsbluff, Gering, Miniatare, Bayard, Mitchell and Morrill, Nebraska, have been aiding the Cooperative Bett Growers association in the current deliberations on the contract price for sugar beets to be raised in 1927.

The farmers, facing an open rupture with the Great Western Sugar company, felt that the financial condition of the valley is so closely tied up with large beet production, that the bankers should be invited to advise in the negotiations. Mass meetings were held in a number of communities, the bankers acting as a sort of neutral intermediary between the sugar company and the growers.

The death of Benjamin Smith at the



We Can Serve You

By placing at your disposal the benefit of our years of practical experience in your locality;

- By financing your live stock loans;
- By collecting your live stock proceeds;
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ALL CORRESPONDENCE GIVEN PROMPT ATTENTION

Live Stock National Bank

Union Stock Yards—Omaha

W. P. Adkins, President
Alvin E. Johnson, Vice President
Howard O. Wilson, Cashier

R. H. Kroeger, Asst. Cashier
L. V. Pulliam, Asst. Cashier
W. S. Hogue, Asst. Cashier

age of 96 in Boston, Mass., in mid-March, marked the passing of one who had been a powerful figure in early day finances in Nebraska and Iowa. Mr. Smith was also the first president of the United States National bank, of which his grandson, Clifford Wolfe Smith, is now a director. The Smith estate is reported to have approximately two hundred thousand dollars of the capital stock in the institution.

Leslie Kountze, the son of the late Augustus F. Kountze of New York City, who has been associated with the bond department of the First Trust company and the First National bank of Omaha, eloped to Council Bluffs, Iowa, and was married to Miss Alvertina Colina of Omaha, in the week before his father died, unexpectedly at Atlantic City, March 14. Augustus Kountze was a brother of Charles T. Kountze, vice president and chairman of the board of the First National Bank of Omaha. Mr. C. T. Kountze had sailed for Italy a few days before his brother's death. Funeral services for Augustus Kountze were held in New York City March 16th. He was a member of the banking firm of Kountze Brothers, 141 Broadway.

Mrs. Ed. Lemkuhl, wife of the president of the First National bank, Wahoo, Neb., died at her home March 8th.

Reiji Tochinai, representative of Nippon Kwango Ginko, Ltd., of Tokyo, the land bank of Japan, spent several days in Omaha in March, studying local banking and the operation of the Federal Land bank of Omaha. Mr. Tochinai is on a world tour to study land banking in various countries. While in Omaha he expressed the belief that war between the United States and Japan is extremely unlikely. He said he feared the prosperity of the United States was not good for the "second generation," but said that the most wonderful thing in the country, to him, was the opportunity it afforded for young men to achieve success.

The claim of the Wellman State bank, Wellman, Iowa, to \$8,000 against the guaranty fund of the state of Nebraska, for deposits in the First Bank of Nickerson, Nebraska, was affirmed by the supreme court of Nebraska, upholding the judgment secured in the district court of Dodge county. The state had resisted the claim on the ground that the money placed by the Wellman bank in the Nickerson bank had not been a deposit, but had been given in exchange for notes. District Judge Button found that the notes had nothing to do with the deposits, the ruling of the supreme court supporting this view.



Iowa
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DES MOINES



Founded by
GEORGE H. RAGSDALE
EDWIN G. RAGSDALE
SECRETARY

The will of the late Frank W. Sloan, former Geneva, Neb., banker, has been filed for probate in the county court at Geneva, revealing the disposition of stock holdings in a number of Nebraska banks. Twenty-five shares in the Grafton State bank were bequeathed to Thomas N. Burke; twenty-five shares in the Farmers State bank of Fairmont, to Francis Pulitzer, with the right to purchase all the other Sloan holdings in this bank; twenty-five shares in the Geneva State bank to E. H. Wilkins, cashier, with the right to purchase the rest of the Sloan stock. Mr. Wilkins was made executor of Mr. Sloan's estate.

W. F. Ruzicka, president of the First State bank, North Bend, Neb., has resigned and disposed of his stock interests. He has spent the past eleven years at North Bend, after being in the banking business at Blair and Newport, Neb.

Mr. Ruzicka said he intended to reenter the banking in some other Nebraska town, if he found a favorable opportunity.

The Omaha Clearing House association has invited the banks of Council Bluffs, Iowa, to join, to expedite the handling of business between the banks of the two cities, separated only by the Missouri river, and one in community interest.

The invitation followed a protest of some of the Council Bluffs banks, to the recent charge of 2½ cents on out of town banks, enforced by the Omaha institutions, being applied to checks drawn on Council Bluffs banks.

The Omaha banks generally have found little opposition to the check-handling charge, which was made effective April 1. Gwyer Yates, vice president of the United States National bank, said that

of 75 hundred checking accounts, not more than 300 were affected by the charge. E. L. Droste, vice president of the First National bank, said, "Yes, we have complaints, but not half as many as we were prepared for. Most of our customers understand why the charge is made after we explain the matter to them. Guy C. Kiddoo, vice president of the Omaha National bank, said officials are more often asked to explain the charge, than to answer complaints.

Dan V. Stephens, president of the Fremont, Neb., State bank, recently, in a public statement to his community, advocated the creation of a new city post, that of tree trimmer.

"Trees are the most important factor in beautifying a city," he said. "There should be an official tree trimmer in this town and not a single tree should be touched until he passess judgment on it and decides how it should be trimmed."

James S. Alexander, chairman of the board of the National Bank of Commerce of New York City, and J. Howard Ardery, vice president of the bank, were guests of Walter W. Head, president of the Omaha National bank, in Omaha Saturday, March 5th. Mr. Alexander and Mr. Ardery were returning from a trip of inspection over the entire South Pacific system, of which Mr. Alexander is a director.

In Omaha Mr. Alexander expressed confidence in the business and farm outlook, declaring that throughout the region he had traversed, bountiful crops were expected. He hoped, he said, that some measure of agricultural relief could be found that would make the people of the middle west realize that those of the east were concerned in their prosperity.

The Federal Intermediate Credit bank of Omaha, through A. Kopperud, manager, has announced that the federal farm loan board has approved the acceptance of the bank of county seed loan bonds and warrants from banks in discount corporations in the district comprising the states of Iowa, Nebraska, Wyoming and South Dakota. The seed loan bonds or warrants are to have the prepayment privilege after six months, and the rate of interest will be 4¾ per cent. Congress at the recent session passed a law providing approximately eight million dollars for seed loans to be used in the northwestern and southeastern states, but on account of the filibuster during the last days of the session no appropriation was made.

David Cole, long a resident of Omaha and a director of the First National bank, died in March.



THE best evidence of the satisfaction our banker customers derive from their connection with us lies in the steady growth of the accounts they keep with us.

You, too, can profit through a connection with this strong, progressive institution.



THE STOCK YARDS NATIONAL BANK
AND
THE STOCK YARDS TRUST & SAVINGS BANK
of CHICAGO



“Transit” is a larger item in the business of every bank than ever before. More checks are being used. The “dollars and cents” volume increases each year.

Quick, accurate and intelligent handling of these items reduces the “overhead” and increases the profits of our correspondent banks.

THE OMAHA NATIONAL BANK

WALTER W. HEAD, President
OMAHA, NEBRASKA

Farmers Seeking New Loans

D. P. HOGAN, president of the Federal Land Bank of Omaha, recently discussed the confidence that farmers in Nebraska and Iowa and neighboring states, and bankers of the regions, have in the Federal Land Bank, which recently celebrated its tenth anniversary.

"Thousands of farmers in the eighth federal land bank district, covering Nebraska, Iowa, South Dakota and Wyoming, are taking advantage of the low interest rates now prevailing to procure long-term loans on their farms," he said. "The bank has never had so many applications for loans as it is now receiving. I attribute this largely to the fact that the federal land banks have been able to sell their bonds to advantage

and so we are able to make loans at this time bearing 5 per cent interest. Another big factor is the confidence farmers have in this institution because of its ten years of successful operation and the fact that now it can point to very substantial savings on the part of the farmers borrowing from it. The first loans made a decade ago still have about 23 years to run.

"We find that borrowers use most of the money which they obtain from the federal land bank for the purpose of paying off short term loans. In fact out of about one hundred thirty-seven million dollars which we have loaned since the bank was organized, about one hundred million dollars has been used for this purpose, and it is evident that a large

number of farmers are taking advantage of this opportunity afforded by this bank to fund their first farm mortgage indebtedness over a long period of years so that they may repay their loans gradually and systematically by annual installments. This type of loan is best adapted to agriculture, for it permits the farmer to pay off from the income derived from his farm. The large dividends which this bank has been able to pay on the stock held by the borrowers tends to reduce the interest rate even below 5 per cent.

"We are constantly in touch with the borrowers through meetings held with the associations, our correspondence and periodical reports, and feel there never has been a time when the activities of the federal land banks were better understood by the borrowers and the public in general."

A Changing Opinion

It has been stated repeatedly in these columns as an axiom of common sense that the principal cause of automobile accidents is not speeding, but recklessness.

Steadily the force of this contention is being recognized. Not long ago, public officials seemed to be aware of only one sin of motorists—speeding. Now more and more official voices are raised in behalf of the truth that the chief sin is recklessness.

The latest voice is that of J. T. Donahey, state highway engineer of Wisconsin. Mr. Donahey says the country is emerging from the condition in which it "appeared the duty of each officer to bring in as many victims as possible each day," and in which "little attention was given to whether or not the victim was driving recklessly, but if he drove a trifle faster than the legal limit he was haled into court and fined, if possible."

Experienced motorists will concur in Mr. Donahey's statement that a good driver is often safer on a road at from forty to fifty miles an hour than a poor driver is at thirty. Not speed, but recklessness, is the cause of most accidents. At some places a high speed may be reckless; at other places, it may not. Mr. Donahey finds that a man driving slowly may sometimes be more reckless than another man driving fast.

For purposes of convenience and safety, traffic on busy highways must be speeded up. Mr. Donahey declares "the time will come when there will be no maximum speed limit on any state or rural highway."

The congestion of our highways is one reason for the increasing recognition that speed is not always harmful. Too long has speed been denounced indiscriminately. Too long has it been a bugaboo. To cut down motor accidents, what we need is not less speed but better drivers.

—Chicago Journal of Commerce.

The Chase National Bank

of the City of New York

57 BROADWAY

Capital . . . \$ 40,000,000.00

Surplus and Profits . . . 38,204,473.58

Deposits (Dec. 31, 1926) 852,456,114.24

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Chairman of the Board

GATES W. McGARRAH
Chairman of the Executive Committee

JOHN McHUGH
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Foreign and Trust Department Facilities



Minnesota Bank News

**Officers Minnesota Bankers
Association**

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Minneapolis

Vice President.....A. G. Wedge
Park Rapids

Treasurer.....A. M. Schaefer
Jordan

Secretary.....F. P. Fellows
St. Paul



R. E. MACGREGOR
President

F. P. FELLOWS
Secretary

Not for Minnesota

Nebraska's much-praised bank guaranty law still is undergoing a severe test, and cannot yet be called a success, in the opinion of Minnesota legislators who visited that state as an unofficial committee to report on the system. The committee report, members of both houses believe, has definitely closed the door on any possibility of a bank guaranty law at this session of the Minnesota legislature.

Whether Nebraska's plan will work out or not, the committee found Nebraska bankers and officials agreed it could not be applied to Minnesota at this time. The committee report concludes that the Nebraska law "is unfeasible and inapplicable to banking conditions as they now exist in Minnesota, and might be a dangerous step to take at this time."

The judgment of the best informed men in Nebraska, the committee reports, is that the only way Minnesota today could put in a guaranty system would be for the state itself to get behind the fund and guarantee the losses, something no state ever has tried to do.

Costain Resigns

Announcement of his withdrawal from the banking business in Clay county has been made by A. H. Costain, who has been identified with the First National Bank of Moorhead, Minnesota, for over 30 years. Mr. Costain has served the bank in various capacities having assumed the vice presidency and active management upon the death of former president L. A. Huntoon in 1913.

During this time Mr. Costain was instrumental in organizing banks at Averill, Rustad and Kragness, the latter having been recently absorbed by the First National of Moorhead. He was also active as an officer and director in banks at Sabin, Baker and Comstock and for many years carried the active management and direction of these smaller banks.

Enlarges Quarters

Plans to increase facilities of the Northern National Bank, Duluth, Minnesota, by enlarging the working and counter spaces are now being carried out, it was

announced recently by R. L. Griggs, vice president of the bank.

The space at the back of the corridor of the main floor of the Alworth building, which was formerly used as a directors room, is being made larger by cutting off a portion of the corridor. This will be joined to the rear portion of the bank to be used for bookkeeping and secretarial work. In addition counters for banking clients will be extended partly around the west side of the banking lobby, Mr. Griggs stated.

The alterations are taking place as a result of the recent enlarging of the quarters of the Northern Trust company, which is affiliated with the bank. The present board of directors' room for both institutions is now located in the Lonsdale building. Following the change of arrangements the entire interior of the bank will be redecorated.

Hold Open House

The directors and officers of the Central State Bank of Minneapolis were hosts to the people of the district and of the city recently, at an open house celebration marking the completion of the bank's new building at 2329-31 Central avenue, across the street from the present banking quarters.

The new building, completed at a cost of about \$100,000, is regarded as one of the finest and most modern banking structures in the northwest. Larger quarters have been made necessary by the steady growth of the institution. The Central State Bank increased its paid-up capital from \$50,000 to \$100,000. It was chartered in 1907, with capital of \$25,000. In 1916 deposits had grown to \$450,000 and the capital was doubled. Deposits now total about \$1,500,000 with resources of \$1,700,000.

Officers of the bank are: John W. Barton, chairman of the board; John Schmidler, president; E. L. Forsythe, vice president; G. M. Christoferson, cashier, and T. W. Larson, assistant cashier. Directors are J. J. Allen, S. E. Forest, D. E. Dillman, John Schmidler, J. W. Barton, I. F. Cotton, E. L. Forsythe, L. A. Egler and G. M. Christoferson.

Ruled Illegal

The states of Minnesota and Wisconsin were defeated recently in proceedings before the United States supreme court, involving their methods of taxing stockholders in national banks. The ruling in respect to Minnesota was handed down in a case brought against the state by the First National bank of St. Paul, which contended that the state tax on bank capital is unconstitutional in that it sets up a higher rate of levy than that on money or capital invested in other securities or properties.

New Morris Plan

The Morris plan bank will open offices in St. Paul about May 1st. This announcement was made by directors of the St. Paul branch of the institution who are completing organization of the bank.

This bank will be part of a chain of similar institutions which have been organized chiefly to lend money to the class of people desirous of making small and short time loans. The location of the bank offices have not yet been decided.

Bankers Elect

At the closing business session of the Goodhue County, Minnesota, Bankers' association the following officers were chosen: President, F. Sawyer, Goodhue; vice president, Samuel H. Lockin, Red Wing; secretary and treasurer, A. F. Hernlem, Red Wing; executive committee, F. Sawyer, Goodhue; Samuel H. Lockin and A. F. Hernlem, Red Wing; A. H. Borlaug, Kenyon; Otto G. Olson, Zumbrota.

National Bank Resources

Combined resources of 7,912 reporting national banks in the United States, Alaska and Hawaii amounted to \$25,683,849,000 at the close of business December 31, 1926.

The figure, made public recently by the comptroller of the currency, represented a decrease of \$168,563,000 from combined resources of 8,054 national banks report-

**MIDLAND
NATIONAL BANK**

and

TRUST COMPANY

Resources \$22,000,000.00

MINNEAPOLIS

ing at the end of 1925, and an increase of \$364,425,000 over 1926 resources of 7,978 national banks reporting June 30, 1926.

Investments in government securities amounted to \$2,282,571,000, a reduction of \$240,239,000 since December 31, 1925, and of \$186,697,000 since June 30. Other bonds and securities held amounted to \$3,507,821,000, an increase of \$134,836,000 since June and an increase in the year of \$255,805,000.

There was a decrease of \$37,407,000 in cash held in banks compared to December 31, 1925, the total at the end of 1926 being \$352,709,000. This also was a decrease of \$7,242,000 since June 30.

Total deposits, including amounts due to bankers, cashiers and certified checks outstanding were \$20,863,999,000, an increase of \$221,827,000 since June, and a decrease of \$216,669,000 since December 31, 1925.

Heads County Bankers

T. F. Franke of Eyota, Minnesota, is the newly elected president of the Olmsted County Bankers association and J. F. Guzinski, also of Eyota, is vice president. H. C. Doty is secretary and R. W. Chadwick, treasurer.

Annual Meeting

The annual meeting of the Merchants & Farmers State Bank of Grove City, Minnesota, was held recently. Aaron Liedholm, who had been cashier of the bank the past 31 years, resigned on account of his health. N. A. Christenson was elected cashier and Hannah E. Nelson, assistant cashier. B. Bresden, president, resigned, and J. J. Grimsgard was elected to take his place. Carl Nelson and Aaron Liedholm, directors, resigned, and Nels M. Nelson and C. W. Ecklund were elected in their places. The bank has

had a very successful year and now declared a dividend of eight per cent.—Grove City Item in Litchfield Review.

Cashier Resigns

Erwin W. Nelson, who for the past few years, has been cashier of the Green Lake State Bank, at Spicer, Minnesota, has resigned his position and will enter business in Detroit Lakes.

E. J. Rykken, who has been assistant cashier of the bank, has been chosen cashier, and will assume his duties March first. Miss Minnie Rykken will be bookkeeper and stenographer.

Banker Dead

C. E. Dinehart, 81, who organized the State Bank at Slayton, Minn., in 1884, and continued as president, is dead after a long illness. He was father of the late C. C. Dinehart, former state treasurer.

Declare Dividend

The annual meeting of the Ellendale State Bank, Ellendale, Minnesota, was held recently and the stockholders voiced their approval of the present management by returning all the old officials to their posts, namely: A. M. Lerberg, president; M. P. Miller, vice president; S. J. Sande, cashier, Milford Lageson, assistant cashier; L. J. Brynestad and James L. Sorenson, directors. The annual report showed that the past year has been a good one for the bank. The customary 6 per cent dividend was declared and \$1,000 was added to the surplus fund.

More Consolidations

The tendency in modern banking is toward consolidation which are giving greater safety for depositors.

This was the statement of Bernard Moore, deputy governor, 9th district Federal Reserve Bank, talking before Hamline university men students recently.

The individual banker no longer counts in the banking business, he said. Through centralized control, larger capital and larger units, the safety of bank deposits is being improved.

Banks Better Managed

Increasing efficiency of bank management has strengthened the financial situation of the northwest, as well as added to

Correspondent banks find
us dependable and experienced
in the transaction
of their business.

Conveniently Located
Firmly Established
Thoroughly Experienced

THE NORTHERN TRUST COMPANY

*Capital, Surplus and Undivided
Profits, over \$7,500,000*

Northwest Corner La Salle and Monroe Streets

CHICAGO



the operating profits of northwest banking institutions, according to a recent monthly business review of the Northwestern National Bank of Minneapolis. In net profits per \$100 of capital funds, the banks in the Minneapolis area registered a greater gain than those in any other section of the United States, with the exception of the Atlanta district.

"Bank management in the northwest is improving steadily," the bank review states. "An analysis of costs and earnings of member banks of the reserve system, published in January by the federal reserve board and covering the months from June 30, 1925, to July 1, 1926, shows the improvement, in definite figures.

"In net profits per \$100 of capital funds, a greater gain was made during that 12-month period than elsewhere in the country, except for the Atlanta district. The relative position of northwest banks, it is true, was low in 1925 and there still is a marked spread between the rate of return in the agricultural west and the industrial east.

"On each \$100 of capital funds, including capital, surplus and undivided profits, banks in the ninth reserve district made a net profit last year of \$5.46 or about 5½ per cent. In the preceding year, the net profit was \$3.08 or about 3 per cent. For the calendar year of 1924, as shown in a previous report of the federal reserve board, the net profit was \$2.19 and in 1923 it was \$1.88.

"This indicates a steady recovery from the depression of a few years ago. In 1925, the rate of return in the Minneapolis territory was the lowest of all the reserve districts. Progress during the past year has enabled the northwest to pull itself out of the bottom position."

Elected Vice President

The National Bank of Commerce of Mankato, Minnesota, announces the election and appointment of R. D. Collins as vice president and general manager of the bank. Mr. Collins will fill the vacancy of Emil A. Boie, who resigned recently to accept a position on the staff of the Minneapolis *Tribune*. Mr. Collins comes to the National Bank of Commerce as an exceptionally capable and efficient banking executive, his diversified experience in the banking business giving him qualifications for his present position that are invaluable to the interests of the local institution in its future progress.

The present personnel of the bank will now be as follows: Otto Lamm, president; R. D. Collins, vice president and general manager; Otto Bremer, vice president; Joseph H. Thro, cashier; D. C. Stockman, assistant cashier; A. A. Larson, assistant cashier.

Joins Bank Staff

Stuart Peyton, of Duluth, Minnesota,

who has been associated with the Dillon-Read & Co. at offices in Rochester, N. Y., for the past several months, returns to Duluth to become associated with the Minnesota National Bank, according to B. Murray Peyton, president of the bank. Mr. Peyton was graduated from Princeton university in June, 1926, and became connected with Dillon, Read & Co., last September.

Merger in Moorhead

H. E. Roberts, president of the Moorhead National Bank, was elected president of the new First and Moorhead Na-

tional Bank of Moorhead, Minnesota, which opened recently in temporary quarters in the Moorhead National Bank building. The new bank was formed by a merger of the First National Bank of Moorhead and the Moorhead National Bank, the only national banks in the city.

Officers and directors of the new institution were elected and plans perfected for the opening upon receipt of final approval of the merger from J. W. McIntosh, national comptroller of the currency.

Ole Martinson, vice president of the Moorhead National and chairman of its

MIDLAND BANK

LIMITED

Chairman :
THE RIGHT HON. R. McKENNA

Joint Managing Directors :
FREDERICK HYDE EDGAR W. WOOLLEY

Statement of Condition

December 31st, 1926

RESOURCES	\$5 = £1
Cash in hand and Due from Banks ..	\$356,082,679.77
Money at Call and Short Notice ..	113,934,258.15
Investments	194,267,910.75
Bills Discounted	233,721,560.10
Advances	1,002,299,963.73
Liabilities of Customers for Acceptances and Engagements	185,327,225.96
Bank Premises	34,682,873.21
Investments in Affiliations	32,469,045.75
	2,152,785,517.42
LIABILITIES	
Capital Paid up	63,328,990.00
Surplus	63,328,990.00
Deposits	1,840,800,311.46
Acceptances and Engagements	185,327,225.96
	2,152,785,517.42

Together with its affiliations the Midland Bank operates 2360 branches in Great Britain and Northern Ireland, and has offices in the Atlantic Liners *Aquitania*, *Berengaria* and *Mauretania*. The Foreign Branch Office at 196 Piccadilly, London, is specially equipped for the use and convenience of American visitors in London.

HEAD OFFICE :
5 THREADNEEDLE STREET, LONDON, E.C. 2, ENGLAND

BANK ENVELOPES

We specialize on high grade Kraft and Leatheroid envelopes for Banks and Investment Houses.

We invite your inquiries for envelopes of all kinds, including everything from small passbook jackets to the larger size envelopes for mailing or filing.

QUALITY PARK ENVELOPE COMPANY
MIDWAY ST. PAUL, MINN.

board of directors, and George M. Comstock, cashier of the First National, were elected vice presidents of the new bank. O. B. Rusness, cashier of the Moorhead National, has the same position in the new bank. E. S. Peterson, assistant cashier of the First National, and P. V. Dwyer, assistant cashier of the Moorhead National, hold similar posts in the new bank.

The new board of directors, which includes nearly all the directors of the two former banks, has the following members: S. G. Comstock, chairman; Ole Martinson, W. H. Davy, E. E. Sharp, W. R. Costain, J. T. Lamb, E. S. Peterson, George Comstock, H. E. Roberts and O. B. Rusness,

all of Moorhead, E. F. Krabbenhoft, Sabbin and O. M. Lamb, Dilworth.

Makes Huge Loans

The Merchants National Bank of St. Paul is handling adjusted service certificate loans on a large scale. Offices have been opened throughout the middle west, the east and the south. A new one has been opened in New Orleans and one has been established in New York in addition to the others.

Because of the large number of applications for loans received a special department has been established at the bank by Frank Delaney, assistant cashier.

In addition to requiring a steady force of 15 persons it has been necessary to construct a special vault for depositing the certificates. They are piled up in the vault like cord wood.

The largest number of applications to be received on one day was when 2,700 arrived at the bank offices.

It is expected these loans, which are being made in all parts of the country by the St. Paul bank, will reach the \$10,000,000 figure before the end of the year.

Clearings Decline

Debits in individual accounts of banks in 17 clearing cities of the ninth reserve district, indicative of the value of general northwest business, amounted to \$162,014,000 during the week ending March 9, a decline of \$31,397,000 from the \$193,411,000 of the previous week and \$25,000 from the \$162,129,000 of the corresponding week of 1926. The figures are shown in the weekly statement of the Federal Reserve Bank of Minneapolis. The table follows (000's omitted):

	March 9 1927	March 2 1926	March 10 1926
Aberdeen	1,550	1,457	1,534
Billings	2,065	1,820	1,632
Dickinson	392	281	431
Duluth	14,623	16,539	15,020
Fargo	3,435	3,613	3,840
Grand Forks ..	1,845	1,763	1,902
Helena	1,838	3,031	1,751
Jamestown	491	447	602
La Crosse	2,561	3,251	2,418
Minneapolis ...	74,388	93,089	79,816
Minot	1,195	1,091	1,327
Red Wing	566	680	671
St. Paul	41,137	49,487	36,015
Sioux Falls ...	4,902	4,914	4,663
So. St. Paul....	7,543	8,005	7,695
Superior	1,814	2,142	1,698
Winona	1,669	1,801	1,114
Totals	162,014	193,411	162,129

North Dakota Consolidations

Consolidation of the First State Bank with the Carson State Bank, Carson, N. D., under the latter name, is reported, making one bank in Carson, with \$30,000 capital and surplus. W. A. Hart, cashier of the Carson State, is to be president. Oliver Tollefson, cashier of the First State, is cashier of the consolidated bank, which is to be in the Carson State building. Senator Fred Pathman and Peter Botten are vice presidents.

The Live Stock National Bank, Hettinger, N. D., has been merged with the Adams County State Bank under the latter name in the National Bank's quarters. Resources are \$600,000 and deposits \$565,000. Officers of the State Bank bought the stock holdings of Paul M. Brown, majority owner and president M. Brown, majority owner and president of the National. Dr. John G. Johns is new president; G. N. Burnson vice president, and J. O. Wigen cashier.



THE NATIONAL PARK BANK
of NEW YORK

Established 1856

214 BROADWAY

Uptown Offices

PARK AVENUE and 46th STREET

SEVENTH AVENUE and 32nd STREET

Banking
In All Its Branches


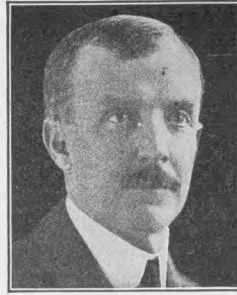
Commercial and Travelers' Credit issued; Correspondents in all principal Cities in the World. Foreign Exchange bought and sold. Corporate and Personal Trusts; Safekeeping of Securities; Collection of Income, Investment Service for Customers. Safes in our Safe-Deposit Vaults at moderate rental.

DIRECTORS

- Charles Scribner
- Richard Delafield
- Francis R. Appleton
- Cornelius Vanderbilt
- Gilbert G. Thorne
- Thomas F. Victor
- John G. Milburn
- William Vincent Astor
- Joseph D. Oliver
- Lewis Cass Ledyard, Jr.
- David M. Goodrich
- Eugenius H. Outerbridge
- Kenneth P. Budd
- John H. Fulton
- Frank L. Polk
- Benjamin Joy
- George M. Moffett

Capital, Surplus and Undivided Profits, \$34,000,000



 <h2 style="margin: 0;">North Dakota Bank News</h2> <p style="margin: 0;">Officers North Dakota Bankers Association</p>			
President.....H. T. Graves Vice President and Chairman Executive Council.....George H. Leick Hebron Treasurer.....J. E. Davis Goodrich Secretary.....W. C. Macfadden Fargo			W. C. MACFADDEN Secretary
H. T. GRAVES President			

Finance Grain Purchases

A total of \$1,500,000 will be loaned to North Dakota and South Dakota counties, to finance grain seed purchases for their farmers, by the four Minneapolis banks participating in the movement to aid northwest agriculture by discounting seed warrants and bonds for boards of county commissioners. The four institutions are the Northwestern National bank, First National bank, Minneapolis Trust Co. and Minnesota Loan & Trust Co.

Letters received by the banks in response to their joint offer to finance seed purchases by Dakota counties, indicate that a great many counties are planning to accept the offer of the Minneapolis institutions. The messages, sent by correspondents of the Minneapolis banks in county seat towns of Dakota, show that the amounts to be advanced range from \$20,000 in some counties to \$200,000 in others. The average is estimated at \$60,000 each.

Replying to the message received from the four Minneapolis institutions, correspondent banks in county seat towns of North and South Dakota were unanimous in expressing appreciation of the efforts of Minneapolis to help solve one of the pressing problems of farmers in many parts of the northwest grain belt.

One Dakota banker wrote: "Your action is very commendable and will be of material benefit to farmers of many counties." Another letter said: "We deeply appreciate this offer of assistance from Minneapolis banks." A third letter declared that the offer "clears the way for quick action and will be an incentive for our county commissioners to act promptly toward relieving the seed grain situation." A banker characterized the offer of seed loans as "very generous and timely," while still another said that "it is very fine of Minneapolis banks to offer to finance seed warrants."

Don't Need Help

North Dakotans are not in any need of outside aid for seed loans, there being ample funds in the banks of the state to finance any county bonds or warrants

in the opinion of the North Dakota Bankers' association.

This was the assertion of W. C. Macfadden, secretary of the association, in speaking for the officials of that organization regarding the situation.

"We believe, in the first place, that the need for seed loans in North Dakota has been greatly exaggerated," he said: "There are a very few places in the state where such loans are critically needed, and with the splendid security, that, under our laws would be issued by counties that desire seed loans, we believe that there are ample funds here in North Dakota to finance them all.

"North Dakota is not in bad shape financially. In fact, it is doubtful if any agricultural state, especially of the northwest, is in any better condition, financially, than North Dakota. It is not doing North Dakota justice to advertise widely to the world that bankers from other states must come to our aid, when such is not the case."

Elected Cashier

At a meeting of the board of directors of the National Bank in Wahpeton, North Dakota, Oscar J. Olson, present register of deeds of Richland county, was elected as cashier of the bank. His resignation as register of deeds will be handed to the county board at its next meeting.

At a meeting of the stockholders, preceding the board meeting, the resignation of Louis V. Jurgens as a member of the board of directors was accepted, and D. H. Reimers, one of the vice presidents, was elected to membership on the board to succeed him.

Talks Before Bankers

Present day working conditions in the United States and the effects various working conditions have on employes were explained by J. W. Schannach, president of the Fargo, North Dakota Typographical union at a recent meeting of the Fargo chapter of American Institute of Bankers. The meeting was held in the Merchants National Bank.

Mr. Schannach declared that while out of 40,000,000 laborers in the United

States only 4,500,000 are organized, the labor unions have raised living standards for every worker. The speaker traced the growth of organized labor from 1850 when the Typographical union, the first labor union, was founded, to the present time.

North Dakota News

O. Woolfrey has been appointed assistant cashier of the First & Security State Bank of Crosby, succeeding C. L. Eckmann.

A. A. Forsberg has been elected assistant cashier of the McGregor State Bank.

Perry B. Anderson has been appointed assistant cashier of the Lincoln State Bank of Glenburn.

The First State Bank of Granville has renewed the term of its corporate existence to April 5th, 1937.

At the annual meeting of the Security State Bank of Bowdon, J. C. Reinertson was elected cashier of the institution and Floyd Engbrecht was appointed assistant cashier.

J. J. Connolly has been appointed assistant cashier of the Northwestern State Bank of Coleharbor.

Mary Brudevold has been appointed assistant cashier of the Amenia State Bank.

A. J. Becker has been elected assistant cashier of the Lefor State bank.

George Wischer has been appointed assistant cashier of the Security State Bank of Lawton.

J. O. Engesather has been elected president of the Farmers State Bank of Petersburg, succeeding Robert Waag.

O. E. Johnson has been appointed assistant cashier of the DeLamere State Bank.

Lawrence Larson has been appointed bookkeeper of the Farmers & Merchants State Bank of Dickey.

Arleo Novleske has been appointed bookkeeper of the Carson State Bank.

Ada Gessner has been appointed bookkeeper of the Bank of Hansboro.

L. D. Sem has been appointed teller of the Pioneer Bank of Bottineau, succeeding L. D. Watson.

E. N. Kittelson has resigned as cashier of the Bank of Berthold.

Berger J. Rogelstad has been appointed assistant cashier of the State Bank of Heimdal.

Melva L. White has been elected to the office of cashier of the Farmers State Bank of Colgan, succeeding Otto Fiskum. She was formerly assistant cashier of this institution.

C. H. Hunstad has been elected assistant cashier of the First International Bank of Landa.

John Leraas has been elected cashier of the First International Bank of Minot, succeeding E. R. Beewar.

Changes Name

A business transaction took place at Hope, North Dakota, recently when the Hope National Bank, after 21 years of active operation, ceased its existence in favor of the Security National a new organization.

The new institution is headed by John S. Palfrey, president, and F. W. Wilmert, vice president. C. W. Moores goes on as cashier and T. Thorsland and R. A. Lathrop will complete the board of directors.

The Hope State Bank was organized in 1900 by G. A. Warner and L. B. Hanna and the present building was built at that time. In 1905 a charter was secured un-

der the National banking system and the bank then became the Hope National bank. Several years ago, Mr. Warner retired as cashier and his place was taken by C. W. Moores. Mr. Hanna disposed of his interests and Ole Aregaard, of Hillsboro, became president, succeeding J. E. Lasham.

Bank to Move

A. I. Hunter of Grand Forks, N. D., is to be president of the First State bank of Gilby, N. D., formed from the Honeyford State bank, removed from Honeyford, N. D. Sale of the property of the State Bank of Gilby to the Honeyford bank owners has been announced.

SHADOW BOXING

With the Bond Question



NOW IS THE TIME to get prepared for Foreign Exchange and Travelers Check business. Full information will gladly be given upon request. All materials for the issuance of Travelers Checks and Foreign Exchange over your own counters may be arranged for now. Write for information.



MEET THE DROVERS FIELD REPRESENTATIVE. He wants to know about your problems, and when he calls upon you he has something to say of interest. He will tell you, also, not so much about Drovers Service, as how you can profit by using Drovers Service. There's a big difference.



AS ADVERTISED. Drovers Advertising Service is published monthly. It is filled with live, timely advertising and new business ideas for the progressive bank. A copy of the latest issue will be sent gladly upon request.

SHADOW boxing may have its place in the hurly-burly training of a pugilist, but there is no place for it in business and banking. Hitting at nothing in the commercial field is synonymous with waste. Every bank seeks to avoid it.

* * * *

Until recent years bond sales were confined largely to people of wealth. But this is not so today. The interest of hundreds in every community has been stimulated by bond advertising and the profit to be obtained through bond investment. People in every walk of life are buying bonds.

This situation has brought

many progressive banks into the bond selling field and in addition to bond sales they have attracted much business to themselves in other departments.

Drovers Investment Service makes it easy for bankers to sell sound securities and obtain their rightful share of the bond business in their communities.



We will be glad to send our Investment Recommendations and our Advertising Service to any banker upon request.

DROVERS
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TRUST & SAVINGS BANK
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IOWA SECTION

Officers Iowa Bankers Association

 <p style="margin: 5px 0;">A. C. SMITH President</p>	<p style="margin: 0 0 5px 0;">President.....A. C. Smith Clinton</p> <p style="margin: 0 0 5px 0;">Vice President.....John Sieh Spencer</p> <p style="margin: 0 0 5px 0;">Treasurer.....F. A. Schuetz Lawler</p> <p style="margin: 0 0 5px 0;">Secretary.....Frank Warner Des Moines</p>	 <p style="margin: 5px 0;">FRANK WARNER Secretary</p>
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Meet in Cedar Rapids

T. W. Hawkinson, president of the Exchange State Bank at Walker, Iowa, was elected president of the Linn County Bankers' Association at its annual meeting held recently at Hotel Montrose in Cedar Rapids. The other new officers are as follows: Vice president, J. L. Krall of Fairfax; secretary, Merl Holloway of Cedar Rapids; treasurer, A. J. Basehnagel of Ely.

The speaker of the evening was J. R. Quinlan, state law enforcement agent of Des Moines. "One of the biggest assets to a community in the way of protection is the vigilante organization. By all means keep vigilantes in your town," said Mr. Quinlan.

Records show there are fewer night robberies and more daylight holdups than formerly and in towns where vigilante committees are organized there are fewer crimes than in towns where there are no civic bodies united for the protection of their communities.

"It is up to every individual to help the state after it has convicted a man of a felony to keep that man from being a burden on society by being released before he has served his sentence."

J. F. Stauffer of Center Point, president of the association for the last year, presided at the meeting.

Hold Annual Meeting

Thirty-six members of the Marshall County Bankers' Association met recently at a dinner at the Y. M. C. A. club room in Marshalltown, Iowa, fifteen of the eighteen banks in the county being represented. Representatives of three banks were unable to attend because of the inclement weather. Following the dinner the officers of the association were reelected to serve another year. The executive committee is comprised of the following officers:

C. W. Bachman, cashier of the Central State Bank, State Center, president; L. B. Tucker, cashier of the Liscomb State Savings Bank, vice president; John A. Small, president of the Farmers State Bank of Gilman, treasurer, and Harry

Jennings, cashier of the Iowa Savings Bank, Marshalltown, secretary.

Assistant Cashier Resigns

C. E. Webb, who has been assistant cashier of the First National Bank of Montour, Iowa, for the past seven years, has severed his connections with that institution. Hubert Kubicek of Tama has been elected assistant cashier of the bank.

Leaves Farmers Savings

Edgar Nelson, who for some time has been employed in a clerical capacity in the Farmers Savings Bank, Atlantic, Iowa, will enter the credit department of Reed-Murdock & Company, in Chicago. His place at the Farmers Bank is taken by Everett Saemisch, son of Mr. and Mrs. F. C. Saemisch, who has been a student at Drake university, Des Moines, and has given up his duties temporarily to take the new position.

Bankers Short Course

The seventh annual bankers institute will be held at the University of Iowa during the week of April 18th to 22d. M. E. Tate of Keokuk, chairman of the educational committee of the Iowa Bankers' Association, announces.

This is a short course designed especially for young men and women employed in Iowa banks. The plan was worked out by Dean Chester A. Phillips, head of the banking department, working with Edward H. Lauer, head of the extension division of the university.

The university will give the following courses at the institute of banking this year: Principles and problems of economics, given by Prof. Frank H. Knight; principles of accounting by Prof. Harold B. Eversole; theory and history of banking by Dean Phillips, and commercial law by associate professor, Elmer W. Hills.

A diploma will be given to each person completing the short course which covers two years. One week of residence work at the university is required each year, with correspondence courses at home during the rest of the year.

Becomes Vice President

E. G. Fardal was elected vice president of the First National Bank at Webster City, Iowa, at their meeting recently. Mr. Fardal has operated the Stanhope State Bank for a number of years.

To Enlarge Quarters

Quarters of the Cedar Rapids National Bank, Cedar Rapids, Iowa, will be enlarged this spring, according to tentative plans being considered by the bank. The bank has given the Camera Shop thirty days' notice to vacate the rooms it occupies, and it is apparent the expansion will be in that direction. Charles C. Kuning, cashier of the bank, said definite plans for the proposed improvement have not been made.

Banks Win

The finances of Des Moines and Polk county suffered a setback which eventually may amount to \$1,475,000, when United States Judge Walter H. Sanborn ruled that the banks in Polk county need pay only approximately one-sixth of the taxes assessed against them from 1919 to 1922.

Judge Sanborn's decision announced in the circuit court of appeals in St. Louis, in affirmation of a decision previously made by United States Judge Martin J. Wade, will be the equivalent of \$7 for each man, woman and child in the county, in tax refunds and cancellations.

Three banks were the victorious plaintiffs in this case, closely watched by a score of other banks with large sums at stake.

County Bankers Meet

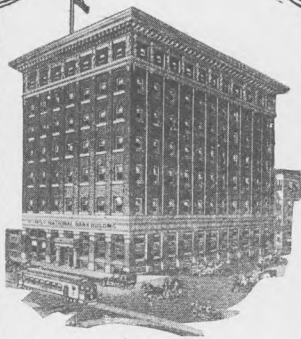
L. W. Ross, vice president of the Citizens State Bank of Oakland, Iowa, was elected president of the Pottawattamie County Bankers' Association at its annual meeting at Neola.

Other officers elected were: Vice president, Rudolph Stender, cashier of the Avoca State Bank; secretary, John W. Nichols, assistant cashier of the Walnut State Bank; treasurer, A. C. Meitzen, president of the Citizens Savings Bank of Avoca.

More than fifty bankers were at the meeting. A fish dinner was served by Neola bankers and their wives. The meeting was held in the Masonic hall. Matters of interest to bankers were discussed informally. One matter that was voted upon and agreed to definitely was a uniform charge for several services that heretofore have been performed free by the banks at considerable trouble.

The meetings of the association usually are held quarterly or upon call. The time and place of the next meeting is to be announced later.

New Banking Home Completed



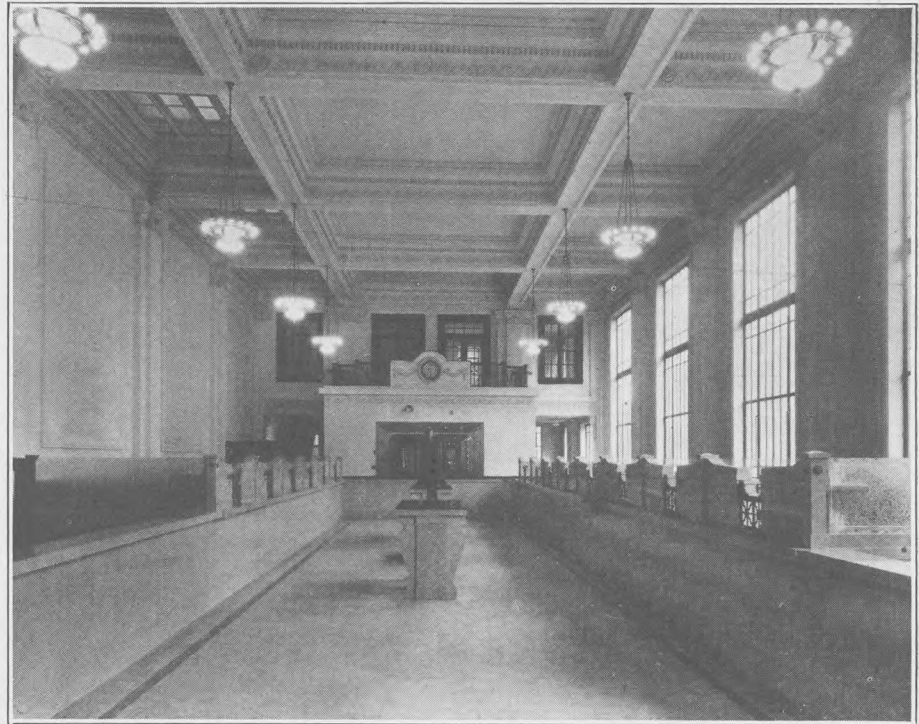
*Banks
are built
upon
Confidence*



Chas. H. McNider,
President
Willis G. C. Bagley,
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Carl A. Parker,
Vice President
Fred E. Keeler,
Vice President
Hanford MacNider,
Vice President
Robert P. Smith,
Cashier
Harold V. Bull,
Assistant Cashier
Harry C. Fisher,
Assistant Cashier
William W. Boyd,
Assistant Cashier
Roy B. Johnson,
Assistant Cashier

Resources \$10,000,000.00

**FIRST
NATIONAL
BANK
MASON CITY, IA.**



Architectural beauty as adapted to banking efficiency is an outstanding feature of the interior of the new building of the State Central Savings Bank at Keokuk.

STANDING as a tribute to the sound banking principles of its officers and directors, and the culmination of a dream long cherished by Judge William Logan, its president, the new building of the State Central Savings Bank of Keokuk opened its doors on Monday, March 21st.

Dignity and good taste in construction and decoration are outstanding features. A neat plain vestibule greets the person entering the building. At the left is a stairway and an elevator leading to the upper floors. Straight ahead through swinging doors is the bank. Entering the bank lobby to the left is the woman's rest room, while on the opposite side is the consultation room, leading into the private office of Judge William Logan.

The floor of the bank lobby is made of American Tennessee marble. The other marble in the lobby is Italian, Bottocino marble, with Belgian black deal plates. Down the center of this lobby are two check desks fitted with bronze calendar racks, stationery holders and the like. Between these two desks of marble is a bench, or ornamental seat, also of marble.

The wainscoting and furniture are in American black walnut and the white ornamental plaster with this dark combination of woodwork makes a restful contrast. There is nothing to obstruct the vision. Ceiling rises from the floor nearly thirty feet. Huge windows on the east side of the building shed ample light for most days, skylights shed additional

light, and there are the eight ornamental bronze light fixtures.

Cream-colored marble rises from the floor to form the counters or shelves of the cages with more marble rising from these to form the partitions. Green enameled partitions are used inside the railings, and when the cages are active, small doors are swung back, so that there are no obstructions between the customer and the teller. These doors are made to form an ornamental brass wicket when closed.

At the rear of the bank lobby is the money vault with the thickest door of any bank in the state. The door alone weighs sixteen tons, and has been subjected to the most severe tests. It is equipped throughout with automatic alarms, as is the entire bank structure. The big vault is divided into three compartments, one for the safety deposit boxes, one for the cash and one for storage.

On the mezzanine floor is the directors' room. There is here, also a rest room and retiring room for the women employes of the bank. There is an ornamental grill around the balcony on this mezzanine floor, and in ornamental plaster frame is installed an eight day clock.

Venetian blinds are used at the big windows to regulate the light. Cork carpet and black and white linoleum is used in covering the floors of the cages and in the various rooms. Bronze light fixtures are suspended from the ceiling of the

bank lobby. There are eight of these light clusters in the lobby.

Officers of the State Central Savings are Judge William Logan, president; L. J. Montgomery and W. A. Logan, vice presidents; C. J. Bode, cashier; L. J. Wolf, Geo. Duerkop and E. A. Ebersole, assistant cashiers.

The directorate is made up of Judge William Logan, W. A. Logan, L. J. Montgomery, C. J. Bode, H. W. Huiskamp, James Huiskamp, W. N. Sage, and James Cameron.

Reelected President

D. V. Jackson was reelected president of the First Trust and Savings Bank, Muscatine, Iowa, at the annual business meeting here recently.

Other officers elected are: S. G. Stein, first vice president; W. F. Bishop, second vice president; E. E. Bloom, cashier, and R. J. Diercks, assistant cashier. With the exception of Mr. Bishop these officers are all the same as heretofore.

Directors reelected at the meeting include D. V. Jackson, S. G. Stein, J. R. Reuling, W. F. Bishop, T. F. Beveridge, E. J. Zeidler and A. J. Wood. R. S. Jackson and J. C. Bishop were elected to the board.

A. I. B. in Davenport

Bank employes of Davenport, Ia., members of the tri-city chapter of the American Bankers Institute, met in their weekly class session recently and studied drafts and acceptances. The development of the use of trade acceptances and bank acceptances in the United States was stressed. Instruction was in charge of I. J. Green, cashier of the First National Bank.

Demand Bond

The Lyon county, Iowa, chapter of the American Red Cross has decided to require banking houses of the county who have Red Cross money on deposit to furnish bonds meeting the approval of the executive committee of the Lyon county chapter. It was further agreed to continue the practice of depositing Red Cross funds in the banking institutons of the communities in which the funds were raised.

Bids Accepted

Bids were opened recently on the new 14-story skyscraper of the American Commercial and Savings Bank, Davenport, Iowa, to be erected on the southwest corner of Third and Main streets. A large number of the largest contracting firms in the country, including two Davenport concerns, are bidding on the big building.

E. F. Weary of the firm of Weary & Alford of Chicago, noted bank architects, who with Clausen, Kruse & Klein drew

the plans for the new structure, was on hand for the opening of the bids.

Bank Examiner

Carlos V. Dawes, nephew of Vice President Charles G. Dawes, who some time ago was assigned to assist E. B. Wilson, national bank examiner in the Council Bluffs, Iowa, district, has been given the permanent assignment and probably will make Council Bluffs his home in the future. The permanent assignment bears date of March 1st.

D. C. Bradley Retires

D. C. Bradley, banker, retired recently

from his business activities and turned over the major portion of his estates and affairs to his son, William Bradley, and sold his stock in the First National Bank of Centerville, Iowa, to his brother, J. A. Bradley.

Rifle Club Meets

The Rifle and Vigilante club, composed of Council Bluffs, Iowa, bankers, which was organized about a year ago by the sheriff as a precaution against bank robbers, elected new officers recently.

Ed Hubbard, cashier of the State Savings Bank, was elected president. He succeeds Walter Hough, cashier in the same

THE progressive policies followed by this bank in the handling of correspondent Iowa bank accounts are inspired by enduring faith in the wholesome future of Iowa and its people, and our belief that the fundamental value of Iowa real estate is sounder now than ever before.



BANKERS TRUST CO. BANK

Cor. 6th and Locust Sts., Des Moines
 Capital \$1,000,000.00 Surplus \$200,000.00



bank. Lee Hough, son of the outgoing president, was elected vice president; Harry Hattenhauer, secretary and treasurer, and Dwight Hesse executive officer. Plans for rifle practice every Sunday, with a contest on Labor day, were made.

Takes Over Bank

The First National Bank of Blockton, Iowa, has purchased the fixtures and "good will" of the Blockton State Savings Bank. The president of the latter bank, C. B. Ware, is quitting active business because of ill health. Depositors will be paid in full.

Eye Operation

In an effort to gain relief from an antrum disorder, Simon Casady, chairman of the board of directors of the Central State Bank, Des Moines, underwent an operation at Omaha recently. His

vision has been gradually growing worse for about eight months, and he has been unable to read for some time.

Attending doctors believe that with the draining of the antrum Mr. Casady's condition will be much improved.

Discuss Bank Legislation

Members of the Pottawatomie County Bankers' Association met in the Beaux Arts room of the Hotel Chieftain at Council Bluffs, Iowa, recently.

The meeting was intended primarily for the purpose of discussing bank legislation. There were twenty-five bankers in attendance.

Make Service Charge

The Northwestern State Bank and the Orange City National Bank, both of Orange City, Iowa, announce that they, with other banks in Sioux county will

begin the custom of making a service charge of 50 cents per month to all depositors who are carrying checking accounts that are less than \$50 for any seven days in the month.

The bankers state that the expense in connection with cashing every check amounts to practically four cents. This expense, of course, includes the cost of check book, leather cover, pass books, deposit slips, statement and ledger sheets and posting machine as well as postage, and the salaries of bookkeepers.

From the standpoint of bookkeeping alone, the service fee of 50 cents per month would be well spent for those who keep no other books than check books and the monthly statement put out by the banks regarding their bank account. The check furnishes a record of the transaction and the statement gives a complete record of the account.

The service charge is not made to force the small depositor out of the bank, nor to be in the form of a fine but only to help to pay a part of the cost required to carry the small checking account. If the depositor keeps a \$50.00 checking account, no fee is charged but to all those who do not care to keep their balance up to \$50, they may still retain the account at the cost of 50 cents per month.

Talks to Kiwanis

Guy C. Van Dever, cashier of the Waverly Savings Bank, Waverly, Iowa, was the principal speaker at a recent noon day meeting of the Kiwanis club at the Hotel Russell-Lamson, Waterloo. Mr. Van Dever spoke on "Banking Problems in Iowa."

Heads Clearing House

J. M. Dinwiddie was elected president of the Cedar Rapids, Iowa, Clearing House association at its annual meeting at the Hotel Montrose, recently. The other officers elected are William Rinderknecht, vice president; C. C. Kuning, vice president; S. E. Coquillette, treasurer, and L. J. Derflinger, secretary and manager. The members of the clearing house committee elected are F. C. Welch, James Hamilton and George F. Miller.

Mr. Dinwiddie is one of the original committee that organized the association in 1903. He was the first president, and served during the years 1903, 1904, 1905 and 1906. Mr. Dinwiddie has served almost continuously for more than twenty years on various committees of the clearing house section of the American Bankers Association.

The reports of the officers indicated that considerable progress had been made during the year in clearing house matters. It was gratifying to the members to learn that Cedar Rapids is the only city in the state where total clearings had shown a gain for the year 1926.

1876

1927

Experience

is the only thing a wise man will buy. With fifty years of banking in Iowa as a background, the Consolidated National Bank can offer a service to correspondents well seasoned with experience.

"An unbroken record of fifty years is a guarantee of safe and satisfactory service"

Consolidated National Bank

UNITED STATES DEPOSITORY

DUBUQUE, IOWA

J. K. Deming, President

Geo. W. Myers, Vice President
Jas. M. Burch, Vice President

Herman Eschen, Secretary
Jos. W. Meyer, Cashier

Banker Injured

Dayre Williams, assistant cashier of the Tabor State Bank, Tabor, Iowa, was severely bruised in an accident recently, when returning home from a basket ball tournament. Dayre was playing the part of the good samaritan, he having stopped to help a motorist who was having trouble. As he stepped from the car a passing automobile struck him, knocking him to the ground but fortunately his injuries were not serious.

Increase Vault Space

The contract has been let for an addition to be constructed on the rear of the Farmer's bank building, Nevada, Iowa, to provide further vault room and a work room. The vault will be one of the best to be found in a bank in a town of the size of Nevada in the state. The door, which weighs over 5 tons, has been purchased at a cost of \$2,500 and the other parts of the vault will be of equal quality. Besides the vault it will provide a workroom about 14x15, which is now much needed since the increased business has necessitated increased help.

Sells for Cash

N. P. Black, cashier of the Dallas County Savings Bank of Minburn, Iowa, reports the following land sales which took place through his bank on the first day of March: 120 acres at \$200 per acre; 80 acres at \$225 per acre; 80 acres at \$150 per acre (poor improvements and badly cut up); 80 acres at \$250 per acre; and 80 acres at \$225 per acre.

Mr. Black says this land lies within four miles of Minburn, and every acre mentioned sold for cash.


Some Real Publicity

The First National Bank and the First State Bank, both of Elkader, Iowa, have recently issued a folder in which is contained some very interesting facts relative to the banking and commercial resources of Clayton County.

Clayton County is located in the "Switzerland of America in Northeastern Iowa," and the casual visitor, in driving through that scenic part of Iowa, as it was the editor's privilege to do several years ago, cannot help but wonder from what source, in that up-and-down country, the residents derive their livelihood.

The above-mentioned folder explains it all. Poultry, swine, and dairy cattle, and the greatest of these is dairy cattle. The butter produced in Clayton County during 1926 was sold for \$2,467,283, an increase of approximately \$450,000 over the previous year. The largest whole milk creamery in the world is located in Clayton County. The average monthly income to Clayton County farmers, from all sources, last year amounted to \$205,606. There are 3,063 farms in the county. Figure it out for yourself.

Capital, Surplus and Undivided Profits Over \$1,200,000.00



Established 1874

The feeling of good will with which the bankers of Iowa regard our institution is not merely a spirit of friendliness. It is an appreciation of value received. It is a service recognized. You, too, can enjoy with us a correspondent connection which places at your disposal every banking facility.

OFFICERS

CHARLES E. PERKINS, Chairman of Board
 E. WEBBLES, President
 J. G. WALDSCHMIDT, Vice President
 C. T. SIMMONS, Vice President
 R. L. BUNCE, Vice President
 L. M. WILSON, Vice President
 ELMER RAUENBUEHLER, Vice President
 F. J. NORTON, Vice President
 L. T. PANTHER, Cashier
 S. R. GRANT, Assistant Cashier
 L. P. BECKMAN, Assistant Cashier
 J. S. STUBBLEFIELD, Assistant Cashier
 RAY HUMPHREY, Manager Bond Department
 H. A. HEIL, Trust Officer
 T. H. WILSON, Auditor

FIRST IOWA STATE BANK

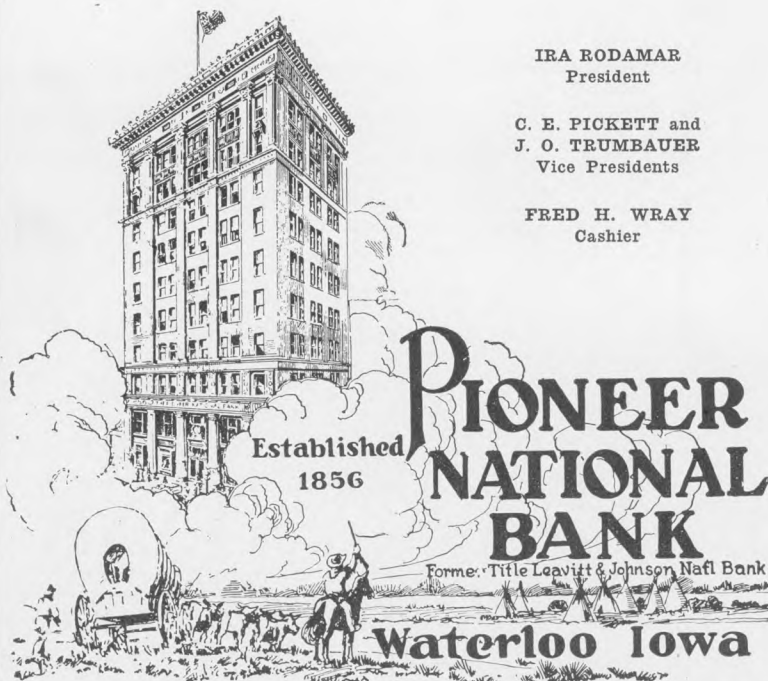
TRUST & SAVINGS BANK

MEMBER FEDERAL RESERVE SYSTEM BURLINGTON IA.

1856—

*Then**and**Now*

—1927

“SERVICE”

IRA RODAMAR
President

C. E. PICKETT and
J. O. TRUMBAUER
Vice Presidents

FRED H. WRAY
Cashier

The inside of the folder is devoted to a combined statement for all the banks in the county, which number twenty-six. The combined capital of these institutions equals \$910,000, and the combined deposits total \$13,759,689.

The First National Bank and the El-kader State Bank are to be congratulated, both for the clear presentation of some vital facts, and for the favorable publicity which such presentation will bring.

Is Presidential Candidate

As the time for the State Convention of the Iowa Bankers association draws near interest manifests itself in the Presidency of the association. Immediately following the adjournment of the last convention friends of Mr. George J. Schaller of Storm Lake began making plans for his candidacy for the Presidency at the 1927 convention.

Mr. Schaller has been a “wheelhorse” in the association’s affairs for many years



GEORGE J. SCHALLER

and has served as chairman of its legislative committee for several years and has served the member banks in that difficult capacity with credit. He is chairman of the legislative committee this year and his candidacy announced following the last convention has developed increasing momentum.

Discuss Unprofitable Account

W. E. Devlin Vice President of Devlin, Merrill, Price & Bennett, Inc., Chicago, Illinois, delivered an address on the subject of the Unprofitable Checking Account problem before the annual meeting of the Vermilion County Bankers association at the Hotel Wolford, Danville, Illinois. Mr. Devlin pointed out the fact

that when the low balance checking account depositors realize the value of checking account service and the value of making an adequate balance, then the banks could make a reasonable service charge without incurring any ill will.

Elected Cashier

Miss Nina Hjelm was elected cashier of the Home State Bank of Royal, Iowa, at the annual meeting of the board of directors. Miss Hjelm started with the bank as bookkeeper several years ago, and was more recently assistant cashier. Winfield Bailey became associated with the Home State as bookkeeper several months ago.

Dunlap Savings

The Dunlap Savings Bank of Dunlap, Iowa, after one year of operation, shows from its recent statement deposits of \$620,974, and total resources of \$735,762.

Under liquid assets, carried as bonds, call paper and cash, the bank has a total of \$345,440.

M. C. Dally is president of the Dunlap Savings, and H. W. Van Horn, cashier,

Live Stock Sells High

Drowning out the raucous cries of the calamity howlers that Iowa has gone to the dogs, comes the news from Buena Vista County that at a recent sale held near Sioux Rapids horses sold for \$308, cows averaged around \$90, brood sows \$40, and yearling steers sold as high as \$75 each.

Eight Per Cent Dividend

Stockholders of the Sperry Savings Bank, Sperry, Iowa, held their annual meeting recently, reelecting the present board of directors. The personnel of the board is:

A. F. Andersen, Arthur McDonald, Edward Riepe, W. W. Meyers, Frank McDonald, John Schulte, Theo W. Beckman, Frank H. Riepe, and T. R. Richardson.

The directors also reelected the following officers: A. F. Andersen, president; John Schulte, vice president; Frank H. Riepe, cashier; Steve Beckman, assistant cashier.

Following the hearing of reports which showed the bank to be in a prosperous condition, an eight per cent cash dividend was declared.

Consolidate

Announcement was made recently of the consolidation of the People's Savings Bank and the Farmers' Savings Bank at Garrison, Iowa. Letters carrying this information were sent to the patrons of the two institutions. The consolidated bank will be continued under the charter of the

MEETING YOUR REQUIREMENTS

Whether your needs are local, national or world-wide, the CENTRAL STATE, through its experienced organization and well established connections, is eminently qualified to serve you.



SIMON CASADY
Chairman of the Board

GRANT McPHERRIN
President

THE OLD RELIABLE CENTRAL STATE BANK OF DES MOINES

Banking, Trusts and Investments
Safe Deposit Vaults

Member Federal Reserve System

**BANK CHECKS - LETTERHEADS
STOCK CERTIFICATES AND BONDS
OF QUALITY AND DISTINCTION**

Ability · Dependability
Quality · Service

Four great principles
on which we stand

NORTHERN BANK NOTE COMPANY
Founded in 1891 by S. W. Fells
CHICAGO

The
**MERCHANTS
 NATIONAL BANK**
 CEDAR RAPIDS, IOWA

To Help You

The officers in charge of the Merchants National Bank are men who know the needs and requirements of country banks and bankers. They have studied their problems and are familiar with them.

They are familiar with the kind of service a country bank should receive from its city correspondents.

They know how to be helpful to country banks and to assist them in solving their problems.

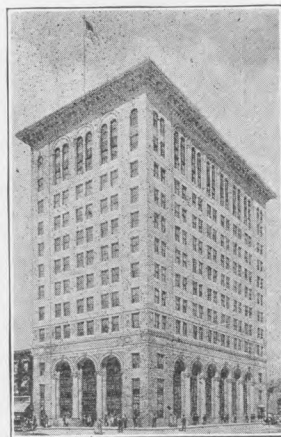
Our directors were chosen because of their business ability that enabled them to succeed in their own business. They are men who know the business problems of the day and are doing their part to solve them.

The officers of this bank are at your service. They invite you to make the Merchants National Bank your Cedar Rapids correspondent.

Resources . \$15,000,000

James E. Hamilton, President

P. C. Frick
Vice President
 E. E. Pinney
Vice President
 Edwin H. Furrow
Vice President
 H. N. Boyson
Vice President
 Roy C. Folsom
Vice President



Mark J. Myers
Vice Pres. & Cash.
 S. E. Coquillette
Vice President
 E. B. Zbanek
Vice President
 L. W. Broulik
Assistant Cashier
 Fred W. Smith
Assistant Cashier

People's Savings Bank, with a capital stock of \$25,000.

For the present the new bank is doing business in the People's Savings Bank building, while the Farmers' Savings Bank building is being remodeled to house the consolidated bank.

O. Wenner was president of the Farmers' Savings Bank, with H. J. Rozema as cashier. Former Senator Harry C. White was president of the People's Savings Bank, with A. J. Donald cashier. The name under which the new bank will operate will be announced later.

Appointed Assistant Cashier

C. W. Frederickson has been appointed by the board of directors of the Commercial National Bank, Essex, Iowa, to fill the position of assistant cashier. Mr. Frederickson, who has recently returned from an extended visit in California, has already taken up his new duties. Prior to his resignation a year ago, Mr. Frederickson was assistant cashier. Joseph Lindburg, former cashier of the bank, has accepted a position in a loan company in Davenport.

Cashier Resigns

The board of directors of the First National Bank of Independence, Iowa, have accepted, at W. G. Stevenson's request, his resignation as cashier of that institution. At the annual meeting of the board in January Mr. Stevenson has signified his intention of retiring, as he desired to be relieved of his official duties to enjoy a letup from his work, which he felt due himself, he and Mrs. Stevenson having planned an extended western trip.

Rifle Club Meets

At a meeting of the Council Bluffs, Iowa, Bankers' Rifle Club recently, an extensive program of shooting was arranged for the season of 1927.

The members will engage in .22-caliber rifle practice each Thursday afternoon at 5 o'clock, on the fifty-foot and seventy-five foot range arranged by Watler Hough at the rear of his residence.

On the first and third Sundays of each month the riflemen will shoot the .30-caliber Springfield army service rifles on the national guard range.

A Pottawattamie county shoot of all the county vigilantes will be held in the fall, possibly on Labor day, with a picnic as part of the program. At this shoot prizes will be given for winners of various events. The shooters will use the military rifle and the revolver.

Membership of the club at present is as follows: B. A. Gronstal, John M. Hasset, Percy A. Lainson, Edwin F. Hubbard, Walter B. Hough, John M. Jurgens, Harry C. Hattenhauer, C. W. Hough, C. C. Hough, Elmer P. Juel, Dwight E. Hesse, T. A. Anderson, Edwin H. Spet-

man, Lee Hough, Roy Maxfield, Charles W. Langmade, Philip Watte, Ward Edwards, John Fox, Lawrence Christensen, Joseph M. Gronstal, Leo Alberti, John Kelson Rudolph Walter.

Clearings Gain

Building permits, postal receipts, bank clearings and freight traffic to and from Des Moines were steady throughout February.

Each of the first two months of 1927 show a gain over the corresponding period in 1926. Sixty-eight permits were issued in February with a volume of \$201,135 representing new construction and improvements. In January fifty-nine permits, totaling \$201,640 were issued by V. O. Marriott, building commissioner.

Bank clearings for February aggregated \$37,064,267 which is slightly less than February of the previous year. Clearings in January, 1927, totaled \$39,908,498 and in January, 1926, \$40,665,079.

Postal and freight receipts have not yet been prepared but officials of both the postoffice and the railroads declared that the situation had improved generally over the preceding month and year.

Visits in Alta

C. B. Toy, vice president of the Toy National Bank of Sioux City and director of the First Trust and Savings Bank of Alta, Iowa, was in Alta recently inspecting the two bank buildings, of which they may purchase one. Both buildings together with fixtures are for sale, and the First Trust & Savings Bank plan to purchase some building for a permanent location in the near future. Mr. Toy was accompanied by H. J. Crouse, also of the Toy National Bank of Sioux City.

Becomes Federal Examiner

Frank S. Nelson, cashier of the First National Bank of Winterset, Iowa, has resigned his position as cashier to take a position with the federal banking department as examiner of national banks.

Mr. Nelson will be succeeded by Frank Hamilton and W. L. Cochran, now with the Madison County State Bank, becomes assistant cashier.

Recently Opened

The Ute State Bank, organized for the purpose of taking over the assets and business of the Farmers Savings Bank of Ute, Iowa, was opened recently. All the depositors of the Farmers Savings Bank will be paid in full. Officers of the new bank are M. J. Riddle, president; W. C. Hitchens, vice president; E. A. Gaukel, cashier, and G. F. Krog, assistant cashier.

Hold Election

Four Swea City men were elected mem-

bers of the board of directors of the State Bank of Swea City, Iowa, by the stockholders in their annual meeting. They are R. H. Walker, J. E. Erickson, T. F. Johnson and H. W. Larson. The other three are R. N. Bruer of Bancroft and C. T. Chubb and L. E. Linnan of Algona.

The board elected R. N. Bruer president and R. H. Walker vice president. H. L. Dalton was continued as cashier and Earl Griffith as assistant cashier.

Opens in Elma

The Peoples Savings Bank is the name of the new institution recently opened in Elma, Iowa. It starts with \$25,000 capital stock and \$10,000 surplus, all paid up and all subscribed by people of Elma and vicinity, there being 125 stockholders.

The officers are: President, W. D. Enloe; vice president, Louis Diekmann; cashier, R. A. Moore. Board of directors, F. N. Stute, Reed Elwood, W. B. Gardner, Bennie Basteson and Wm. Jinderlee.

Heads Clearing House

Simon Casady, chairman of the board of the Central State Bank, resigned as president of the Des Moines Clearing House Association, and C. H. Martin, president of the Peoples Savings Bank, was named to succeed him. The office of vice president of the clearing house, relinquished by Martin, was filled by the

election of A. O. Hauge, president of the Iowa Trust and Savings Bank.

Sells Stock

Sale of sixty-one shares of stock in the Liscomb State Savings Bank, Liscomb, Iowa, owned by L. B. Tucker, cashier of the bank, and his wife, has resulted in the retirement of Mr. Tucker, and the succession of E. E. Prochaska as cashier. The Tucker interest in the bank was purchased by Mr. Prochaska, who for the past six years has been assistant cashier.

Business Good

"Business conditions are picking up," says George Mornin, president of the Security Trust and Savings Bank, of Cedar Falls, Iowa. "The banks are in good shape," he continued, "and there is no reason why the spring business should not be better than it has been for several years in the past. The general outlook for spring should be good, for there is an abundance of ready money in this locality. The people of Cedar Falls never have been given to speculation, always making conservative investments, and with plenty of money and low rates of interest prevailing, merchants should enjoy a good business."

Active Vice President

The board of directors of the Craw-



CHAS. SHULER, President
FRANK B. YETTER, Vice Pres.
WM. H. GEHRMANN, Vice Pres.
LOUIS G. BEIN, Cashier
HERMAN STAAK, Asst. Cashier

COMMON sense and initiative—both necessary to the success of any organization. Combine common sense with initiative, and you have a banking service hard to beat. It is such a combination that the Iowa National offers to its correspondents, backed up with efficiency.

Iowa National Bank
Davenport, Iowa

A Real
Honest-to-Goodness

SERVICE

When you bank at the "Security State" you are assured Service given with a Smile.

Our banking equipment is the most modern, and our organization alert and efficient to serve your every banking requirement.

NOTHING is too much trouble to please YOU.

Try the "Security"

SECURITY STATE BANK

KEOKUK

"Where Banking Is a Pleasure"

IOWA

Business is never good business until it makes a friend. The First National has many, many friends among the bankers of Iowa.

We Will Consider It a
Genuine Pleasure to
Serve You

OFFICERS
A.F. DAWSON, President
JOE R. LANE, V. President
IRVIN J. GREEN, Cashier
C. F. SCHMIDT, Asst. Cashier
P. A. TORNQVIST, Asst. Cashier

FIRST
NATIONAL
BANK
IN THE UNITED STATES



FIRST NATIONAL BANK

DAVENPORT, IOWA

ford County Trust and Savings Bank, Dennison, Iowa, which opened recently, has elected H. E. Qualheim of Dedham as vice president of the institution. Mr. Qualheim will be one of the active members of the new institution.

Install Safety Boxes

The Delta Savings Bank, Delta, Iowa, has installed 180 safety deposit boxes in the vault which will be rented to patrons desiring this service. These boxes were purchased from the Citizens Savings Bank at Sigourney.

Group Eleven Meets

R. L. Bunce, vice president of the First Iowa State Trust & Savings Bank of Burlington, Iowa, was named as chairman of the group 11 Bankers at their annual session held recently in Burlington. Mr. Bunce was elected for a two-year term to the chairmanship of the organization which includes approximately 100 banks in its membership. F. E. Skola of Kalona, Iowa, was made secretary.

Three hundred and twenty-five bankers, representing nearly 140 banks of Iowa, Illinois, Nebraska and more distant states attended the meetings, which were climaxed by a banquet and a meeting which was followed by several hours of dancing.

Outstanding among the subjects discussed by the financial leaders in their meetings was that of the revised traffic on the upper Mississippi and the subsequent proposal for dock facilities at Burlington and at other points on the river. President A. C. Smith of the Iowa Bankers' Association made frequent reference to the proposition and a resolution was drawn up endorsing docks for Burlington.

The bankers were also much pleased by the action of Group 11 in indorsing the candidacy of Emil Webbles, president of the First Iowa State Trust & Savings Bank, as an Iowa member on the executive council of the American Bankers' Association to succeed T. R. Watts of Grand Junction. This vacancy will be filled at the next state convention.

Floyd Bankers Meet

The annual meeting of the Floyd County Bankers Association was held in Charles City, Iowa, recently, in the main dining room of Hotel Hildreth, with forty bankers present. At the conclusion of the dinner a short business session was held during which business conditions were discussed and all of the old officers re-elected as follows:

President, George Gates, Marble Rock; vice president, H. M. Wallerer, Charles City; secretary, O. G. Satterlee, Charles City, and treasurer, J. A. Cutler, Nora Springs.

In the evening the members attended

the Izaak Walton League pictures at the Hildreth theater.

Montana Convention

The Montana Bankers Association will hold its twenty-fourth annual convention at Helena, Montana on Thursday, Friday and Saturday, July 21, 22 and 23. Helena was chosen as the place of meeting at the invitation of Helena banks and the Helena Commercial Club and the date was fixed at a meeting of the executive council of the association held at Butte, Montana, March 12th. Those present at the meeting of the executive council were: J. K. Heslet, president; E. H. Westbrook, vice president; John Romersa, secretary-treasurer; J. E. Monroe, president state bank section and councilman Douglas Parker, A. J. Brower, P. B. Murphy, S. Brown, and D. V. Higbie.

Preparations already have been made by president J. K. Heslet and secretary John Romersa to have at this meeting outstanding speakers of national repute and novel entertaining features are to be introduced which will make this meeting an outstanding date in the history of the association.

Instruction to Land Appraisers

How to judge more accurately the money value and soil producing power of farm lands will be the theme of a two-day short course to be given at Iowa State College, Ames, Iowa, April 20th and 21st. The course this year will be the third annual one of its kind given at Iowa's state agricultural college for the benefit of land appraisers.

A year ago 110 registered for the land valuation course. Many of these were from out of state. The fee for the course is \$1.00. Any who are interested in knowing more about soil types and how to judge farm values are eligible for the course, which is given under the direction of the Soils Department of the college.

One of the noted speakers scheduled to address the land appraisers this year is A. F. Cardon, chief reviewing appraiser of the United States Treasury Department. Another is Major Howard Greene, Northwestern Mutual Life Insurance Co., Milwaukee, Wis.

One of the features of the course this year will be a farm visit where those attending the course will do some actual appraising work. After the farm has been inspected and each man has completed his estimates, those in charge of the work will consider the farm and discuss its various features which relate to valuation.

Complete programs and information concerning the soil and land value short course may be obtained by writing to Dr. W. H. Stevenson, head of the Soils Department, Iowa State College, Ames, Iowa.

Assets
Seven Million Dollars

STATEMENT OF CONDITION
of
**THE CITY NATIONAL
BANK**
OF CLINTON, IOWA

March 23, 1927

RESOURCES

Time and Demand Loans.....	\$5,410,863.29
United States Bonds.....	382,599.38
Stock in Federal Reserve Bank	19,500.00
Real Estate and Fixtures.....	92,611.73
Cash and Due from Banks and United States.....	1,112,361.63
	<hr/>
	\$7,017,936.03

LIABILITIES

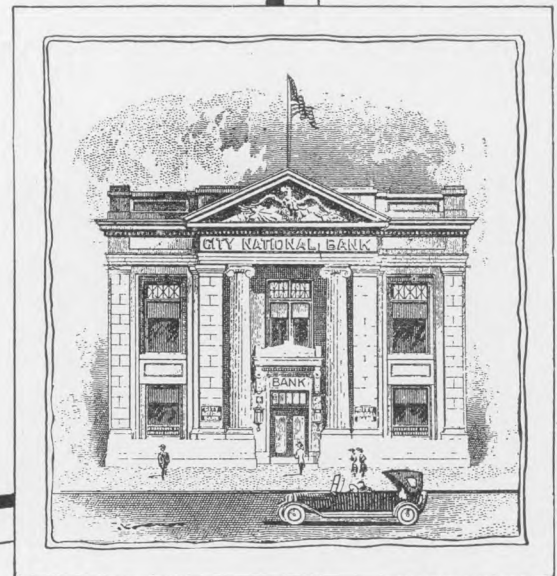
Capital	\$ 300,000.00
Surplus	350,000.00
Undivided Profits.....	145,968.76
Reserve for Interest and Taxes	90,000.00
Circulation	300,000.00
Deposits	5,831,967.27
	<hr/>
	\$7,017,936.03

DIRECTORS AND OFFICERS

- ALFRED G. SMITH,
Chairman
- ALFRED C. SMITH,
President
- G. L. CURTIS,
Vice President
President, Curtis
Companies, Inc.
- G. W. DULANY, JR.,
President, Rolipse
Lumber Co.
President, Climax
Engineering Co.
- H. W. SEAMAN,
Inland Waterways Advisory
Committee
- M. J. GABRIEL,
President Gabriel
Lumber & Fuel Co.
- J. PETERSON,
J. O. SHAFF,
Farmer and Live Stock
Dealer
- B. M. JACOBSEN,
E. J. CURTIS,
Vice President Curtis
Bros. & Co.
- C. A. ARMSTRONG,
Pres. C. F. Curtis
Company, Inc.
- W. R. SMITH,
General Manager
Clinton Corn Syrup
Refining Co.
- A. P. BRYANT,
Manager of Operations
Clinton Corn Syrup
Refining Co.
- F. H. VAN ALLEN,
V. P. and Sec'y
J. D. Van Allen & Son
Inc.
- H. S. TOWLE,
V. P. and Treas.
Towle & Hypes Co.
- O. P. PETTY, Cashier

- J. H. NISSEN,
Assistant Cashier
- H. G. KRAMER,
Assistant Cashier

Established
1870



The
City National Bank
CLINTON IOWA

Burlington Meeting

About three hundred bankers and bank employes attended the thirtieth annual convention of Group 11 of the Iowa Bankers Association, held February 22d, on Washington's birthday at Burlington. Banking Superintendent L. A. Andrew, President A. C. Smith and Secretary

Frank Warner of the Association, and Prof. E. H. Lauer of the University of Iowa were the principal speakers.

Resolutions adopted approved of the \$25,000 advertising campaign in behalf of Iowa; expressed commendation for the work of State Banking Superintendent Andrew; opposition to branch banking in

Iowa and defense of the Federal Reserve banks' operation; expressed hope that the McNary-Haugen bill will become a law and announced a belief in the future of inland waterways.

Alfred C. Smith of Clinton, president of the state association, said he was for the McNary-Haugen bill unless an alternative constructive relief measure can be enacted, and his talk to the bankers had much to do with legislative matters. Mr. Smith read a telegram which he sent to President Coolidge, as follows:

"Urge that you sign McNary-Haugen bill unless you can suggest alternative constructive relief which can be enacted into law. Middle west agriculture in critical condition and must have supporting legislation."

"Iowa Bankers Association,
"By A. C. Smith, president."

"Let us hope," stated Mr. Smith, "that the farm problem will soon pass into history and that properly directed toil and business methods will have solved the problem and farming will again take its place as the principal industry of the country."

Frank Warner of Des Moines, secretary of the association, conducted a round table discussion and in the afternoon discussed general topics of interest to the bankers, reviewing association activities and general legislative matters.

L. A. Andrew, state superintendent of banking, urged optimism for Iowa business men in his address. "Blue talk," said Mr. Andrew, "is having a bad psychological effect upon the people of the state."

Superintendent Andrew told the bankers that conditions were showing a steady improvement and that there had been but one bank failure in the past four weeks. Bankers, he said, were reporting collections good and cash reserves increasing in all parts of the state.

Favor Newspaper Advertising

Geo. A. Starring, secretary of the South Dakota Bankers association recently mailed a questionnaire to each of the banks in the state, asking them which of the many advertising mediums available to the country banker, they regarded as being the most productive from a business standpoint. Of the banks located in towns served by a newspaper, 61 percent placed newspaper advertising first in importance.

Calendars ranked second with 21 percent of the banks giving this type of advertising first place. Thirty-six percent of the banks gave calendars second place.

Circular letters or bulletins were given third place, 16 percent of the banks placing this type of publicity in first rank. Movie advertising or miscellaneous each received one vote for first place. Only three banks placed novelties first.

Unusual Cooperation with Correspondents

The wide experience of fifty-eight years in promoting friendly correspondent relationship throughout the middle west has given this bank a position of preeminence.

Being the oldest and largest savings bank in Iowa it is well fitted to serve your best interests, rapidly, efficiently.



AMERICAN COMMERCIAL AND SAVINGS BANK of DAVENPORT, IOWA

**At your service —
in Eastern Iowa
and
Western Illinois**

PEOPLES TRUST & SAVINGS BANK

**Peoples Trust & Savings Bank
CLINTON, IOWA.**

Remember it this way — "PEOPLES TRUST"

**The State Central Savings Bank
Keokuk, Iowa**

Capital	\$ 200,000.00
Surplus and Undivided Profits	334,115.53
Deposits	3,102,651.48

WILLIAM LOGAN, President
L. J. MONTGOMERY, Vice President
C. J. BODE, Cashier
ALVIN KRAFT, Asst. Cashier
G. N. DUERKOP, Asst. Cashier
W. A. LOGAN, Vice President
L. J. WOLFE, Asst. Cashier
E. A. EBERSOLE, Asst. Cashier

ACCOUNTS OF BANKS AND BANKERS INVITED



PEARSON HOTEL

On the near North Side
CHICAGO

THE pleasure of your Chicago visit will be heightened if The Pearson is selected as your stopping place. It is located just outside of the business, theatrical and shopping district, yet within pleasant walking distance; its moderate rates, unexcelled equipment and service, notably good and reasonably priced food, all make it a perfect base for opera, concert, theatre and shopping expeditions. A 300-car fire-proof garage is close by.

SEND TODAY FOR ILLUSTRATED FOLDER

The Pearson is a block east of the intersection of Pearson Street and North Michigan Boulevard. Rates for one person are from \$3.50 to \$5.00 a day; for two \$5.00 to \$7.00; two-room suites \$10.00 to \$12.00. Every room and suite with private bath.



Hotels MADISON and LENOX

DETROIT

Madison Ave., Near Grand Circus Park

IN THE heart of the downtown district, near all public buildings, department stores and theatres, yet away from the noise of the city.

These twin hotels, so conveniently located, offer you accommodations of notable excellence at prices most reasonable.

Delicious foods of choice quality prepared by home cooks.

*Ample parking space.
Good transportation to all parts of Detroit.*

350 ROOMS
350 BATHS

HOTEL SAVERY

DES MOINES, IOWA

Right in the heart of the shopping and business district. Selected as headquarters for many conventions. You'll find a real welcome here. Rooms \$2.50 and up.
T. H. HOFFMAN, Mgr.

250 ROOMS
200 BATHS

HOTEL HANFORD

MASON CITY, IOWA

"The pride of northern Iowa." Hotel service equal to any in the larger cities. You will enjoy staying at Hotel Hanford. Rates, \$2 up.
F. C. GAYLORD, Mgr.

350 ROOMS
350 BATHS

HOTEL BLACKHAWK

DAVENPORT, IOWA

You are proud to tell friends that you stay at the "Black Hawk" when in Davenport. It's economical, too. 350 rooms 350 baths. Rooms \$2.50 up.
W. R. KANE, Manager

These three and two more splendid hotels (the Fort Des Moines at Des Moines, and the Davenport at Davenport) owned and operated by
THE MILLER HOTEL COMPANY

When in CHICAGO

Enjoy your stay—at the new

MORRISON HOTEL

Tallest in the World
46 Stories High

Closest in the city to offices, theatres, stores and railroad stations

1944 Outside Rooms

Each with bath, running ice water and servidor

Lowest Rates

Write or wire for reservations

There is nothing stronger than human prejudice.—Phillips.



The FIRST NATIONAL BANK, Waterloo, Iowa

- DIRECTORS**
- B. F. SWISHER
Pickett, Swisher & Farwell
 - R. J. HOXIE
Secretary Waterloo Fruit & Commission Co.
 - A. M. PLACE
Vice President
 - E. E. PEEK
Vice President Waterloo Bldg & Loan Association.
 - H. W. GROUT
Real Estate
 - C. A. MARSH
President

THE First National Bank of Waterloo is equipped to give you the highest degree of SERVICE, and do it promptly and efficiently at all times. Fifty-eight years of steady conservative growth enables this bank to extend such service.

- OFFICERS**
- C. A. MARSH, President
 - A. M. PLACE, Vice President
 - WILL A. LANE, Cashier
 - P. W. EIGHMEY, Assistant Cashier
 - O. L. MORRIS, Assistant Cashier

Total Resources Over \$2,900,000.00.

- DIRECTORS**
- W. W. MARSH
President Iowa Dairy Separator Co., President Associated Mfg. Co.
 - J. T. SULLIVAN
Lawyer.
 - J. O. TRUMBAUER
Vice President Farmers Loan and Trust Co.
 - H. A. MAINE
President H. A. Maine & Co.
 - WILL A. LANE
Cashier

Chartered 1865

One interesting item brought forth in the survey is the expression of banks as to whether they expect to increase any of the various forms of advertising. Relative to newspaper advertising, of the 109 banks, 21 banks intend to increase, 41 banks will continue about the same, while 28 banks expect to cut down their newspaper appropriation. As to calendars or novelties, 8 banks will increase on this item, 14 will continue their present policy while 54 will decrease or cut out this item entirely. As to bulletins or circular letters, 31 banks plan to increase the expenditure for this item, 13 will continue their present budget while 34 will decrease or eliminate this item altogether.

The banks heard from spent in 1926 for all advertising, \$47,887.95, or an average of \$439.34 per bank. Probably \$175,000.00 was spent for all kinds of advertising last year by South Dakota banks. The amount spent last year by the banks which replied to the questionnaire for newspaper advertising alone amounted to \$21,888.57 or an average of \$200.81, or 45 per cent of the total advertising budget. Probably \$80,000.00 was spent by South Dakota banks last year in newspaper advertising.

Calendars and novelties rank second place in total expenditure which was \$11,441.70 or an average of \$104.97 per bank. The amount spent for bulletins or circulars was \$4,424.63 or an average of \$40.60. For movie ads the expenditure was \$1603.05, or an average of \$14.70 per

bank. For miscellaneous items, contributions and other items charged to advertising the expenditure was \$6048.009.

Eliminating the banks in the larger cities, we find that the total expenditure per bank in the average South Dakota town with weekly papers is \$305.12 of which \$149.04 is spent for newspaper display. The average amount spent for newspaper advertising in the larger cities with daily newspapers is \$713.36 per bank.

No Precedent

The recent agreement of the American and French governments for payment by France this year of \$10,000,000, "without prejudice to the unratified debt settlement," has led to the suspicion that perhaps Premier Poincare has paved the pay for a permanent policy of French payment to the United States of such amounts as France pleases. It is suggested that France, having succeeded in this first move, will prefer not to ratify the Mellon-Berenger debt agreement nor any other possible agreement, but will choose, instead, to pay amounts that suit her convenience, and to pay them at times convenient to her.

Those expressing this suspicion seem to overlook the significant fact that the amount paid by France this year, which the United States accepts, is the precise amount which France would pay under the Mellon-Berenger agreement, if that agreement were ratified.

For the United States to accept from France this year the amount which the United States has expressed herself in the Mellon-Berenger agreement as willing to accept, is entirely different than it would be if the United States were to accept from France this year a smaller sum than is provided for 1927 payment under the Mellon-Berenger agreement.

To accept the smaller sum would indeed seem to establish a precedent whereby France might hand us anything, with assurance that we would accept. But no such precedent is implied when the amount we accept is the amount which France would pay if the Mellon-Berenger agreement were ratified.—From *Chicago Journal of Commerce*.

On Time

A salesman who had been traveling on a certain railroad for a number of years was complaining about the trains always being late, when, to his surprise, the train came in on time.

He immediately went to the conductor and said, "Here's a cigar, I want to congratulate you. I have traveled this road for 15 years and this is the first time I have caught a train on time."

"Keep the cigar," said the conductor, "this is yesterday's train."—*Forbes Epigrams*.

"Have you named the baby yet?"

"We think we'll call him Oscar, although his Uncle Jake has lots of money, too."

"ROLL OF HONOR" BANKS

It is an honor to be listed among the **Honor Roll Banks**. It indicates that the bank has **Surplus and Undivided Profits** equal to or greater than its capital.

Such distinction is accorded to the banks listed on this page. By careful management and sound banking they have achieved this enviable position.



These banks will be especially glad to handle any collections, special credit reports or other business in their communities which you may entrust to them.



Correspondence is invited.

IOWA

Town	Bank	Capital	Surplus and Profits	Town	Bank	Capital	Surplus and Profits
Davenport	Union Sav. Bk. & Tr. Co.	\$1,250,000	\$1,250,000	Monticello	Monticello State	\$ 200,000	\$ 225,000
Ft. Madison	Lee County Sav.	50,000	56,000	Soldier	Soldier Val. Sav.	20,000	28,991
Lake Mills	Farmers State	25,000	38,000	Wallingford	Farmers Sav.	15,000	35,000
Little Rock	First National	25,000	26,000	Waterloo	Pioneer National	200,000	210,000

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"A CASHIER'S CHECK" for \$3.00 is all that is required to secure the monthly visits of the Northwestern Banker for an entire year. Each issue contains from 108 to 200 pages of mighty interesting matter pertaining to banks and banking interests in the territory covered by the magazine.

"OUR CORRESPONDENTS." Every bank in the northwest is invited to a place on this list. Send us items of local interest, tell us about your bank and its growth, prospects, etc., also any other financial news of interest to bankers in your section. We are always glad to head from our friends.

"SIGHT DRAFTS." We always carry a large "Reserve" of good will and additional service, and will promptly honor drafts made upon same by any bank. This department is for your special benefit. It may be made of very great benefit to your bank. Do not fail to avail yourself of its privileges.

"A CLEARING HOUSE." Our columns are a clearing house for all our readers. Express your view on any topic of interest to

the banking fraternity and submit same for publication. You do not have to agree with us, or with anyone else. We learn things by an interchange of ideas, and people with whom we disagree often prove valuable teachers. We shall be glad to hear from you.

"NO PROTEST" has ever been offered to the statement that the field covered by the Northwestern Banker is the money-producing section of the American continent, rich in hogs, cattle, corn, etc., and dotted with thousands of prosperous banks, all doing a good business, and the majority of them are readers of "The Northwestern."

"SURPLUS AND UNDIVIDED PROFITS" increase very rapidly with those banks whose advertisements appear regularly in the columns of this magazine. Full information as to rates and our special service will be promptly furnished on application. Your business solicited and appreciated. The "Banker" has been twenty-nine years in its present field.



IN THE DIRECTORS ROOM



Wanted Her Notified

Johnnie—Mother, didn't you say it was wrong to strike anyone smaller than yourself?

Mother—Yes, dear. What has happened?

Johnnie—Well, write to my teacher. I don't think she knows about it.

A Little Mixed

Visitor—After all these years I miss so many of the old faces with which I used to shake hands.

No Nerve

Harry—I'm afraid I'm smoking too much.

Jerry—Why don't you stop?

Harry—I would, but I'm afraid I might find something else the matter with me.

Poetry and Prose

He (poet lover): "My fair one, you reign supreme in my heart. Without you all would be dark and dreary. When the clouds gather and the snow and hail beat upon me, then I think of you. Then comes the warm southern winds—the storm breaks, and through the dying showers I see your love shining bright and clear. My rainbow!"

She (factory girl): "Hey, is this a weather report or a proposal?"

Misunderstood

He: "I come to bring warmth and light into the bleakness of your home."

Romantic Spinster: "Oh, you dear—"

He. "Nix on the love stuff, old lady. I'm the installation man for the gas company."

Either In or Out

Down south the past winter a colored caddy approached a well known doctor as he was about to enter the locker room and remarked: "Doctor, ain't you got some shoes up yonder in yo' locker you don't want?"

"Maybe so," replied the doctor. "What size do you wear?"

"I dunno sah, 'cause I never bought none dat'er way. I either kin get in 'em or I can't."

His Part

"Sam," said the canvasser to his colored friend, "we're collecting donations for the support of the public library. Can't we count on you for a small one?"

"Well, suh," replied the darkey, "to tell you de truf, suh, Ah figgers dat when Ah goes over dah to read de papers every day Ah's about doin' mah part."—*Legion Weekly*.

Cut Rate

A Scotchman went into a hardware store and asked for 20 cents worth of p'aster of Paris.

The clerk inquired what he wanted it for.

The Scotchman replied, "For 15 cents."

Thoroughly in Earnest

"Did you—utterly without warning—assault this poor wholesale salesman and throw him into the street," demanded the district attorney.

"Yes," replied the retailer. "Three times."

Only Grandma Knows

Little Joan: "Mummy, what's this funny thing I've found?"

Mother: "That's called a hairpin, dear. If you take it to grandma, she'll show you how it was used."

Fighting for Business

First Salesman: "So you went through France with your samples? How did you make it?"

Second Salesman: "Rotten. Every time I handed any one my card he thought I wanted to fight a duel."

Taking No Chances

"Would you marry a man who lied to you?" he asked.

"You don't suppose I want to be an old maid, do you?" she answered sarcastically.

Logical Deduction

Skeptical Lady: "Can you wear this coat out in the rain without hurting it?"

Fur Salesman: "Madam, have you ever seen a skunk carrying an umbrella?"

Take Your Choice

Lady (to small boy accompanied by two dogs): "Have you licenses on both those dogs?"

Small Boy: "No'm. The big one's all right, but the little one's just full of 'em."—*Vassar Vagabond*.

Tough on Dad

He: "Didn't I see you taking a tramp through the woods yesterday?"

She: "The idea! That was my father."

Coming to Himself

The negro minister was trying to impress his hearers with the shame and remorse felt by the prodigal son, and with his desire to cast away his wicked doings: "Dis young man got to thinking about his meanness and his misery, and he tuk off his coat and frowed it away. And den he tuk off his vest and frowed dat away. And den he tuk off his shirt and frowed dat away, too. And den he come to himself."—*Financial Times*.

Perfectly Evident

"How do you know your daughter trusts God?"

"By the company she keeps."—*Carolina Buccaneer*.

This Might Happen

"Pardon me, did you drop your handkerchief during the last dance?"

"Oh, I was never so embarrassed in my life. That wasn't my handkerchief, that was my dress."—*Wesleyan Wasp*.

Mary Pickford's long yellow hair has never been bobbed, and probably never will be. She would look like a flapper with a shingled head, and if there is an ounce of flapper blood in her it has never come to the surface.—*From Chicago Journal of Commerce*.

"How come, brudder," asked the preacher, "dat when I talks about watermelon stealing, yo' all snaps yo' fingers?"

"Nothin' 'tall, pahson, nothin' 'tall; I just happen to 'member where I left mah knife."

seven years . . .

\$500,000

were devoted to perfecting the
Todd Super-Speed Protectograph

Yet, this is but one example of how The Todd Company accomplishes its aim to simplify and improve banking practice

THE first working model of the Super-Speed was completed seven years ago. From that time until the announcement of the Todd Super-Speed five months ago, the work of improving . . . of perfecting went steadily on. Countless changes in design and materials were considered. Many were incorporated—many were found impractical.

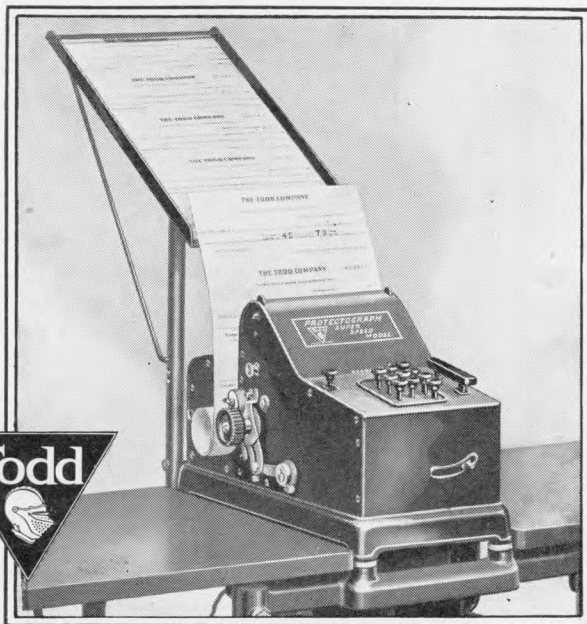
Then ten machines were shipped to banks, manufacturers and merchants who demanded speed and reliability. For six months they were used to make sure they would stand up in actual commercial work.

The result of all this experimenting, testing and improving is that The Todd Company can now offer the Super-Speed to the banking world with the guarantee that it is not only the fastest, but the most perfect piece of mechanism made in our history.

Such is the story of the Todd Super-Speed. It is but typical of the precision and care we have exercised in the manufacture of all Todd Protectographs. Not one has been offered American business until it could carry the Todd guarantee. And every model is actively filling a need in business or private life. Even in homes today you will find a Protectograph—The Personal, which bankers appreciate so highly because its use reduces the number of hand-written checks their employees have to handle.

Today ninety per cent of the banks of this country use one or more of the Todd products, including Todd Greenbac Checks and Super-Safety Checks unequalled in alteration-defying qualities and beauty. The number of individuals and businesses can be counted in hundreds of thousands. Todd service is available in every important city in the United States and in many foreign countries. This service is rendered by experts—men who have been schooled in the Todd business.

At your request a Todd expert will come and show you how the Todd System of Check Protection can facilitate the routine of your bank. Be sure to ask him to demonstrate the new Todd Super-Speed which writes the amount line on checks at the rate of 1200 an hour. The Todd Company, Protectograph Division. (Est. 1899.) 1149 University Avenue, Rochester, N. Y. *Sole makers of the Protectograph, Super-Safety Checks and Todd Greenbac Checks.*



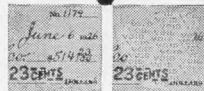
TODD SYSTEM OF CHECK PROTECTION



1

The Protectograph eliminates a large percentage of all check frauds by preventing raised amounts. The Protectograph is made in a variety of standard models, one for every type of business, priced from \$37.50 up. Only Todd can make a Protectograph.

2

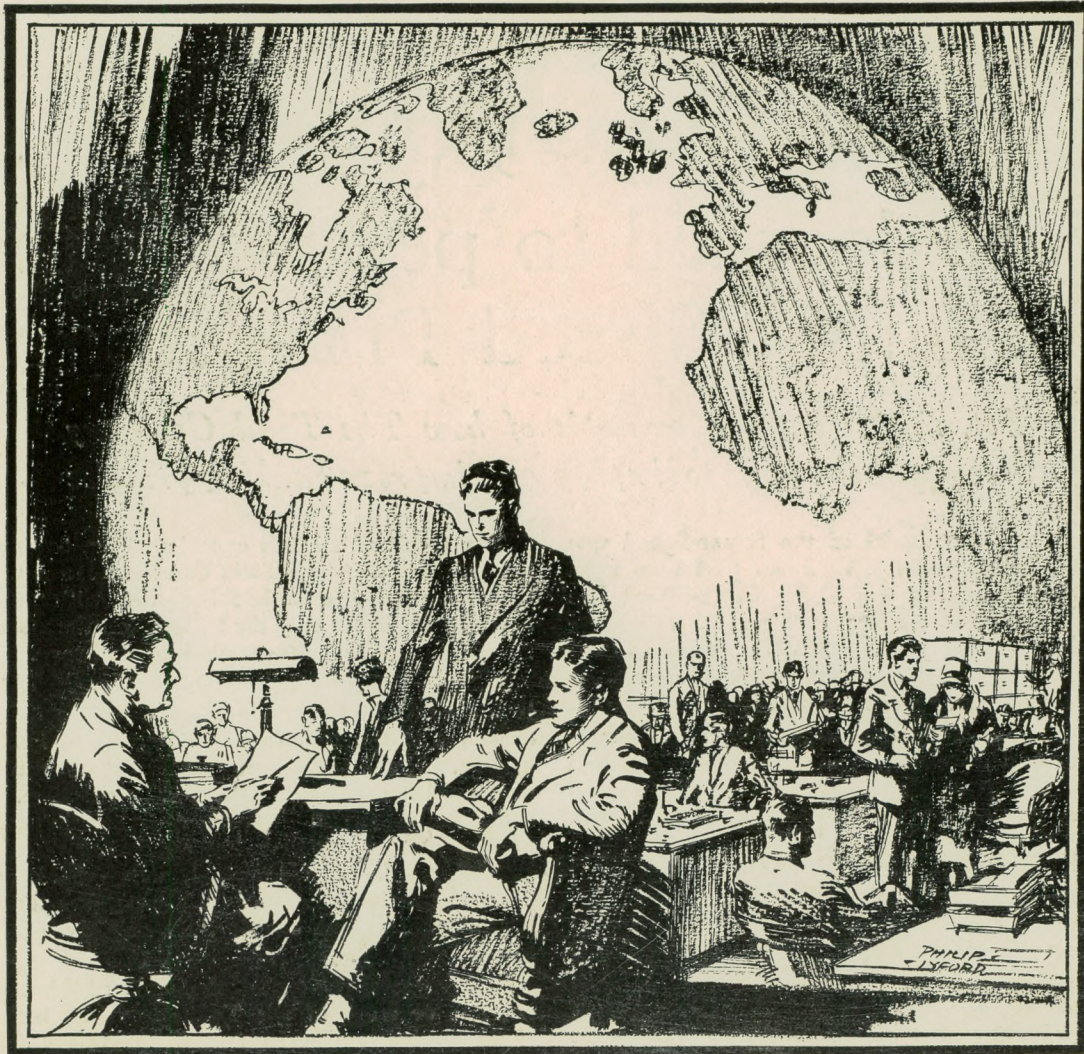


Todd Greenbac Checks, with their patented self-canceling features, eliminate another major source of possible check losses by preventing change of payee's name, date and number and "counterfeiting." The instant the forger's acid is dropped on the paper the word "void" appears.

3



Standard Forgery Bonds cover the remaining check-fraud possibilities, namely, forgery of signature and forgery of endorsement. Qualified Todd users receive policies at the most advantageous discounts from the Metropolitan Casualty Insurance Company, New York.



World-wide Banking Service

Through more than fifty years of constant growth and thousands of direct business connections established both here and abroad, the Illinois Merchants Trust Company has built a service for importers, exporters, banks, travelers, and investors, which is truly world-wide in character.

The resources of this bank are large; its organization is well developed; its facilities highly specialized and its board of directors composed of leaders in every branch of commerce and industry.

Inquiries about our services and our ability to meet your banking needs are cordially invited.

ILLINOIS MERCHANTS TRUST COMPANY

Capital & Surplus 45 Million Dollars

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