

Northwestern BANKER

DES MOINES

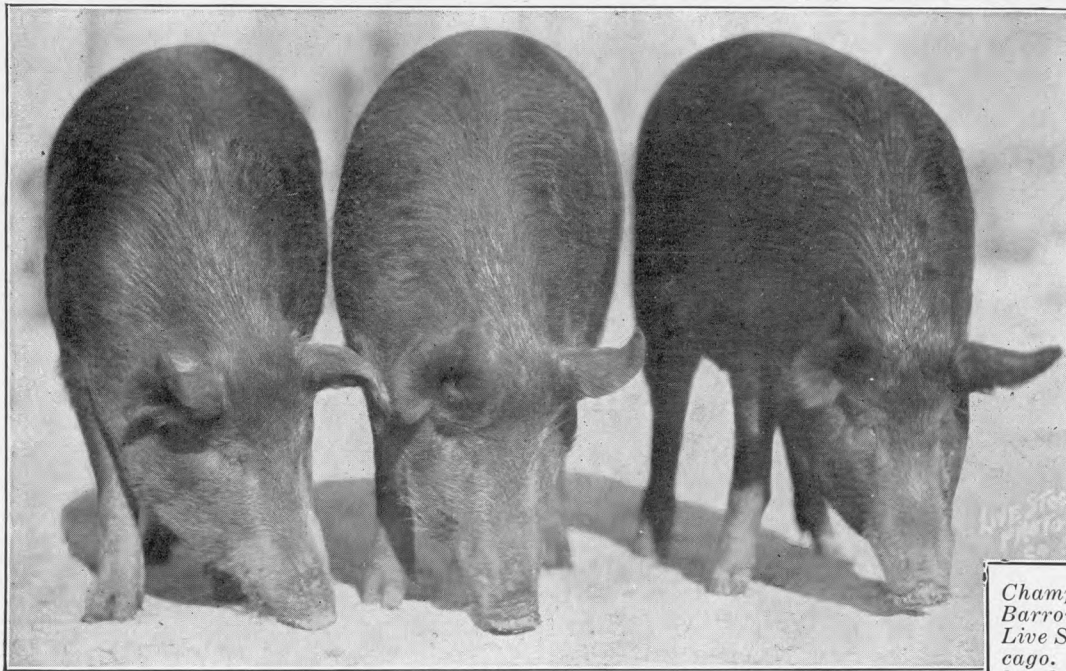
September, 1931

Heds Committee on
Aid to Germany

(See Page 3)



ALBERT H. WIGGIN
Chairman of the Board
Chase National Bank



Champion Pen of Three Barrows, International Live Stock Show at Chicago. Just one of the hundreds of championship and blue ribbon awards won by entries in national, interstate and state shows, fed and fitted on the Fox Chemical Company's Experimental Farm.

HOGS

ARE STILL IOWA'S BEST COLLATERAL

FARMERS who raise hogs have a much better chance of repaying loans from income than those depending upon grain. While this fact has always been true, present conditions prove it again.

In the face of declining farm prices, where income from grain is practically swept away, hogs continue to bring in a profit IF PROPERLY FED. "Bringing home the bacon" with hogs is a matter of producing pork at a cost sufficiently lower than the market price. This is being done by a number of farmers. Helping farmers to make hogs pay larger profits is a duty for bankers as well as ourselves.

By encouraging farmers to look into proved feeding methods and to overcome disease at all times, bankers aid in bringing back Iowa's prosperity.

The Fox organization has devoted over twenty years to improving hog raising conditions. At our large experiment farm, north of Des Moines, we hold a constant series of 60 day tests on feeding hogs. Here we have shown farmers that it is possible to produce pork for as low as \$3.20 per 100 lbs. Fox Service men are out in Iowa's hog lots every day helping bring sick pigs back to health. These men are not salesmen, but service men who work with farmers showing them how to increase hog profits.

It is indeed a pleasure to send the facts we have uncovered by feeding tests to bankers who realize that "Hogs are Still Iowa's Best Collateral." Iowa bankers are urged to write for free copies of our latest complete Hog Feeding Bulletin.

FOX CHEMICAL COMPANY

Manufacturers of the famous Fox Mineral Powder

Des Moines, Iowa

Northwestern Banker

Des Moines

The Oldest Financial Journal West of the Mississippi

Number 530

September, 1931

36th Year

In This Issue

Heads Committee on Aid to Germany

(See cover photo)

Albert H. Wiggin, chairman of the board of the Chase National Bank of New York City, is assuming a prominent place in world banking affairs at the present time, due to his appointment on the committee set up by the Bank of International Settlements to study means of assisting German finance. Mr. Wiggin is now in Europe on this mission.

Mr. Wiggin began his banking career at the bottom of the ladder, as a clerk in the Commonwealth Bank of Boston, in 1885. In 1891 he became a bank examiner in the Boston district and three years later became assistant cashier of the Third National Bank of that city. He later became vice president of the Elliot National Bank, then went to New York City as vice president of the National Park Bank in 1899.

He was one of the organizers of the Bankers Trust Company of New York in 1903, then became vice president and a director of the Chase National in 1904. He later became president of the bank and during the first decade of his presidency its deposits increased from \$26,000,000 to \$300,000,000.

Mr. Wiggin has an extensive acquaintance in banking circles, being known as the banker "with a million friends."

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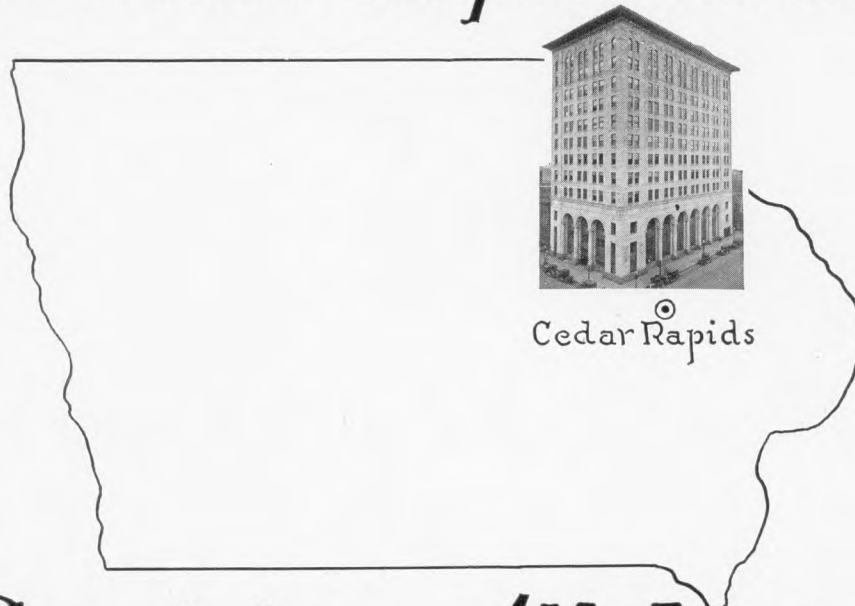
For
Credit Information



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BANK AND TRUST
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correspondent accounts to the
end of bringing to them the
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In a small, almost frontier city, The First National Bank of Chicago was organized in 1863. Its growth has reflected the growth of the territory of which Chicago is the commercial and financial center.

From little more than a local bank the First National and its affiliate, the First Union Trust and Savings Bank, have developed nation-wide and international connections with facilities for the prompt and efficient handling of financial business in every part of the world.

The Banks and Bankers Division is a feature of the specialized organization which has characterized this bank for the past twenty-five years. An intimate contact with business developments, national and international, is maintained.

**The First National
Bank of Chicago**
Affiliated
**First Union Trust
and Savings Bank**



Across the Desk from the Publisher

By Clifford DePuy

Investment Houses Optimistic

“Believe it or not,” many of the investment houses along LaSalle Street are taking a more optimistic view of the situation as indicated by a letter which we received from a prominent Chicagoan recently, and which reads as follows:

“There is a renewed enterprise on the part of LaSalle Street investment houses to develop business again in the so-called Chicago territory—particularly in Iowa.

“One of the prominent houses is now, and has for the past six months, listed Iowa as its best territory. It has four aggressive salesmen in that state at the present time and is now advertising for more sales representatives.

“One of the country’s largest security companies is doing a splendid business throughout Iowa, Nebraska, and the whole middle west.

“Another house cited the case of their ——— representative, who during the past month developed 23 new clients and sold 319 bonds.

“Half an hour’s talk with the Chicago vice president of one of the large utility underwriting firms brought out the information that they are enjoying a comfortable business. While they materially reduced their sales force six months ago, they kept their best salesmen at points like Minneapolis and Des Moines, and are confident conditions are going to improve with the fall months.

“The one bad omen in Chicago at the present time is the activity of a number of dubious stock selling houses, that are spending great sums of money on elaborate house organs and long distance telephone and telegraph to inveigle the public to participate in their offerings of issues of doubtful value. They figure that there is a good buying public now—even for their type of offerings. Cer-

tainly someone should sound a *caveat emptor*—Let the Buyer Beware—warning, so that only reliable investment houses are patronized.”

The last paragraph is also very interesting and proves the point which we have stated heretofore, that prosperity is not just around the corner but is actually here, when the fake stock-selling houses commence to get active again.

There certainly is no better barometer of improved conditions or at least the opportunity for the sale of securities than to ascertain when the “blue sky artists” are again in evidence with their high powered methods.

The big problem now for every banker is to see that his customers when they come to him for advice on investments are given the right information and sold the right kind of securities.

Likewise, investment houses have a double duty to perform in seeing that the advantages of their bonds and stocks are advertised sufficiently to offset the so-called high yielding securities offered by the fly-by-night investment houses.

Group Banking Laws

Group banking has brought out new legislation in some states, but in many states there has been no legislation passed at all covering the responsibility of a holding company of bank stock.

In Wisconsin, no corporation organized under the laws of the state is allowed to hold more than 10 per cent of the stock of any bank or trust company unless 75 per cent of the stockholders of both corporations vote in favor thereof at a meeting especially called for that purpose.

In New Jersey, a law was passed in 1928 prohibiting a holding corporation from owning more than 10 per cent of the shares in more than one banking

institution, whether it was a state bank, trust company, or national bank doing business in the state.

In Minnesota there are no laws dealing specifically with this question, although holding corporations organized in other states may acquire the stock of Minnesota state banks and are not subject to control by the commissioner of banks according to the assistant attorney general of the state.

In West Virginia, a new banking code has been enacted in which group banking is prohibited.

In Oregon, corporations owning stock in banks or trust companies are not subject to the double indemnity provision applicable to holders of bank or trust company stock.

These few examples indicate that there is considerable uncertainty and no general definite legislative policy concerning the liability of stockholders owning stock in holding corporations.

As time goes on no doubt these differences of state laws will be changed and legislation enacted which will be more uniform in its character.

Capitalizing on Withdrawals

An interesting story is told of a banker in a community which had been more or less disturbed by the closing of two other banks, and who realized that his institution was being subject to the withdrawal of deposits, although his financial statement showed large cash reserves. He advertised that all customers of his bank could have the use of the bank's safety deposit boxes without charge in order that they might put their currency and cash in a place of safe keeping.

This banker believed that if he could keep the money within the four walls of his bank that he would have a better chance to have it redeposited when the storm of uncertainty had blown over.

This was certainly capitalizing on an unfortunate situation, but it helped to regain a large amount of the money which was withdrawn from his bank during a crucial period.

Stamping Out False Rumors

The action of the Chatham Phenix National Bank and Trust Company in taking immediate steps to prosecute the originator of false rumors concerning the financial condition of their bank is both a courageous and admirable step in the right direction.

The NORTHWESTERN BANKER has been a firm believer in the policy of prosecuting any individual who maliciously and willfully circulates statements

concerning any financial institution which are untrue and which may result in serious consequences to that particular institution and to the community which it serves.

A recent "Whispering Campaign" concerning the condition of the Chatham Phenix National Bank and Trust Company was started by James H. O'Connell, a twenty-five year old employe of Burley and Company, investment bankers, at 115 Broadway. As a result of the false reports circulated by Mr. O'Connell he has been indicted and will be prosecuted by the bank to the very limit of the law.

That the bank is in excellent financial condition is shown by their statement at the close of business August 15, 1931, when they had total resources of over \$254,000,000, of which 66 per cent were of a liquid character including cash, government bonds, and other loans.

It is to be hoped that the example of the Chatham Phenix National Bank and Trust Company in its courageous procedure to eliminate false statements about its institution will be followed by other banks if similar circumstances should occur to them.

Comparing State and National Banks

Figures recently compiled as of March 25, 1931 show interesting figures for state banks and national banks.

The total number of banks in the the United States is as follows:

State banks.....	15,865
National banks.....	6,935
Total	22,800

The total amount of *capital, surplus, and undivided profits* for these two classes of banks, is as follows:

Capital, surplus, and undivided profits for state banks.....	\$5,950,000,000
Capital, surplus, and undivided profits for national banks.....	3,778,000,000
Total	\$9,728,000,000

The total amount of *deposits* for these two classifications gives the following interesting figures:

Deposits of state banks.....	\$34,266,000,000
Deposits of national banks.....	22,344,000,000
Total	\$56,610,000,000

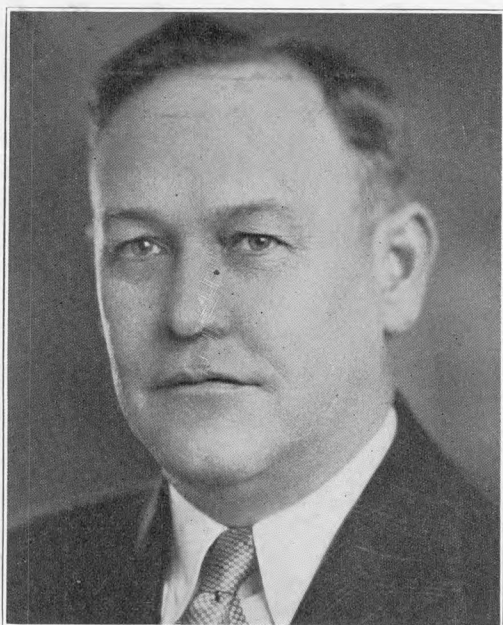
It is interesting to note that the state banks have 53 per cent more deposits than the national banks.



"GOD'S GREATEST GIFT"

B. Pothast, who painted "God's Greatest Gift" was born in Holland in 1879 and received his early training under his father, an artist well-known for his copies of the work of the old masters.

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E. A. RUDEN

Two Kinds of BANK HEROES

By E. A. RUDEN

Superintendent of Banking, South Dakota

(From address before South Dakota convention)

THE other day that grand old man, Thomas A. Edison, gave an address over the radio in which he said, "My message to you is 'be courageous.' I have lived a long time. I have seen history repeat itself again and again. I have seen many depressions in business. Always America has come out stronger and more prosperous. Be as brave as your fathers were before you! Have faith! Go forward!" If men with the mature judgment, wonderful intellect and business experience of Thomas A. Edison have faith in the future prosperity of this nation and believe that history will repeat itself and that we will come out stronger and more prosperous than ever before, I believe that we should have the same faith and make our plans accordingly. By this I do not mean that we should neglect to take every precaution in so shaping our affairs that even if conditions get worse than at present we will still be able to function. In other words, we should follow the advice of the general who told his soldiers that they should "Have faith in God but keep their powder dry."

In speaking of courageous bankers, I believe there are two classes of heroes in the banking business. One is the man who continues to put in his personal resources to keep his bank going and battles his way through in the face of diminishing profits and increased losses. Losses caused by conditions over which he has no control. The other is the man who closes his doors when he realizes that the capital of his bank has become seriously impaired and knows that he has no further personal resources to make good

the impairment. The first man, who wins out by being able to make good the impairment, is a real hero and receives his reward by being enabled to keep his institution going, maintaining his standing in the community and has the satisfaction of knowing that he has made a success. The other man who is a hero is one who realizes that he cannot make good the impairment of his capital and closes his bank voluntarily before the bank's losses are so great that its closing will mean any serious loss to the depositors. It takes more courage to accept the stigma of failure and the resultant unpleasantness incident thereto than it does to follow the line of least resistance and to continue running a bank that the directors know to be insolvent.

Belongs to Depositors

FORTUNATELY there are only a few bankers who adopt the attitude that because they own a few shares of stock in a bank that the business belongs to them, whereas, as a matter of fact the major part belongs to the depositors. In

"The banking failures of the past which have deprived many communities of banking facilities have brought home to the people the value and necessity of bank service to a community. In the future the communities can reasonably be expected to give to the banks a greater degree of cooperation than they have heretofore shown!"

checking over the affairs of some of the banks that have closed it is apparent that very little consideration was given to the rights of the depositors and that the officers were only concerned with the inconvenience and unpleasantness that would attach to them when the time came for the closing of the institution, and continued to accept deposits despite the fact that the officers must have known that they had no way of taking care of the losses sustained. I do not consider it smart or courageous to continue operating a bank after it is insolvent. To continue operating a bank after it is hopelessly insolvent in the hope that conditions will improve, is only a delusion. Good times, good crops and big prices will not necessarily help an insolvent institu-

tion unless the stockholders are able and willing to make good losses that have been sustained. Simply increasing deposits will not take out bad paper. A greater volume of business, will of course, increase profits and if the losses are not too great they can be absorbed but the department is not justified in permitting an insolvent bank to continue operating simply because its reserve is ample. In my opinion reserve is a secondary matter, because all bankers know that a bank's reserve may be entirely depleted but if the note pouch is good and other assets are satisfactory, the bank may be entirely solvent. In justice to the depositors and the better banks, we should face the truth and I believe that I express the unanimous opinion of the South Dakota Banking Commission when I say that we are endeavoring to put into practice a policy that will eventually mean that only solvent state banks will be permitted to operate in South Dakota. In other words, we are working to bring about a condition that will eventually mean that the capital and surplus in any bank that suspends business will be sufficient to take care of all losses and that depositors will receive 100 cents on the dollar.

The interest of solvent banks and the public is identical. It is the duty of the banking department to enforce the provisions

of the constitution and the laws enacted by the legislature of South Dakota. Some state bankers object to the reserve requirements and other provisions of the law which are not in harmony with the national banking law, and seem to feel that the banking department has the right to interpret the law in line with these objections. In answer to these objections I will simply say that those who choose to operate banks under the South Dakota laws know, or should know, the rules of the game, and should try to abide by these rules as nearly as possible. A man is not compelled to select the banking business as his career, therefore, he cannot consistently object to abiding by the rules. If he does not want to be a banker

(Turn to page 25, please)

Keeping DIRECTORS Sold on

By CARL D. GANZ

Cashier, Farmers and Merchants Bank, Alvo,
Nebraska

THEIR JOBS

BANKS being corporations owned by stockholders necessarily must have their business policies shaped and determined by a committee elected by the stockholders. We call this committee the board of directors. Theoretically and in the eye of the law the duty of this board is to authorize all the acts of the corporation. Let us consider then what an ideal board would be with a few observations thrown in as to what kind of boards we actually have.

The first breakdown in this set-up comes from the human failing among any group of citizens in practically always failing to elect the most competent and capable men to represent them. The board acting as the connecting link between the stockholders and the executives who actually run the bank are in fact trustees. Being trustees for the capital of the bank and to a large extent the deposits of the public, only the most capable should be placed upon the board. This board should be large enough to represent the various interests of the community and stockholders but not so large as to be unwieldy. We must not forget then in talking about the responsibility of directors and in realizing the shortcomings of many boards that the stockholders in the first instance have not fulfilled their responsibility in electing the most capable board possible.

Leadership

AFTER the board has been elected it necessarily must create the character of the institution and largely establish its degree of leadership. As I said a minute ago you can define their entire duty by the one word, "authorize"—that's their business—to first authorize the policies of the bank and then see that they are carried out. They don't need to be technical bankers to do this as the fundamental principles underlying all businesses are identical. Outside of firmly insisting that the policies they lay down are carried out, I feel that they can safely confine their other interests in the bank to two departments, viz., the note case and the profit account. In the past bank critics have always preached the idea that the heart, lungs and all the other vital organs of a bank was in the note case. It has only been recently that anyone has paid any attention to the profit account. Not for one minute I decry any effort to make better note cases but I can't help but



CARL D. GANZ

feel that many a dead bank today first took sick with a subnormal temperature in the profit account. After all the note case in every bank has some good, some fair, and some rotten paper in it—they only vary in degrees (we are considering only honest banks)—but there is a whale of a difference in the profit accounts of banks operating under the same circumstances. Many times the heart trouble caused by the note case can be cured by a sugar-coated physic taken from the profit account. It is the directors' duty to see to it that these two departments are kept healthy and in tune with each other. That is their biggest duty and if performed religiously they need have little fear of being charged with malfeasance or nonfeasance.

It's Our Fault

NOW you know and I know that we do not always have this ideal board nor do the boards that we do have discharge in full the responsibilities that we have been discussing. As a matter of fact it has been my observation that the average board of directors in a small bank (mind you I said small) is about as useless as a painted ship upon a painted ocean. Now why and whose fault is it? I'll tell you, it's yours, Mr. Executive Officer—we can talk all we want to about the primary duty of the stockholders to elect the best board possible and about

what the board should do after it is elected but if they don't do it, whose fault is it? It's yours and mine. We are the executive officers of the bank—if our bank makes good we take the credit and we hand darn little of it to the directors—if our bank fails the general public cusses and the board usually gets sympathy for having lost their capital. I fear that as executives we have been prone to lend our influence to the election of those stockholders who would consider the election not as a responsibility but as an honor and who we felt would least likely interfere with our management of the institution. That's a severe indictment but in all honesty I ask you, isn't it true? We have failed to cash in on our most valuable asset—a real board of directors; if our policies are sound the board will authorize them—if they are not we should be corrected. We have failed to see that the possibilities of help from an efficient board are unlimited—they can tap resources in our communities that no executive would ever discover—and just think of the shock absorbing a real board can take off the shoulders of the executive if they are made to realize that the policies of the bank are theirs and not the cashier's—let your board take the cussings on the street instead of you for all of our new service charges, etc., etc.—they will really enjoy it and, gentlemen, just stop and think for a minute how much easier it would be to install these new departures in our business if you have a half dozen enthusiastic board members explaining and defending them in your community instead of having to do all of this yourself—and furthermore your customers will become convinced in the soundness of these new practices a whole lot quicker if the propaganda is spread by the board members instead of you.

Now to get your board to do all these things is *your job*—if you succeed your reward will be a *good bank*. And, gentlemen, don't forget that if members of your board pull off their coats, roll up their sleeves and put the job across for you, it then becomes your duty to dust off those coats and help them put them on again.

New Banking Devices from the MACY LABORATORY

By ROSCOE MACY

IT HAS been the practice in this department to advance and demonstrate periodically the most modern devices and inventions for the alleviation of suffering bankerhood. These devices, as they were placed on the market, have been seized upon and placed in operation by progressive bankers everywhere. Probably it is no more than fair to say that they have been instrumental in revolutionizing the theory and practice of country banking; anyhow, I'll go ahead and say it. It will be remembered that the automatic fly-swatter, the Clerkit, and other inventions of like ingenuity have contributed their full quota to the ameliorization of the conditions under which country bankers have to work, if we grant that they do have to work.

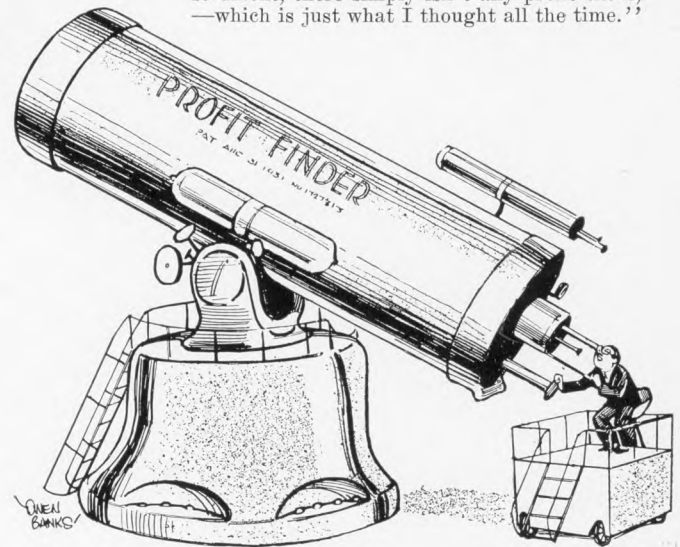
Unfortunately, however, I am a slow writer, and my inventive genius has far out-distanced my typewriter. We have installed in our bank a great many mechanical improvements of which the rank and file of country bankers have never even heard, and in order to bring the reader's information up to date, we can perhaps do no better than to conduct him upon a personal tour of observation through our banking quarters, and to permit him to see and inspect the various late model devices in actual operation.

Our Asset-Oven

THE first thing to strike the attention of the stranger entering our bank is a large kiln-like container, of 60-gallon capacity. This apparatus is electrically operated, by means of an automatic thermostat. Its technical name is the Asset-Oven, and it is guaranteed to thaw out the most solidly-frozen asset, without chilblains or other complications. All that is necessary is to place the asset in the oven; the machine does the rest.

Upon the counter near the door is an interesting piece of machinery, which gives outward evidence of frequent usage. This instrument is known as the self-container, or temper-holder. It is constructed to hold, under extreme tension, the temper of the most cantankerous cashier. Smaller models are available for tellers.

Here on the table is a complicated arrangement of weights and pulleys which has a very important place in any well-managed bank. It is called the book-balancer. It is operated in a very simple manner. A bookkeeper is delegated to place all the books of the bank, arranged according to weight, upon the opposite



"Our profit-finder and this is the latest model, especially designed for 1931 use. If you can't find a profit with this delicate instrument, there simply isn't any profit there, —which is just what I thought all the time."

sides of the platform—a ledger on this side, say, and couple of draft registers on that; then a tickler and a couple of cash books—until a state of perfect equilibrium as between the two sides, is attained. When the examiner comes, he is led to this machine by the officer in charge, who says, with a perfectly straight face: "You see, all our books are in balance!" This will make a hit with any bank examiner. If he doesn't die laughing on the spot, he will at least be so weak with suppressed laughter that he will collapse when he tries to lift the note-case—thus adding to the general merriment and good feeling.

Over in that corner near the window is one of our most highly-prized instruments. It resembles a laboratory outfit, its principal feature being a combined microscope-telescope. These instruments are both of exceedingly high power, which any banker will easily understand when it is explained that this is our profit-finder, and that it is the latest model, especially designed for 1931 use. If you cannot find a profit with this delicate instrument, there simply isn't any profit there, which is just what I thought all the time.

Our Note-Conditioner

BUT the most useful gadget of all is this large machine out in the center of the room. We are especially proud of our patented note-conditioner. Bankers

universally recognize the importance of keeping the bank's notes in spick and span condition, always ready for exhibition to the most exacting scrutiny. Bank examiners, for example, are suspicious of the note from which the maker's name has disappeared, as the result of careless and over frequent handling. They are usually inclined, too, to favor the plain edges in notes. The serrated borders which a note can attain only through age and exposure may add considerably to its value as an antique, but to the examiner they spell only depreciation and obsolescence.

Observe, now, how the note-conditioner operates. First let us take a note whose only serious weakness lies in its antiquity. It is not excessively large, and the maker's name is still legible; it has merely been sticking around quite a while. We place this note in the renovating vat, and leave it there a few minutes. Upon withdrawing it, we find that it has been completely resurfaced, so that the most casual inspection will convince the observer that it is good for another five years in the case.

Here, though, we have a note which is excessive in amount. The past few years have witnessed radical changes in the approved styles of note-figures. An obligation which a few years ago was considered reasonably slender bears now at least the

(Turn to page 69, please)

Despite the utmost precautions forgery continues to exact its toll from banks and bankers, hence it is advisable for executives and employes of banks to have a reasonable knowledge of handwriting and graphology.

UNMASKING THE FORGER

By **BLANCHE HOLMES**

International Graphologist and Handwriting Expert, P. O. Box 1050, Hollywood, Cal.

SOMEONE has truly said, "What man has done, man can do," and this is unfortunately true in regard to the imitation of signatures. Despite the fact that the most skilful forgeries can be detected by the handwriting expert, the number of successful attempts to pass spurious checks still continues. Many a bank in the United States has, at one time or another, been taken in by some clever forger. This fact seems to indicate the advisability of a more general knowledge of the subject on the part of the business world, and in particular for executives and the employes of banks.

The handwriting expert has many instruments which enable him to accurately and readily discriminate between a genuine signature and a traced or faked copy. The microscope, the magnifying glass, the protractor and the art of photography, are all valuable appliances for unmasking the forger, but very different is it with the bank teller or bank executives. The bank teller is called upon to immediately determine whether a check passed across the counter should be honored or rejected. Here he is at a great disadvantage. In determining, almost at a glance, whether a signature is really that of the suppositional endorser or not, the tellers are confronted with a difficulty—handicapped by the possession of only one original signature of the depositor, that penned by him in the first instance for the purpose of identification by the bank.

Unfortunately, as all handwriting experts know, this single specimen of a depositor's signature provides very unsatisfactory data for identification, and that for two reasons. In the first place the penman seldom sits down to write the signature for the bank, but does so standing, an unnatural position for holding the pen, and also what is still more important this position lends a different appearance—however slight the difference may be—to the writing.

Is Self-Conscious

BUT of greater significance is the fact that the average man or woman who is required to sign his name, for the purpose of subsequent comparison and verification, does so more or less self-consciously, and consequently with marked attention and effort, so that the writing thus produced lacks the spontaneity of its usual outlines. It is not written with the same free movement of the pen.

These two factors might appear of little import, but this is far from being the case, since it must be remembered that there is no other combination of words in a letter, or any other document, which being constantly written in the same consecutive order of words and sequence of letters, becomes an almost automatic action, thus imparting to the signature a significance and individuality which is not expressed by any other words in a document. Experiments have also proved that the probability of a writer signing his name exactly alike in every particular are one in a million, but there are certain features common to the signature of any given writer, from which he seldom, if ever, departs.

Any departure from the usual position and conditions under which a name is written, tends to modify the natural, spontaneous appearance of the signature. There is also this important factor to be taken into account. Signatures written almost automatically, under ordinary conditions, may vary to a greater or less degree in regard to the minor details, such as the spacing of words, etc.—unless the penman is in the habit of joining the initials of his name, or the given name to his surname—but minor variations are peculiar to every writer and follow no given rule. They are graphological indications of his individuality. Such natural variations of signatures differ radically from the divergence caused by a change of position, from sitting to standing, and from the self-conscious signature referred to.

There are, however, one or two features common to most genuine signatures which

the bank teller should not overlook. The natural variations seldom affect the height of the individual letters, that is to say a writer will reproduce any particular letter of the alphabet, a, o, or e, etc., at the same height, and the alignment of certain letters will be found to differ somewhat when the letter in question is immediately followed by another particular letter. For example if the writer is in the habit of slightly raising the "e" when it is preceded by "r," this peculiarity will be noticed in every instance where these two letters are in sequence.

The forger, on the other hand, is careful to keep his alignment on the level, and will overlook a departure from this principle on the part of the original writer. Then again, the genuine writing will show more ease and spontaneity in the upward strokes of letters, such as the strokes of the m, n, r, etc., than in the downward movements of the pen. The contrary is the case with forged specimens. The handwriting expert therefore, pays special attention not only to the above details but also to the speed of the writing, the ease with which it has been written, the retouching of certain letters in order to make them resemble the original and to any hesitating tell-tale strokes of the pen.

The shading of certain letters, or the pen pressure brought to bear more specifically on one stroke than another must be noted. The graphologist, whose science differs so radically from that of the handwriting expert, also carefully notes the shading of letters—dividing them into two classes, the conscious and the unconscious shading—but for a different reason and objective. The graphologist discriminates between the natural and conscious shading as indicative of two types of character. Writers who shade their letters in order to

Illustration No. 1

give what they believe to be a pleasing, artistic effect, are generally persons of a mediocre turn of mind, somewhat pretentious, or at least possessed with the desire for approbation and a love of ostentation. They are also apt to be conventional, paying marked regard to what others think of them. Here is a good example of the handwriting shaded for effect, in Illustration No. 1.

Even to the uninitiated, the untrained eye, the deliberation with which the capital letters have been shaded is very obvious. The exaggerated size of the capitals is scarcely necessary, in such a case, to further disclose vanity and superficiality. It is only necessary to contrast the above exemplar with that of the illustration which follows to discover that the second writer shades his strokes without specific effort. (See Illustration No. 2.) When this is the case we may expect to find one who has a genuine artistic appreciation and who is a lover of nature. The writer is of an insistent disposition and belongs to the superior type. The shading of so-called cross strokes—principally the letter “t”—implies more sensuousness of color or form, sensuousness—not sensuality.

Although with the exception of the shading of letters and the alignment, graphologists and handwriting experts are concerned with entirely separate features of handwriting, yet both sciences may be said to be intimately associated in regard to crime. While the mission of graphology bears directly on the prevention of crime, that of the handwriting expert is the detection of crime. With this exception the two sciences have nothing in common. Graphology by pointing out the weakling, the victim of hereditary taints, those susceptible to temptation or with an inherent tendency to stray from the path of rectitude, plays an important part in sociology, while handwriting expert work throws the searchlight of its knowledge to aid the law in bringing offenders to account.

Dates Back to 1622

THE former science dates back to the year 1622, when an Italian, Baldo, called attention to the remarkable association of certain types of handwriting with specific traits of character. His research work was not followed up until in 1875 the Abbe Nichon came across a copy of Baldo's book, entitled "A Method of Ascertaining the Habits and the Qualities of a Writer by Means of His Written Letters." The Abbe himself became an enthusiastic student of these projections of personality, the human documents of character. Unfortunately the Abbe left no written account of his own discoveries.

Forty years later Baldo's book on graphology was translated into Latin by Petrus Vellius. Then came the famous German philosopher, Leibnitz, who in a treatise on morals stated: "The hand-

Dear Madam:
Indeed, vocational counsel
is more important to me than a cha-
racter analysis. Right or wrong,
people judge you by what you make
rather than by what you are.
Anybody can be a good man - to be good
for something - that's another story.
Believing that I have misused my call-
ing Mrs Holmes, I herewith submit
the questions. Where do I fit in?
Selling? if so what kind?
Advertising? Journalism? Law?

Illustration No. 2

writing also nearly always expresses in one way or another the natural temperaments, unless it be that of a writing master which lacks spontaneity." Another equally famous author, the German poet, Goethe, expressed his opinion that, "There does not exist the shadow of a doubt but that handwriting has its analogies with the character and with the human mind."

In the United States, Chief Police Commissioner Wentworth of Dover, New Hampshire, appears to have been the first official to endorse the truth of graphology as a science worthy of close investigation. In his book on "Personal Identification of the Living and the Dead," published in 1868, Wentworth wrote: "More than any other single gesture or habitual pose a man's handwriting is the product of all that he has experienced and lived through, mind and body cooperating with every stroke of the pen." The most celebrated of all modern vouchers for the truth of graphology is undoubtedly Professor Einstein, who has openly acknowledged his belief in handwriting as a valuable and most reliable index to character. At one time a skeptic, an account of his conversion to a belief in this science was published in last year's issue of the *Living Age*, for June fifteenth.

To enumerate all the earlier students and advocates of this science would be superfluous, since it is no longer empirical but an established fact that handwriting is

a projection of the personality of the writer—the real man as he is—not as he would desire to appear to be. The chief interest to the banking world lies in the ability to discriminate between the genuine signature of a bank depositor and its imitation. He should therefore pay particular attention to minor discrepancies, breaks in the letters or touched up letters which can readily be discovered by the use of a magnifying glass, also to any hesitating strokes and to terminals.

Forgery appears easy, but actually it is one of the most difficult tasks to which a potential criminal may turn. The first difficulty a forger encounters is in controlling the weight brought to bear on the pen point, so that the width of the lines and the curves would appear to be an exact replica of the original signature. In focusing his attention on what he deems to be the essentials, he generally overlooks minor details which characterize the writing of the original penman, and the careful copying process he employs requires a much slower movement of the pen than that of a genuine specimen of writing.

Unlike the writers of anonymous letters the forger is careful to maintain the exact slant, size, shading and shape of the letters, but however skillful he may be in this respect some trifling feature invariably betrays him. This is often found in the labored formation of his up strokes

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Claude S. Moran

Illustration No. 3
The Genuine Signature

Claude S. Moran

The Forged Signature

LEGAL LORE FOR BUSY BANKERS

By THE LEGAL EDITOR

A SOUTH DAKOTA seller shipped live stock to a Minnesota agent, the agent sold the stock, drew a check for the proceeds on a Minnesota national bank, payable to a Minnesota state bank, and delivered it to the state bank with instructions to credit it to the seller's bank in South Dakota.

The check was collected by the state bank from the national bank on which it was drawn on January 14, but in the meantime, on January 12, the South Dakota bank had closed its doors, and the seller found himself in a deep and dangerous hole. He could not collect the proceeds of the check from the South Dakota bank, as that institution was hopelessly insolvent, and he could not collect from his agent, as the latter had carried out the seller's instructions to the letter. Consequently, his only recourse was to demand payment from the state bank in Minnesota.

"You merely received the check for collection, and the title to the proceeds never passed to you," the seller contended.

"Under the circumstances, title passed to us, and we're bound by the instructions we received at the time," the state bank maintained, and the Minnesota Supreme Court upheld the bank in a case reported in 205 N. W. 447.

"There was nothing about the deposit indicating that it was for collection only. Although the state bank may properly be held to have had knowledge that the check was the property of the shipper, there was nothing to qualify the authorized direction by the shipper's agent to place the deposit immediately and unconditionally to the credit of the South Dakota bank. That was done, and the operation amounted to an absolute assignment of the title of the check and the proceeds to the state bank. It is the law that 'the title of the money, drafts, or other paper' so deposited 'immediately becomes the property of the bank, which becomes debtor to the depositor for the amount, unless a different understanding affirmatively appears.' In this case there is no evidence of any different understanding, except that the South Dakota bank and not the shipper was to have the credit, which was to be immediate and unconditional," the court said.

A North Dakota customer applied to a North Dakota bank for a loan, the bank

agreed to advance the money if the customer would give a written guaranty of payment satisfactory to the bank, the customer got a guaranty form from the bank, and induced two guarantors to sign it.

"You're not to deliver it to the bank until you've got the signatures of at least two more good guarantors," the guarantors stipulated.

"That's satisfactory, and you can depend on me to get the additional names," the customer agreed, went straight to the bank, handed over the guaranty, and obtained the loan, and the bank, of course, knew nothing of the customer's breach of agreement with the two guarantors.

Then, when the loan fell due, the customer was in bankruptcy, and the bank sued the two unlucky guarantors.

"The guaranty was executed by us on the express condition that at least two additional guarantors were to be ob-

"But when he signed after the bank had taken the note and without any new consideration moving to the signer of the note or from the bank, the latter was not a holder for value as against him because he was not a party to the note prior to the time the bank took it for value, the court said!"

tained. That condition was never fulfilled, and we are not liable," the guarantors contended.

"We took the guaranty in good faith, and with no knowledge of the breach of agreement," the bank pointed out, and the North Dakota Supreme Court ruled that the guarantors were liable.

"Assuming that there was a conditional delivery of the guaranty to the customer, the bank had no knowledge or notice of the condition. There is no question but that the bank made the loan relying on the guaranty. Under the circumstances, the guarantors, though the guaranty was conditionally delivered, are bound thereby, under the rule that where one of two innocent parties must suffer, he who by his act or negligence has made the loss possible must be the one to settle," the court said.

"Assuming that that is the law, in this case the customer was the agent of the

bank to procure the guaranty, and his knowledge is the knowledge of the bank," the guarantors contended, as a last resort, but the court decided against them on this point as well.

"The customer made no representations to the guarantors that he was acting as agent for the bank. In fact he was not. He was acting solely for himself. He wanted to secure a loan. He applied to the bank. The bank refused to make it unless he secured a guaranty which was satisfactory to the bank. The bank specified no particular guarantors, imposed no requirements as to the number, and had no knowledge as to whom the customer might approach and secure as guarantors. These things being so, we cannot see how it can be said that there is the slightest ground to urge that the customer was the agent of the bank in securing the guaranty," said the court on this point.

An Iowa Co-Maker

IF A BORROWS money from a bank, and A and B give a "joint and several" promissory note for the amount of the loan, the bank can collect the note from either A or B, as both have received value —A has the cash, and B has had the satisfaction of procuring a loan for his friend.

Suppose, however, that A borrows money from a bank, gives his own note, pockets his cash, and, a few days later, the bank gets "cold feet," and, without any new consideration, B comes in and signs the same note as a co-maker with A.

When the note falls due, the bank sues B and he sets up the defense that he received no consideration for signing the note.

"You secured a loan for A by doing so," the bank points out.

"If I had, I would be bound to pay the note, but the loan was made before I signed, so therefore there is no consideration whatever moving to me," B retorts, and the Supreme Court of Iowa has ruled in his favor on this point in a case reported in 205 N. W. 863.

"It, of course, cannot be doubted that had B signed the note prior to the time it was accepted by the bank he would have been liable to the bank as a co-maker, although the bank then had knowledge that he was only an accommodation

(Turn to page 27, please)

NEWS AND VIEWS

OF THE BANKING WORLD

By Clifford De Puy

I presume that we will never get over the idea that there are always greener pastures over yonder, but I was attending a luncheon the other day which was addressed by J. R. HOWARD, field representative of the Federal Farm Board, and former president of the American Farm Bureau Federation, and during the course of his remarks he told about meeting one of the officers of the BANK OF ITALY when he was in California, and this officer told him that last year they foreclosed on 825 farms, and ranches in one California county.

I suppose that the regular California booster would say that this was very unusual, but that's what they always say about the "Land of the lemons and the home of the nuts."

A BANKER FRIEND OF MINE IN CHICAGO sends me a clipping concerning the suit being brought by the Guaranty Trust Company and the Chase National Bank for \$4,500,000 against the Foreman family, and then he writes along the edge of the newspaper, "Cliff: How would you like to be sued for \$4,500,000?"

Well, as far as I am concerned it would probably be a great thrill, but I frankly have no worries about being put in such a high bracket when it comes to law suits.

This indebtedness, by the way, occurred in connection with the consolidation of the State Bank of Chicago with the Foreman banks, and in order to make it possible, members of the Foreman family, according to their attorney, "personally purchased a substantial block of stock in the State Bank, borrowing over \$5,000,000 for that purpose."

When I read a few weeks ago of the closing of the STATE BANK OF OMAHA, Nebraska's largest state bank, I recalled a conversation which I had with ALBERT L. SHANTZ, three or four years ago when the NORTHWESTERN BANKER was making a survey of the advantages and disadvantages of the Guaranty of Bank Deposits.

At that time Mr. Shantz was upholding it very strongly, and said that it was a fine thing, and remarked that his bank was paying \$30,000 a year into the fund.

Now, since the bank has closed he blames the declining amount of deposits, and the continuous drain into the State Guaranty Fund.

I told him then, that \$30,000 a year would pay a very substantial dividend

on the stock, or add very nicely to the surplus fund, which in turn might have assisted materially in preventing the closing of the bank.

Discussing the future of the small town DR. JULIUS KLEIN of the Department of Commerce, tells the story of two strangers who got to talking to each other on a railroad train.

"Where yuh going?" asked one. "To Jonesville," replied the other—"town of about 5,000 up the line a ways." "Better steer clear o' Jonesville, pardner," yawned the first speaker; "everything's frightfully dull up there." The other man's eyes beamed: "That's great," he cried, "that's fine. I'm a scissors grinder!" Fewer yawners and some additions to our already great army of "scissors grinders" will sharpen up the business prospects of the American small towns.

That's a good story, and good gospel, and if the business leaders of the small towns continue to also sharpen their wits and make it easy, desirable, and convenient for members of their community to shop in town, there will not be so much worry about the future of their town.

All of the financial advertising executives will be on their way to Boston this month to attend the annual convention which takes place September 14th to 17th, and according to PRESTON E. REED, executive secretary, this will be another outstanding meeting of the master minds of financial literature.

I am also confident that before the orations, speeches, papers and general convention broadcasting has finished, that the delegates will know the real meaning of Bunker Hill.

WITH THE BANKS FILLED WITH MONEY, and with blue-sky salesmen more active than ever, I have advocated editorially, and otherwise, that bankers should be on the lookout to urge their customers to consult with them about the purchase of securities, and I was interested in reading a full page advertisement which C. J. Weiser of Decorah recently published on this same subject, and the opening paragraph of this "Open letter to the public," is so timely, that I am giving it here in full for what benefit it may be to other bankers who have to combat this same problem.

Here's the first paragraph of the advertisement:

"The time has come when we feel it is our duty and privilege to caution our citizens against buying securities of any kind from strange traveling salesmen. Many of our people have already been desperately hurt through the purchasing of same, such as building and other bonds, and stocks in all sorts of untried and dangerous enterprises. The tendency towards HIGH RATES of INTEREST has caused much of this wreckage. Why is it that concerns in the cities have to come out into the country and solicit funds for the purpose of erecting all sorts of hotels, tenement houses, wholesale houses, etc.? Why, we say, do they have to come HERE when there is more money in the cities than they know what to do with? Simply because there is grave danger in the securities. WHY is it that they pay 6 per cent or 7 per cent when there are worlds of money for investment where the security is unquestioned? We know of cases where stock has been sold here, where the company has been paying dividends out of the principal so they could come back and sell them some more. We beg of you, in case you have an idea of buying a certain bond or stock, to COME IN and SEE US. These slick agents will tell you not to go to the banker because he wants to keep your money. Is the stranger interested in YOU OR IN HIS COMMISSIONS?"

W. HAROLD BRENTON, president of the Iowa-Des Moines National Bank and Trust Company, has become famous as a convention speaker, lunch club speaker, after dinner speaker, before dinner speaker, and he has closed his remarks on the "Business Outlook" with his famous poem about the Little Red Rooster, and Harold has had so many requests for copies of this pat piece of poetry, that I am passing it along to you herewith, as I think it is just the kind of business tonic that we need at the particular moment.

NEW BUSINESS

Said the little red rooster, "Believe me, things are tough.
Seems that worms are scarcer, and I cannot find enough;
What's become of all those fat ones is a mystery to me;
There were thousands through that rainy spell, but now where can they be?"

Then the old black hen who heard, didn't grumble or complain—
She had gone through lots of dry spells, she had lived through flood and rain.
She flew up on the grindstone, and she gave her claws a whet,
As she said, "I've never seen the time there weren't worms to get."

She picked a new and undug spot; the earth was hard and firm.
The little rooster jeered: "New ground! That's no place for a worm."

An Intelligent Advertisement

FIVE HUNDRED THOUSAND DOLLARS

is the same amount of money as One-Half a Million Dollars. It is the same amount of money that the Breda Savings Bank, of Breda, Iowa, can place upon its counters on short notice.

This Bank can get this amount of money and in Cash, if necessary, and without causing any hardship of any kind on any One of its Customers.

How Do We Get At These Figures?

1. Our Cash and U. S. Bonds total today.....	\$257,189.77
2. We have borrowers, whose farms are clear.....	150,447.00
3. We have Farm Loans of our customers which we could sell to a Loan Company.....	119,479.00
Total Amount Available.....	\$527,115.77

We carry but a small amount of money in our Safe, but within 48 hours, a few telegrams will cause the Express Company to bring into our Vault, One Quarter Million Dollars in Cash.

Further, we would not be placing any hardship on any one of our customers, who owe us over \$100,000.00 if we asked them to come in and place a First Mortgage on their respective clear farm land and pay us off. We would do this if we needed the money.

We also have \$119,479.00 invested in First Mortgages on farms close to Breda. All these loans are for less than \$75.00 an acre. There would be no trouble in getting this money from a Loan Company.

How Do We Operate Our Bank?

1. To Protect Our Stockholders.	3. To Help Our Customers.
2. To Protect Our Depositors.	4. To Serve Our Community.

On August 14, 1931, the present management of this Bank will celebrate their Silver Anniversary.

For 25 years our Stockholders have annually re-elected its Directors and Officers. They are here to take care of their investment and their liability under the Laws of Iowa and for an amount on this day of \$125,711.99. These same stockholders have on deposit with this Bank \$111,516.41.

So as a Bank we are here for the purpose of first safe-guarding our own investment and therefore there is absolutely no reason why any depositor need worry. We always have and always will do all we can for our Community but nothing will be done by our Officers and Directors, to place in jeopardy our own Stockholders who have their character, reputation and investment to protect.

Comparative Statement of Our Deposits

On June 30, 1930, our Total Deposits were . . .	\$969,083.00
On June 30, 1931, our Total Deposits were . . .	915,109.62
Loss in Deposits during the past year . . .	\$ 53,973.38

We are using these dates because the Superintendent of Banking for Iowa called for a Sworn Statement of our condition on June 30, 1930, and again called for a Sworn Statement of all State and Savings Banks in Iowa on June 30, 1931.

He is the Big Man, who sends out Bank Examiners at his pleasure. He checks us over and verifies everything including these statements and all of them are on file in his Office.

It is now more than 50 years that the President of our Bank came to the Town of Breda. In August it will be 25 years that he has been occupying the same desk.

It will also be a quarter of a century in October that Mr. Leo E. Snyder became an employee and he is now our Cashier and directs the front room of our institution.

It is more than 10 years ago that Mr. M. F. Van Erdewyk started to work for us. He is the assistant to his father in helping to direct the business in the back room.

Mr. R. H. Brinker joined us about 4 years ago and he is the assistant to Mr. Snyder in the handling of our books and assisting in waiting on our customers.

Some of our Directors have been with us from the beginning. All of them are among the most substantial men of this community. They attend all Board Meetings and know what is going on.

We are so managing this Bank so that we will not lose and you as depositors should feel safe and secure. We will appreciate serving you upon our record. We face the future with confidence.

BREDA SAVINGS BANK

"Bank With Us and You Can Bank On Us"

BREDA, IOWA

3 1/2 % and Safety
F. Van Erdewyk, President

Above, statement of the Breda Savings Bank, Breda, Iowa. As a newspaper advertisement, it is clearly explained and should be easily understood by its customers.

The old black hen just spread her feet, she dug both fast and free.

"I must go to the worms," she said, "The worms won't come to me."

The rooster vainly spent his day, through habit, by the ways

Where fat, round worms had passed in squads back in the rainy days.

When nightfall found him supperless, he growled in accents rough,

"I'm hungry as a fowl can be. Conditions sure are tough."

He turned then to the old black hen and said, "It's worse with you;

For you're not only hungry, but must be tired, too.

I rested while I watched for worms, so I feel fairly perk.

But how are you, without worms too; and after all that work?"

The old black hen hopped to her perch and dropped her eyes in sleep

And murmured in a drowsy tone, "Young man, hear this and weep;

I'm full of worms and happy, for I've eaten like a pig;

The worms are there as always, but BOY, I HAD TO DIG!"

J. K. DEMING, president of the Consolidated National Bank of Dubuque, Iowa, told a very interesting story at the ex-presidents' dinner at Waterloo, during the state convention, about the cashier of a bank in a small town who embezzled \$5,000 and after it got on his conscience he went to his lawyer and asked him what to do.

The lawyer said, "Can you get another \$5,000?" and the banker said, "Yes, but what's the big idea?"

The lawyer said, "Never mind about that, get another \$5,000 and bring it to me."

In about a week's time the cashier came back with another \$5,000, and the lawyer said, "Meet me in my office at eight o'clock tonight."

When the cashier returned at eight o'clock, all the directors of the bank were

present. He told them that John Jones had embezzled \$10,000 from the bank, but that if they would not prosecute him that he would return \$5,000 of it, and this the directors agreed to do, and John escaped without prosecution.

That's a true story, according to Mr. Deming, and proves that there are still smart lawyers, and perhaps not so smart bank directors still in the world.

REPORTS HAVE COME TO ME that the attitude of national bank examiners on farm loans and real estate has been very unsatisfactory. The report I get is that national bank examiners are throwing out all real estate loans of all kinds, and I would appreciate receiving word from any of our subscribers if this is the experience that they have actually had when their bank has been examined.

F. K. LORGE, cashier of the Pocahontas State Bank, of Pocahontas, Iowa, has invented a method for reducing expenses in every bank, and it is based on a very simple and delightful formula of employing only blonde stenographers, as they all have a light "overhead."

A banker went into a drug store in a middlewestern town not so long ago and asked the druggist for a bottle of poison which the druggist later on assumed might be used for suicide purposes. The druggist sent one of his clerks up to the banker and said that they had made a mistake and given him the wrong bottle, and exchanged the bottle which the banker originally purchased for another one which would only give him a stomachache.

At six o'clock that night he called his wife in the bathroom and told her that he had embezzled \$90,000 of the bank's funds and then drank the second bottle, but he lived to tell the story of how it all happened after he got rid of his stomach trouble.

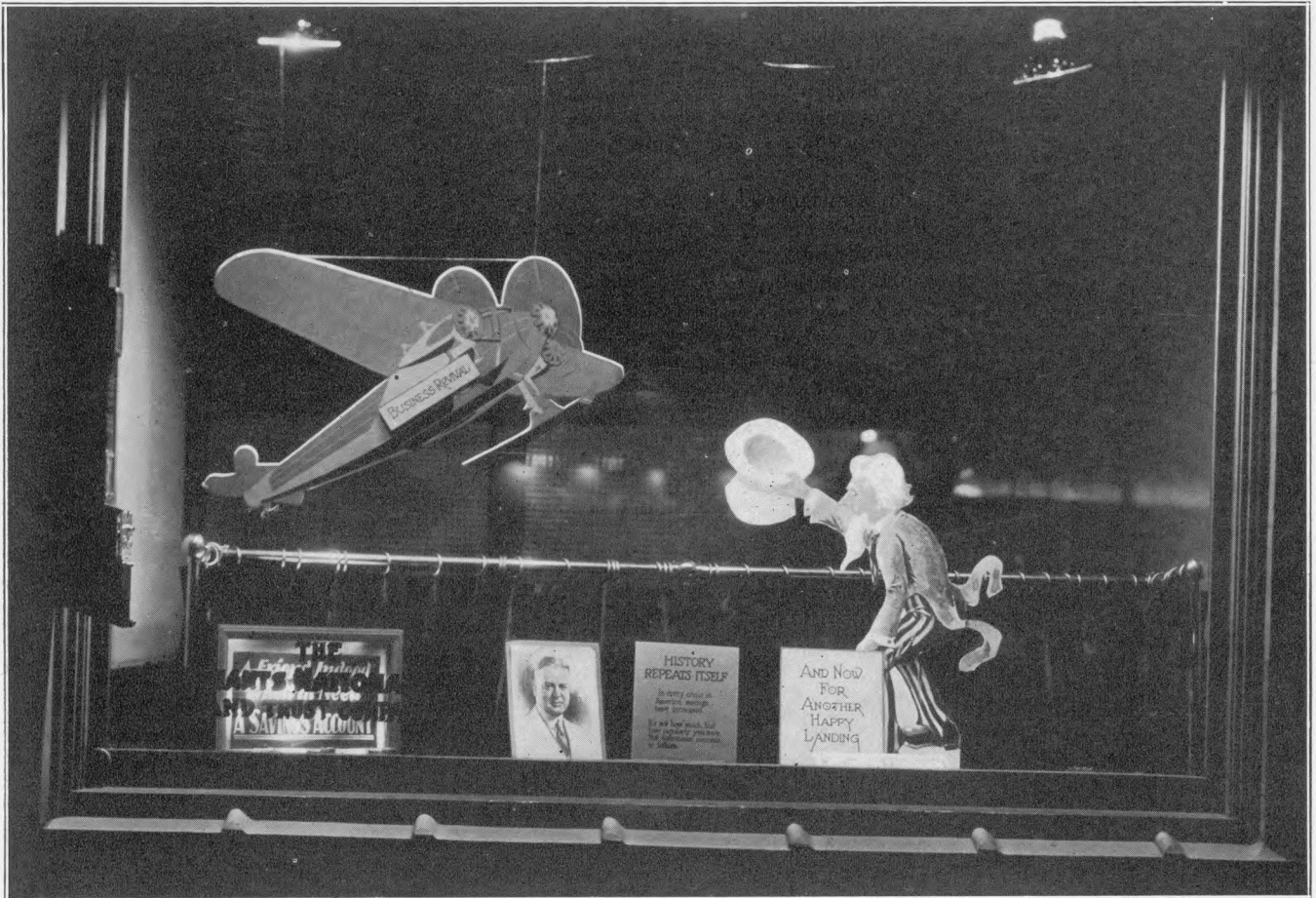
As a matter of fact he had internal difficulties of more kinds than one.

J. W. BRYANT, vice president of the Commercial Trust and Savings Bank of Mitchell, South Dakota, who was recently elected president of the South Dakota Bankers Association, expressed his appreciation for the valuable work which the NORTHWESTERN BANKER has always done for the bankers of his state by saying: "I appreciate very much the interest and consideration which the NORTHWESTERN BANKER has always shown the South Dakota bankers and the affairs of the South Dakota Bankers Association."

Thank you, Mr. Bryant.

Mr. Fullmer, in General Science class: "Now then, students, we have come to the conclusion that nothing is impossible."

Amy Bryans: "Let's see you stick this umbrella down your throat and open it."



A cheerful display, on business revival, with a very broad idea back of it.

Putting Optimism Into OUR BANK ADVERTISING

AS WE think together a little about appropriate bank window displays, suppose we think encouragingly! These days, to remember that the words "courage" and "hope" still have true meaning, seems to mark one as a back date. Always fear has been a destroying element. The tendency of the normal person has been to quell fear, and yet today as business men meet they preface their remarks by "I am afraid this is going to be the worst winter we have seen"; "I am afraid we are not at the bottom yet" or "I am afraid we must lower our standard of living"—always "afraid," always expressing "fear." Why has it become seemingly popular to talk of the 10 per cent who are idle instead of the 90 per cent who are employed? Surely the banker, as perhaps no other, needs to sound an encouraging tone through their statements, their service, and their window displays, right now.

With this in mind, the window display illustrating Uncle Sam, stands out encour-

By ALICE MOSHIER
Window Display Specialist

agingly. Uncle Sam stands upon a grassy shore, while the greater part of the floor of the window is covered with blue crepe paper, rolled to give the effect of waves. Coming from across the water toward Uncle Sam is an airplane marked "Business Revival"; while beside Uncle Sam is a poster "And now for another safe landing." His smile; his attitude of expectancy is heartening in this "fear sick" world.

A Message of Hope

ANOTHER smiling face is that of our president, Herbert Hoover, and beside his picture a poster bearing this message: "History repeats itself. In every crisis of America, savings have increased. It is not how much but how regularly you save that determines success or failure." This display might well bear, also, this message to American business men, from

the pen of Herbert N. Casson, editor of the *Efficiency Magazine*, London, England:

"You are depressed. You think you are crippled. You are afraid of the future. You are full of fears.

"You have half the gold of the world and half of the machinery and most of the automobiles and all the skyscrapers.

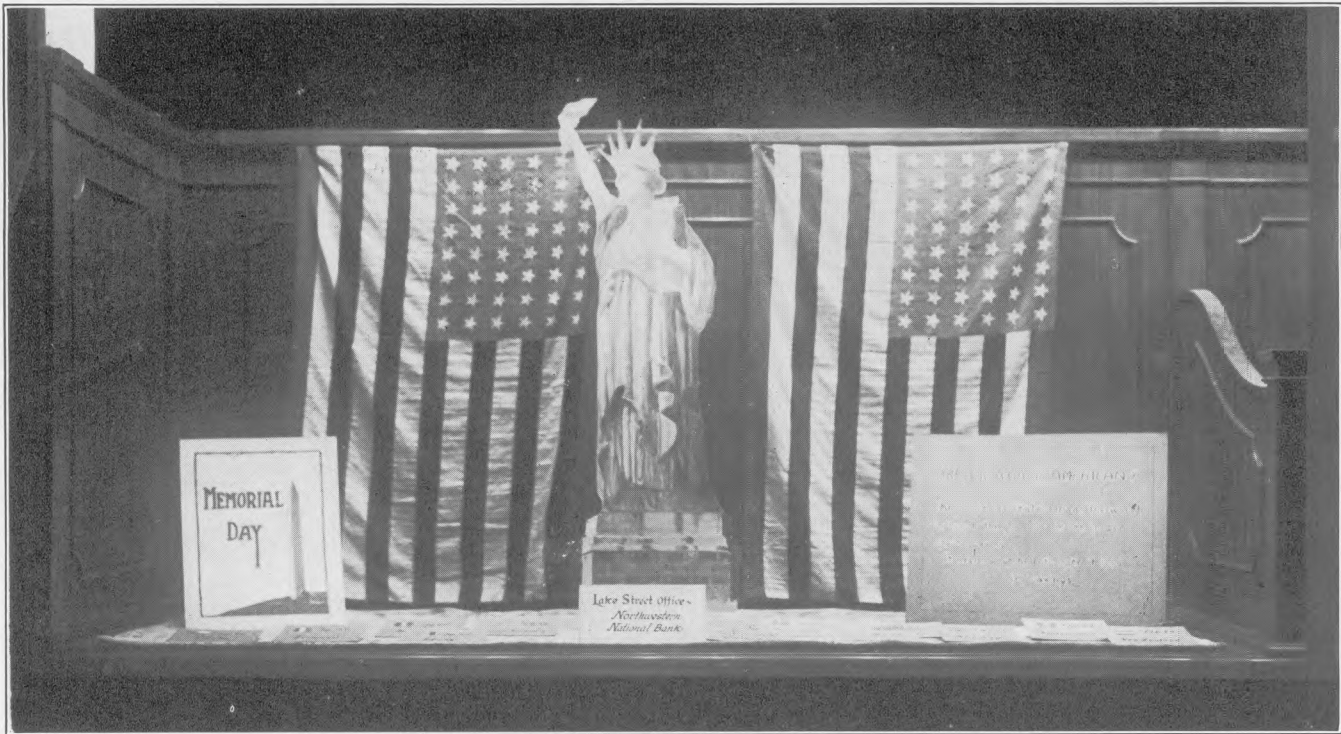
"You have the greatest home market in the world and the largest corporations that the world has ever seen.

"You are ruled more by ideas and less by tradition than any other people in the world. You have usually done what you thought you could do.

"The prices that were forced too high had to come down. Today all the prices are too low.

"There is now a golden opportunity for every man who has eyes to see it.

"The way to create a fortune is to buy from pessimists. Pay your money and take the risk.



Above, a good display to urge the savings habit. It capitalizes the old adage, "Save for a rainy day."

"Frick started his career by buying coke ovens in the slump of 1873. Carnegie made \$300,000,000 by buying steel plants in slumps.

"Hundreds of fortunes have been made by buying from pessimists. Ye Gods! What a chance there is at this moment.

"In five years from now most American business men will belong to the 'I-wish-I-had-club'.

"When a horse balks, the balk is in his head and not in his legs. He moves on when he thinks he will.

"And when an American business man is depressed, the slump is in his head. There is nothing serious to prevent him from making money if he thinks he will.

"When fear rules the will, nothing can be done, but when a man casts fear out of his mind, the world becomes his oyster. To

lose a bit of money is nothing, but to lose hope or lose nerve and ambition—that is what makes men cripples.

"This silly depression has gone on long enough. Get rid of it. It is inside of you. Rise and walk."

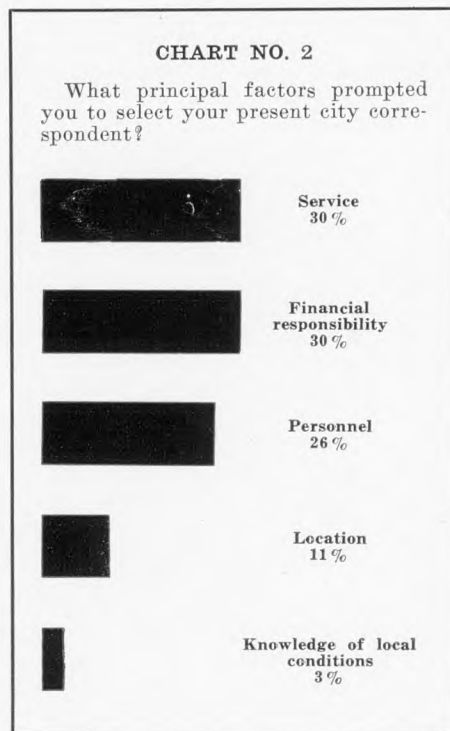
A note of encouragement for the small saver is featured by the display which centers a cut-out figure of the Goddess of Liberty, bearing aloft an electrically-



A window display that helps sell safe deposit boxes.

MEASURE THE "AMERICAN" BY THIS CHART

S HOWN here are the replies in their order of percentages of the leading Banks in Iowa, Nebraska, Minnesota, North and South Dakota to the question "What principal factors prompted you to select your present city correspondent?" The "AMERICAN" measures up to an outstanding degree in every requirement of these representative Banks.



In equipment and facilities that mean for prompt and efficient service the American Savings Bank and Trust Company is unsurpassed by any Bank in this State.

Total resources of more than \$36,000,000, \$1,600,000 in capital and the capable and conservative management of its Officers and Directors are an unqualified assurance of its financial reliability.

Not only does the "AMERICAN" offer a highly trained and loyal personnel, but also an unusual diversified experience both in banking and of general business.

Located in Davenport, mail to and from the "AMERICAN" is promptly received and meetings with representatives from its correspondent Banks can be conveniently held.

A close contact with so many of the leading industries in this territory and its extensive facilities for getting accurate information gives this Bank a timely and an authoritative knowledge of local conditions.

A request for further information as to how this bank can serve you as your correspondent in this territory will be promptly acknowledged.

AMERICAN
SAVINGS BANK AND TRUST COMPANY

DAVENPORT, IOWA

THE ONLY MEMBER OF THE FEDERAL RESERVE SYSTEM IN THIS TERRITORY

lighted torch. On either side, as a background American flags are used. The large poster bears the question "Are you a good American? The United States leads the world in most things, but is seventh in per capita savings. It needs your help to make it lead in savings". On the floor at the feet of the goddess of liberty is shown a group of smaller cards, each one bearing the colored flag of a foreign country, and figures give the per capita savings in each case. The old expression, "Save for a rainy day," has long ceased to apply for that day seems to have arrived, and to be reminded that our savings not only help toward our own personal self-respect, but help to swell the national figures, is truly encouraging.

The urge to rent a safe deposit box for valuable papers is prompted with the man of means by fear of burglars, while the man of limited means fears fire. That being true, the window display featuring a burning house drives home, to many, the fact that a safe deposit box is important to even the man with only a few valuable papers. While any doll house could be used, the one shown here was especially made of combre board. Behind the curtained windows red crepe is stretched to give the reddish glow of fire and one side of the roof has been cut out irregularly and the rafters and edges blacked with either charcoal or black chalk to give the burned effect. Small pointed bits of red

crepe paper pasted on the back of each rafter give quite a realistic look of flames. The floor of the window is covered with grass and details, such as a walk leading to the front door, flowers on either side and trees may be used to elaborate the scene. The poster states "If this happened to your home tonight would your valuable papers be destroyed or are they in a safe deposit box in our fire proof vault. Less than a cent a day will keep misfortune away". In addition, one or two of the smaller safe deposit boxes may be shown in one end of the window.

"The Bank Book"

SOME years ago H. G. Wells gave a list of what he considered the ten most important books of the world. He listed the Old Testament, the New Testament, the Koran, History of Animals (Aristotle), The Republic (Plato), Revolution of the Heavens (Copernicus), The Travels of Marco Polo, The Great Learning (Confucius), The New Atlantic (Sir Francis Bacon), The Origin of Species (Darwin). It was making no change at all in the list of Mr. Wells to include both the Old and New Testament under the one name "The Bible". This left an opportunity for the addition of a tenth book, "The Bank Book", and an excellent window display was outlined. A large poster centered the display worded "The Ten Most Important Books of the World". Ribbons ran from

this poster to each of the ten books. Each book should bear a small card, lettered with the title of the book, first because of the fact that the ordinary size of book titles is not readable from the window, and second, because it is rarely possible to obtain every one of the nine books and some can be faked by placing them in such a way that the title will not show. This is especially appropriate in early September, when school begins, as it is of special interest to teachers, and their accounts are usually quite desirable.

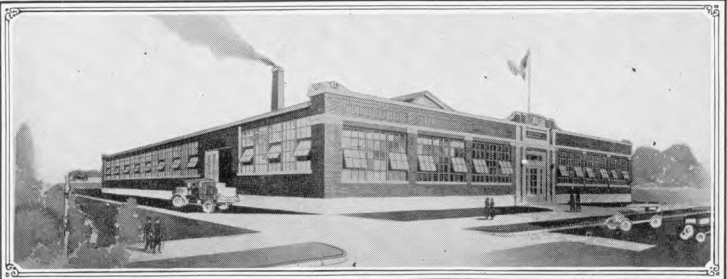
An important by-product of bank window displays, is the educational effect upon the bank's employees. As a rule, banks do little in educating their own workers, in any broad sense, as to the intricacies of their own service. Especially is this true in the larger institutions, and yet who can better carry the bank's message than its employees? Large concerns, such as the telephone companies, spend thousands of dollars annually in making movies, solely to enlighten their own workers as to their varying services, equipment, methods and ideals. It is not unusual for the employees of one of these huge concerns to be asked to appear at the theater at 6:30 in the morning for the running of their educational films. These concerns realize that in no better way can this technical knowledge be gotten to their workers than through the eye. They realize, also, that to make of each worker an intelligent salesman is to broaden the scope of service exceedingly. Facts visualized are retained when the spoken or printed word is forgotten. No amount of loyalty will help the untutored bank clerk to actively sell the bank's service to those with whom he is associated when off duty. The use of bank windows to emphasize each department may put sales talk before the newest clerk and perhaps send him out an intelligent booster for his bank. Windows, the eyes of an institution, may be made to carry information, as well as to attract the passer-by.

To trust a bank with our confidence, our valuables or our money, is a compliment to that institution and its dignity and friendliness is our pride, whether represented by balances, personalities or window displays.


New Iowa Company

Articles of incorporation for the Old Counsellors of America Life Savings Assurance Co. have been filed at Waterloo, Iowa. The company will operate on the mutual legal reserve plan for the time being. It is planned to put the company on a stock basis as soon as sufficient business warrants.

Dan C. Rogers, well known insurance man in northeastern Iowa, is president. Paul W. Eighmey, first vice president, secretary and chairman of the finance committee, is a well known banker in Waterloo.



Iowa Lithographing Company
515 TWENTY EIGHTH STREET
Des Moines



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EDWIN G. RAGSDALE
SECRETARY

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AND TRUST COMPANY**

208
SOUTH LA SALLE STREET
CHICAGO

Capital, Surplus and
Undivided Profits
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Member of Federal Reserve System



A Consolidation of

CENTRAL TRUST
COMPANY OF ILLINOIS

**The National Bank of the
REPUBLIC**
OF CHICAGO

Group Banking Accounting

ONE of the disadvantages of group banking is the ease with which accounts or resources can be manipulated between the banks in the group in order to create the appearance of large assets when desired, or, in rare cases perhaps, conceal them for the purpose of showing an ultra-conservative statement. In a group of banks controlled by a bank holding corporation there is opening for much that is questionable because when a company holds among its investments stocks of other controlled concerns, it can easily be seen what an opportunity exists for creating more or less arbitrary values in the company's financial statement.

The analysis presented in this article is limited because of the incompleteness or lack of comparability of much of the published data. Further segregation of bal-

By G. T. CARTINHOUR

New York University

ance sheet data as well as income and expense accounts is desirable. If further detail were available, a more thorough analysis of the accounting policies of the various group banking systems would be possible. Since no uniformity exists at the present time, the writer's statements in this article should be considered merely as his personal opinion as to what is desirable and practical.

Probably bank holding companies' balance sheets, in practice, are not subjected to adjustment to any greater extent than balance sheets of other organizations. However, there is little doubt that where holding company balance sheets are being

adjusted it is difficult for the outsider to trace it. While there is no single remedy for this condition, much can be accomplished by a demand on the part of the stockholders for more details. Those investors in group systems, who wish to keep informed as to the actual value of their investment, should endeavor to familiarize themselves with the particular method of presentation of accounts followed by their corporations. In cases where the holding company owns outright or has a substantial majority control, two balance sheets should be submitted; first, its own balance sheet as shown by the books; and second, a consolidated balance sheet of the holding company and its subsidiaries, prepared in the generally accepted manner for preparing balance sheets. Those investors in group systems who wish to have a concise explanation of consolidated balance sheets and income accounts will find Robert H. Montgomery's *Auditing Theory and Practice* text very helpful. One chapter is devoted exclusively to this subject.

Should Be Clarified

CERTAIN points in connection with the statements of various bank holding corporations might lend themselves to unfavorable interpretation in connection with the accounting policy of the group. One of these corporations published a statement merely aggregating the respective balance sheet accounts for all the banks in the group. Obviously it would be impossible to make certain calculations in connection with the stock of the holding company. Such a statement should be supplemented by a consolidated balance sheet of the group. The statements of a number of other group systems simply incorporate the surplus and profits of the affiliated banks with the surplus and undivided profits of the holding company itself. The facts do not justify such a procedure. Since the affiliated banks are corporately independent legal entities, their earnings should become part of the income of the holding company only when they have been declared and paid as a dividend on its stock and when such earnings are from operations subsequent to the acquisition of the bank.

Other bank holding corporations do not follow the desired policy of submitting a profit and loss statement. Frequently the paid-in capital and the earned surplus is not segregated but is grouped in a single item. Some do not give their own statement of earnings but instead give a combined statement of the earnings of the group. Of course such a statement gives no indication whatsoever of what will be considered as income by the holding company. Balance sheets should contain an account which might be called 'bank

The Problem of Wet or Dry

(Little Talks on Tiling, No. 33)

Weather runs in cycles. A long period of dry weather is very likely to be followed by a period of too much moisture. Some farm lands that are likely to produce fairly well with comparatively little moisture will fail to produce satisfactorily with too much rain. The reason is that lands which are not drained properly hold the moisture to too great an extent and fairly drown out the crops. Such lands, in order to become profitable under varied conditions of moisture, should have a tile drainage system. It increases farming profits far beyond its cost. Loans for this purpose are safe and sound.

*When Farmers Are Successful,
Bankers Follow Suit*

Mason City Brick and Tile Company

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Mason City, Iowa

60 YEARS SUCCESSFUL OPERATION
DESIGNING AND MANUFACTURING FIXTURES

FOR

BANKS, STORES, COURT HOUSES, PUBLIC
BUILDINGS, ETC.

THE FISHER COMPANY

CHARLES CITY, IOWA

SPECIALIZING ON FIXTURES FOR BANKS. WRITE FOR PRICES

stocks at cost' that states the market value of these stocks. This information should be given to stockholders.

Many of the group systems whose accounts have been considered have just been recently organized and naturally wished to have their statements indicate a creditable record. The combined form of financial statements obviates the necessity of having to disclose inconvenient facts, and gives them additional time in which to put their house in order. The writer understands that the Economic Policy Commission of the American Bankers Association is endeavoring to develop a proper method of preparation and presentation of the financial statements of bank holding corporations.

Mr. Frank W. Blair, chairman of the board of the Guardian Detroit Union Group and Union Guardian Trust Company of Detroit, Michigan, in a discussion of the group banking movement, referred to the danger of manipulation of accounts in a group organization in a very optimistic manner. Mr. Blair said: "During this transitory banking period the opportunity for manipulation reaches its apogee. For the obscure complex accounts of many group and holding companies, understood only by the insiders in the companies, and probably so confusing that even the major executives have to be led by the hand by skilled counsel and expert accountants, provide the most fertile of all fields for financial malpractice. This is not suggested in a spirit of pessimism, but rather in one of optimism; for the greatest opportunities for malpractice are now present and they are being availed of but sparingly."

Bank holding corporations should present a conservative but thorough statement. Particulars should be given which will disclose the general nature of the assets and liabilities and how the values have been arrived at. Expense and income accounts should also be made available in considerable detail. The fact that the American Bankers Association is concerned over the matter indicates the probable existence of a very definite problem with respect to the accounting policy of bank holding corporations.

Goes To Wisconsin

F. N. Brushington, for the past several years manager in Milwaukee for the branch office of the Travelers Fire Insurance Co., has been appointed manager for the state of Wisconsin, succeeding W. W. Sukow, who has been appointed manager for the company in the state of Iowa. Clarence A. Boe succeeds Mr. Brushington as manager in Milwaukee.

Friend—"What were your father's last words?"

Friendless—"None. Mother was with him till the end."

Two Kinds of Bank Heroes

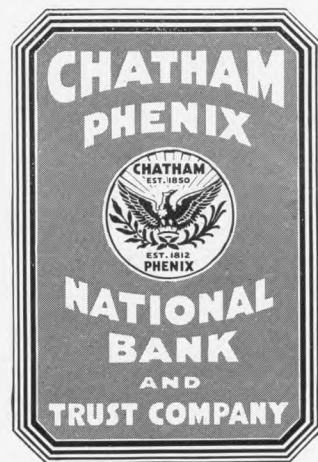
(Continued from page 11)

he has the privilege of engaging in some other line of endeavor. The banking department was created for the protection of the public. So far as the bankers are concerned the banking department is an unnecessary evil and unless we enforce the laws the department is a handicap to the conservative and well managed bank, because it places such a bank on a par with a weak bank if both are permitted to continue in operation and receive the deposits of the public. It is to the interest of the strong banks to cooperate with the banking commission in seeing that the banking laws are enforced. The banker who deserves very little praise, is the one who continues to operate his bank

just as long as he can simply draw a salary, and only closes his doors when he is unable to meet the demands of his depositors in the usual course of business. By this delay he has simply preferred the nervous depositor and leaves only the dregs for those who are loyal and continue leaving their money with him.

Friendly Cooperation

WHILE the superintendent of banks represents the public only so far as the state banks are concerned, yet we are interested in the success of the national banks as well. The greatest degree of friendly cooperation exists between the national department and the state banking department. Our interests are common and no cause exists for rivalry



Charter Member
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119 Years of Commercial Banking

More than a century of cooperation with the business and banking progress of the nation has established the fortunate position of Chatham Phenix as an experienced, conservative and thoroughly satisfactory New York correspondent. To banks, bankers and corporations requiring New York facilities, it offers "the friendliness of a neighborhood bank with all the resources and facilities of a great metropolitan institution."

CHATHAM PHENIX NATIONAL BANK AND TRUST COMPANY

New York City

MAIN OFFICE: 149 BROADWAY

Resources More Than \$300,000,000



Northwestern Banker September 1931



Her lost purse was never returned—but she got back the \$120 which was in A. B. A. Cheques. She had only to report their loss to the bank across the street and the refund was paid in a few days.

A. B. A. Cheques are *money insurance*. They may be lost, stolen or destroyed—but the money they represent will be restored. They are easy to carry, convenient to use anywhere—and your funds are *safe*.

Carry them at home or abroad. Keep them in the house for emergencies instead of cash. Your own bank will recommend them and will supply you with them.



A·B·A CHEQUES

CERTIFIED

OFFICIAL TRAVEL CHEQUE OF
AMERICAN BANKERS ASSOCIATION

Northwestern Banker September 1931

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 Federal Reserve Bank of St. Louis

between the two systems. They each serve a useful purpose and the field is large enough for both. The institutions belonging to each system are in turn adversely affected by the same unfavorable conditions and benefit from the same favorable sources. The banking failures of the past which have deprived many communities of banking facilities have brought home to the people the value and necessity of bank service to a community. In the future the communities can reasonably be expected to give to the banks a greater degree of cooperation than they have heretofore shown. To establish and maintain a high degree of mutual confidence, self-respect and good will between the banking department, the members of the system and the public is one of the aims of the South Dakota banking department.

It is needless to say that I am rather hesitant about appearing before the group composed of men of far greater experience, ability and better judgment than I can ever hope to acquire, and it would be presumptuous of me to attempt to tell you how to run your banks, therefore, my remarks are primarily intended to indicate how we hope to administer the affairs of the banking department.

In speaking of the banking department I want to take this opportunity of publicly expressing my appreciation to the other members of the banking commission for the interest they have shown, the advice they are giving me and the many hours of arduous labor they are devoting to the work. These men receive practically no remuneration for their services, nevertheless, they are devoting their time and energy in the interests of the public in general as well as the bankers in South Dakota in endeavoring to solve the many problems that are submitted to them for consideration.

I also wish to publicly express my appreciation to the entire personnel of the banking department for the wonderful cooperation they are giving me in making my new job of superintendent of banks as easy as possible. Very often the public, which also includes many of the bankers, are prone to criticize the work of the examiners in charge and intimate that the assets of the closed banks are being dissipated through the payment of exorbitant salaries and that these examiners are negligent in enforcing payment on obligations due the closed banks. There may have been isolated instances where an examiner in charge did not do his duty, but as a whole these men are capable and industrious and they have one of the most unpleasant and difficult tasks to perform. Bankers sometimes do not take into consideration the fact that it is often the case that when a bank suspends business the only notes left to collect are the hard ones, and for that rea-

son an examiner in charge cannot make the showing in making collections that the officers of the bank did prior to suspension when they made a special effort to liquidate their loans and discounts because naturally the good notes were collected first.

I also believe that sometimes bankers adopt the wrong attitude in not cooperating with the department and the examiners in charge to the fullest extent in connection with the liquidation of a closed bank, so that the depositors may receive the greatest amount of dividends possible. It is obvious that where substantial dividends are paid to the depositors, it indirectly creates confidence in the going banks.

BACK OF YOUR CHECK stands your bank—strong and stable. That your check may reflect your standing adequately and accurately it should be made



on La Monte National Safety Paper . . . instantly identified by its wavy lines . . . instantly appreciated for its safety, color, crispness.

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Chicago, Cleveland, Kansas
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LA MONTE NATIONAL SAFETY PAPER
FOR CHECKS • Identified by wavy lines

Organize Sickle, Nast & Co.

At the present time speculative trading on the major exchanges of the country is at a minimum. The public, therefore, is naturally paying more attention to its unlisted investment securities, which are dealt with in the "over-the-counter" market. Very few people, not actively engaged in the business of trading unlisted securities, have any idea of its wide scope; or of the tremendous number of securities that come under this heading. The great majority of all municipal, semi-municipal, public utility and real estate bonds; bank and insurance company stock, and the preferred and common stock of almost all small industries fall into this class. The reason that these securities are not listed on one of the major exchanges of the country is because they are usually not issues of any great size, and were originally sold to individual investors for investment purposes and not for speculation. As a result, these do not easily lend themselves to marginal or speculative trading, nor is there at any time a large floating supply.

Naturally, these securities, while not listed, do come into the market constantly, through the liquidation of estates, loans, financial distress of the owner, change of opinion, and the like. Therefore, trading houses with facilities to link together the buyer and seller of unlisted stocks and bonds are set up to take care of these transactions in what is known as the "over-the-counter" market. These transactions are on a strictly cash basis, the actual ownership of bonds or stocks going from one individual to another, and are made through the service of trading houses specializing in unlisted issues.

One of the outstanding houses in Chicago handling this type of business is located at 111 West Washington Street, and is the unlisted trading house of Sickle, Nast & Co. A house of this nature is naturally equipped with trading desks with private wires to the leading investment houses of the city, and wire connections with all the principal financial centers, which enables other houses, when they receive inquiries on unlisted securities, to communicate easily and quickly with the traders of Sickle, Nast & Company.

The traders of a house of this type have the facilities of files and records on thousands of companies that are not listed on the major exchanges of the country, which enables them to locate the best buyers and sellers in any particular securities. In other words, the highest bid and lowest offering. This business is not a business of merchandising securities, but of locating actual bids and offerings for the same security and then linking together the buyer and seller at a satisfactory price to both, the dealer making his profit for this service rendered.

The firm mentioned above, namely, Sickle, Nast & Company, is headed by M. S. Sickle, Jr., and A. D. Nast, Jr., which firm bears their names. Mr. Sickle is a graduate of the University of Chicago, and Mr. Nast a product of the University of Michigan. While both are comparatively young they have had years of experience in the selection of competent and intelligent traders, and in building up a house founded on the one principle of service, which must be rendered impartially to the buyer and seller alike.

"This is how the story ends," yodelled the bricklayer, as he put the last brick of the forty-third floor in place.

Legal Lore for Busy Bankers

(Continued from page 16)

party, for the bank would then have taken his note for value. But when he signed after the bank had taken the note and without any new consideration moving to the signers of the note or from the bank, the latter was not a holder for value as against him because he was not a party to the note prior to the time the bank took it for value," the court said.

Stenographer—"Howja spell sense?"

Employer—"Dollars and cents or horse sense?"

Stenographer—"Well, like in 'I ain't seen him sense.'"



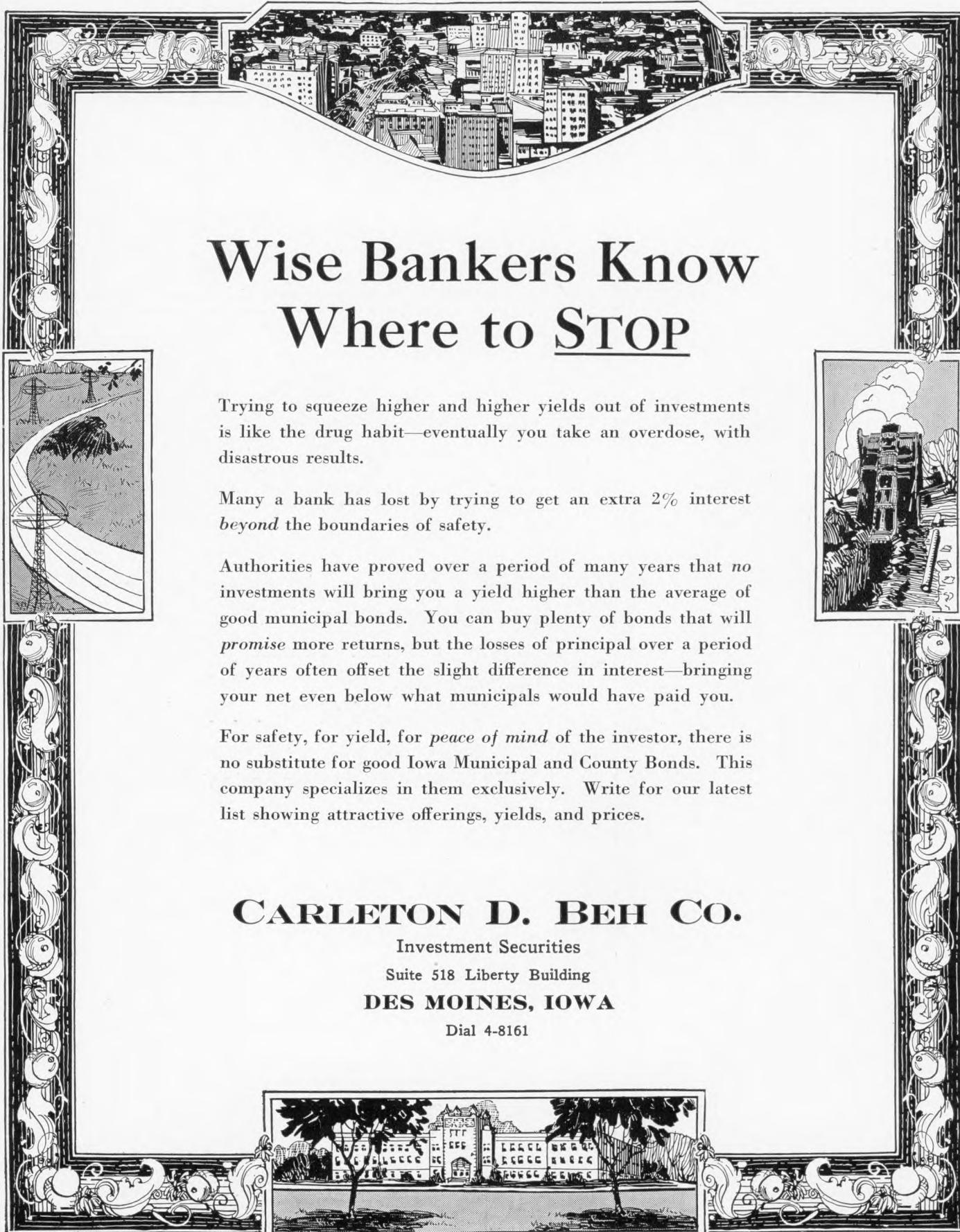
THESE facts in regard to the Drovers are significant when you consider a Chicago Correspondent.

Established 1882 . . . a long period of years of specializing in service to Correspondent Banks; conservative management; an enviable reputation among the banks it serves.

Your bank, too, will find Drovers Service genuinely helpful.



DROVERS
NATIONAL BANK
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Wise Bankers Know Where to STOP

Trying to squeeze higher and higher yields out of investments is like the drug habit—eventually you take an overdose, with disastrous results.

Many a bank has lost by trying to get an extra 2% interest *beyond* the boundaries of safety.

Authorities have proved over a period of many years that *no* investments will bring you a yield higher than the average of good municipal bonds. You can buy plenty of bonds that will *promise* more returns, but the losses of principal over a period of years often offset the slight difference in interest—bringing your net even below what municipals would have paid you.

For safety, for yield, for *peace of mind* of the investor, there is no substitute for good Iowa Municipal and County Bonds. This company specializes in them exclusively. Write for our latest list showing attractive offerings, yields, and prices.

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Bonds and Investments

Should Fixed Trust Shares Be PREFERRED COLLATERAL?

THREE quarters of a billion dollars worth of collateral is a figure large enough to command national respect. When it appears that still a rather large percentage of banks in this country are not utilizing it for profitable loans, some inquiry seems desirable.

This for-the-most-part-overlooked collateral—and the three quarters of a billion dollars figure is generally conceded to be a conservative estimate—consists of fixed trust shares. Perhaps it would be more significant to state—and the statement would be essentially true—that this collateral is common stocks.

It would also be accurate to say that these common stocks are, for the most part, the aristocrats of all common stocks. There is good reason for this. The purpose of the fixed trust, or unit type trust as it is sometimes more accurately called, is to make available for the investor in a single convenient security, the equivalent of ownership of a great many selected and diversified common stocks. It is presumed, and no one will seriously dispute it, that such diversification is much safer than the choice of any one common stock, no matter how distinguished its record may be.

Since safety is an important element in the conception of the fixed investment trust, it is corollary presumption that a well conceived fixed trust would select the best common stocks as its underlying securities.

It has an additional reason for doing so, however. Widely known common stocks simplify the problem of distributing the trust shares, since it is not necessary to prove to a prospective investor the desirability of owning the stocks themselves before demonstrating the advisability of owning them in the fixed investment trust form.

The largest fixed trust, North American Trust shares, numbers well over 100,000 investors among its shareholders. More than 21,000,000 of its shares have been sold to men and women not only in the greater centers of population, but in smaller communities as well. There are eight other fixed trusts whose outstanding shares number at least one million, so that, in all likelihood, there are well over 300,000 fixed trust shareholders in the United States today. To a large extent, these represent the heart of the investor market

By CHARLES W. ISAACS, Jr.
Manager, Mid-West Division, Distributors Group, Inc.

and are therefore a substantial portion of the average bank's best customers.

It is obvious that no banker can give *carte blanche* acceptance to fixed investment trusts as collateral—any more than he can do so for common stocks, preferred stocks or even bonds. Two facts make investigation simple in the case of fixed trusts, however. If he will determine whether three or four of the leading fixed trusts are acceptable to him, he will have made a decision covering some 75 to

80 per cent of this three quarters of a billion dollars worth of collateral. The remaining 20 to 25 per cent of the outstanding trust shares will be distributed among more than 100 fixed trusts.

Besides, his first decision may be taken as final in the case of the fixed trust because, unlike the management or semi-management type trust, the underlying securities can seldom be replaced and usually only eliminated for what are considered sound investment reasons. The elimination probabilities are slight in most cases and in any event the cash received by the trusts sponsor or its trustee upon such sale is paid to shareholders with their next succeeding distribution.

Fixed Trust Shares Are Liquid

IN examining the handful of leading fixed trusts, there are only two essential points on which the bank need assure itself in determining the collateral value of the trust shares:

1. The value of the underlying securities as collateral, for loans.
2. How quickly and for how much the trust shares may be converted into cash if necessary.

The value of the underlying stocks he can usually determine at a glance. In the case of North American Trust shares, for example, every one of its underlying stocks is listed on the New York Stock Exchange and all are probably being accepted daily as collateral for loans by any large bank. Stocks not listed on the Big Board are probably actively traded on the Curb in New York or on other important exchanges. In any event they are probably well known.

The only other question in the mind of the banker is: How may I liquidate this collateral quickly and easily?

Sponsor's Bid Market

LEADING fixed trust sponsors maintain a bid market for their trust shares at a price ordinarily one-half point under the prevailing offering price of the trust shares to the public. While this bid price is maintained it will thus be possible for the bank to obtain an immediate sale of the fixed trust shares either to the local dealer or directly to the sponsor. It should be noted that this bid price does not necessarily relate to the market value of



CHARLES W. ISAACS, JR.

This is the first of a series of articles written for the Northwestern Banker by Mr. Isaacs, Chicago investment banker, who for the past ten years has been prominently identified with the security business and is well and favorably known throughout the Middle West. Distributors Group, Inc., is owned by a nation-wide group of bankers and investment banking houses and are sponsors of North American Trust Shares, largest fixed trust in the world and Cumulative Trust Shares, the only trust to date that accumulates capital to a maximum degree.

the underlying securities, being in some cases more than such value and in other cases less. It should also be noted that, although this repurchase market is generally maintained by the sponsor that it is not a guaranteed market; i.e., the sponsor is under no obligation to maintain this bid and may lower or discontinue it in its discretion. While maintained, however, it results in ready ability to liquidate the trust shares.

The shares of leading trusts are also listed on the Chicago Board of Trade or on the Chicago Curb Exchange, however. Such listing affords a second outlet for quick and ready sale.

It should be observed at this point that in the case of most securities the bid market, whether over-the-counter or on an exchange, is the only source of liquidation

to which the banker may look. In the case of fixed investment trusts, however, there is, in addition to the above, a reserve outlet for most fixed trust shares which should make them to some degree a preferred form of collateral. Its significance has seldom been commented upon. This outlet results from provisions incorporated in practically every indenture by which a fixed trust is created which enables the holders of the trust shares at any time to convert their shares into cash by surrendering them to the trustee and, in addition, the holders of a number of trust shares sufficiently large to represent one or more full shares of the underlying stocks may surrender to the trustee and receive the actual underlying stocks in kind. When received (or even before receipt since the banker *knows* they will be

received) they may be sold on the exchanges where listed.

Details of Conversion Outlet

ALL fixed trusts have their provisions. They are clearly set forth in the trust indenture and are readily available for examination. The provisions in each trust, however, should be examined.

In ascertaining the extent of the right to convert into cash several things should be borne in mind:

1. Does the trustee determine the market value for purpose of conversion?

In most instances it does. In some instances, however, the depositor corporation determines this market value. The former is obviously more desirable.

2. How is the market value determined?

The trust indenture contains in every instance a paragraph describing in minute detail the method of calculating the market value. It may be the closing price of each of the underlying stocks on the day succeeding surrender; it may be the closing bid price; it may be the mean between the high of the day and the low of the day. It would seem that any method which is reasonably fair should not be criticized.

3. How long will it require to get the cash from the trustee?

The normal period set forth in the trust indenture is three days, excluding days when the stock exchange is closed. Usually the cash is available in a shorter time.

4. Is the ability to receive cash in full in any way restricted?

In most trust agreements the ability so to convert the trust shares for cash is not surrounded by limitations as to the source from which the cash will come. In others there is provision relating to a revolving fund and a requirement that the cash shall be paid from such fund. In these latter instances the possibility of the depletion of that fund, thereby removing the source from which payments may be made, should be considered.

5. What are the charges for this conversion privilege?

Many trusts make no charge for this service at all. Others require reimbursement of the trustee for its out-of-pocket expenses incurred in making the conversion. Others charge a fee based upon the certificates surrendered, irrespective of the number of trust shares represented thereby, which fee ordinarily may run from 50 cents to \$1.00 per certificate. Still others charge a percentage of the cash paid out, while others make a charge for each share converted. The banker should not be concerned with the size of the fee, but in its existence, and should take the amount involved into consideration to determine the liquidating value of the trust shares he will hold as collateral. This article will, therefore, not concern itself with the size of the fee except to say that

SPONSORSHIP ... is important



OTHER things equal, there is substantial advantage to the investor in choosing the shares of a fixed trust sponsored by an organization of long experience in the trust field; which knows the practical needs of shareholders and how to provide for them; which is actively creating wider markets and reputation for the shares.

The organization which sponsors Corporate Trust Shares is a pioneer in its field and is one of the largest devoted exclusively to the creation and distribution of investment trusts of the fixed type.

Ask your Investment House or Bank about

CORPORATE TRUST SHARES

SMITH, BURRIS & CO.

Central Syndicate Managers

120 SOUTH LA SALLE STREET, CHICAGO

DETROIT — NEW ORLEANS — OMAHA

it should be commensurate with the value of the service rendered.

Conversion into Underlying Stocks

AS to conversion into underlying stocks, it would seem that this privilege will give the banker practically the same security as if the stocks themselves were pledged with him. Normally he will be able to receive the stocks just as soon as they can be transferred by the trustee. He should note, however, the number of shares that must be surrendered in order to receive the underlying stock, bearing in mind that unless he has the requisite number or a multiple of that number the conversion right is limited to the ability to receive cash.

The right to convert trust shares into the underlying stocks enables the banker who finds it necessary promptly to liquidate a loan, to forward the trust shares to the trustee and, since he knows the securities he will receive, place an order with his own broker for the sale of those securities and make delivery against such sales two or three days later when the certificates are sent to him by the trustee.

Here, again, as in the case of conversion, the banker should consider what charges are made by the trustee for this service. The charges are much as summarized above in the discussion relating to the charges when conversion is made into cash.

Investigation Simple

THE investigation required to be made of a given fixed trust from the standpoint of its acceptability as collateral, when confined to the essential elements discussed in this article, is by no means an arduous task. A few minutes consultation with the local dealer of the trust in question, supplemented by a short examination of the offering circular and a few of the provisions of the trust agreement, will suffice. When compared with the examination necessary before making a loan supported by unlisted securities or second grade bonds it would seem that the shares of a fixed investment trust offer far more opportunity for profitable loans than many bankers have heretofore realized. The growth of the fixed investment trust during the last two and one-half years and the wide popularity that it enjoys among all classes of investors would seem to make it desirable for every banker to recognize this new form of investment.

Wins Tax Suit

The Central Life Assurance Society of Des Moines won an income tax suit involving approximately \$75,000 in a decision handed down by the United States Circuit Court of Appeals in St. Louis, reversing the Board of Tax Appeals at Washington and ordered that taxes assessed against the society on \$2,108,619.13 earnings from 1921 to 1928 be abated.

The suit involved the reorganization contract made in 1919. The appellate court held the society was not liable for taxes on its nonparticipating business as profits from this class of business went directly to 14 stockholders. Nonparticipating business of the society since 1928 is affected by the decision and the case is settled unless the Board of Tax Appeals appeals to the United States Supreme Court.

As a result of the decision, the government will return to the society that portion of taxes paid pending outcome of the case. The society was not required to pay for the years from 1923 on, pending settlement of the action.

Fair Trade

An illusionist performing in a northern town put a woman into a box from which there was no apparent outlet and shut the lid. When he opened it again there was nothing inside but a couple of rabbits.

After the performance a Scotsman went to the illusionist and asked him if he could perform the same trick if his (the Scotsman's) wife were to get into the box.

"Why yes," answered the illusionist. "But are you anxious to get rid of your wife?"

"Weel," answered the Scot, "It's no sae much that, but wee Wullie got me tae promise him twa rabbits for his birthday!"



The Security Market

of today offers the discriminating banker greater opportunities for profitable investment than ever before. Yet these securities must be chosen only after the most exacting analysis.

We are prepared to assist you in the selection of those securities which will meet your individual requirements.

W.D. Hanna and Company

INVESTMENT BANKERS

BURLINGTON, IOWA

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Northwestern Banker September 1931

Report on Real Estate Bonds

AN INTENSIVE investigation of the real estate bond situation, giving suggested plans for working out defaults and for restoring real estate financing to a sound basis, is given to the investment banking business and the public by the Investment Bankers Association of America in the latest interim report of the association's real estate securities committee. The report was presented at the recent May meeting of the association's board of governors at White Sulphur Springs. After giving a brief history of real estate bond financing and of rental and real estate value trends since 1914 the report divides outstanding real estate bonds into five classes and says:

"The real estate bond situation is one of the blackest spots in our present finan-

cial outlook, made so to some extent by general ignorance as to how the situation should be handled. Estimates of the total outstanding volume of real estate bonds vary from \$8,000,000,000 to \$12,000,000,000. Ten billion dollars may be a fairly correct estimate. In the city of Chicago \$400,000,000 in real estate bonds are in actual foreclosure and similar conditions exist in most of our larger cities. The \$10,000,000,000 of real estate bonds should be considered in groups and a classification follows which your committee believes is more or less correct."

The classification places in Class 1, \$2,000,000,000 of real estate bonds "in good standing with good record." Class 2, \$2,000,000,000 which "appear to be able to work out without foreclosure or loss.

Class 3, \$2,500,000,000, "where foreclosure or workout with small loss is probable (Losses 10 per cent to 25 per cent)." Class 4, \$3,000,000,000, "with losses from 25 per cent to 60 per cent when foreclosure and sale are completed. Class 5, \$500,000,000; "incompleted, ill conceived and misplaced buildings, including many leasehold and second mortgage bond issues. Losses in this class will run from 60 per cent to 100 per cent and items should often be entirely abandoned."

Bonds in classes 1 and 2 are well secured, the committee believes, and are entitled to a preferred market and investment houses should endeavor to maintain such a market. In classes 3, 4 and 5, the committee advises that each bond holder should be furnished with information as to the probable liquidating value and that when possible some price for these bonds should be maintained by the originators. Where liquidation is necessary originators should take the leadership in liquidating each issue and should at least absorb their own expenses, to make the burden on the property as light as possible. The report adds: "We do not believe that the investment house need absorb the loss on real estate bonds and mortgages. We do believe that investment houses which expect to stay in business should help to preserve the integrity of their real estate bond issues as far as possible."

Many Plans Offered

THE committee reports that it has received many plans that propose to work out defaulted bond issues in groups. As a general rule, says the report, these plans of including several different defaulted issues in a group are not fair to all depositing bond holders, some of the plans are sponsored by individuals who are intent on making a profit from the situation and all the plans are primarily weak in that no capital is furnished.

The report then offers a definite plan and proposes that, where state laws permit, corporations be organized by substantial interests in leading cities to acquire distress income property. These corporations should have adequate, paid-in capital and holders of defaulted bonds should have a choice of selling their bonds to the corporation at a fair price or of exchanging bonds for 5 per cent preferred stock, each share of which would carry with it one share of common stock. The corporation might also acquire the equity and junior claims, either by foreclosure or purchase, and, the report adds, "We believe it is advisable for the principal banking interests in all the cities where the foreclosure problem is a serious one to organize and get the defaulted real estate bonds out of the way as quickly as possible."

\$650,000.00 IN PENNIES

HEROES of AMERICAN NAVAL HISTORY

For the restoration of their beloved "Old Ironsides," the school boys and girls of America contributed \$650,000.00 mostly in pennies.

Now the famous old ship has been rehabilitated and is just starting on a long cruise during which she will visit every seaport in the United States.

This beautiful big indoor billboard in full color, 22 inches wide and 45 inches high, shows "Old Ironsides" in all her glory, together with portraits of 12 of the men who are responsible for the romance and traditions of the American Navy.

Hanging in the schoolrooms of your community, bearing the advertisement of your bank, it is one of the strongest builders of prestige and good will ever offered.

The cost is small—Results big. Sold to only one bank in each community. Ask us to reserve it for you until you see the original. No obligation to buy.

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JOLIET, ILLINOIS

The report refers to the conservative type of real estate loans held by insurance companies and conservative mortgage guarantee companies and says that, "While some of their assets are tied up in present foreclosures, they all feel that their eventual losses will be negligible." Looking to the future, the report says:

"Until the present situation has cleared, there will be little real estate bond financing done. If the business continues at all the new issues will be more in accord with the standards of safety followed by life insurance companies. This means a sharp curtailment of new building projects, unless borrowers can be found to supply the required 40 per cent to 50 per cent margin of security."

The curtailment of real estate development means a partial paralysis of many industries, the report declares, and adds that, "We believe that the most important problem is to provide the machinery by which confidence in real estate securities can be re-established and through which the investing public be willing to make their savings available to finance proper and reasonable real estate undertakings and new construction."

"Your committee is of the opinion that a good method to accomplish this result may be through the medium of guaranty companies, specifically organized for the purpose of guaranteeing mortgages. The subject, however, is one of great importance, and without further investigation we make no specific recommendation at this time."

The report was presented by Louis K. Boysen of the First Union Trust and Savings Bank, Chicago, chairman of the committee. Other members of the committee are Thomas W. Banks, Banks, Huntley & Co., Inc., Los Angeles; W. F. Finley, Cleveland Trust Company, Cleveland; R. King Kauffman, John R. Thompson Securities Corporation, Chicago; Sidney Maestre, Mercantile-Commerce Company, St. Louis; Conner Malott, Spokane Eastern Company, Spokane; John R. Milligan, Edward B. Smith & Co., New York; Irving H. Overman, First Securities Corporation of Minnesota, Minneapolis; Otho C. Snider, Prescott, Wright, Snider Company, Kansas City.

Flower Show

The Northwestern National Bank, Minneapolis, again this year housed the second annual exhibit of the Minnesota Gladiolus Society, August 10th and 11th.

Growers from all over the state entered their choicest blooms in the show, which flooded the mammoth bank lobby with bright vari-colored gladioli. Many new and recent introductions of this popular flower were exhibited. Four varieties that were just developed last year and never exhibited before in the northwest were Picardy, a common pink; Bill Sowden, an Australian red variety; Maid of Orleans,

a white; and a remarkable German development, called Commander Koehl.

Over \$1,000 in bulbs, plants, and merchandise were awarded to the winners in the three classes, which were the open class, the advanced amateur, and the novice class. In addition to this group of prizes, the American Gladiolus Society, with which the Minnesota society is affiliated, awarded gold, silver, and bronze medals to the highest point winners in each class.

"There were many more baskets, bowls, vases, and other receptacles filled with mixed gladioli in this year's show than in last year's due to the fact that there is an increased desire to use flowers for decorative purposes all through the home," Mr. G. H. Greaves, chairman of the show committee, declared.

The Northwestern National Bank Band of 30 musicians played both evenings during the show. The bank lobby was open from 9 a. m. to 9:30 p. m., and hundreds of people crowded the lobby both afternoons and evenings viewing the exhibit.

Ripley Speaks in Des Moines

There is almost no such thing as a saturation point for the power and light industry, in the opinion of C. M. Ripley, noted engineer, formerly with the General Electric Company, who addressed a meeting of Des Moines investment bankers and investors recently. Mr. Ripley made his address under the auspices of the Calvin Bullock Company and was introduced by C. B. Kloppe, Des Moines investment banker.

LIQUID COLLATERAL

NORTH AMERICAN TRUST SHARES are exceptionally liquid collateral. They may be quickly liquidated by conversion into cash at any time without penalty through the trustee, the Guaranty Trust Company of New York. If 500 trust shares or any multiple thereof are held, they may be converted into the underlying stocks at any time without penalty through the trustee. Prompt delivery of underlying stocks may be anticipated when liquidation is accomplished through conversion.

In addition they are actively traded on the Chicago Board of Trade. The sponsor, Distributors Group, Incorporated, owned by a nationwide group of investment houses, has at all times maintained a bid at half a point under the offering price through over 1500 authorized security dealers. Daily prices are quoted in leading newspapers of the country.

More than 21,000,000 NORTH AMERICAN TRUST SHARES are owned today by well over 100,000 men and women who have already invested more than \$180,000,000 through this largest of all fixed investment trusts.

The twenty-eight common stocks underlying these trust shares are all listed on the New York Stock Exchange. All are constantly being accepted daily by large banks as good and sufficient collateral. They are:

AMERICAN TEL. & TEL. COMPANY	F. W. WOOLWORTH COMPANY
WESTERN UNION TELEGRAPH CO.	GENERAL ELECTRIC COMPANY
ATCHISON, TOPEKA & SANTA FE RY. CO.	PENNSYLVANIA RAILROAD CO.
STANDARD OIL COMPANY (N. J.)	EASTMAN KODAK CO.
CANADIAN PACIFIC RAILWAY CO.	AMERICAN RAD. & STAND. SAN. CORP.
ROYAL DUTCH COMPANY (N.Y. Shares)	NEW YORK CENTRAL R.R. CO.
LOUISVILLE & NASHVILLE R.R. CO.	STANDARD OIL COMPANY OF N. Y.
OTIS ELEVATOR COMPANY	ILLINOIS CENTRAL RAILROAD CO.
INGERSOLL-RAND COMPANY	UNITED STATES STEEL CORP.
SOUTHERN PACIFIC COMPANY	UNITED FRUIT COMPANY
STANDARD OIL COMPANY OF CALIF.	WESTINGHOUSE ELEC. & MFG. CO.
UNION PACIFIC RAILROAD CO.	TEXAS CORPORATION
CONSOLIDATED GAS CO. OF N. Y.	NATIONAL BISCUIT COMPANY
AMERICAN TOBACCO COMPANY	E. I. DU PONT DE NEMOURS & Co.

North American
TRUST SHARES

Distributors Group, Incorporated, 63 Wall St., New York
(Owned by a Nationwide Group of Investment Houses)

CHICAGO • PHILADELPHIA • LOS ANGELES • ATLANTA

Pointing out that there are 10,000,000 dwellings in the United States that do not have electric lights, Mr. Ripley said, in part:

"Of the 30,000,000 dwellings in the United States, 11,000,000 have no electric iron; 22,000,000 have no electric power; 20,000,000 have no electric radio, and 27,000,000 have no electric refrigerator.

"In addition to this, we have numerous other electrical features, such as the radio,

washing machines, cooking and beating appliances, electric irons, refrigerators, refrigerating systems and other appliances, which are present in only a fraction of the homes.

"The use of electric heat in the manufacturing of metal articles is a field that is far from fully explored. We have television at the present time not far from its infancy.

"I predict that in a few years the

theater, with its unlimited electricity and capital, will, through television, bring to the screen not scenes and recording of months past, but pictures and sound of events as they are happening miles away."

Mr. Ripley also pointed out that one of the best features of the industry results from the fact that the more electric power used the cheaper it can be sold.

The farmer will especially benefit by this element in that he has need of more power than the city dweller and it can be furnished him by the power company cheaper than he can obtain it from his present machinery, Ripley said.

"The time is coming when no home will be complete without all the electric appliances," Mr. Ripley stated, "and I predict that the bride and groom of a few years will start in a home where all these are furnished and the cost is part of the rent or the initial price of the house."

On Special Committee

Don C. Lewis, formerly insurance commissioner of South Dakota, has been requested by C. R. Horswill, the new commissioner, to represent him on the special surety subcommittee of the national convention of insurance commissioners, which has under advisement the recent address of William B. Joyce, chairman of the National Surety Company. Mr. Joyce advocated, in his address before the commissioners in June, vigorous steps by the commissioners to stop rate cutting and high commission paying by surety companies, and the subcommittee is planning to hold hearings in the near future. Mr. Lewis, during the four years that he was an insurance commissioner, was a member of the surety committee of the commissioners.

With Advertising Agency

The affiliation of Edwin G. Foreman, Jr., with Blackett-Sample-Hummert, Inc., advertising agency, 221 North LaSalle Street, as vice president has been announced. Mr. Foreman for many years served as vice president and director of the Foreman-State National Bank.

Little Albert came home from school with a new book under his arm. "It's a prize, mother," he said. "A prize? What for, dear?" "For natural history. Teacher asked me how many legs an ostrich had and I said three." "But an ostrich has two legs." "I know that now, mother, but the rest of the class said four; so I was nearest."

The college professor and his wife were entertaining at dinner. Suddenly a child's voice was heard from the floor above:

"Mother!"

"What is it, Archie?" she asked.


"There's only clean towels in the bathroom. Shall I start one?"

HOTEL HARRISON

CHICAGO'S NEWEST DOWNTOWN HOTEL

RUNNING ICE WATER
IN EVERY ROOM
\$2.50 AND \$3.00
WITH BATH
NO HIGHER

**RADIO
IN EVERY
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**NO
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DIRECT ENTRANCE
FROM HOTEL TO
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CHICAGO

STABILITY AS AN ASSET

That bankers fully appreciate the confidence building value of a record of stability and good management is clearly indicated by the frequency with which this point is stressed in bank advertising.

Just as a long record of good service is a valuable asset for a bank, so also such a record is of equal value to an investment banking house. The fact that Geo. M. Bechtel & Co. have served Iowa bankers, and individual investors, for a period of four decades is the best possible evidence of our experience, the excellence of our service, and the sound character of our offerings.

If you are not familiar with the policies, personnel, and the offerings of this pioneer Iowa investment house, it might prove profitable, both to you and to us, if we could get better acquainted. As a start, you might write for our September list of offerings suitable for bank investment. Inquiries regarding any phase of investment are invited and will receive our prompt attention. Please address our Davenport office.

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Established 1891

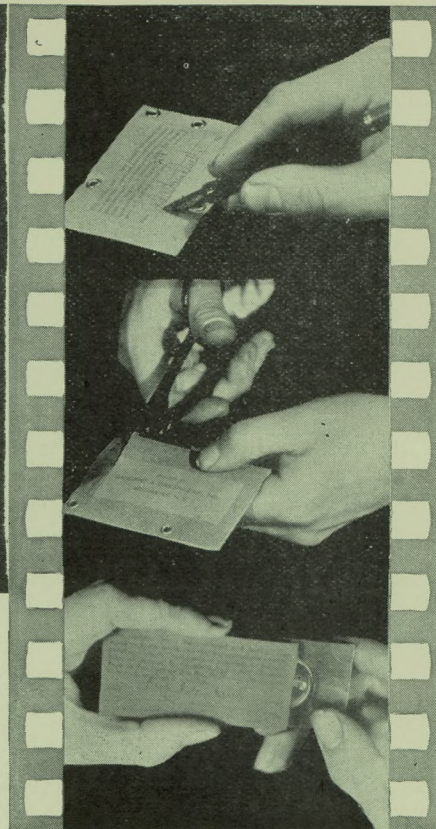
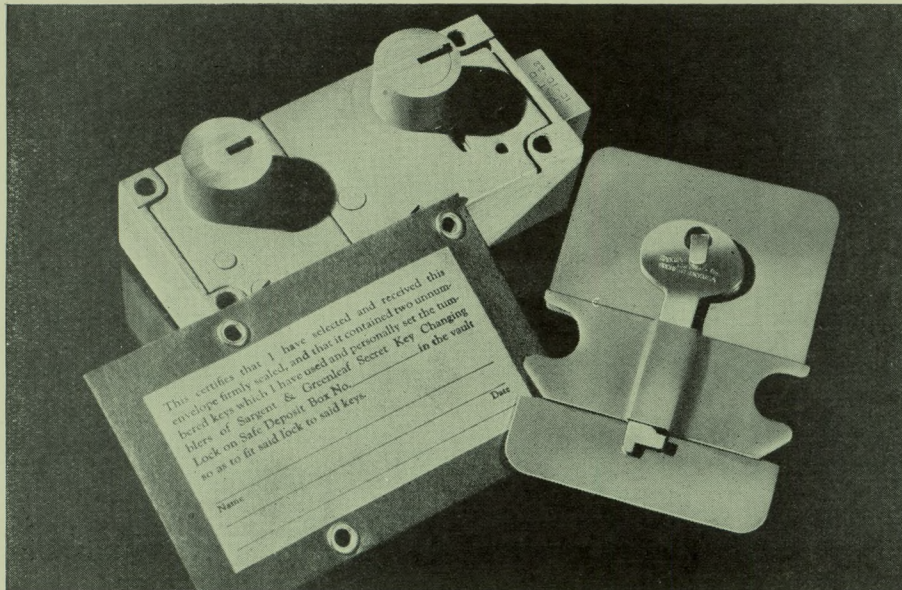
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What other LOCK has these PLUS VALUES?

Do you know of a safe deposit lock whose key cannot be seen or touched by *anyone* until your customer has rented his box?

A lock whose maintenance cost is practically nothing?

A lock which protects not only your customer, but your bank, from every form of thievery and error?

A lock which has been declared pick-proof by Underwriters Laboratories?

A lock which offers more exclusive safety features than all other safe deposit locks combined?

There is but one such lock in existence—the S&G Secret Key Changing Sealed Key Safe Deposit Lock. Its *plus values* eliminate *at their source* the possibilities of loss by your customer or your bank. For your renter must choose his own key, sealed in its impression-proof metal scabbard; he and your custodian together must set the lock he chooses to fit the key he has selected (see illustrations), and thereafter only your renter and your



S & G, manufacturers of Time, Combination and Safe Deposit Locks have been pioneers in protection since 1865.

custodian *together* can enter the box. And the statement your renter signs, that he is first to touch or see his key, is court evidence against fraud!

This S&G Lock can be reset to an infinite number of key-and-lock changes. It is manufactured by the same pioneering organization which made the first time lock ever to be installed on a bank vault door. It is used by such banks as Bank of America, New York; Union Trust, Detroit; Northwestern National, Minneapolis. The coupon will bring you a sample of this lock, and a complete explanation of its *plus values* and how they can increase your safe deposit box business.

SARGENT & GREENLEAF INC.
ROCHESTER, N. Y.

(Check square for information desired)

- Please send me a sample of the new patented S&G Sealed Key.
- Please send me a sample of the S&G Secret Key Changing Sealed Key Safe Deposit Lock, with sample keys and instructions.

Name

Position or Title

Name of Bank

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Check here if you wish a copy of A Quick Trip Through a Lock Factory.

Sargent & Greenleaf Inc.

NEW YORK • ROCHESTER • CHICAGO • BOSTON

Northwestern Banker September 1931

Real Estate Bond Brokerage

THAT considerable confusion and uncertainty exists in the real estate bond market is recognized by everyone. Much has been said and written regarding the probable outcome of the present situation and the chaos that will ensue should prevailing conditions be permitted to continue for any indefinite period. However, practically nothing of a truly constructive nature has been done to provide a logical remedy which would serve to stabilize real estate bonds on the firm basis warranted by their inherent soundness as investment securities.

At the present time there are many millions of dollars worth of real estate bonds in default, either in interest payments, amortization requirements, or in both interest and principal. Unsettled conditions in the real estate field, due to abnormal vacancies, decreased rentals, mismanagement or some other affiliated cause, have made it extremely difficult, and in most cases almost impossible, to re-finance the majority of defaulted issues on an equitable basis. Up to about three years ago, practically all maturing bond issues were refinanced up to or close to the amount due at final maturity. Holders of maturing bonds were paid in full or exchanged their old bonds for new. Today, refinancing in this manner is the extremely rare exception.

Resulting Difficulties

AS A RESULT of this situation, and because of the tremendous amount of publicity given to the dark side of the picture, even the best and most solidly-secured real estate bonds, on well-occupied and substantially-rented properties, were subjected to severe price depression when offered for sale. Present conditions have been aggravated to a considerable extent by the necessity for liquidating a tremendous volume of real estate securities held by banks which have closed their doors. It has been estimated that approximately 50 per cent of the bonds issued by small outlying banks are now in difficulties. Many of the bonds sold by these banks had been purchased upon the understanding, sometimes written, but more often verbal, that they would be bought back at a discount of 1 per cent. This policy has, of course, been discontinued for some time, and the resultant dissatisfaction upon the part of the purchasers has brought about a literal "dumping" of real estate bonds.

For a large proportion of these bonds there is no market at any price. Thousands of owners of good, substantial bonds, even though not forced to sell, are anxious to take any price offered. The result is that real estate bonds as a class, good, bad and indifferent, are being forced down to exceptionally low price levels not

By F. N. KNEELAND
President, Kneeland & Co., Inc., Chicago

at all justified when analyzed from the viewpoint of security and income.

Establishment of legitimate markets for real estate bonds, based upon true security values, and governed by actual demand for investment purposes, would undoubtedly go far toward improving prevailing conditions. There is no reason why the buying and selling of real estate bonds

cannot be conducted on the same general principles as are dealings in stocks on the stock market. Here, stocks, listed and unlisted, are bought and sold on definite orders and on established commission rates.

Brokerage service has been very successfully applied to the buying and selling of real estate bonds, and the legitimate real estate bond broker is doing much good in getting for his selling customer the very best price obtainable for his

PORTER FOX & Co.

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INVESTMENT SECURITIES

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Illinois Local Improvement Bonds

Are Especially Fitted to Meet

Secondary Reserve Requirements

Short Maturities—Tax Exemption—6% Yield

Descriptive Circulars on Request

LANSFORD & COMPANY

Securities

33 North La Salle Street, Chicago

Specializing in Illinois Local Improvement Bonds . Exempt from All Federal Income Taxes

securities. Orders to buy as received by the real estate bond broker are taken at a definite price, with a stipulated commission; selling orders are accepted on the same basis, and the buyer and seller are brought together on the most equitable terms obtainable through the agency of the broker.

Should Sell on Merits

THE real estate bond broker, conducting his business on the basis of fair-dealing to both buyer and seller, takes a definite stand that every real estate bond should be bought and sold on its own merits, and not at a price based upon the

fact that the owner is forced to sell. When a bond owner insists on selling, the conscientious bond broker makes every effort to get for him the highest possible price. The legitimate broker in real estate bonds will not buy or sell any bonds on his own account; he receives a definite order to buy or offer to sell, each case being accompanied by a set figure at which the bond is to be bought or sold, and entirely on a commission basis.

Brokerage service as applied to real estate bonds has been used considerably in recent months by banks in process of liquidation, receivers who are endeavoring to obtain quickly the largest possible

amount of cash for assets in the form of real estate securities, building owners who believe that present market conditions provide unusual advantages in enabling them to buy in the open market bonds on their own properties, and syndicates which are operating as buying groups who are convinced of the soundness of real estate bonds as long term investments.

Financial Reverses

Financial reverses among young and able bodied men and women are not necessarily serious. Ofttimes indeed they may be a blessing in disguise, making necessary, as they frequently do, the exertion of latent power and ability previously unrealized.

But financial reverses in old age are frequently tragic. The new bureau in the Department of Public Welfare in New York City, designed to extend relief to the aged, had 1,800 superannuated applicants in the first week of its existence. Among those who applied for assistance were many who had previously been well-to-do, and the *New York Times* reported a number of such cases.

There was, for instance, the man who prepared ostrich feathers for women's wear who lost his entire fortune of \$100,000 when the women stopped wearing his product. There was the man who lost \$60,000 through the disappearance of a friend whose bond he had signed in this amount. There was a prominent engineer who had completely lost his grip through repeatedly being told he was "too old" or "too good a man for this place."

Among the group was a famous ballerina who had danced before royalty and had long been welcomed in aristocratic circles. Several had lost their lifetime savings in bank failures. And, the swift changes of modern industry had outdistanced many of the aged applicants.

The radio and the talkie deprive thousands of musicians of their means of livelihood; bus and air travel alarm the railroads; the electric refrigerator banishes sleep from the homes of ice manufacturers and retailers. We could list a hundred swift changes within the past decade which have brought ruin to thriving industries. But the sound protection of life insurance goes on unaffected by the amazing changes that surround it.

Men are recognizing this more keenly each day and the sale of life insurance is measurably affected by the increased receptivity of buyers. Nothing is as certain in this world of change as is life insurance.—*Fidelity Fieldman*.

"Ladies and gentlemen," said the lecturer, "I understand the language of wild animals."

From the back of the hall came a voice: "Well, the next time you see a skunk, ask him what's the big idea."

Municipal Bonds

Yielding 4.50% to 6%

Circulars on Request

The Hanchett Bond Co.
Incorporated 1910

39 South La Salle Street, Chicago

NEW YORK

DETROIT

PHILADELPHIA

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6% and Municipal Security

Iowa Municipal Electric Light plant bonds offer exceptional security, liberal interest, and are available in convenient maturities for banks. These municipal plants are so profitable that many are calling their bonds two and three years ahead of schedule.

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DES MOINES

Will Head Investment Bankers

ALLAN M. POPE of New York, executive vice president of the First National Old Colony Corporation, has been nominated for the presidency of the Investment Bankers Association of America for the year 1931-32. As nomination by the association's board of governors has always been equivalent to election, it is expected that Mr. Pope will take office at the close of the association's twentieth annual convention, which will be at White Sulphur Springs, W. Va., November 7 to 11. He will succeed Henry T. Ferriss of the First National Company, St. Louis. Mr. Pope has taken a prominent part in activities of the association's board of governors and foreign securities committee for several years. Other nominations to be voted on at the annual convention in November are:

For executive vice president: Alden H. Little of Chicago, to succeed himself. For vice presidents: James H. Daggett, Marshall & Ilsley Bank, Milwaukee; Charles D. Dickey, Brown Brothers, Harriman & Company, Philadelphia; William H. Eddy, Chase Harris Forbes Corporation, New York; Dietrich Schmitz, Pacific National Company, Seattle; C. T. Williams, C. T. Williams & Company, Inc., Baltimore. For treasurer: William T. Bacon, Bacon, Whipple & Company, Chicago. For secretary: C. Longford Felske, Chicago. Nominations to positions on the board of governors for terms expiring in 1934 are:

J. Augustus Barnard, Dominick & Dominick, New York; Frank L. Scheffey, Callaway, Fish & Company, New York; T. J. Bryce, Continental Illinois Company, Chicago; Duncan J. McNabb, Guardian Detroit Company, Inc., Detroit; Francis Moulton, R. H. Moulton & Company, Los Angeles; Russell D. Bell, Greenshields & Co., Montreal; Harry F. Stix, Stix & Company, St. Louis; William Cavalier, Wm. Cavalier & Company, San Francisco; John J. Rowe, First Investment and Securities Corporation, Cincinnati; Charles B. Engle, International Company of Denver, Denver.

Nominations to fill unexpired terms ending in 1932:

Henry T. Ferriss, First National Company, St. Louis, ex-officio, as retiring president, a member of next year's board; Francis A. Bonner, Lee, Higginson & Company, Chicago; Henry Hart, First Detroit Company, Inc., Detroit; Ralph Hornblower, Hornblower & Weeks, Boston; George H. Nusloch, Hibernia Securities Company, Inc., New Orleans; David H. Martin, Fidelity National Corporation, Kansas City.

The newly nominated president of the Investment Bankers Association of America is a graduate of West Point and

served on the general staff of the A. E. F. in France as a major and as a lieutenant colonel. He resigned from the United States army in 1920 to enter the investment banking business in Boston, with the First National Corporation of that city. In 1921 Mr. Pope became manager of the corporation's New York office and in 1928 was elected president of the corporation. In 1929 the consolidation of the First National Bank of Boston and of the Old Colony Trust Company, also of that city, resulted in a merger of their respective investment banking affiliates and the formation of the First National Old Colony Corporation, which is now one of the largest investment banking insti-

tutions in the country, with offices in 21 American cities and representatives in London, Paris, Berlin and Buenos Aires.

Mr. Pope was born in Boston November 24, 1879, and is a descendant of two of New England's oldest families. He received his early education at the Prince School and Boston Latin School. In 1899 he entered the United States Military Academy, from which he was graduated in 1903 and commissioned a second lieutenant of cavalry. He served in the Philippines and in 1916 was commissioned a captain. On the entry of the United States into the world war he was advanced to the rank of major and attached to the general staff.

Decorah
Dubuque
Clinton
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are included in the 348 communities in eight states served by the Interstate Power System. Nearly 95% of gross revenues is derived from the sale of electricity and gas.

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The Bonds have been outstanding since 1927 and are available at the New York Curb Market to yield about 5.90%.

The replacement value of the properties is estimated at approximately twice the amount of first mortgage bonds. Net earnings for the year ended March 31, 1931, were equal to 2.4 times annual interest on these bonds.

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CEDAR RAPIDS, IOWA 503 Merchants Nat'l Bank Bldg.	MARSHALLTOWN, IOWA 201 Masonic Temple Bldg.	MASON CITY, IOWA 216 Bagley-Beck Bldg.
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GRAIN

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BONDS

Mr. Pope is chairman of the advisory council and a member of the executive committee of the Institute of International Finance, a fact finding organization which is conducted by New York University, in co-operation with the Investment Bankers Association, for the benefit of dealers and investors in foreign securities. He is also chairman of the association's foreign securities committee and is a member of the executive committee of the American Acceptance Council.

With Sickie, Nast & Co.

Of interest to his friends throughout the middle west is the announcement that Carroll S. Felter, investment banker and statistician, who has been ill for some



CARROLL S. FELTER

time, has entirely recovered. He has become affiliated with the firm of Sickie, Nast & Co., 111 West Washington, Street, Chicago. This firm specializes in the unlisted trading market. Mr. Felter spent a number of years, prior to his later residence in Chicago, with several houses in Pittsburgh and New York.

Misinformed

"I understand," began the large, scrappy-looking ward politician, "dat youse had a piece in your paper callin' me a thief." "You have been misinformed, sir," said the editor, calmly; "this paper publishes only news."—Cleveland Leader.

Hammond—"Do you know how the Scotch prevent seasickness?"

Cabbage—"No."

Hammond—"They merely hold a silver coin in their mouths."

Survey of Insurance Holdings

AN ANALYSIS of the investment holdings, as of December 31, 1930, of 46 leading insurance companies licensed to do business in New York state, just completed by J. G. White & Company, shows that life insurance companies were the only group able to report an increase in value of security holdings during 1930, and that depreciation in security values for all other groups, namely, fire, casualty and miscellaneous companies, and United States branches of foreign fire companies, was substantially greater in 1930 than in 1929. In general, the quality of investment performance, by groups of companies, varied inversely with the percentage of stocks held.

The survey, which is the fifth annual edition of a continuing study of insurance company investments covering companies with combined holdings in excess of \$14,700,000,000, shows that despite heavy losses suffered in stocks during the past two years, there is no indication that those companies which have heretofore invested primarily in equities have undergone any basic change in investment policy. Such companies, as a group, continued to invest primarily in stocks during 1930. Moreover, those groups of companies which heretofore had relatively small stock holdings invested more than their usual quota in stocks during 1930.

From the standpoint of diversification, the study shows that the year 1930 marked a sharp reversal of the trend toward relatively smaller bond holdings, which had been in evidence since 1924. Much of this gain in the percentage of bonds to total investments in 1930, however, was occasioned by the decline in value of stock holdings, which automatically increased the ratio of bonds to total investments. Another outstanding feature from the standpoint of diversification, is that the increasing preference for public utility bonds among all classes of companies, which has been characteristic of recent years, is again clearly apparent in 1930.

Except for the group comprising life companies, investment results in 1930 were substantially poorer than in 1929. The 33 life insurance companies included in the study showed an appreciation of .99 per cent in value of stock and bond holdings in 1930. This gain in values represents the only time in the past two years that any group has been able to report appreciation in security values. The group of 20 fire insurance companies classified as those investing over 40 per cent in stocks, showed the poorest investment performance of any group, reporting depreciation of 19.12 per cent, as compared with depreciation of only 2.64 per cent in 1929. The 43 fire insurance companies included

in the group classified as those investing less than 40 per cent in stocks reported depreciation of 6.95 per cent in value of security holdings during 1930, as compared with depreciation of only 1.10 per cent in 1929. Twenty-five United States branches of foreign fire insurance companies, with depreciation of only 2.99 per cent in 1930, show the best experience of any group other than life companies. Depreciation of the same group in 1929 was

only 1.09 per cent. The 25 casualty and miscellaneous companies included in the study show depreciation of 5.46 per cent in security values in 1930, as compared with 1.53 per cent in 1929.

Analysis of the uses to which new money was put in 1930 indicates that no basic change of investment policy took place in the past year in any group of companies, as between relative importance of bond and stock commitments. The group of 20

BOND INVESTMENT FOR BANKS INVOLVES THREE MAIN STEPS

1 Determining, as precisely as possible, the nature and extent of present and future needs which may be served through investment in bonds.

2 Planning and adopting a policy of sound investment which is calculated to meet those needs most completely and most economically.

3 Selecting bonds which provide the structural and functional features prescribed in the policy of investment which has been adopted.

• Of these steps, none is more important than the first. Until the needs of any banking institution are known and measured as definitely as possible, it is impossible to select bonds which will insure the greatest value per dollar invested. Even the unvarying practice of choosing only "gilt-edge" issues will in most cases involve certain sacrifices that may safely and legitimately be avoided. • There can be no substitute for complete knowledge. Only a thorough study of the situation and operations of the bank can provide the data from which a sound and reliable policy of investment can be constructed. Having worked out and adopted such a policy, however, the selection of bonds thereafter acquires a degree of positiveness that can be realized through no other means. • Further suggestions on these points will be found in our folder, *Sound Investment Practice for the Commercial Bank*. Any bank officer may have a copy on request.

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BONDS TO FIT THE INVESTOR

Northwestern Banker September 1931

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fire companies which have been essentially stock investors continued to invest primarily in equities in 1930, but in a slightly lower ratio to total investments. All other groups invested in stocks a percentage of new funds greater than their respective ratios of stocks to total investments at the beginning of the year. In no case, however, was the difference so significant as to indicate a change in basic policy.

As of the close of 1930, the 33 life companies included in the study had 46.3 per cent of total funds invested in bonds, as compared with 45.6 per cent at the close of 1929 and 50.2 per cent in 1924. Mortgage holdings declined from 51.8 per cent to 50.5 per cent in the past year, while stock holdings, comprising chiefly preferred and guaranteed issues, rose from 2.6 per cent to 3.2 per cent of total investments. Diversification of the combined bond accounts of the 33 life companies shows a sharp decline in the percentage of railroad bond holdings and United States government obligations and a further increase in holdings of public utility bonds. These changes are continuations of trends that have been apparent since 1924, and which in that period have reduced government bond holdings from 18.0 per cent of total bond holdings in 1924 to 4.8 per cent in 1930, and rails from 53.0 per cent to 48.0 per cent during the same period. Utility bond holdings, meanwhile, have increased from 11.0 per cent to 26.2 per cent.

The 20 fire insurance companies classified as those investing more than 40 per cent in stocks showed 72.2 per cent so invested at the close of 1930, as compared with 73.6 per cent at the close of 1929. The percentage of bond holdings rose from 25.0 per cent to 26.1 per cent in the past year, while mortgages increased from 1.4 per cent to 1.7 per cent. The decrease in ratio of stock holdings and the increase in the percentage of bonds to total investments represent reversals of trends that had been uninterrupted since 1924. Bond holdings of 26.1 per cent, although showing a slight increase in 1930, are still far below the 1924 figure of 41.5 per cent. The bulk of new money invested in 1930 by companies in this group again went into stocks, notwithstanding the heavy loss suffered in stocks in the past two years.

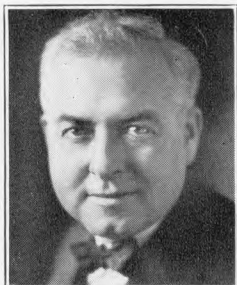
The group of 43 fire insurance companies originally classified as those investing less than 40 per cent in stocks, had 41.7 per cent so invested at the close of 1930, as compared with 41.2 per cent at the end of 1929. The percentage of bonds to total investments declined from 55.6 per cent in 1929 to 54.8 per cent in 1930, while mortgages increased from 3.2 per cent to 3.5 per cent of total holdings. The diversification of bond holdings for this group, as of the close of 1930, shows a reduction in the percentage of United States Government and railroad obligations, and increases in the percentages of public utility, industrial, Canadian and municipal bonds.

The 25 casualty and miscellaneous companies included in the J. G. White & Company study show 34.6 per cent of total investments in stocks, 62.0 per cent in bonds and 3.4 per cent in mortgages at the close of 1930. These percentages represent a slight decline in stock holdings, a slight gain in bonds, and no change in the case of mortgages. The diversification of bond holdings, at the close of 1930, shows reductions in the percentages of United States Government, municipal and rail bonds and increases in percentage holdings of utility, industrial and Canadian government obligations.

Is Iowa Manager

Emil Webbles, former Burlington banker, and at one time president of the Iowa Bankers Association, has been made manager for Iowa for Selected Shares Corporation. He will headquarter in Burlington.

Selected Shares Corporation, the sponsoring and distributing company, is owned and controlled by a group of well known business men and bankers. Max Adler, former vice president and a direc-



EMIL WEBBLES

tor of Sears, Roebuck & Company, is chairman of the board. It was Mr. Adler who recently gave the planetarium to the city of Chicago. Among other directors are P. W. Trudeau, bank executive in Chicago; Martin H. Burns, president of Tebbetts & Garland Company, and Hillman's, Chicago; David Copeland, first vice president and a director of General American Tank Car Company; James O. McKinsey, professor of economics, University of Chicago.

Win Cash Prizes

David Ward and G. E. Gustafson of the White & Odell agency, Minneapolis, were recently awarded cash prizes by Northwestern National Life for long membership records in the company's App-A-Week club. Mr. Ward ended his sixth year of consistent weekly production August 7th, while Mr. Gustafson finished three years. There are now 70 Northwestern National Life agents who have produced a minimum of one application a week for at least 13 consecutive weeks holding memberships in the club.

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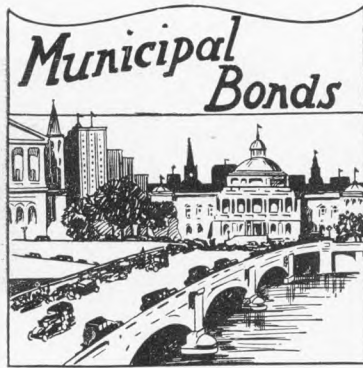


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With Jackley-Wiedman

Robert H. (Bob) McCrary, of Des Moines, has joined the staff of Jackley-Wiedman & Company, Des Moines investment securities firm, it is announced by Winfield C. Jackley, president of the company.

Mr. McCrary has been associated with investment securities sales in Iowa the past six years. He is widely known as trans-Mississippi golf champion, captur-



ROBERT H. McCRARY

ing that title in 1929 and 1930. In the western amateur tournament in 1930 he went to the semi-finals, defeating Sir Cyril J. H. Tolley, holder of the British open amateur title. Other golf titles which Mr. McCrary has gathered are Des Moines city championship in 1923 and 1927 and last month won the Iowa open title, for 1931.

Mr. McCrary is a member of Golf and Country club, Des Moines; Chi Delta, social and Delta Phi Omega, national academic fraternities. He resides at 1055 44th Street, Des Moines.

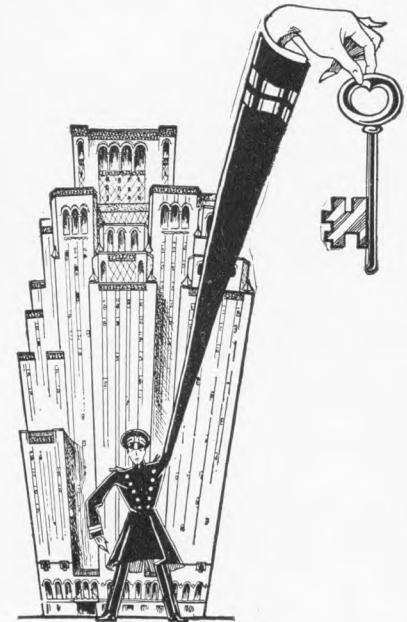
Becomes President

The election of Jevne Haugan as president of the Mid-West Company, mortgages and investments, and the affiliation of five new associates with the company, is announced.

Mr. Haugan formerly was vice president of the State Bank of Chicago and more recently vice president of the For-man-State National Bank. He has been affiliated with the Mid-West Company for a number of years during which time he has been a director of the company.

The new associates in the company are Roy G. Johnson, William B. Lassen,

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ROOM AND BATH \$3 UP

Herbert C. Anderson, Arthur P. Petersen, and Frank F. Healey. All formerly were with the State Bank of Chicago and later with the Foreman-State Trust and Savings Bank.

Mr. Lassen will head the title department of the Mid-West Company and Mr. Healey, well known in the field of engineering, will be manager of appraisals and inspection. Mr. Anderson will be manager of the insurance department and Mr. Petersen and Mr. Johnson will be in charge of sales.

The Mid-West Company is engaged in the first mortgage real estate investment field. Mr. Haugan announces that it will extend its activities in this field to include refinancing, extensions, and other service in connection with the handling of real estate mortgages. The company has taken over additional space at 33 North La Salle Street, Chicago, to accommodate the additions to its staff and the extension of its interests.

Midland Bank, Limited

Total assets and liabilities of the Midland Bank, Limited, as of June 30, 1931, were 428,905,511 pounds, according to the last statement of condition of this institution. Current, deposit and other accounts, including balance of profit and loss account, totaled 375,119,144 pounds.

Minneapolis Man Honored

Frank T. Heffelfinger, a member of the board of directors of Northwestern National Life of Minneapolis, and president of F. H. Peavey & Co., world's largest grain company, has been named to serve on a new American committee of the International Chamber of Commerce. This committee, composed of 64 leading business men from all parts of the country, will direct American participation in the affairs of the chamber.

Case Dismissed

The Judge (sternly)—Well, what's your alibi for speeding 60 miles an hour through the residence section?"

The Victim—I had just heard, your honor, that the ladies of my wife's church were giving a rummage sale and I was hurrying home to save my other pair of pants.

Mistress—"Why did you leave your last place, Mary?"

Maid—"Because I did not know what this one was like."

"Whatcha mean by saying that Thompson wears Indian neckwear?"

"Bow tie and arrow collar."

Tramp—"Give me a penny for my wife."

Professor (absently)—"I regret I must decline. The price is low, but I already have one."

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Northwestern Banker September 1931



THE SEPTEMBER HOROSCOPE

Pride and selfishness are the two great faults of September born folk.

Nevertheless, people of this month are invariably clever, and they are blessed with so many talents that success is open to them in almost any field of work they choose. In finances they are keenly shrewd, and when they speculate they can be relied upon to get good returns for their money.

Originality is strongly marked in September people, and inasmuch as the world pays a long price for originality, you should make the most of this trait.

The Sapphire should be worn constantly, and your dress attire should have either scarlet or light blue in its make-up.

If you are in the life insurance business but not now under contract you should by all means investigate the Royal Union's agency proposition. Seek success and you will find it with us.



ROYAL UNION LIFE INSURANCE COMPANY DES MOINES, IOWA

A. C. TUCKER, Chairman of the Board
B. M. KIRKE, Vice Pres. and Field Mgr.

J. J. SHAMBAUGH, President
W. D. HALLER, Secretary

Northwestern Banker September 1931

Forgery Insurance and What It COVERS

By H. SCARBOROUGH, JR.

NO LESS of an authority than James E. Baum, deputy manager of the American Bankers Association, estimates that forgery losses annually run not less than \$25,000,000. We believe this statement to be a conservative one, and certainly the last 12 months will show a substantial increase in forgeries sustained by the banking fraternity over any other period in the history of banking. But not all of those who have sustained such losses can in all cases rest easy—that is, if the loss in question was not collectible under the particular insurance policy which the banker was relying upon for protection. There are so many different varieties of forgery and so many forms of insurance contracts that even the Philadelphia lawyer is in a daze, to say nothing of the confusion that exists in the mind of the banker. Then again, the laws determining the liability of the banks have so many shades or degrees of interpretation that the subject is quite involved and complex. The following contracts are available to the banker for his protection against loss due to forgery and each one should be studied closely to learn if it meets with the needs of his institution.

Limited Forgery Contract

THE Bankers' Limited Forgery Contract is designed to cover the bank's own paper—drafts, cashier's checks, etc., and savings withdrawals. The Bankers' Blanket Forgery Bond is designed to cover forged customers' checks or forged endorsements of customers' signatures on checks drawn upon the assured bank. In Form No. 8 and Lloyd's HAN "C" Blanket Bonds, the forgery clause is designed to cover all checks that are forged, or checks (genuine in one bond, not mentioned in the other) that bear forged endorsements, also forged saving withdrawals, certificates of deposit, bank drafts, pensions, or express, postal or bank money orders. There is the Blanket Securities Contract that is so designed to compel the banker to predetermine the type of securities upon which he will sustain a loss as it permits a selection of eight insuring clauses descriptive of the various instruments covered. Then there is the contract covering any loss due to forgery which is comprehensive including all documents,

and last, the contract covering any instrument that may be forged, invalid or stolen. This rich assortment of contracts has different premium costs predicated upon broadness of cover and the hazard involved. The low rated contract has less protection, more clauses restricting possible claims; so don't sit back with that secure feeling when your forgery insurance bill is small. The saddest of awakenings is one caused by some unkind insurance adjuster who tells you that the "item is not covered."

Forgery Losses

FORGED mortgages are rather uncommon, yet losses have been sustained and paid during the past year. One banker had been doing business with a local real estate dealer for years and had accepted a mortgage as collateral on the dealer's loan. It was an abstract title and not guaranteed. The dealer suddenly went west, and the banker upon investigation found his document was forged. It is

"Payroll accounts carry trouble and should be watched. A foreman for a concern caused checks to be issued to a fictitious employe each week covering two years of time. The customer brought suit against the bank which, incidentally, was not the cashing bank. The court held that the bank was not liable. There are some very interesting decisions on this point, showing a tendency to not hold the bank liable for the fraudulent acts of an employe of a customer!"

suggested that the bank obtain from the maker of a mortgage a "Waiver of Defense Clause" before accepting a mortgage for a collateral loan—(the writer will gladly furnish you a form upon request).

The tidy sum of \$25,000 was lost by means of a forged promissory note. "Can't happen in my bank," say a dozen bankers. Well, let's see: The wife of a customer signed the original note some years ago for a collateral loan. The collateral is stock in the wife's name and happens to increase in value, and new notes purporting to have been signed by the wife are brought in by friend husband. Sometime later the wife is called to the bank to liquidate her loan. She is startled at the increased size of her note; calls the husband to come to the bank at

once; instead he goes to the bathroom and shoots himself. Where are you now? Does your bank carry insurance against such a loss?

Can You Collect?

A CUSTOMER comes to an officer's desk to obtain the initialed O.K. on an out-of-town check for \$50.00. He immediately leaves the bank, returning with the forged initials on another check for \$3,800 which the teller promptly cashes. The check is bogus. Do you collect under your forgery contract?

Payroll accounts carry trouble and should be watched. A foreman for a concern caused checks to be issued to a fictitious employe each week covering two years of time. The customer brought suit against the bank which, incidentally, was not the cashing bank. The court held that the bank was not liable. There are some very interesting decisions on this point showing a tendency to not hold the bank liable for the fraudulent acts of an employe of a customer. There is a ray of hope for the banker and there should be an ever increasing trend to place the blame at its source. Likewise, the cashing bank, in the case of most forged checks, is "stuck" with the loss, especially if reasonable notice is given by the bank upon which the check is drawn.

The accumulated liability extending over a period of years on forged endorsements brings up a serious point. A recent claim was made against one bank for \$120,000 and another bank for over \$90,000 originating from the same source. A fair settlement was made outside of court, the claiming institution accepting the settlement rather than entering into a long drawn out litigation. The size of these two claims, based upon forged endorsed checks covering over five years time, is alarming and there is not a bank in ten who can say their forgery protection would have been adequate.

Big Money

A RECENT loss running into big money was sustained by means of warehouse receipts which were bogus. No goods were in the warehouse, but attached to the receipts were the forged notes of customers whose goods were supposed to be in the warehouse, accompanied by fire

insurance policies. A perfect setup, especially where the credit of the warehouse had been well established over a period of years. A loss of this nature, while infrequent, is always large and so very few banks have any insurance against such an event.

The word *invalid* comes as close to being a term that is all inclusive as can be

imagined. A president of a life insurance company, just before the company became insolvent, issued more shares of stock than the authorized capital of the company. A bank loaned on these invalid (not forged) certificates and the underwriters paid out \$175,000. In this case the bank was fully protected. The American Bankers Association spends

thousands of dollars annually on investigation of forged checks reported by its member banks. The banker should report his forgery losses to the William J. Burns International Detective Agency, the official investigators for the bankers association, and he should cooperate to the fullest extent in a nation-wide effort to stamp out the forgery circles such as the "Adler Gang," and others, if he has any desire to eventually lower the price he must pay for insurance protection.

And, needless to say, a review of your present forgery contracts is in order, for it is in this field that a new high record in amount of losses will be set at the close of 1931.

Reports Excellent Progress

B. M. Kirke, vice president and agency manager of the Royal Union Life, reports very satisfactory progress for that company since the consolidation of the Des Moines Life & Annuity and the Royal Union Life. The agency is producing business with consistent regularity, said Mr. Kirke. July's production figures exceeded June's by one quarter of a million—reaching the total of \$1,750,000.

Fortunately, when the Des Moines Life & Annuity and the Royal Union Life were merged, one of the attractive and stabilizing features of the consolidation was the lack of many agency conflicts. This was unusual in view of the fact that both companies had been writing the larger portion of their business in the Mississippi valley. The natural merger of the agency forces made it possible for the company to go ahead with a constructive development program instead of untangling conflicts. A new rate book has been issued which includes figures on attractive policies new to the agency forces of either company before the merger.

The Royal Union Life, of which J. J. Shambaugh is president, has a bright future ahead of it. The agency force is loyal and well directed, the company is confining its activities to states in which it already has well organized agencies, and it shows a well balanced financial statement. Insurance in force totals over \$190,000,000. Assets are \$40,000,000, and the company's capital and surplus, including contingency reserve, is approximately \$3,000,000, which is all surplus as to policyholders.

On National Surety Board

Craig B. Hazelwood, vice president of the First National Bank of Chicago, has been elected a member of the Chicago, Illinois Advisory Board of the National Surety Company. Mr. Hazelwood is a former president of the American Bankers Association.

Given the love and the wisdom, life's code of action follows.—A. Bronson Aleott.



(Facsimile of Illustration in Lapse Letter No. 3050)

When Policyholder 318714 Saw This Picture He Said:

"When a company renders such a service as this and puts such a picture before a man's eyes, he would be a nut to allow his policy to lapse. With the unique extension service this company affords it is possible for anyone to keep his insurance."

NORTHWESTERN-NATIONAL LIFE INSURANCE COMPANY

O. J. ARNOLD, PRESIDENT

STRONG ~ Minneapolis, Minn. ~ LIBERAL



HOTEL FONTENELLE

400 ROOMS
WITH BATH FROM **\$2.50**

100 Rooms Priced
From \$3 DOWN!
150 Rooms Priced
From \$3.50 DOWN!

OMAHA, NEBRASKA

Northwestern Mutual Life Agents in

ONE thousand agents from every section of the United States participated in the Pre-Prosperity convention of the Northwestern Mutual Life Insurance Company Association of Agents, last month in Milwaukee. Cheering messages and pledges of increased production were brought to the officials of the company by these agents who traveled a distance approximating more than 750,000 miles at their own expense. It was estimated that these agents spent \$60,000 out of their own pockets to come and learn how to better serve their policyholders.

President Wm. D. Van Dyke, of the Northwestern Mutual Life Insurance Company, in addressing the convention, in response to the inquiry, "How soon is business going to pick up?" replied, "I do not know," but he supplemented this brief response by an interesting discussion of the question. He said, "We have faith in the certainty of a revival of business in the not distant future. Some men are, however, constitutional pessimists, looking for trouble, insisting on having it, even to the extent of borrowing it. Personally, I am confident of an early revival of business because:

"I believe a little optimism never hurt anyone and that much of the world's depression is due to repetition by the mirrors and the echoes of pessimism.

"I believe in hard work, common sense and natural vision as opposed to the use of blue glasses when anything seems to go wrong.

"I believe that what the country needs more than anything else is a restoration of the ducking stool for professional pessimists, squawkers, calamity howlers and confirmed grouches.

"I believe in the American ability to beat *any* set of circumstances and come up smiling; and in the capacity and power of the average American to fight his way out of *any* difficulty.

"I believe in the silver lining, the rainbow after the storm, the plunge through the center, and the potency of the cries, 'Block that kick' and 'Hold the line!'"

President Van Dyke also dwelt upon the experiences of life insurance companies with their total and permanent disability clauses, and referred also to the policy loan demand, which has very considerably increased in the last two years. He said, in part, "The unfortunate but inevitable effect of policy loans is that they lead to lapses and surrenders, often followed by deplorable results to the policyholders and to their beneficiaries. It is, therefore, our duty and the duty of each and every agent in the field to use, to the utmost, his persuasive powers to impress

Convention

By WM. H. MAAS

Vice President, Northwestern Banker

upon each of our policyholders the risk and danger of the loss to himself and to his dependents by his delay in the prompt and early repayment or reduction of his policy loan, even if in small installments."

Speaking of the farm loan situation,

President Van Dyke made some interesting statements, among the outstanding features of which were:

"At the close of 1930 our farms on hand and unsold at cost were, in number, only about 1½ per cent (1.56 per cent) of our total farm loans; and in amount only about ½ of 1 per cent (.548 per cent) of our total admitted assets.

"The average cost of such farms per acre was less than \$45, and the asset value less than \$38 per acre.

(Turn to next page, please)

—JOHN HANCOCK SERIES—

Life Underwriters and Trust Officers

It seems evident that there will be an increasing number of cases where the insurance trust will be required instead of the option settlement, and we believe that frank and active co-operation with local banks and trust companies in such cases, to the end that they may administer the estate we create, will bring the best results.

The co-operation so long tacit between life underwriters and trust officers has been more firmly established by their official joint statement, as voiced by the American Bankers Association and the National Association of Life Underwriters,—a statement which marks the beginning of an era of definitely expressed co-operation between the life underwriter and the trust officer, in the best interests of their clients.

John Hancock
MUTUAL
LIFE INSURANCE COMPANY
OF BOSTON, MASSACHUSETTS

Any reader of this advertisement interested in the subject can obtain a copy of our valuable booklet, "Estate Conservation and Life Insurance Trusts," by addressing our Inquiry Bureau,

N.W.B.

197 Clarendon Street, Boston, Mass.

—OVER SIXTY-EIGHT YEARS IN BUSINESS—

Northwestern Banker September 1931

Bankers' Wants



This department of THE NORTHWESTERN BANKER is to assist subscribers in obtaining goods or service hard to find. It is free to subscribers. To non-subscribers the charge is five cents per word. Use it. ASK US, as we can tell you where to buy anything you need in your bank or for your bank. TELL US, as your "want" will be published under the above heading free of charge. In answering classified advertisements which have key numbers please enclose a two-cent stamp. This is used to forward your letter.



Foreclosed Farms—Can be made to pay even under present farm prices if given proper management. Highly trained and experienced farm manager seeking location. Will consider connection with bank to supervise bank's farms and build up a service department through the bank for non-resident land owners on a fee basis. Best of references from banks and state colleges. Prefer Iowa. Address the Northwestern Banker, No. 3175. 9-10-11.

Wanted—Bank Executive from 30 to 35 years of age to assist in the management of a \$9,000,000 bank. Give complete details of past experience. Address No. 3174, care Northwestern Banker. 8-9.

Wanted—By young man, 25, position in bank in progressive rural or other community. Four years' experience covering positions in large Chicago bank, and Assistant Cashier in country bank. Address M. B. McLaughlin, 220 Peoples Bank Bldg., Galesburg, Illinois.

Somebody asked a college professor how science helped business, and he replied, "What would the suspender business amount to without the law of gravitation?"

FRANCIS DRAKE
HOTEL



200 ROOMS \$2.00 PER DAY AND UP 200 BATHS
Guest rooms and kitchenette apartments Special weekly and monthly rates

107th STREET AT 5th AVENUE

MINNEAPOLIS

Accountants

Oldest firm in Des Moines
Call us for certified work

MUEHLE, REAM & McCLAIN
1106 Commonwealth Building

Steel and Copper Engraved

STATIONERY, BUSINESS
ANNOUNCEMENTS AND CARDS

For quality work address
Wallace-Homestead Co., Des Moines

Stress Life Insurance Trust Cooperation

THE first necessity in the building up of an estate is an adequate life insurance program. This point is emphasized in an official statement on "Life Insurance Trust Cooperation" prepared by a joint committee representing the trust division of the American Bankers Association and the National Association of Life Underwriters. The John Hancock Mutual Insurance Company, in particular, has called the particular attention of the bankers to these rules of cooperation and is making them the subject of a general advertising campaign.

The official statement of the joint committee is as follows:

1. The way to begin to build up an estate is to buy life insurance. After the payment of bare living expenses, the first item in the family budget should be for the payment of premiums. It is the only safe and sure way to create a capital fund payable in cash in case of death.

2. Every estate requires cash for the payment of debts and inheritance taxes. Life insurance will meet this need.

3. There are two principal methods of distributing life insurance proceeds—(1) through the optional settlements of the life insurance policies, (2) through a corporate trustee. Life underwriters realize the value and advantages of life insurance trusts, and the trust officers likewise recognize the value and advantages of the optional settlements provided in the life insurance policies.

4. The trust company is in the business of administering estates, whether these are composed entirely of life insurance policies or include other assets.

5. The principal advantages of the life insurance trust for the administration of policy proceeds are:

a. That it provides a single and uniform plan for the management of the proceeds of policies in several different companies.

b. That it provides a convenient, experienced, and impartial financial adviser for the family of the insured.

c. That it affords flexibility of management and may be used to meet unforeseen emergencies and family misfortunes.

6. The life underwriter and the trust officer should collaborate in advising the creation of insurance estates and the administration of the proceeds of the policies by trust companies when that is for the best interests of the insured and his family.

7. Fees, commissions and other compensation resulting from any business in which the life underwriter and trust officer may collaborate should pass to the person to whom they would ordinarily belong in the regular course of business, and neither shall expect or be entitled to a share in the financial return of the other.

Northwestern Mutual Life Agents in Convention

(Continued from page 49)

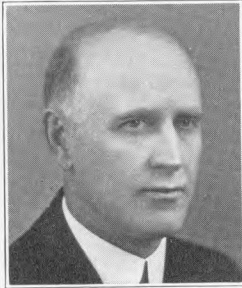
"The total interest on farm loans which was collected in 1930, was over 94 per cent (94.38 per cent) of the amount collectible; and of the total collectible interest in 1930, only 2.69 per cent thereof remained unpaid on April 30, 1931."

He reported progress in the erection of the addition to the present Home Office building, and predicted the addition would be ready for occupancy before the next annual meeting of the agents. "This addition to our Home Office," President Van Dyke said, "is an expression of our faith in the Northwestern now and in the future—faith in its well-established principles, faith in the public recognition of the value of its service—and faith in its continued upbuilding."

Advise Wage Reductions

Theodore E. Gregory, British economist and professor of banking of the London School of Economics, recently concurred in the view advanced at the Institute of Politics by Col. Malcolm C. Rorty of New York that adjustment of wage rates is one way toward getting out of the difficulties of the present economic situation.

Colonel Rorty, who is a consulting engineer and former vice president of the International Telephone & Telegraph Co., told members of the institute that wage reductions must take place and pointed out that many reductions have already actually taken place.



J. W. BRYANT
President

South Dakota Bank News

Officers South Dakota Bankers Association

President.....J. W. Bryant
Mitchell
Vice President.....T. M. Brisbine
Woonsocket
Treasurer.....Russell Bard
Miller
Executive Manager, Geo. A. Starring
Huron



GEORGE A. STARRING
Executive Manager

Commercial & Savings Bank of Davenport, for Iowa; Elroy Westbrook, president of the Midland National Bank of Billings, for Montana, and A. H. Marble, president of the Stockgrowers National Bank of Cheyenne, for Wyoming.

Herbert Woodward, formerly vice president and cashier of the First National Bank of Hobson, Montana, is northwest manager. He has had the Association's temporary office for the northwest at Lewistown, Montana, since last March, but will establish the permanent office at 956 Northwestern Bank Building, Minneapolis, early in September.

New Vice President



T. M. BRISBINE
Vice President, South Dakota Bankers
Association

H. M. Hanten Honored

H. M. Hanten, vice president of the Citizens National Bank & Trust Company of Watertown, South Dakota, mailed a letter August 10th to all the banks in South Dakota urging them to join the Security Owners Association. The Association is a nation-wide organization of banks, insurance companies and other investors, opposing radical legislation and particularly government entry into business.

Mr. Hanten recently accepted the state vice presidency of the Association for South Dakota. Other state vice presidents in the northwest district are Thos. F. Wallace, president of the Farmers and Mechanics Savings Bank of Minneapolis, for Minnesota; E. J. Weiser, president of the First National Bank & Trust Company of Fargo, for North Dakota; Ray Nyemaster, vice president of the American

**SERVICE
AND
SECURITY
IN
SIOUX CITY**

FIRST NATIONAL BANK IN SIOUX CITY

A. S. Hanford, Sr.
President

Frederick R. Jones
Vice President

Fritz Fritzon
Cashier



SALMON P. CHASE, *Secretary of the Treasury under LINCOLN*

THE
CHASE NATIONAL BANK
of the City of New York

Capital \$148,000,000 . . . Surplus \$148,000,000
 Deposits (June 30, 1931) . . . \$1,897,000,000

ALBERT H. WIGGIN
Chairman Governing Board

JOHN McHUGH
*Chairman
 Executive Committee*

CHARLES S. McCAIN WINTHROP W. ALDRICH
Chairman Board of Directors President

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

General Banking Foreign Department Trust Department

Affiliations

CHASE SECURITIES CORPORATION
 CHASE HARRIS FORBES CORPORATION
 AMERICAN EXPRESS COMPANY
 AMERICAN EXPRESS BANK AND TRUST COMPANY
 EQUITABLE EASTERN BANKING CORPORATION
 THE CHASE SAFE DEPOSIT COMPANY
 THE CHASE BANK (*Paris—Mexico City*)
 THE EQUITABLE TRUST COMPANY OF NEW YORK
 THE CHASE NATIONAL EXECUTORS AND TRUSTEES CORPORATION, LTD., (*London*)

To Pay 20 Per Cent Dividend

C. W. Hookway, receiver of the American National Bank, of Redfield, South Dakota, which closed last fall, announces that the bank is ready to pay 20 per cent of the money as the first dividend, which will amount to \$90,000. Almost a half million dollars was tied up in the bank last year and the officials are trying to liquidate it as quickly as possible to help the farmers.

Appoints Committees

J. W. Bryant, president of the South Dakota Bankers Association, has appointed the following committees for the current year:

Agriculture: Walter Dickey, Spearfish; R. G. Eilers, Hudson; H. T. Haynes, Spencer.

Banking Practice: L. M. Larsen, Westington Springs; W. H. Jarmuth, Vermilion; Charles E. Barkl, Huron; Fred B. Stiles, Watertown.

Insurance: M. Plin Beebe, Ipswich; Ira A. Moore, Sioux Falls; L. L. Branch, Pierre.

Legislation: The executive council; J. W. Bryant, Mitchell, chairman.

Protective: O. V. Meyhaus, Sioux Falls; Ed A. Porter, Aberdeen; H. M. Hanton, Watertown.

Public Relations: J. P. Shirk, Faulkton; N. J. Thomson, Platte; W. W. Bassett, Aberdeen; M. F. Patton, Mitchell.

Taxation: Wm. C. Rempfer, Parkston; J. M. Lloyd, Yankton; George C. Fullinweider, Huron; H. A. Schueller, Canova.

A motorist, who was picked up unconscious after a smash, opened his eyes as he was being carried into a garage close at hand. He began to kick and struggle. When he was afterwards asked the reason he explained that the first thing he saw was a Shell sign, and that "Some darned fool was standing in front of the 'S.'"

Grocer (rushing into the newspaper office)—"See here, you've published an announcement of my death by mistake."

Editor—"Well, we never contradict anything we have published, but I'll put you in the births column tomorrow and give you a fresh start."

The reckless motorist is usually the fellow who has no place to go and is in a hurry to get there.

"And as I stepped off the train I was met by a squad of detectives—"

"Ah! P'lice to meetcha, eh?"

"Just where did the automobile hit you?" asked the magistrate.

"Wel-l-l," said the injured young lady, "if I had been wearing a license plate, it would have been pretty badly damaged."



Nebraska Bank News

Officers Nebraska Bankers
Association

President.....J. G. Lowe
Kearney

Chairman, Executive Council....
.....E. N. Van Horne
Lincoln

TreasurerDenman Kountze

Secretary.....Wm. B. Hughes
Omaha



J. G. LOWE
President

WM. B. HUGHES
Secretary

OMAHA BANKS SOLVE BANKING CRISIS

FOLLOWING the closing, within a week, of four state banks, the Omaha banks on Saturday, August 15th experienced an unusual demand for deposits from depositors who had been suddenly alarmed.

The banks met the situation by providing extra service for the withdrawal of funds, and after a day not without its worries, the situation was cleared. Most of the deposits that had been withdrawn came back to the banks, a certain portion, however, finding their way into the postal savings bank.

The previous Monday morning the State Bank of Omaha, of which A. L. Schantz was president, did not open for business. Heavy withdrawal of deposits, together with depreciation of some of the bond holdings, had been experienced, and the bank was turned over to the state department of trade and commerce for liquidation.

As a result of the closing of the State Bank the Farmers and Merchants Bank of Benson, an Omaha suburb, was also forced to close. It had a heavy deposit in the State Bank.

Benson depositors and stockholders, however, have been holding a series of meetings with George W. Woods of the state banking department, with a view to reorganizing and reopening their bank.

The next day the South Omaha State Bank, John S. McGurk, president, was forced to summon state officials. Following the closing of the other banks it, too, had suffered excessive withdrawals of deposits.

A similar drain upon the Union State Bank, F. C. Horacek, president, resulted in its directors also closing the bank, to guard the interests of loyal depositors. The banks were thus caught in a situation which made them helpless due to the unreasonable fears of depositors.

The closing of the Union State Bank was the occasion for the lobbies of the larger banks, the Omaha, First and United States National Banks downtown, and the

Packers, Livestock and Stock Yards National Banks in South Omaha, being the scene of lengthening lines of depositors withdrawing funds.

To meet this demand and reassure the depositors, the banks quickly decided that instead of closing at the usual hour of 12 noon, they would remain open as long as any depositor wished to withdraw his account. So through Saturday afternoon, and in some instances until 9 o'clock that night, the banks remained open.

In the Omaha National customers waiting in line were served sandwiches and lemonade, and this also helped restore good humor and confidence.

The Omaha Clearing House Association, in a public statement, pointed out that during the 47 years of the clearing house no member bank had failed to repay depositors in full. L. H. Earhart, of the Omaha branch of the Kansas City Federal Reserve Bank, also made a public statement pointing to the strength of the banks.

Public attention was called to the fact that the four closed banks had only 6 per cent of the total deposits in Omaha.

The fear and excitement quickly died away. The banks opened at 8 o'clock on the following Monday morning, an hour earlier than the usual time, but withdrawals had ended.

Many depositors, indeed, came back to the bank to reopen and reconstitute their accounts, and, in the savings department, asked that they be permitted to do this without loss of interest. In several of the banks this was permitted.

The Federal Reserve branch brought in \$3,000,000 in cash by airplane from Kansas City, but it was found that this sum of money was not needed.

The situation was an uncomfortable one for a day or two but the promptness of the banks in meeting all demands without delay, and their anticipation of the depositors' wishes saved the incident from becoming distressing.

J. H. Barnes to Address Bankers

Julius H. Barnes, chairman of the board of the United States Chamber of Commerce, has definitely accepted the invitation of the Nebraska Bankers Association to speak at the annual convention, which will be held this year at Lincoln, October 22d and 23d.

C. Q. Chandler, chairman of the board of the First National Bank, Wichita, Kan., and Fred W. Sargent, president of the Chicago & North Western Railroad, are also definitely upon the program, with a number of other speakers being secured by William B. Hughes, the secretary of the association.

The railroads have given a special rate of a fare and one-half for the round trip.

Banks Get Service Charge

Fifty-three Nebraska counties now pay their banks a service charge for handling county funds, most of them paying the one per cent prescribed by the law passed by the last legislature. The state treasurer has offered one-half of one per cent for handling state funds, and there is a dispute between the banks and the state over this, most banks believing the one-half per cent is not enough.

End Battle for Receiverships

The fight, waged in many district courts of the state, between Clarence G. Bliss, former secretary of the state department of trade and commerce, and his successor, E. H. Luikart, over receiverships of failed state banks, has been ended with the turning over of the banks to Mr. Luikart.

Bliss had held about 200 receiverships when Luikart was named as his successor. He held that Governor Bryan could not order the transfer of assets to Luikart, and appealed from the governor's order in the various judicial districts of Nebraska.

The decrees of the judges, however, overruled his contention, although several of them conditioned the transfer upon final approval of reports by the former department secretary.

"The courts gave me just what I thought was right," said Mr. Bliss, "and that was from 30 to 40 days in which to prepare final reports and be discharged from liability as the receiver."

Six State Banks Close

Six Nebraska state banks, which had deposits in the failed Omaha state banks, closed August 17th.

Officers and deposits of the banks that closed were:

First State of Pleasant Dale: Deposits, \$140,000; F. C. Horacek, president, L. A. Horacek, cashier.

Dwight State Bank: Deposits, \$180,000; F. J. Novak, president; G. J. Tomes, cashier.

Complete Commercial Banking Facilities

The close relationship that develops between this bank and its out-of-town customers is due chiefly to the personal service a compact organization like ours can render.

Here you have a metropolitan financial institution geared to meet your requirements satisfactorily.

THE NORTHERN TRUST COMPANY

Northwest corner LaSalle and Monroe Streets
CHICAGO



*Write us regarding
your feed lot requirements*

Live Stock National Bank

Union Stock Yards

OMAHA

Officers

W. P. Adkins, Pres. Alvin E. Johnson, V. Pres. Howard O. Wilson, Cash.
R. H. Kroeger, Ass't. Cash. L. V. Pulliam, Ass't. Cash.
W. S. Hogue, Ass't. Cash.

Brainard State Bank: Deposits, \$280,000; C. J. Davis, president; Fred S. Senin, vice president; J. A. Proskovec, cashier.

Bruno State Bank: Deposits, \$140,000; F. J. Rohn, president; A. C. Tomek, vice president; A. V. Rohn, cashier.

Butler County State Bank: Deposits, \$180,000; Joseph Shramek, president; Peter Meysenberg, vice president; R. F. Havelka, cashier.

Lehigh State Bank: Deposits, \$200,000; F. L. Vlach, president; W. A. Vlach, acting vice president; E. M. Nelson, cashier.

Final Dividend

Depositors of the failed Meisner, Nebraska, State Bank have received the final dividend from liquidation of the assets of the failed institution.

The final payment consisted of an apportionment from the \$5,010 received from the sale at Kearney of the final assets of the bank. The assets sold consisted of \$59,453.54, bills receivable; \$70,623.39 in judgments, and a small amount of real estate and stocks and bonds.

The purchase was made by S. E. Vogler, formerly of the department of trade and commerce.

Clarence Bliss, who sold the bank assets as receiver for the state, also sold the notes, judgments, fixtures of the defunct Commercial Bank at Gibbon. They were purchased by Vogler at a price of \$2,240. The Gibbon bank had bills receivable of \$83,694.21; judgments, \$35,217.21 and fixtures valued at \$2,776.19.

Takes Over Barada Bank

The Falls City State Bank, Falls City, Nebraska, has acquired all the deposits of the Barada State Bank. No notes were assumed, but deposits approximating \$40,000.00 were taken over. Officers of the bank said the reason for the transaction was because the town of Barada is without a railroad and has only limited territory.

Merger at Indianola

Representing a merger of interests of the State Bank of Indianola, Nebraska, and the Farmers State Bank, a new institution, to be known as the Indianola State Bank, opened its doors in Indianola last month.

The consolidation was brought about, the bank officers said, to form a single, strong banking house.

The president of the consolidated bank is H. J. Southwick; vice president, C. S. Quick, Jr.; cashier, W. A. Reynolds.

The capital stock of the merged institution was listed as \$30,000; surplus, \$6,000; undivided profits, \$5,000, and deposits, \$400,000.

A new charter was issued the consolidated institution by the state department of trade and commerce.

Bertrand Banks Consolidate

The First State Bank of Bertrand, Nebraska, has taken over the deposits of the First National Bank of that city, and Moritz Aabel is now cashier of the consolidated institution.

In making this move, Mr. Aabel says, they are following in the steps of many of the better banks all over the country. The trend is toward fewer and stronger banks. They can operate with greater economy than was possible when the business was taken care of in two separate institutions.

The First State Bank is assuming only those assets which have been approved by the state banking department and are considered 100 per cent good. No "other real estate" has been taken in. The move was made after very careful consideration on the part of both banks and under the supervision of the banking department.

Candidate for Treasurer

At the suggestion of many of his friends in banking circles, Hal Y. Lemon, vice president of the Commerce Trust Company of Kansas City, Mo., has decided to become a candidate for the office of



HAL Y. LEMON

treasurer of the American Bankers Association, subject to the action of the 1931 convention of the A. B. A. to be held in Atlantic City in October. Mr. Lemon is widely known in banking circles and a popular figure at the national conventions.

Insurance Costs Decreasing

Agents have a good selling point in the year 1931 in the fact that their clients can buy protection today at a lower cost than 20 years ago. Commenting on this situation, *Autograph*, agency publication of the America Fore group, says that insurance makes a very favorable showing in the numerous tables of statistics that have recently been compiled to show Mr. Ordi-

nary Citizen how the 1930-1931 depression has reduced the cost of various things that are needed in ordinary life or business.

"During the past 25 years the average fire rate in the United States has held steadily downward, so that in 1930 it stood at 86 cents per \$100 for the country-wide average. Thirty years ago this average rate was nearer \$1.56, 20 years ago it was around \$1.36, 10 years ago it was around 96 cents. The average cost of fire insurance to the property owner in the United States has steadily decreased during this period, in the face of mounting cost for many other things, and in spite of increased expenses in the handling of insurance. Many such property owners really do

not know the true picture and would undoubtedly be pleasantly surprised to find their fire insurance cost is actually less in 1931 than in the boom days of 1928-1929. Fire and theft insurance on automobiles provides an excellent illustration that this reduction in cost does not apply solely to fire insurance on buildings, but extends into other lines.

Changes to National Bank

The Antelope State Bank, of Neligh, Nebraska, has received authorization for its conversion to a national bank. Officers said the change had been in prospect since reorganization of the institution a year and a half ago. Stockholders and officers will not be changed.



Conservative
Banking
for
Sixty-Three
Years

1868--1931



THE STOCK YARDS NATIONAL BANK
AND
THE STOCK YARDS TRUST & SAVINGS BANK
OF CHICAGO

Minnesota Bank News

Officers Minnesota Bankers Association

President.....	Winona	J. R. Chappell
Vice President.....	St. Paul	Martin F. Ernst
Treasurer.....	Bemidji	Walter L. Brooks
Secretary.....	Minneapolis	George Susens



GEORGE SUSENS
Secretary

Protest to President Hoover

As a part of its recent activities in behalf of independent banking, the Independent Bankers Association of Minnesota, of which Robert D. Beery is secretary, has sent the following letter to President Hoover:

"Dear Mr. President:

"The Independent Bankers Association has repeatedly protested to the comptroller of the currency for permitting branch banking in the state of Minnesota, by certain national banks, also against his continued public utterances favoring branch banking. Your attention has been called to this matter several times by this association.

"It is quite apparent that Hon. J. W. Pole, comptroller of the currency, has no intention of taking action to have illegally operated branch banking in the state of Minnesota discontinued. Mr. Pole, being a direct appointee of yours, we appeal to you for such action as necessary to have branch banks, now operating in Minnesota, discontinued at once.

"The continued discrediting of our present unit banking system through public utterances of the comptroller of the currency and widely published in newspapers and magazines, is we believe, resented by the majority of banks and thousands of depositors. No matter how sincere Mr. Pole may be in making the statements he has against our present banking system, the effect is as harmful as if made for the deliberate purpose of destroying public trust and confidence in thousands of these public institutions, and it is our honest opinion that many banks recently closed have done so as a direct result of such official utterances. The statements made are so official that it is difficult to appeal to the public. Your public addresses recently have all appealed to business; that business must be built largely on confidence. Surely no business on earth depends more upon faith and confidence than does banking.

"We refer specifically to but two of the many such cases which might be cited. We call attention to an article in the St. Paul *Daily News*, under date of June 26, 1931, in which Mr. Pole quotes you as

President, forecasting 'that the administration in the next congress will have enacted branch bank legislation to take effect before the end of 1932.' The clipping is enclosed for your convenience and consideration.

"We refer also to an Associated Press dispatch from Washington, D. C., under date of July 6, 1931, in which Mr. Pole belittles the present system of unit country banking and strongly urges branch banking.

"Such statements we are sure you will agree with us, are not only destroying public faith in the present republican administration, but is also destroying public trust in these financial institutions which have contributed so largely to the success of this nation.

"We have heard from many bankers in various parts of the United States, who heartily condemn the public attitude of the comptroller of the currency. We feel sure many protests have been made direct, while others fear that protests on their part will only bring retaliation.

"Believing this is a matter of the most vital importance to the state of Minnesota and the nation at large, we respectfully bring this matter to your attention, trusting that illegal branch banking in the state of Minnesota will not be allowed to continue and that the comptroller of the currency will desist making further statements tending to destroy confidence in our present unit banking system.

Respectfully,
(Signed) Robt. D. Beery,
Secretary."

Beg Pardon!

It has been called to our attention that in reporting the bank change at Lewiston, Minnesota, in the August issue of the *NORTHWESTERN BANKER*, an error was made in certain of the statements. We are happy, indeed, to publish this correction.

The officials of the Security State Bank make the following report:

"On March 6, 1931, the First State Bank was closed by the state banking department, of which bank J. W. Rice was president, George C. Rice, vice president, and H. H. Matzke, cashier.

"After a lapse of two months, the officers of the Security State Bank subscribed for and put up a capital and surplus of \$48,000, reopened the bank, operated same for a period of 30 days and took over into the Security State Bank 60 per cent of the assets and liabilities, and are now liquidating the remaining 40 per cent under the direction of the state banking department.

The officers and directors remain the same. The officers are J. W. Koepsell, president; J. J. Litcher, active vice president; H. J. Busdieker, cashier, and H. J. Litcher, assistant cashier. The directors are J. H. Neuman, John Ronan, J. H. Simon, W. N. Eusterman and R. H. Suhr."

Bank Gets Charter

The Security State Bank of Pine Island, Minnesota, has been granted a charter by the State Commerce Commission.

The corporation was formed by consolidation of the Citizens State Bank and the Farmers State Bank, both of Pine Island. The new bank has capital of \$30,000 and surplus of \$6,000. J. A. Bringgold is president. J. A. Diereks, vice president, and H. H. Billings, cashier.

Kenyon Banks Merge

Merger of the Citizens State Bank and the Kenyon State Bank of Kenyon, Minnesota, into an institution to be known as the State Bank of Kenyon was effected last month under direction of J. N. Peyton, state banking commissioner. The new bank has a combined surplus and capital of \$75,000 and deposits of more than \$1,000,000.

Prinsburg Bank Reopens

The Prinsburg State Bank of Prinsburg, Minnesota, has been reopened after being closed for several weeks. The capital stock is owned by business men and farmers of the Prinsburg community. Martin K. Breems, Sr., is president of the bank and George H. Wahler is cashier.

Banks Consolidate

Consolidation of the First State Bank of Mountain Lake, Minnesota, with the Farmers State Bank was announced last month by J. N. Peyton, state commissioner of banks. The combined institution, which will do business under the name of the Farmers State Bank, will have deposits of approximately \$740,000.

To Have New Bank

The village of Rice, Minnesota, will again have a bank in the near future.

The charter for the Bank of Buckman is being amended and when this has been completed, it will move to Rice.

The building which housed the former Rice State Bank has been purchased and it is expected the new institution will open for business around September 1st.

New Bank at Dawson

A petition signed by 130 business and professional men in Dawson, Minnesota, was received recently by Northwest Bank corporation officials, requesting the organization of a strong bank equipped to provide financial service for the residents of Dawson and Lac Qui Parle county. Acting upon this petition, the Northwestern National Bank of Dawson was organized as the one hundred thirty-seventh affiliate of the group. It was capitalized at \$25,000 and has a surplus of \$5,000.

Officers of the Dawson bank are Dr. C. M. Johnson, president; Henry Goldstein, vice president; C. T. Harding, cashier, and Glenn E. Blomquist, assistant cashier. The directors, in addition to Dr. Johnson, Mr. Goldstein and Mr. Harding, include J. E. Lund, hardware dealer, and J. L. Mahlum, general merchant.

In the two weeks after its opening, deposits of approximately \$100,000 were made in the Northwestern National Bank of Dawson, according to Paul E. Hoover, assistant secretary of the Northwest Bank corporation.

Dawson, with a population of approximately 1,500, is located in Lac Qui Parle county, bordering South Dakota. It is 172 miles directly west of Minneapolis. The territory has agriculture, cattle feeding, live stock and grain interests, and is served by the Milwaukee and the Minneapolis and St. Louis railroads.

Waseca Banker Dies

R. P. Ward, 59 years old, president of the Farmers National Bank of Waseca, Minnesota, and for many years recognized as one of the most successful financiers in southern Minnesota, died last month. He had been seriously ill for several weeks.

In addition to his banking interests, he was interested in real estate both in the United States and Canada. He also organized the Ward Dry Milk Company, which grew to be a million dollar concern and was sold to eastern interests about a year ago.

During his life-long residence in Waseca he took an active part in civic affairs and served on the city council, school board and other organizations.

He is survived by his widow and one son, Emerson Cole Ward; one brother, two sisters, a half sister and two granddaughters.

Banks Name Officers

New officers of the Kandiyohi County Bankers Association are N. H. Tallakson of the Bank of Willmar, Minnesota, president; L. E. Covell of the Farmers State Bank of New London, vice president, and E. J. Rykken of the Green Lake State Bank at Spicer, secretary and treasurer. C. F. Reitan is the retiring president.

Experience Is Strength

We take pride in the age and strength of this institution, but our policy is based upon the belief that the bank is old because it is strong—not strong because it is old.

For the complete and efficient service of our correspondent banks every modern facility is afforded, backed by the experience of a century and a quarter and total resources of over four hundred million dollars.



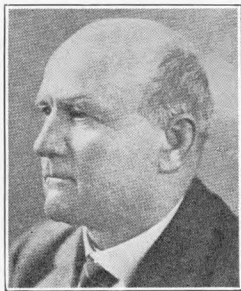
... THE ...

PHILADELPHIA NATIONAL BANK

Organized 1803

PHILADELPHIA, PA.

Capital, Surplus and Profits, \$46,000,000



PAUL T. KRETSCHMAR
President

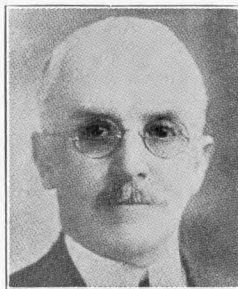
North Dakota Bank News

Officers North Dakota Bankers Association

President Paul T. Kretschmar
Venturia

Vice President T. A. Tollefson
Dickinson

Secretary W. C. Macfadden
Fargo



W. C. MACFADDEN
Secretary

North Dakota News

JOHN MOSES, JACOB KRAUSE and PAUL GOETZ have been elected directors of the Union State Bank of Hazen to succeed John Young, C. G. Fuerst and R. J. Sailer, who have resigned. Messrs. Moses and Krause also succeed Messrs. Young and Fuerst as president and vice president, respectively.

C. S. FLAGSTAD has accepted a position as teller of the Security State Bank of Robinson.

JENNIE HERNETT has been elected president and director of the First State Bank of Burnstad, succeeding E. E. Peck of Herman, Minnesota, who has resigned.

THOMAS KEOGH, L. F. TEMME and F. E. MARSHALL have been elected directors of the German State Bank, Beulah, succeeding John Young, G. G. Radke and Robert M. Stroup, who have resigned. Mr. Keogh also succeeds Mr. Young as

president, and Mr. Temme has been elected vice president to succeed Mr. Stroup.

THE FIRST STATE BANK of La Moure received its charter and opened for business last month. This bank assumed the deposit liabilities of the LaMoure State Bank and the First National Bank of LaMoure, which banks discontinued business and went into voluntary liquidation. The officers and directors of the new bank are: Directors—C. H. Porter, Herman Goehl, F. P. Bennett, David Lloyd, W. D. Lynch, Paul Adams and O. M. Adams. Officers—President, C. H. Porter; vice president, Paul Adams, and cashier, F. P. Bennett.

C. H. ALIN has accepted a position as assistant cashier, and Ann L. Maltby has been appointed teller and bookkeeper of the First State Bank of LaMoure.

C. B. AANDERUD has accepted a position as assistant cashier of the German State Bank, Beulah.

President at New England

C. B. Little, Bismarek, North Dakota, has been named president of the First National Bank of New England, according to an announcement made by the First Bank Stock Corporation. He succeeds August Peterson, Harvey.

Mr. Little is a member of the executive committee of the First Bank Stock Corporation and president of the First National Bank of Bismarek.

Warns Against Bandits

In a recent bulletin issued by the Minnesota Bankers Association, George Susens, secretary, again warns the members against bank bandits. Emphasis is placed on taking every possible precaution against the depredation of these vandals.

The bulletin lists twelve suggestions which are well worth heeding. They are as follows:

1. Keep only limited amount of currency on hand.
2. Keep this under time lock or where it can't be found during the day.
3. Never keep securities on hand.
4. Keep back doors and all doors to the cages locked at all times.
5. If possible, never open the bank with only one in charge.
6. Do not expose currency in or out of the safe.
7. Watch for the advance agent who looks you over.
8. Have your neighbors keep an eye on the bank and get license numbers, description, etc.
9. Look out for the car parked parallel with engine running.
10. What are you doing to make your bank attractive to the yegg?
11. Get the cooperation of the oil stations and garages.
12. Are you insured? Go over your policies now. Are you helping to keep the rates down?

Bottineau Again Has Bank

Bottineau, North Dakota, seat of the Bottineau county government, without banking facilities for two months, again is a banking center.

The First National Bank of Kramer, North Dakota, moved its business to that city and was opened for business under the name of the First National Bank of Bottineau.

The last bank in Bottineau was closed in June and since that time financial dealings in which the county government was interested, were carried on in other cities.

The bank is capitalized at \$25,000. Its assets are placed at \$148,727.26 and deposits are given as \$112,160.25. W. H. Gjerdingen is president of the bank and other directors are P. O. Holland, O. A. Hefling, R. M. Sletten and H. M. Rossero.

MIDLAND BANK

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A Complete Banking Service

The Midland Bank offers exceptional facilities for the transaction of banking business of every description. It has offices in the Atlantic Liners "Aquitania" "Berengaria" "Mauretania" and with affiliated banks operates over 2550 branches in Great Britain and Northern Ireland.

The offices in Poultry and at 196 Piccadilly are specially equipped for the use of American visitors.

Head Office: POULTRY, LONDON, E.C. 2

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TOTAL RESOURCES EXCEED \$2,000,000,000

Issues Warning

The following warning regarding a certain form of restrictive depository bond has been issued by James E. Baum, manager Protective Department, American Bankers Association, on behalf of the association's Insurance Committee:

Among bank depository bonds available to insure the safety and return of public funds on deposit, one form issued by a large surety company contains the following "express condition," No. 5:

"That if at any time during the currency of this bond there shall come to the notice or knowledge of the obligee, . . . any information *tending to indicate* that the bank has not paid promptly on demand any of its obligations or is *doing anything irregular or unusual*, or is dishonestly or *improperly managed*, or that it is in an unsound, insolvent or failing condition, the obligee shall immediately notify the surety and shall forthwith withdraw from said bank the entire amount of the deposit covered by this bond and upon such withdrawal liability under this bond shall terminate."

The words do not only give the surety company a wide latitude to evade liability, but also overload the public official with a heavy responsibility. Interpreted broadly, "*any information tending to indicate*" could be applied to any flimsy and unfounded rumor, criticism or whisperings which may be imagined or can be so construed as to reflect upon the bank's financial condition. Moreover, many banks "doing anything irregular or unusual," may be the soundest in their community. It is conceivable, for example, that a bank which adds service charges on unprofitable checking accounts, or those adopting the most stringent protective measures, might be accused of doing something "irregular or unusual." Also, banks which require advance notices for withdrawal of funds above certain amounts, solely because they are trying to reduce the hazard of loss through daylight holdup, might be suspected of being in an "unsound," if not an "insolvent or failing condition," as expressed in this condition of the bond.

Obviously, no public official should be expected to deposit or continue carrying funds in a bank which is dishonestly or improperly managed, or is in an unsound, insolvent or failing condition. Nor should any public official depend entirely on a depository bond for indemnity of loss, once he knows the depository is in an unsound or failing condition. But strict adherence by these public officials to the extremely broad requirements of this clause might cause them to lead a run on any bank.

Despite the underwriters' contention that in 1930, loss payments on depository bonds exceeded \$11,000,000, or more than double the amount of premium revenue, no bank should expose itself to the possible effects of a contractual binder written

in such sweeping terms as outlined above. Other forms of depository bonds make no such proviso and for many years they have been available from the leading surety companies.

Although we have no knowledge that the surety company writing this bond has evaded liability by a strict interpretation of this condition, member banks are cautioned against the use of any form of bond containing this objectionable clause. Meanwhile, our insurance committee is negotiating for its elimination or modification.

"Could you pass the bread?"

"I think I can. I moved pianos all summer."



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OF DISTINCTION"

Unusual Facilities For Small Meetings Too!

The Drake . . . renowned for successful Conventions . . . also provides facilities particularly adapted to small-group meetings. Special accommodations . . . in room arrangements . . . an extra Conference Room without extra charge . . . dining service fitted to your needs . . . and our experienced staff will relieve you of detail . . . obtain reduced railroad rates . . . plan registrations . . . suitable entertainment, etc. Costs are moderate. Write for further information.

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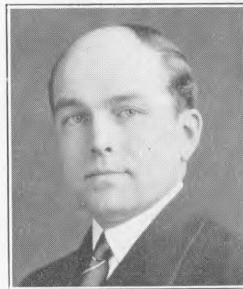
IOWA SECTION

Officers Iowa Bankers Association

President Ivan O. Hasbrouck
Jefferson
Vice President C. J. Weiser, Sr.
Decorah
Treasurer Jos. J. Brus
Davenport
Secretary Frank Warner
Des Moines



IVAN O. HASBROUCK
President



FRANK WARNER
Secretary

Goes To Three Per Cent

Effective August 1, 1931, the Iowa-Des Moines National Bank & Trust Company of Des Moines reduced the rate paid on certificates of deposit from 3½ per cent to 3 per cent, and effective September 1, 1931, a like reduction will be made on savings accounts. The other banks in Des Moines are continuing to pay 3½ per cent on both classes of deposits.

Vice President at Bloomfield

Sherman E. Rowe has resigned as cashier of the State Bank of Davis County, in Bloomfield, Iowa, and has been elected to the position of vice president of the institution. Other vice presidents are L. F. McConnell and O. D. Wray.

Clarence C. Day, who has been an assistant cashier, was elected cashier. Assistant cashiers are William J. Brown, Donald M. Rowe and Harold D. Rowe.

Nashua Banks Consolidate

The two banks of Nashua, Iowa, the First State Bank and the Nashua State Bank, have consolidated. The name of the new bank will be First Nashua State Bank and it will be the largest bank in the county.

The officers of the new bank will be as follows: Ward B. Smith, chairman of the board of directors; H. M. Walleser, president; A. L. Kout, vice president; W. R. Clampit, vice president; R. R. Waite, vice president; L. E. Harrison, vice president; J. H. Nafus, cashier; C. R. Dexter, assistant cashier; W. H. Christenson, assistant cashier; R. D. Staley, assistant cashier. The new bank will occupy the old Nashua State Bank building, and while this building is being remodeled, the new institution will transact business in the First State Bank building.

Changes at Avoca

Rudolph Stender, cashier of the Avoca State Bank, Avoca, Iowa, for some years, has been elected president of the institution to succeed the late John Jenks, who died recently. Mr. Stender is to be succeeded as cashier by Frank C. Vierhus, formerly assistant cashier.

Office at Melcher

With the announcement that the Iowa State Savings Bank of Knoxville will open a branch office to serve Melcher and Dallas, these communities will immediately have banking facilities.

The new office will be in charge of L. B. Paulson of the Citizens National banking staff and will be open three hours each day unless longer hours are required. The office will be housed in the building of the First Trust & Savings Bank.

Consolidation at Knoxville

The Columbia Savings Bank was consolidated with the Iowa State Savings Bank of Knoxville, Iowa, last month, according to J. C. Collins, president, and E. L. Job, cashier of the latter institution. Although the Columbia bank was in excellent condition, overhead expenses did not warrant the continuation of the institution.

The Iowa State Savings Bank is a state bank affiliated with the Citizens National Bank. An office will be established in Columbia with A. L. Maddy, former Columbia bank president, in charge. This is the second office the Knoxville bank has established, the first being at Melcher.

The Columbia bank had a capital and surplus of \$62,000 and deposits of \$95,000.

New Bank Building

Construction work has begun on a \$10,000 bank building in Hornick, Iowa. The building will provide quarters for the State Savings bank, a subsidiary of the Toy National Bank of Sioux City.

Contracts have been awarded as follows: Rowles Construction Company, Onawa, Iowa, general; D. Sawyer, Hornick, heating and plumbing, and J. Sawyer, Hornick, electric wiring.

Plans for the brick building were drawn by A. Moorman & Company of Minneapolis, Minn.

Bankers in Annual Meeting

The annual meeting of the Shelby County Bankers Association was held in

Harlan, Iowa, last month with a very good attendance.

This was the meeting for the election of officers for the ensuing year and the following named men were elected to head the organization for the one-year term:

G. K. Swift, cashier of the Farmers & Merchants Savings Bank of Harlan, was elected president.

E. A. Schell, cashier of the State Bank of Portsmouth, was elected vice president.

J. J. Norgaard, cashier of the Harlan National Bank, Harlan, was elected secretary and treasurer.

Opens Office at Washta

The Central Trust & Savings Bank of Cherokee, Iowa, has opened an office in Washta. Washta has been without a bank since the Washta State Bank closed last December 13th.

Merger at Stanhope

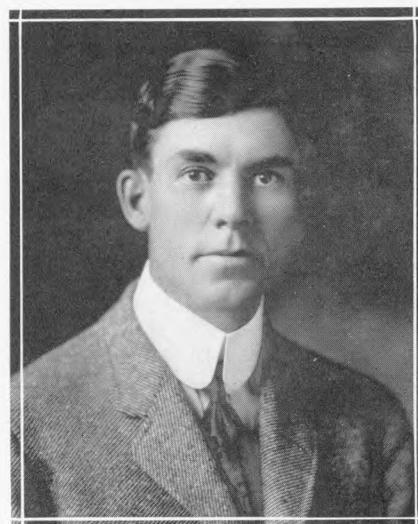
A merger of the Stanhope State Bank and the Farmers Savings Bank, also of Stanhope, Iowa, was effected last month.

Stanhope, in Hamilton county, will be served by the one institution, which will be known as the Farmers State Bank of Stanhope.

The bank will have a paid-up capital of \$25,000 and a surplus of \$5,000. N. L. Peterson will be president; C. R. Read, vice president; E. J. Johnson, cashier, and A. N. Fardal, assistant cashier.

Joins Bancorporation

The First National Bank of Denison, Iowa, has become affiliated with the North-



WILLIAM ADAMS

west Bancorporation, an association of 138 banking and financial institutions throughout the northwest.

The First National is the largest bank in Crawford county, according to the state banking directory, having deposits of more than a million dollars. It is capitalized at

\$100,000 and lists surplus and profits at \$55,000.

The Denison bank is the fifth bank in Iowa to become affiliated with the group. The others are the Iowa-Des Moines National Bank & Trust Company of Des Moines, the First National Bank and the Northwest Savings Bank, both of Mason City, and the Livestock National Bank at Sioux City.

William Adams is president of the Denison bank. W. A. Glotfelty is cashier.

Heads County Bankers

W. F. Daubengerger of the First National Bank at McGregor, Iowa, is the new president of the Clayton County Bankers Association. C. J. Adam of the Clayton County State Bank, Guttenberg, is the new vice president; H. L. Swenson of the First National Bank of Elkader, secretary, and F. S. Richards of the First National of McGregor, treasurer.

Sixty bankers of the county were in attendance at the annual meeting, representing all but two of the county's banks.

County Bankers Elect Officers

At the meeting of the Buena Vista County Bankers Association, held at the Bradford Hotel in Storm Lake, Iowa, officers were elected for the ensuing year. E. M. Duroe of Sioux Rapids was elected president; A. J. Scott of Linn Grove, vice president; C. G. Kisingbury of Alta, secretary, and C. E. Kindwall of Albert City, and E. P. Lomen of Marathon, as members of the executive committee. A banquet was served to the members, after which Mr. Duroe gave an address on "Bank Ethics." Each of the 14 banks in the county were represented, with a total attendance of 20 members.

To Build Rifle Range

At the annual meeting of the Tama, Iowa, County Bankers Association it was voted to select a suitable site for a rifle range and to build one according to the specifications sent out by the government.

The site was selected two and a half miles north of Montour on a gravel road. It lies off this road about a half-mile and the range faces the northwest. A cement pit was made to hold two target carriers. This was built at the base of a high bluff and all danger from ricochet bullets has been eliminated. A target house suitable for housing all equipment was constructed and a telephone line installed from the pit to the point of firing. The range has a two, three and five hundred yard distance and is one of the best in that part of the state.

All bankers and vigilantes of the county are members of the rifle club and the secretary, Lynn Bailey, of Tama, is working on a plan to bring together the men of the different towns for a competitive shoot. Out of this group will be selected a team

to represent the Tama County Bankers Association and shoots will be held with other counties.

Opens Branch at LeGrand

Announcement was made last month by J. P. Cooper, president of the Iowa Savings Bank, of Marshalltown, Iowa, that his institution had opened a branch bank at LeGrand under the management of G. C. Ogier. This is the first branch bank opened in the county since the last legislature passed the new law permitting institutions to open branches in communities that have no banking facilities. LeGrand has been without a bank for several years.

Joins State Banking Department

Richard D. Ryan, for the past ten years assistant cashier of the Farmers Savings Bank of Massena, Iowa, has accepted a position with the state banking department, in the receivership division. For the past five years, Mr. Ryan has been a stockholder and director of the Farmers Savings and still retains his stock in that institution.

Elect Officers

At the regular meeting of the board of directors of the Commercial Savings Bank of Marion, Iowa, held last month, the following officers were elected: G. H. Clark,

YOUR DES MOINES BUSINESS

When handled through this bank, your Des Moines business has the personal attention of principals whose interests, like yours, are centered in Iowa—a distinct advantage.

BANKERS TRUST CO. BANK

Cor. 6th and Locust Sts., Des Moines
Capital \$1,000,000.00 Surplus \$200,000.00



president; J. A. Cooper, vice president, and W. A. Bell, cashier.

Mr. Clark's former position was that of cashier and Mr. Bell's, assistant cashier.

Outlines Qualifications of Good Bank Directors

C. C. JACOBSEN, vice president of the Security National Bank of Sioux City, in a recent statement recollecting some of the important work carried on during last year while he was president of the Iowa Bankers Association said that he recalls vividly one of the outstanding recommendations of the officers of the association.

He says "For years the Iowa Bankers

Association has pointed out the importance of having able bank directors; they have also called attention to the fact that the deflation period has shown that bank directors must be 'hand picked'; that a board of directors of a bank is not 'everybody's party'; simply because a man who has retired, who has financial means or is locally prominent in business, manufacturing, or politics or in society is no reason why his request to serve on the board of directors should ever be accepted on that qualification alone; that a member of the board of directors at least of a bank should have the opportunity to serve in such an honorable and responsible position through 'invitation' only; that the bankers of this state believe and have been

urging for a number of years that the 'invitation' should come from the bank and not from the individual desiring to serve as a bank director; that the deflation period has impressed bank directors with the seriousness of bank directorships; that there is attached to that position great responsibility and even legal liability as well as fine prestige; that while on the whole boards of directors, like the great rank and file of the stockholders of the Iowa banks, during this deflation period have made prodigious sacrifices for the survival of their banks in order to protect their depositors, yet the deflation period disclosed on the one hand those bank directors who were serving for selfish interests or for personal prestige and who constituted mere personal scenery, and on the other hand, the bank director who had fully realized the responsibilities that the bank directorship carried with it in the interest of the local community and unflinchingly met those responsibilities in the face of the greatest holocaust of bank adversities this state has ever in all its history witnessed.

"That the bankers of this state are proud to say that the bank director who did not do his part during that deflation period was only the exception but it was sufficient to show the fundamental importance of vigorously applying the principle of 'selectivity' for future bank directors; that the board of directors of a bank hand picked as being successful exponents representing every line of profession, business and farming can bring to a banking institution a fund of general experience on every line of business and farming and manufacturing endeavor possible to assemble; that with such a group of successful men and who hold the general esteem of their community they enable that bank to advise and assist their citizenry to bring about the greatest development of their community as no other means can afford; that when borrowers and customers of banks are soundly advised a mass result inures to the greater upbuilding of the local community, due in a large way to the efforts put forward by the Iowa Bankers Association, to quietly but with certainty weed out the bank director who has merely used that position to enhance his own local business or social prestige; that the Iowa banker in the future must be a man of intrinsic worth, ready to give unlimitedly of his time and talent to his banking institution, not only because of the greater success that he can thereby bring to his own bank but also because of what it means to assist his people in making their community a better place in which to live and a better place in which to do business; that to do that must necessitate giving much time by the average bank director; he must attend the board meetings regularly, faithfully and ungrudgingly and when he does that he invaluates his own bank holdings and adds

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to the dividends of his own bank shares; but more than that he has the personal gratification of knowing that he has had an honest-to-goodness part in building up his village, town or city and surrounding farms. Is there a greater contribution that any person can give to his neighbor?"

Muscatine Banker Dies

James L. Giesler, 74, vice president of the American Savings Bank of Muscatine, Iowa, and an official in several other Muscatine business enterprises, died at his home last month.

He had been identified with the bank since its organization in 1899. He was elected to the state legislature in 1896 and served one term.

The American Savings Bank is capitalized at \$200,000 and has deposits of \$2,390,680.

Officers Re-elected

At the annual meeting of the stockholders of the State Bank of Latimer, of Latimer, Iowa, all of the officers were re-elected for another year. The officers are F. H. Dohrman, president; F. H. Freise, vice president; J. C. Sorensen, cashier; P. H. Borcharding, assistant cashier. The directors are F. H. Dohrman, F. H. Freie, J. C. Sorensen, Fred Harris and H. H. Koenen.

During the business session of the meeting it was voted to pay the usual 15 per cent dividend to the stockholders. The State Bank of Latimer has paid this dividend regularly for many years.

New Clearinghouse Manual

A manual of the organization and management of regional clearinghouse associations has been published by the bank management commission of the American Bankers Association in its series covering commercial bank management. Fred W. Ellsworth, chairman of the commission, says in the introduction:

"The unqualified success of the clearinghouse idea has long since become an established fact. Originally organized by a group of city banks for the sole purpose of facilitating the trading of checks among themselves, the clearinghouse has gradually developed into an association of banks for self examination; for interchange of vital credit information; for the joint consideration of those problems that are common to all banks, and which can better be solved by joint study and joint action; and for the consideration of principles and methods which will conserve resources, and improve the service rendered to the community.

"Those organization facilities which for so long a time and in so unmistakable a manner have been beneficial to the city bank, are now available to the banks in smaller towns and villages by means of what is known as the regional clearing-

house, consisting of the banks in a natural trade area region. Every reason for the founding of a city clearinghouse applies with equal logic to the founding of a regional clearinghouse, and every benefit enjoyed by the former can be employed by the latter.

"The bank management commission, in the conduct of its program of better management studies, authorized at the Cleveland convention the preparation of a comprehensive treatise covering the origin, the organization and the operation of regional clearinghouses, and asked C. A. Chapman, chairman of the commission's committee on clearinghouse and inter-

bank relations, and president of the First National Bank of Rochester, Minnesota, to undertake the job. How well he has done in assembling and compiling the wealth of data on the subject, and presenting it to the members of the American Bankers Association, may be readily determined by a studious reading of this pamphlet."

The topics presented in the booklet are regional clearinghouse associations, manual of organization and management, typical articles of association, functional activities for regional clearinghouse associations, credit bureaus, and clearinghouse examinations. Copies may be obtained

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DES MOINES - - - - - IOWA

without charge from the Bank Management Commission, American Bankers Association, 22 East 40th Street, New York City.

F. A. A. Convention

AMERICA'S financial advertising leaders will meet in Boston, on September 14th, to open the sixteenth annual convention of the Financial Advertisers Association. For three days a business conference will be held to consider the many serious problems which financial advertisers recognize as existing at the present time. A program has been prepared which will be completely in accord with the spirit of the time—one which will give answer to many of the questions of importance which confront the average financial advertising man.

The officers of the association under the direction of Mr. F. R. Kerman, vice president, Transamerica Corporation, and president of the association, started early in the year to prepare a program built around the theme "The Creative Force in Finance." In selecting this theme it was recognized that we are in an era today when the creative force of sound banking must lead the nation out of the present wilderness, and into the next great period of prosperity and growth. It was thought that too much stress could not be laid upon

the part bankers are playing in our economic reconstruction.

The creative force as a general theme, has been broken down into the departmental subjects of creative ideas in new business, and creative ideas in advertising. The many subjects which have been developed under these two general heads give assurance that the convention will be one of the most important and constructive ever held by the Financial Advertisers Association.

In commenting on the program, Mr. Alva G. Maxwell, vice president, Citizens & Southern National Bank, Atlanta, and general chairman of the convention, said:

"The creative side of banking has not been sufficiently stressed to the public. The reaction to current events demonstrates that we have all taken too much for granted the public understanding of the basic soundness of bank methods. And it is time to get a fresh perspective on this problem.

"By presenting 'A Creative Force' as a general subject, we feel that a tremendous amount of valuable and constructive data along these lines will be produced—data which will give all of the advertising men in attendance a new viewpoint on public relation problems.

"In the course of their deliberation the directors placed great emphasis on the unusual appropriateness of the coinci-

dence that such a meeting should be laid in Boston—which has not only played so great a part in America's economic development, but which has always been one of America's greatest cultural centers. It was our feeling that in such an atmosphere our deliberations would take on something of the spirit with which our historic city is endowed—the spirit which had so much to do with molding the early days of the United States."

Comparing 1931 and 1921

Allowing for split-ups and larger stock dividends, a comparison of 1921 and 1931 low of 260 common stocks shows that 140 issues sold lower ten years ago and that 120 have sold lower this year, according to a survey recently published by Frazier Jelke & Co. Ready comparison is complicated by changes in share units in the case of 145 stocks, some of which have been altered by two or more split-ups or stock dividends.

Of the 35 rails tabulated in the survey, 17 have sold lower this year than at any time in 1921; while only one of the 16 utilities has dropped below the poorest price of ten years ago. Fifteen of the 25 mining issues, 20 of the 25 oil stocks, nine of the 17 automotive shares, seven of the 11 steels, and seven of the 14 retail shares have declined below the lowest prices of 1921.

Our 35 Years of Experience

—and what it means to you

Established in 1895—eight years after the Sioux City stock yards were opened—the Live Stock National Bank has grown steadily. The rapid development of the stock yards has been side by side with the sound progress of this bank.

To correspondent banks and to live stock interests in the Northwest, our 35 years of experience at the Sioux City yards mean expert handling of all items—sound decisions—a background of valuable knowledge tempering present-day outlooks in this specialized field.

LIVE STOCK NATIONAL BANK
SIOUX CITY, IOWA

Affiliated with

NORTHWEST BANCORPORATION



More than half of the 260 stocks tabulated in the survey have been split up. Out of 137 issues, 28 have been split 4-for-1; 24, 2-for-1; 16, 3-for-1; 15, 5-for-1; and 7, 8-for-1. One stock has been split 100-for-1; 1, 50-for-1; 2, 40-for-1; 1, 46-for-1; and 1, 25-for-1. "Forty-six of the 137 split-ups or recapitalized issues have shrunk to a price level lower than the 1921 bottoms of the predecessor stocks, even after allowing for the change in the size of the ownership fraction; but on the whole, the split-ups have justified themselves, except that a few have proved to be too radical."

"The bear market of 1930-1931, which really began in September, 1929, started from a more elevated price area than that of 1920-1921, has been more drastic and of longer duration," says the Jelke analysis. "It has had to contend with a less electric, but more persistent and more serious, collapse of business activity."

"A decade ago economists had much to say about the shortage of capital being a world problem of the first magnitude. Money rates were high. For five years almost the whole world had been busy destroying and using up capital without replacing it—going in debt to itself. Europe was even more impoverished than it is today; and international debts were just as much of an issue."

"In theory, dividend yields in this bear market should be much lower than in 1921, and probably would be were it not for the lack of confidence of investors in the continuity of distributions. Actually, the spread between the commercial paper rate and the average dividend yield on good common stocks has been wider than in 1921 for over a year."

"Many companies are better off now than in 1921, and some are much worse off. A stock may be selling higher, much higher, and still be a bigger bargain; and the stock which is lower in price may not be as cheap," the survey concludes.

Give Her Time

Irate Father (discovering daughter on young man's lap): Myra! What does this mean?

Daughter: Come back in about 15 minutes, dad. I ought to know by then.

Cop—"Madam, didn't you see me hold up my hand?"

Woman at the Wheel—"I did not."

Cop—"Didn't you hear me blow my whistle?"

W. A. T. W.—"I did not."

Cop—"Didn't you hear me holler at you to stop?"

W. A. T. W.—"I did not."

Cop—"Well, I guess I might as well go home. I don't seem to be doing much good here."

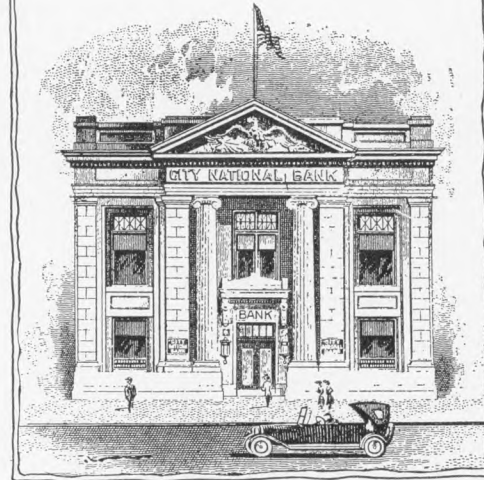
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Vice President and
Cashier



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Clinton County's Largest Bank

BANKERS who choose the City National as their correspondent bank rest in the assurance that the smallest item of their business will receive our most careful consideration.

**THE
CITY NATIONAL BANK**

CLINTON, IOWA

Assets Over \$8,500,000.00

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Meeting Bank "Runs"

FIRSTHAND dramatic experiences of two large banks which recently dealt successfully with the crisis of "runs" were related at the eastern regional savings conference held under the auspices of the Savings Bank Division, American Bankers Association. Officers of the affected institutions gave details as to what a bank should do in a case of a "run" and made some practical suggestions as to the prime importance of maintaining at all times the quick liquidity of a bank's assets.

Lucius H. Holt, vice chairman of the board of the City Bank and Trust Company, Hartford, Connecticut, told of the genesis of a "run" on his bank in the failure of a large unrelated private bank of

the Italian quarter which was in a ferment of excitement. As was to be expected, he said, Italian depositors next turned their attention to his institution which had large savings deposits but was above suspicion. Two incidents, which at the time appeared trifling in themselves, said Mr. Holt, precipitated the run. First, an Italian woman presented her husband's passbook and asked for the balance of about \$3,000 but she had no written order from him and was told courteously that she would have to have one. She returned to the Italian quarter and spread the report that the bank would not let her have the money. The same morning an Italian man presented a \$340 check at the commercial department of the bank, but as he was

entirely unknown he was asked to identify himself. He did not understand and rushed out highly excited, also going to the Italian quarter and spreading the report that the bank would not pay him out money on the check.

Began on Saturday

THE run started that evening which was a Saturday when normal gains of from \$5,000 to \$20,000 in deposits, said Mr. Holt, switched to withdrawals of over \$56,000. The frightened depositors would not accept checks but demanded cash, Mr. Holt said, and although with the tremendous resources of the bank there was never the slightest fear of not being able to meet all obligations, there was a practical difficulty in finding enough actual currency to make payments at the rate demanded. Realizing that there was not sufficient on hand even in the other Hartford banks, where the institution had large credits, to meet the situation the bank communicated with its correspondents in New York and Boston. In response an armored automobile with \$500,000 in currency arrived from New York and another from Boston with \$250,000 Monday morning. The bank also drew from other banks in Hartford as much cash as they could spare and before noon had more than \$1,000,000 in actual currency stacked on tables behind the tellers in full view of the depositors under guard of special police. A panicky crowd developed as expected and by the end of the day \$557,741 had been withdrawn while deposits had been only \$8,459.

Mr. Holt told how, as news of the unjustified "run" became public, the better informed elements of the city voluntarily declared their faith in the soundness of the institution. Public statements of confidence were issued by the State Bank Commissioner and the Hartford Clearing House Association, which in a half-page newspaper advertisement pledged the resources of the other member banks to aid the beleaguered bank. The head of a big New York City bank voluntarily sent up \$250,000 for deposit and some of the large insurance companies in Hartford sent word that they were ready to assist in any practical manner, while many individuals of large means came to the bank with offers of aid. The bank, however, did not have to ask aid of anyone, said Mr. Holt.

"Our own resources were ample and in such liquid form that they could be made available at short notice," he said. "We never even considered the possibility of any use of the 30-day clause. Every depositor had the right to have his money on demand and we prepared to give it to him."



PEOPLES TRUST & SAVINGS BANK

At your service—

*in Eastern Iowa
and
Western Illinois*

PEOPLES TRUST & SAVINGS BANK

CLINTON, IOWA

REMEMBER IT THIS WAY—"PEOPLES TRUST"

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F. W. SPALDING, Asst. Cashier	EMIL JOHANNSEN, Asst. Cashier	

1876
1931

**Speed--accuracy--personal
attention are the three principal
features of our correspondent
service.**

Consolidated National Bank

DUBUQUE, IOWA

J. K. Deming, President
Geo. W. Myers, Vice President Jos. W. Meyer, Cashier

The run continued the next day, said Mr. Holt, but the attitude of the Bank Commissioner, Clearing House Association, and many individuals of influence who came and talked with depositors singly and in groups, together with editorials in the daily press and the action of a local radio station that voluntarily interrupted its program several times to broadcast a message of confidence in the bank all served in allaying the fears of the depositors. By closing time that day the line had disappeared from the street, traffic was reopened and even the lobby of the bank was almost clear.

The point of first importance, Mr. Holt told the conference, is to keep savings department investments always liquid enough to meet abnormal demands. His institution planned, he said, to have at all times between 40 per cent and 50 per cent of deposits in such a way that they can be realized on immediately. At the time of the "run" it had savings deposits of about \$18,000,000 and was in position to realize more than \$8,000,000 on bonds and bank stocks within 24 hours. On the two days of the "run," he said, it actually needed but little over \$1,000,000.

Value of Good Friends

MR. HOLT placed second in importance for a bank the acquisition of a circle of good friends, whether clients or not, as illustrated by the effect the friendship of important elements in the community had in restoring confidence in his institution. Also during the "run" it was specially impressed upon the tellers that they must maintain the same spirit of friendliness and courtesy which they maintain during normal times to cheer up worried depositors.

One conclusion Mr. Holt drew from his experience was that the liquidation of mortgages in case of necessity is one of the most serious problems confronting banks, declaring that many a bank has failed not through mismanagement but through inability to liquidate mortgages. The solution might be through organization of great bank mortgage securities companies, he said, or, through a warrantable extension of insurance business.

Mr. Holt said well managed and sound institutions are too prone to rely on merely defensive measures in a depositors' panic. "When we know we are safe and sound," he said, "it might be better psychology to adopt aggressive tactics—to invite our patrons to come get their money, instead of to put forth extreme efforts to persuade them to leave it. The very effort to persuade them to leave their deposits may strengthen their suspicion that there is something wrong with the bank."

Ready liquidity of assets also saved the day for the Bank of Morgantown, West Virginia, when failure of another bank subjected it and others to a "run," D. R.

EDMUND W. MILLER, President

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S. C. KIMM
Assistant Cashier

R. L. PENNE
Assistant Cashier

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Assistant Cashier

The friendly understanding with which the Commercial National handles each correspondent item, is indicative of our thorough experience in banking procedure.

This experience is at your disposal when you choose this as your correspondent bank.



THE COMMERCIAL NATIONAL BANK

WATERLOO, IOWA

Richards, vice president of the bank, told the conference. News of the closing of the other bank traveled like wildfire, he said, and in half an hour the streets were crowded with people. Before any preparation could be made his bank was filled with people who were orderly but there for a very definite purpose, very largely foreigners and uneducated Americans.

"Our first move was to greet them

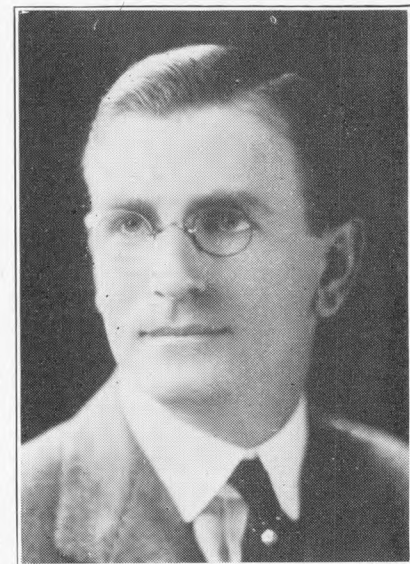
pleasantly, showing no concern over what was taking place," said Mr. Richards. "We next had a mutual understanding that we should take plenty of time, handling each case naturally and with great caution and care. The first day we paid every depositor who called for it his balance in full. We had plenty of money with our Pittsburgh correspondent and in twenty-five minutes after we called them they had an armored truck on the

road with our supply of currency, which arrived ahead of time. Never in the history of our city had an armored truck arrived for the benefit of one of our financial institutions. It had a great psychological effect. I am not sure that it did not turn the tide. The bank also had talks made in its banking room by some of the highly respected citizens of the community. These were of great value."

New Hotel Director

Leonard Hicks was recently elected vice president and managing director of the Morrison Hotel, Chicago. Mr. Hicks is chairman of the executive committee of the Chicago Hotel Men's Association, and past president of the Hotel Greeters.

In accepting this position Mr. Hicks returns to the house in which he first



LEONARD HICKS

started his career as a hotel man 27 years ago.

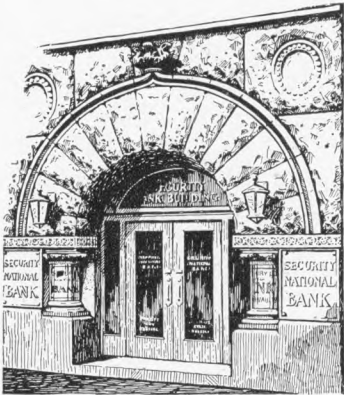
Mr. Hicks is one of the best amateur golfers in Chicago, and president of the Chicago Hotel Men's Golf Association.

New Bulletin

The hog feeding tests conducted at Tamfalfa Farm by the Fox Chemical Company of Des Moines have again shown interesting facts on costs of producing pork at present prices for feeds. This report is extremely complete and proves that hogs can be raised at a good profit even on present market prices.

Bankers who have farmer customers should be intensely interested in this new bulletin. It is well worth filing for definite information on what hog raisers can do in the way of making profits, if proper feeding methods are followed. Costs as low as \$3.70 per 100 pounds of gain have been developed in the Fox tests.

The Fox Service Bulletin gives essential facts on the many feeding tests in tabu-



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THE member of our
personnel who super-
vises your account is
a banker of seasoned
experience. He is
vitaly interested in
seeing that your Sioux
City business is han-
dled to your utmost
satisfaction.

SECURITY
NATIONAL BANK
of Sioux City

Bankers who demand the best in correspondent service know they will secure:

- ACCURACY
- SPEED
- PERSONAL ATTENTION
- SATISFACTION

AT THE

FIRST IOWA STATE
TRUST & SAVINGS BANK

BURLINGTON, IOWA

Capital \$600,000

Resources Over \$9,000,000

lated form. Bankers who realize that hogs are one of the most important and reliable sources of income for farmers are devoting more attention to the feeding methods followed by their customers. Investigations among farmers have shown that only a small minority feed correctly in order to make the largest possible profit from their hogs.

E. F. Fox, president of the Fox Chemical Company, is one of the pioneers in devoting private funds to conducting of feeding tests and building up of pure bred hogs in order to help farmers obtain better gains at lower costs.

The Fox organization of service men are out in hog lots daily showing farmers the best way of feeding to increase hog profits. Bankers are in a position to assist this educational work by suggesting that farmers send for the Fox Bulletin or by having one in file to show customers when going into their credit standing.

E. F. Fox will be glad to send bulletins free to any banker interested. A goodly number of bankers have already written for this bulletin and it is hoped a large percentage of all interested in helping farmers will have this information in their files.

New Banking Devices from the Macy Laboratory

(Continued from page 13)

suspicion of over plumpness, even if it is not definitely too fat. We now place this note in the reducing compartment and start the motor. Oftentimes a single treatment is sufficient to reduce the figure to normal; occasionally two, or even three or four trips to the vibrator are needed, but the final result is bound to be a figure so sylph-like as to satisfy the most exacting.

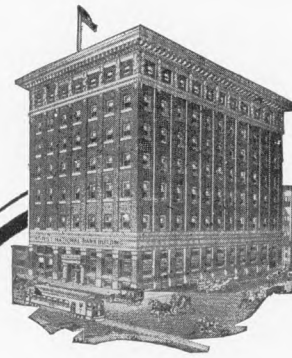
In the more serious and weather-beaten cases, it is possible with this machine to give the note a permanent wave. Theoretically, of course, one might even kiss it good-bye, but the wave is generally considered sufficient.

Stopping Runs

A DEVICE which is kept for emergency use is the one which we call our run-stopper. It is guaranteed to terminate even the most persistent run on any bank. It closely resembles a typewriter—as a matter of fact, that is exactly what it is. Whenever it is desired to stop a run on the bank, we have only to place this machine in operation, and in an astonishingly short interval it will turn out a placard reading: "By order of the board of directors, this bank has been placed in the hands of the department of banking for liquidation."

* * *

Quite naturally, I have at odd times outside banking hours turned my inventive resources to personal ends, and in one of these intellectual forays, I worked out an



For sixty-two years the First National has had the confidence of its customers. And this confidence is responsible for the steady, sturdy growth we have enjoyed.

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Assistant Cashier



FIRST NATIONAL BANK MASON CITY, IOWA

Affiliated With Northwest Bancorporation
Combined Resources \$495,000,000





More Customers More Service

In the last year our list of Iowa bank connections has shown further substantial increases. Fifty-eight years of correspondent service pays our customers in dividends of satisfaction, as well as otherwise.

Established 1872

VALLEY NATIONAL BANK DES MOINES

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ingenious article-writer for use in the composition of these magazine contributions. Recalling the days of spiritualism and slate-writing, I purchased a pair of slates and a pencil. It is now my custom, when an article is due, to place the pencil between the slates and go into a trance. Upon awakening, and separating the slates, I find the monthly article ready for publication. Observant readers have already guessed at the existence of this practice, and have filed written protests; these will be taken up and considered in the order of receipt. No crowding.

Unmasking the Forger

(Continued from page 15)

in the joining of one letter to another. Illustrations Nos. 3 and 4 disclose this discrepancy.

The attempt to reproduce the above genuine name shows an awkward commencing stroke to the capital "C" and the lower portion of this letter is more heavily rounded off than the original. The slant of the "C" slopes more to the right in the copy, while the small "u" shows a heavier pen pressure and a hesitating movement in the second stroke of this letter.

The dot after the capital "S" has been placed right up to the "S" while in the original it is further to the right. Note also the patched appearance of the first upward stroke of the capital "M" and the variation in the slope of the small "a." The "n" is rounder at its base than the original, and the terminal to this letter stops more abruptly. It is in these minor details that the forger betrays himself and it is precisely these which the handwriting expert regards as significant.

C. O. Talmage Reorganizes

C. O. Talmage of Omaha has announced that the business of C. O. Talmage and C. O. Talmage Co., relating to insurance of all kinds, the purchase and distribution of insurance securities, ownership and management of insurance companies, has been consolidated under the name of General States Insurance Corporation, of which Mr. Talmage is president. The headquarters of the corporation are in the Arthur Building, 210 South Eighteenth Street, Omaha, Nebraska. The General States Insurance Corporation will have a wide organization with connections in the larger cities of the country.

Mr. Talmage for many years was secretary of the Columbia Fire Insurance Co. of Omaha and after its reinsurance by the National of Hartford was manager of the Columbia Fire Underwriters until a few months ago. He has recently organized a general agency, representing several companies in Nebraska and adjoining states.

IN THE DIRECTORS ROOM



Politeness

What a pity if politeness is tinged with self-interest!

The motorist had lost his way on a country road. Hailing the first pedestrian he overtook, he asked the way to Penville.

"I don't know that I can explain it very clearly," replied the pedestrian, "but if you'll take me in your car I'll point it out to you as we go along."

"Good," said the motorist. "Jump in."

"First," directed the man, as he took his seat, "you drive straight ahead for about two miles."

When the two miles had been traversed, he continued: "Now, if you'll drop me here, I can show you the rest of the way without going along. Just turn around and go back three miles and there you are."

"Why didn't you tell me that in the first place instead of taking me two miles in the wrong direction?" demanded the motorist.

"I didn't want to hurt your feelings right away by telling you you were going the wrong way," replied the other, "and, besides, I live here."

College Education

Freshman: Matriculated.

Sophomore: Sophisticated.

Junior: Emaciated.

Senior: Satiated.—*S. C. Wampus.*

A business man was near death. In dictating his will to his lawyer, he said:

"And to each of my employes who has been in my employ for 20 years, I give and bequeath \$50,000."

"But," remonstrated the lawyer, "you have been in business only 19 years."

"Ah, I know that, but it will be good advertising."—*Skelly Oil News.*

A stout woman drove up to a filling station—"I want two quarts of oil," she said.

"What kind, heavy?" asked the attendant.

"Say, young man, don't get fresh with me," was the indignant response.

Magistrate (to prisoner)—"How big was the brick you threw? Was it as big as my head?"

Prisoner (after period of deep thought)—"Yes, your honor; but not so thick."

Lost Time

Time is never so precious as when we have to pay for it.

The profiteer's wife gave a musical evening. She was uneasy at the beginning because the music didn't start. She went to the conductor of the orchestra she had engaged and said:

"Why don't your men begin to play?"

"Oh, they are tuning up."

"Tuning up? Why are they doing it now? I ordered you a week ago."

Guarantee

What constitutes a guarantee? is always a fair question.

An angry woman rushed into the registrar's office. In her hand she bore a license. To the registrar she said:

"Did you, or did you not, issue this license for marryin' me to Albert Briggs?"

"Yes, I believe I did. Why?"

"Well, what are you going to do about it?" she demanded, "he's escaped!"

No Need to Worry

"Have you ever been sentenced to imprisonment?" the judge asked sympathetically.

"Never," exclaimed the prisoner, bursting into tears.

"Don't cry—don't cry," said the judge, consolingly. "You're going to be now."—*Pathfinder.*

Shore

Amos: "Do you know what surrounds the ocean, Andy?"

Andy: "Sho,' Amos, sho'."—*Amherst Lord Jeff.*

Worst Pun of the Year

Zoology Note: The penguin is mightier than the sword fish.—*Northwestern Purple Parrot.*

Sounded Punny

Judge: "Fine day, isn't it?"

Prisoner: "Please don't pun, judge."—*Wisconsin Ostopus.*

In that worthiest of all struggles—the struggle for self-mastery and goodness—we are far less patient with ourselves than God with us.—Timothy Titecomb (J. G. Holland).

They Wanted Shot

Zeke, Tim and Joe, three timid boys, entered the village hardware store. The rather gruff proprietor said to the oldest, "What do you want, Zeke?"

"A dime's worth of BB shot, please." The old man climbed the ladder, brought down the shelf box that contained the air-rifle shot, made up the packet and returned the box to the shelf above. Then he asked the second boy, "What do you want, Tim?"

"A dime's worth of BB's, please," was the meek answer.

"Why didn't you say so before?" said the old man, irritably, as he went for the ladder again. He made up the packet as before, and then turned to the third.

"And do you want a dime's worth of BB's too?" he demanded.

"No," replied Joe, hesitatingly.

The old man climbed laboriously to the shelf again and deposited the box of shot. Then he returned to the counter.

"Well, my boy, what do you want?" he demanded of Joe.

"A nickel's worth of BB shot," said Joe.

Bringing Up Children

Bringing up children "by the book" isn't always a pronounced success.

A nursemaid rushed into the presence of her mistress and shrieked: "Oh, my goodness, ma'am, the twins have fallen into the well. What shall we do?"

The mother lit a cigarette and calmly replied: "Go to the library and bring me the last number of 'Modern Motherhood.' There's an article in it on 'How to Bring up Children.'"

Shocking!

"Whither away, stranger. What wouldst?" cheerioed St. Peter as he leaned over the pearly gates.

"Gosh, let me in," muttered the wandering soul of convict No. 999, just released from the electric chair. "I just had the shock of my life."—*Lord Jeff.*

"Those are my mother's ashes in the jar on the mantel."

"So she has passed on to the Great Beyond?"

"Heck, no; she's just too lazy to look for an ash tray."

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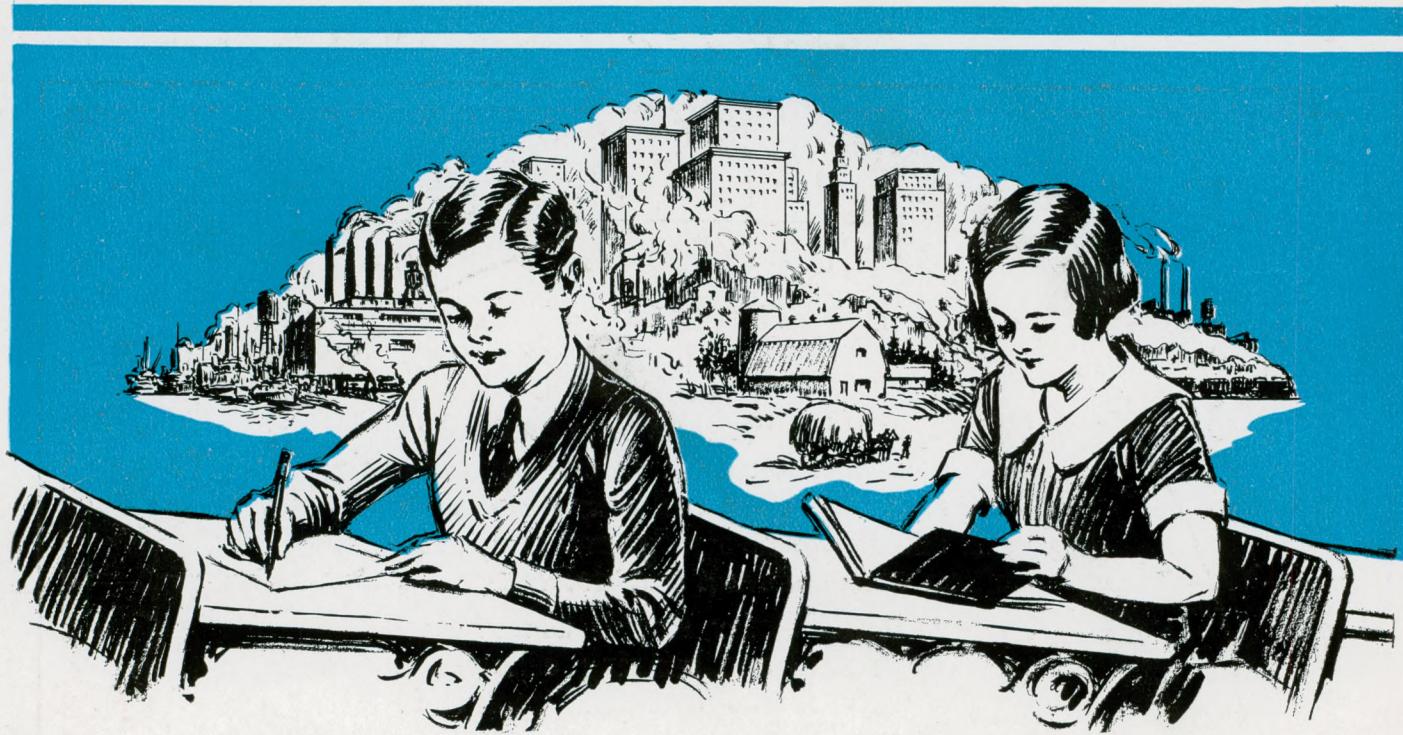
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