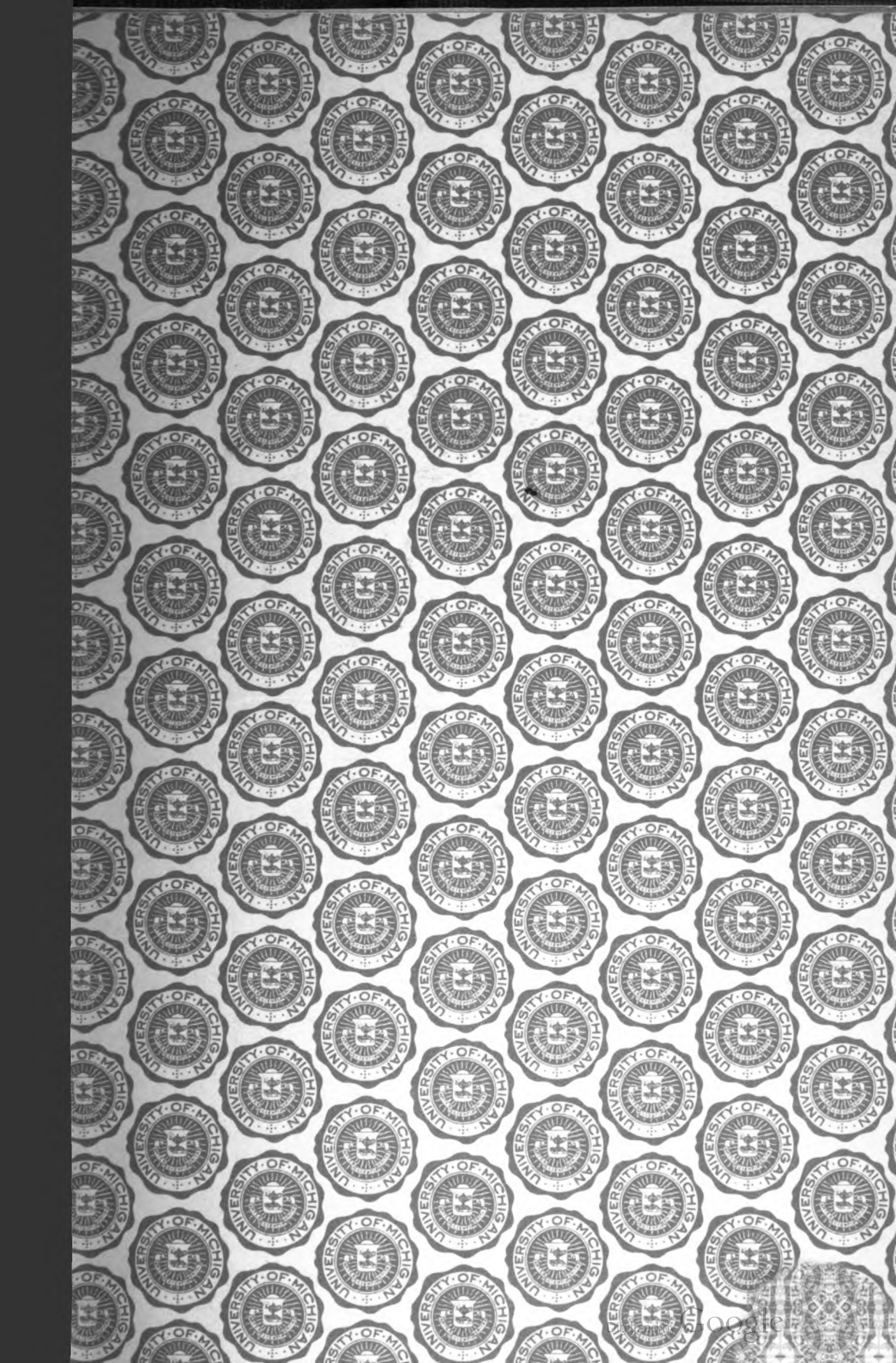
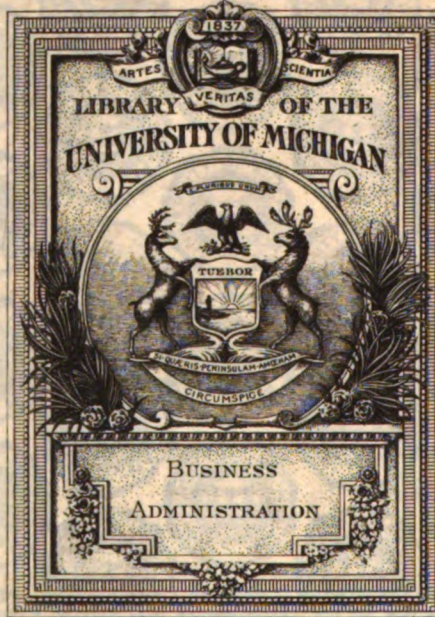

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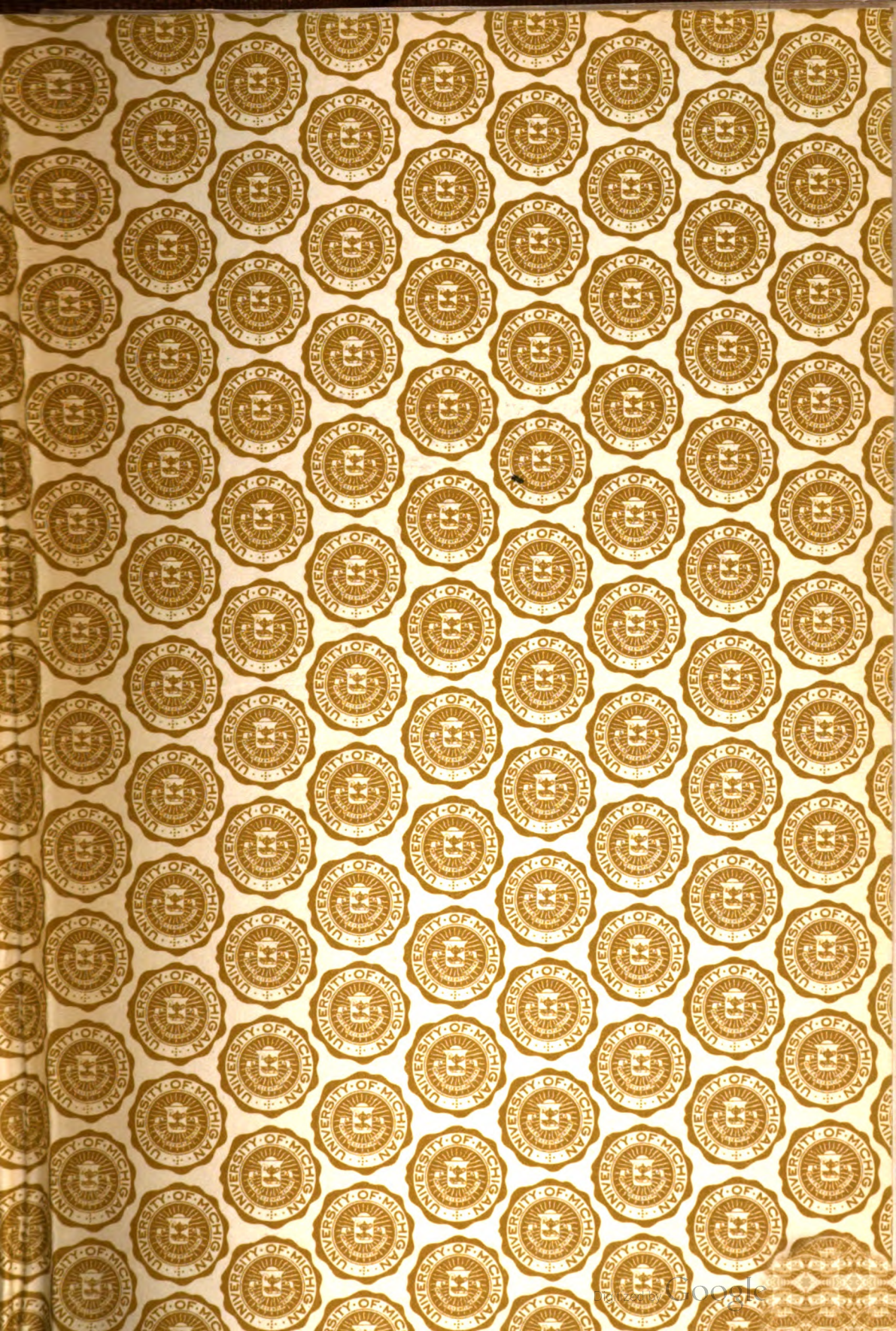




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THE
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The Publisher's Page

HERE are a few of the many useful and practical suggestions contained in an article "Some Rules for Successful Safe Deposit Management," by L. E. THOMAN, which will appear in the August number: "The safe deposit vault should be built by competent vault builders and of such construction as to be as near fire and burglar-proof as is possible. It costs more at first, but pays better in the end. The burglar alarm attachment should be put in while the vault is under construction. It costs less then than later, and the vault is far better protected. By no means accept business until the vault is completely finished and under proper protection, both from outside and inside. All grille work should reach from floor to ceiling, leaving no opening above or below. All grille gates should be arranged to open inward, and so arranged that anyone may be detained by removing the opening key or knob. All vault doors should be equipped with the very best time locks made, preferably more than one timepiece on each door. Vaults and vault department should be well lighted and well ventilated. Many safe deposit vaults are located in the basement and employes who spend their lives there are human beings and if working under good healthy surroundings will be more alert and efficient." Mr. Thoman, author of the article from which the above excerpt is taken, is manager of the safe deposit department of the Hibernia Bank and Trust Company of New Orleans and president of the Louisiana Safe Deposit Association.

In the August number, A. M. McDERMOTT will write on the subject, "The Tariff—an Economic or a Political Issue?" In the introductory paragraphs of this article, the author asks: "Why does the tariff, an economic question, continue a political issue? Its benefits or disadvantages are reasonably demonstrable. The average partisan seems not to understand its services, nor to possess the capacity to analyze the factors involved. Unless economists, bankers and business men free themselves from bias, and inform the people as to the real effects that may be expected under both systems, we shall drift on, victims of useless political division. It is obvious, then, that those equipped to make a thorough and intelligent study of the subject should have the responsibility of arriving at something definite, to explain to the masses, and to rid our national political contests of this vexatious issue."

"Few individuals have been so fortunate," says WILL F. CHAPIN in an article, "National Bank Notes Depict the Nation's History,"

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THE BANKERS MAGAZINE

ESTABLISHED 1846

ELMER H. YOUNGMAN, *Editor*

VOLUME CXV

JULY, 1927

NO. 1

Editorial Comment

THE FIRST HALF OF THE YEAR

AT the beginning of the present year it was the general opinion of financiers and economists that the prosperity existing in the preceding year would be fairly maintained throughout 1927. That prediction, judging by the record of the last six months, seems likely to be verified unless the remaining six months should witness a sharp turn in the course of business. The present outlook does not seem to warrant the expectation of such reversal.

There are some tendencies in the present situation that are of special interest. With almost unprecedented employment and wages, commodity prices and rents are falling. From this it is to be inferred that we are beginning to reap the benefits flowing from the use of electrical energy and improved methods of production and management generally. Declining prices would follow widespread overproduction as they might herald the coming of a depression. But the fall in commodity prices now recorded is not ascribed to either of these causes. We seem to be approaching the dawn of a golden age, when the skill and inventive genius of man, combined with abundant capital, have measurably released mankind from the drudgery of former years. We marvel at the luxuries that within the recollection of nearly all have become a common possession, but the future quarter of a century may witness an even greater advance. Invention is not yet exhausted, nor has human skill attained perfection. Economy and efficiency have not reached their limits. The wastes of war, intemperance, preventable disease, ignorance and unneces-

sary poverty, are capable of still further reduction and a consequent lightening of the burdens now being carried. As here in the United States we show the capacity to improve methods of production and distribution, and to diminish the wastes just mentioned, there will be an increasing reason to view the future with security. The commonalty of interest pervading all sections of the country and all classes of our people, now only beginning to be understood, affords additional ground for confidence.

Wall Street's optimism has been frequently deplored, but in a land of almost boundless resources, where more than 100,000,000 people are unitedly hard at work, who can set limits to future prosperity and growth?

THE LAST WORD ABOUT ALLIED DEBTS

FOLLOWING the British Government's reply to Secretary Mellon's observations on the Allied debts, addressed to the professors at Princeton and Columbia, it was stated that the British Government had said the last word on the subject. The sincerity of this statement may be granted, though its accuracy is open to question. To use a Hibernian form of expression, the last word on this matter will be spoken by the silent economic laws which work uninterruptedly in the relations of nations. Whether the debts can be paid or not will, in the final analysis, not depend upon what is said at Princeton, or Columbia, or in Downing street, or at



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J. P. MORGAN

Photographed at the dedication exercises of the buildings donated to the Harvard Graduate School of Business Administration by George F. Baker.

Washington. Can the debtors continue to pay? Will the creditor be willing to receive payment in the form in which it can be made? These are the vital questions, not to be answered by professors or politicians. Probably it was largely because of an understanding of this fact in the higher economic and financial circles of the United States that a revival of the discussion from the political standpoint was so greatly deplored. However this may be, it must be clear that in the long run the play of economic forces will intervene to take this vexed problem out of the hands of politicians and relegate it back into the hands of business men, where it clearly belongs. In this connection it may be pointed out that recently there has been a sharp curtailment of bank loans at Berlin, followed by a mild Bourse panic, believed

to foreshadow an early demand on the part of Germany for the modification of the terms of the Dawes Plan. At the outset this plan, whose machinery was opportunely lubricated by large loans furnished in part by this country, worked smoothly enough, and its operations were hailed with great enthusiasm. Now the machinery is creaking a bit, and its subsequent performances are likely to be less satisfactory.

Great Britain is committed to the policy of paying us whether Germany meets her reparations payments or not, but in case of failure by the latter England might find herself in a very difficult situation.

For the sake of international goodwill, one might wish that the last word on the debt question had been spoken, particularly discussion of a character that does nothing more than add to existing irritation.

PAN-AMERICAN COMMERCIAL CONFERENCE

WASHINGTON has recently had the honor of entertaining the Pan-American Commercial Conference, having in other years been the meeting-place of similar convocations and of others devoted to the consideration of financial matters. In connection with these meetings some very interesting questions arise. First, as to the nature of the conferences themselves. But little doubt can exist that matters embraced within the terms "commercial" and "financial" are of the greatest importance in their relation to the welfare of any country. Sound finance alone, which includes a stable money system among other things, is an essential of a healthy commerce. Commercial operations must be conducted free from unreasonable and unnecessary restrictions, or the whole economic life of a country will suffer. There is nothing new in these assertions, which are made only with a

view to admitting their importance. It is quite natural that problems relating to finance and commerce should occupy a leading place in the topics discussed at conferences of peoples from the United States, Central and South America.

Still, the criticism is often made that Pan-American conferences are too much occupied with these subjects to the exclusion of other matters of even greater importance. This view holds that, in our relations with the southern countries, we are thinking too intently on material things and not enough about cultural values. Perhaps, also, we are just a little inclined to adopt the role of schoolmaster at these conferences, regarding the Latin-American delegates as pupils, eager to absorb our superior wisdom. We should remember that, in some cases at least, they have had the longer experience.

Then there arises the propriety of holding these conferences at Washington, which is a most pleasing city, but not a center of either finance or commerce. To hold these meetings there may give rise to the fear of their proceedings being influenced by the political atmosphere of the National Capital. That fear may not be well-grounded, but even the apparent basis for it should be removed.

In arranging for future conferences of the kind under consideration, it might be well to have them meet at any of the large commercial and financial centers of the country rather than at Washington, leaving to the latter city the honor of entertaining conferences of a diplomatic or political character.

THE MISSISSIPPI FLOODS

WHEN any novel plan is proposed for social improvement, its opponents can find no more effective form of condemnation than to stigmatize it as "Utopian." In the minds of most fearful souls, this settles the matter for all time. Probably every

solid advance made by the human race has encountered this obstacle, and while to some extent it has been overcome, it still greatly obstructs human progress.

Calamities like that which has lately devastated the lower Mississippi Valley teach us that however much the conditions of society may be improved, mankind will yet be liable to great suffering unpreventable by means within our reach. Floods, earthquakes, tornadoes, fire and ineradicable diseases will continue to decimate and impoverish people long after they have brought the social system up to the highest attainable standard. In other words, Utopia is a land probably lying outside any geographical sphere with which we are at present acquainted. The fearful souls may therefore take fresh courage in the



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GEORGE F. BAKER

One of the deans of American banking photographed at the recent dedication exercises of the buildings which he has donated to the Harvard Graduate School of Business Administration.

thought that the complete alleviation of human misery and suffering lies beyond our reach.

Here in the United States we have rejoiced in our immunity from many sources of human distress. We have been reasonably exempt from wars and great natural catastrophes. Now we are brought face to face with a calamity of a severe and widespread character. Oddly enough, it arises from one of the greatest sources of our national wealth. The Mississippi River and its adjacent valley furnish the moisture and the soil which produce our cotton and food in an abundance probably unmatched elsewhere on the earth's surface.

For the large loss of life, the destruction of homes, the ruin of farms, there will be intense sympathy and generous help. For the future the lesson learned from this great disaster must turn the engineering skill of the country to such means of prevention as may be found effective and practicable.

There is expert opinion to the effect that the flood was rendered worse by the denudation of our forests, and the neglect in repairing this waste by replanting. If this view is correct, the remedy in that direction is one that can only be slowly applied.

Fortunately, the country is in a position to afford quick help in relieving existing distress.

JAPAN'S FINANCIAL RECOVERY

JAPAN has lately experienced some banking troubles, due to a variety of causes. Destructive earthquakes, fires, the unsettled state of affairs in China, an intensive economic development in Japan itself, and perhaps some over-banking have all contributed to a crisis, which was quite serious during the short time it lasted. Happily, through the co-operation of the government and the Bank of Japan, the worst of the difficulty was soon passed. Confidence in the economic strength of the

country has received striking evidence in New York by the continued favor in which Japanese securities are held. This confidence has been well-deserved, for whatever temporary setbacks may intervene, it is recognized that the Island Empire is steadily pursuing a course assuring political and economic stability. No doubt the Chinese disturbances have very seriously reacted on Japan because of the latter country's proximity to the scene of the conflict, the unavoidable interference with trade, and the outlay involved in naval and military participation essential to the protection of Japanese interests in the disturbed area.

Japan is not alone in experiencing some inconvenience on account of over-banking, as the same situation has been felt here in the United States, where the freedom of banking is perhaps greater than elsewhere. The champions of practically unrestricted banking—unrestricted at least so far as relates to the number of banks—are fond of pointing out that it remains to be shown that fewer institutions would necessarily spell greater safety. It is contended, and not altogether without reason, that the strength of a bank is not necessarily proportionate to its size. But, granting the correctness of this claim, the existence of more banks than the community needs has several defects sure to lead in the course of time to unfavorable results. The tendency is for the superfluous banks to take on business and risks that the other banks would decline, and there is the further objection in lessened profits where there is an excess of banking competition. In reply to this it will be pointed out that our more than 20,000 banks have upon the whole done very well; and this is true, though at present there is pretty plain evidence that both the banks and the country would be better off by a more careful scrutiny of the banking business and a reduction in numbers. If banking amalgamation is a wise policy for Japan, it is much more so for the United States.

THE CAUSES OF SOCIAL UNREST

WHY are people discontented? Attempts to answer this question are made by the Very Rev. W. R. Inge, Dean of St. Paul's, in an article in a recent number of the *London Evening Standard*. He says:

"It is not easy to determine accurately the causes of social unrest. One thing, however, is certain—it is not caused by bad material conditions. There never has been a time in history when comforts and opportunities for recreation were so widely diffused as they are now. The notion that revolutions are caused by misery receives no countenance from impartial history; misery is invented by partial historians to account for the revolution. Discontent is chiefly the result of obscure psychical causes, like unhappiness in the individual. The remedy, if there is a remedy, must be some kind of mind-cure or conversion."

Perhaps this is the remedy which a clergyman would be expected to prescribe. Carried to its conclusion, it implies satisfaction with your lot, whatever it may be.

It is a possible explanation for the growth of discontent coupled with a multiplication of material benefits, that material comforts the more they are enjoyed the greater is the demand for an addition to their number and a diversity in their character. Poor children are doubtless happier with a single rag-doll than are the children of the rich with their many costly toys.

Many good people are pinning their faith to the multiplication of material benefits as a means of reducing discontent. They are evidently in for disappointment. But may they not find some consolation in the thought that discontent is man's natural state, and the social unrest, which the "gloomy dean" laments, the inevitable sign of progress?



INTERNATIONAL NEWSREEL PHOTO

Wall street, New York, in the days of gas street lamps and telephone poles. Practically all of the buildings shown in this photograph have disappeared along with the lamps and the poles.

Dean Inge, thus reads the epitaph of democracy:

"Without bringing any accusation against any class in the community, it is becoming plain that democracy has done its work, that it is a most wasteful and unstable form of government, and that, in short, it is a luxury which we can no longer afford."

He refers, of course, to England, whose Parliament, so closely dependent upon public will, represents an approximation to democracy. This form of government has not failed in the United States, because it has not been tried—a republic and democracy representing diametrically opposing ideas of government.

INTERNATIONAL ILLUSIONS

FRESH impetus to the hopes of peace has been given by the enthusiastic greetings of the French people to Colonel Lindbergh on the completion of his lone trans-Atlantic flight, and by the proposals of M. Briand for a perpetual pact of peace between America and France. The enthusiasm displayed by the people of France over Lindbergh's great achievement is a source of deep gratification to the people of America. It emphasizes the fact that not only does all the world love a lover, but holds equally dear one who displays the fine qualities of sportsmanship and heroism embodied in this inspiring act. No one could possibly wish to detract from the merits of this splendid achievement nor to minimize in the least the significance of the wonderful reception given to the air hero by the French people. A friendlier atmosphere has been created which should help in creating a better understanding between France and America.

It has been proposed of late to signalize this better feeling by a perpetual treaty to be entered into by the two countries outlawing war between them. This proposal emanates from M. Briand, the distinguished French Foreign Minis-

ter, and is therefore worthy of the serious consideration given to it in this country. The two countries can set the world a good example by solemnly proclaiming that, as far as they are concerned, war is forever to be set aside as a means of settling controversies. Undoubtedly, this decision accords with the American public opinion, and one may hope the French people entertain the same views.

With not the slightest intention of discrediting the importance of the foregoing manifestations of increased friendship between America and France, and with the most earnest hope that this spirit may find solid manifestation, one cannot fail to note that any present difficulty that may exist between the two countries remains untouched. The aerial voyage of Colonel Lindbergh and the flight of imagination by M. Briand leave the troublesome debt question exactly where it was. True, these manifestations may engender a feeling that will help in resolving the difficulty in the light of a better understanding on both sides. And this is worth much. But the question can be settled only by great concession on one side or the other, perhaps on both sides. France looks for a cancellation of the debt; the United States expects payment. Here is a wide gulf, not bridged by Lindbergh's flight across the Atlantic nor by Briand's excursion into the realms of political fancy. And the deeds of nations count more than sentiment. We are in danger, in these days, of being too much charmed by fine words. The solemn international compacts themselves become objects of derision when not matched by corresponding acts. Events tending to create an atmosphere of tolerance and kindness are to be welcomed, but they never can be accepted as substitutes for the practice of international justice. Let us hail with gratitude every manifestation of international good will between this country and France and with all other countries; but let us not forget that the soundest basis for peace and good will must rest upon just actions by ourselves as well as other nations.



ROTATION OF MATURITIES IN THE BANK'S BOND ACCOUNT

BY JOHN J. ENGLISH

The author of the following article sets forth a definite investment plan through the application of which the bank's bond account may be kept liquid. Mr. English is vice-president of William R. Compton Company and chairman of the municipal securities committee of the Investments Bankers Association of America.

THE primary function of a bank is to meet the usual and extraordinary credit requirements of the community it serves, and its investment structure should be built with this purpose constantly in mind.

The existence of Federal Reserve discount facilities together with Liberty bonds, both mediums contributing the highest degree of convertibility, make it possible for banking institutions to employ a larger proportion of their surplus funds in securities not ordinarily considered in the readily marketable class.

It would be unwise to attempt to outline a complete investment program for any institution since this could not be done intelligently without an intimate knowledge of each special situation. It is my purpose to propose a plan which the experience of many, covering an extended period, has shown to be sound and satisfactory. This particular scheme contemplates the creation of a fund to be invested in municipal bonds maturing in equal amounts in from one to five years. Assuming this fund to be \$100,000, \$20,000 would be invested in bonds maturing in 1928 and the same amount in each succeeding year. When the bonds due in 1928 mature, the proceeds may be temporarily used to meet existing demands and when again available, should be reinvested in securities due 1933, and each succeeding maturity can be handled in the same manner.

Practically all banking institutions can gauge in a fairly accurate manner their

seasonal requirements and on the program recommended, maturity dates may be regulated so that the money will be on hand for such special purposes.

HOW THE PLAN OPERATES

Municipal bonds are suggested because, when properly selected, they possess a high degree of safety and are available in larger amounts in serial form than any other class of security. Although the interest rate is usually low, this is an absolutely net return since the income from issues of this type is fully exempt from the 13½ per cent. Government tax on corporation profits. Printed tables are available showing a comparison of yields between taxable and tax exempt securities. For instance, a yield of 4.32½ per cent. on municipals is equivalent to a 5 per cent. return on a security the income from which is subject to taxation. Taking this and the safety factor into consideration, it is apparent the ordinary banking institution can afford to invest a proper proportion of surplus funds in municipal bonds provided it is done on a basis similar to the one suggested above where, through rotation of maturities over a short period, a satisfactory degree of convertibility is brought about. The large number of banks now employing this system has created a wide market for bonds of this kind maturing within five years with the result an entire investment account of this nature can be liquidated on short notice without

any great sacrifice. In other words, the program combines the desirable feature of marketability with maximum protection against heavy depreciation in value in the event liquidation becomes necessary.

Many banks, especially those with substantial holdings of Liberty bonds and other Government obligations, reach a point in their investment program where tax exemption ceases to be of value. For such institutions, taxable securities offer a more profitable field of investment and careful selections from equipment trust, corporation, public utility and real estate bonds may be made within the prescribed maturity limits and still carry out the principles of the revolving fund plan outlined and recommended.

On all fixed income securities, a fluctuation in price merely represents a dif-

ference in the basis return and a short maturity is the best known protection against heavy depreciation in market value. For instance, a bond account maturing in equal instalments in from one to five years is said to have a three-year average. A decline of $\frac{1}{4}$ of 1 per cent. in the interest return on a three-year bond amounts only to 62/100 of 1 per cent. in price, whereas the same difference on a twenty-year bond would be $3\frac{1}{2}$ per cent.

It is not my intention to suggest any definite standards to govern the selection of securities for the purpose in question except to urge care and conservatism in this particular respect. The plan itself I am certain is sound, but its success depends solely upon the type of investments used to put it into operation.

CHARACTERISTICS OF BOND MARKET

THE outstanding characteristics of the bond market during the last three months have been "a continuation of the unprecedented peace-time emission of new securities, and a sustained demand from individual and institutional investors, only the latter factor making possible the maintenance of prices at approximately the high post-war levels in the face of the large volume of new offerings. Recently there has developed a slight reaction due to oversaturation of the market, but this appears to be only temporary and likely to be cured by a better balancing between supply and demand, which latter continues large."

In this way Halsey, Stuart & Co., Inc., in its *Quarterly Bond Review*, sums up the situation in the bond market during the last three months. The review sees in the calling of the Second Liberty Loans another evidence that interest rates will remain low, saying: "The Government's recent action in refunding all Second Liberty 4s and Second Converted

4 $\frac{1}{4}$ s with a new long-term issue bearing only $3\frac{3}{8}$ per cent. gives added confirmation to the belief that interest rates will remain low over a considerable period."

In referring to industrial issues, the review points out how the new stability in industry has added to the merits of industrial issues, saying: "Industrial operation in the United States has taken on new aspects in recent years. There has been a growing tendency toward large-scale units, thus providing greater financial resources, more able administration, more efficient methods, and increasing attention to scientific research. Production has increased, and costs decreased. Demand has become more stabilized through higher purchasing power on the part of the masses, more liberal extension of credit, more scientific advertising, and the creation of new markets. . . . Well-chosen industrial bonds, in consequence, are far more attractive from a security viewpoint than ever before—a fact, which in our opinion is not fully reflected in their existing price levels."



THE FINANCIAL RELATIONSHIP BETWEEN BANKS AND BUILDING AND LOAN ASSO- CIATIONS IN PENNSYLVANIA

BY SAMUEL MCK. PERRY

IN the following article an effort has been made to set forth the actual results of research bearing on the financial relationship between commercial banks and building and loan associations in the State of Pennsylvania. The various problems affecting this credit relationship as well as the resultant benefits to the parties involved are discussed, facts ascertained as result of research stated and conclusions drawn in accordance with the findings.

With reference to the accumulation of facts covering the stated problems, it is obvious that a large portion of the treatise must be based on statement of facts and opinions relative thereto, obtained personally from the participants in the borrowing transaction, i. e., responsible officers of banks and associations.

In this respect, the writer wishes to express his sincere appreciation to the various banking and association officials who not only in certain instances granted access to their respective records, but who also, verbally and in writing, expressed valuable opinions on many phases of the subject, which has made possible the present treatment of the problems under consideration.

Generally speaking, the operations of the commercial bank are well understood. After organization, chartering and operating policies are established, the bank proceeds, through its various departments, to obtain deposit accounts, grant loans, discount notes, purchase securities, establish trust and title departments, rent safe deposit vaults; in effect we have the commercial bank of today

lending its financial facilities (for profit) into every trade avenue in which it may legally and profitably function. As one of its various avenues of profit—a small one to be sure—we find that the banks make loans to building and loan associations.

Due to the fact that the operation of the building and loan association is attended with certain peculiarities which are not noted in the functioning of other private corporations, it is deemed wise to explain briefly, the operations, functions and purposes of the building association.

Joseph H. Sundheim in the second edition of his volume "Law of Building and Loan Associations" published in 1922 renders this very adequate definition:

"A building and loan association is a private corporation for profit. The members or shareholders contract to pay certain fixed sums at stated periods, which sums are invested by the association by loaning or advancing the funds so accumulated to its members at interest and, sometimes with a premium for the use of the money in the purchase of real estate, or other lawful purpose or business, until the funds so accumulated, in any given series, together with all profits, reach a certain fixed value per share, when the stock is matured and the funds are divided among the shareholders in proportion to the number of shares held by each."

THE FUNCTIONS AND PURPOSES OF THE ASSOCIATION

The term—building and loan association—expresses in its title a descriptive

expression as to the general operations of the said association. When a sufficient capital is obtained through monthly payments of its stockholders, it is the true purpose of the association to loan its members amounts of money to be used as a part of the purchase price of a homestead. While the large proportion of association capital is so employed being secured in most instances by second mortgages held by the association, it is also possible for the association to make loans on assignment of stock of the association held by the member making loan, which practice is known as a stock loan. Pennsylvania associations are rather unique in that the bulk of loans granted are "second mortgage loans" this practice being referred to, throughout the country as the Philadelphia Plan. This plan is very often referred to, in unfavorable terms, by banking departments of other states, who in some instances compare the Pennsylvania associations as merely second mortgage companies. While the Philadelphia Plan cannot be said to be free from security defect, yet by enabling the prospective home purchaser to borrow from the building and loan association, a second mortgage on the home being held by the association as collateral, it eliminates the necessity of the purchaser being compelled to pay exorbitant interest rates exacted by numerous second mortgage companies which range as high as 15 per cent. in the same states whose banking departments comment so negatively on the policy approved by the State of Pennsylvania, in which latter state only in rare instances are second mortgage borrowers compelled to pay, including premium, more than 8 per cent.

FINANCIAL IMPORTANCE OF ASSOCIATIONS

The popularity and importance of association shares can be attested by stating that in 1921 in the United States there were over 8500 associations with an approximate membership of 5,000,000. At that date Pennsylvania's apportionment

was far in the advance with 2785 associations, over 1,000,000 membership and assets of approximately \$500,000,000. Ohio, the second largest association state, had 775 associations, membership of 950,000 and total assets of \$462,790,000. This comparison is misleading, however, as in the State of Ohio, the associations are permitted to accept deposits in the same manner as banking institutions. New Jersey, the third largest association state, had 939 associations with memberships of 426,264 with assets totalling \$238,900,000.

It will be well, before approaching a discussion of the actual borrowing procedure to recognize, as the banker who makes the loan to the association must also note, that while the building and loan association is a private corporation for profit, yet this association is surrounded by certain individual features not discernable in other corporations with whom, in the usual course of business he (the banker) comes in contact.

The courts in some instances have ruled that these associations are, in fact and in law, a partnership with corporate rights, in which every stockholder is a member. Therefore being so considered, not all the law applicable to ordinary corporations is applicable to building and loan associations. The courts appear, in rendering decisions affecting these organizations, to place a special protective cloak about the shoulders of the association and it seems to be the consensus of banking opinion that should it be necessary for the bank to take legal action toward establishing particular rights, that the courts might readily consider such cases in an attitude leaning over backward in favor of the association.

The peculiar manner in which association stock is paid for in monthly instalments instead of in full at date of issuance or shortly after subscription, is another feature that bears reference. Much legislation has been passed in the various states for their especial benefit, such as exemption from taxation as well as giving them the right to charge in-

terest above the legal rate which is accomplished through the use of premiums for borrowed capital.

While a comprehensive knowledge of corporation law would be necessary to fully treat of the building and loan association's corporate rights, yet as much as has been stated herein should enable the reader to appreciate the position of the banker, who when he loans to the association, must be aware of the protective influences cited.

THE NEED FOR ADDITIONAL CAPITAL

The association in conducting its business very often finds itself in the position of having more applicants for loans than its financial resources will enable to it satisfy; and in the same manner as would any other corporation organized for profit, it will endeavor to borrow additional capital with which to meet the demand for its loan facilities. As a result of this situation we find that the association goes to the bank for the additional capital. Very often, also, an association which has a given series of stock maturing, will, to meet the large cash outlay, borrow from the bank an amount sufficient to meet its maturities.

The association expects, of course, to emerge, as a result of the borrowing transaction about to be consummated, profitably. In effect, therefore, whatever borrowed capital which the association secures and loans to its applicants, must bring into the association's coffers a greater amount (in this instance the sum of interest and premium charged) than it will be compelled to pay the bank for the use of the money.

As the use of the premium is really responsible for the banking (borrowing) relationship about to be entered into, it is well to understand the exact light in which the premium is viewed. The Comptroller of the Currency, Washington, D. C. in his Department's booklet captioned "Banking and Building Association Laws" thus describes the use of the premium:

"Sec. 692—The moneys accumulated from time to time shall be offered to such shareholder or shareholders as shall bid the highest premium for preference or priority of right to an advancement of the ultimate value of one or more of his or their respective shares. The said premium shall consist of a percentage of the amount of the advance and shall be deemed to be a consideration or bonus paid by the shareholder for the present and immediate use and possession of the future or ultimate value of the share so advanced."

DEFINING MANNER OF ASSESSING PREMIUMS

The various states have through legislation enacted, defined the manner in which premiums may be assessed as well as the maximum amounts which may be charged, for the purpose of discount-enancing usurious premium assessments.

The Pennsylvania association, in deciding to make application at a particular bank for loan to meet the mentioned demand which, let us state, is \$10,000, relies on the following expected profit basis:

The cost of the money will be approximately 5.9 per cent. Investigation discloses that most banks charge the associations 5.5 per cent. on the face of the note. However, approximately 10 per cent. of the amount loaned—\$1000—must be left in the account on which the bank will allow its usual checking interest rate, i. e. 2 per cent. Therefore for actual available capital—\$9000—the association pays to the bank \$550 less 2 per cent. interest on \$1000 retained balance (\$20) or \$530 which represents the net cost for the \$9000 available for the association's loan purposes.

The association now loans to its applicants \$9000 on three second mortgages of \$3000 each. A total of forty-five shares are issued which upon maturity equal \$9000 and thus cancel the loan. Interest of 6 per cent. per annum is charged monthly, the respective borrow-

ers paying \$90 monthly into the association fund, \$45 of which represents the 6 per cent. interest charge. The total interest received is \$540 or merely \$10 above the cost of the association's borrowed money.

It is well to recognize, in passing, that were the associations not allowed to assess added charges (premiums) which raise the profit rate above the statutory rate of 6 per cent., borrowing from the banks would be decidedly impracticable.

The association will receive premiums on the forty-five shares of stock issued, of 25 cents per share payable monthly. Therefore the association's profit on the borrowed money is increased by \$11.25 monthly or yearly total in amount of \$135.

By Act of June 25, 1895 P. L. 303 the Pennsylvania Legislature gave to building and loan associations "the right, when a series of stock has matured, or when applications for loans by the stockholders thereof shall exceed the accumulations in the treasury, to make temporary loans of such sum or sums of money, to meet such demands, not exceeding in the aggregate of such loan at any one time 25 per centum of the withdrawal value of the stock issued by said association, at a rate of interest less than 6 per centum, and secure the payment of the same by interest bearing order, note or bond as collateral."

THE ATTITUDE OF THE BANKS

Up to this point we have considered the subject almost wholly from the standpoint of the association. We have literally brought the official representative of the association to the desk of the banker who must consider the loan application. Investigation discloses that the banker in deciding to grant the loan to the association has in mind, not merely the direct profit to his bank due to the interest on the note covering the loan, but also the collateral advantages which may be obtained through the business relationship thus established. As a matter of fact,

while the view about to be expressed was not unanimous on the part of bank presidents interviewed, yet the general opinion of bankers as to the direct bearing of the loan account may be summed up in the following excerpts from communications received from the banking officials referred to:

"Loans to associations are not in themselves particularly advantageous to the bank, as a great many borrowers are rather steady in their demands and their bank balances are naturally rather low, due to the pressure of having their funds invested as closely as possible. There are, however, collateral advantages in the building and loan business, such as the title insurance fees, etc."

The similarity of views may be noted in the following excerpt:

"Usually the account of a building and loan association is not advantageous to the bank and is not really a profitable one from the bank's standpoint. Many banks feel that building and loan associations are of such value that it is their duty to take care of them to a reasonable extent, but a building and loan association properly run cannot afford to keep a bank balance of any size, and they are compelled by law to borrow at a rate less than 6 per cent. There is, however, sometimes a value in the relationship that might be brought about through the men actively engaged in the running of the building association."

VIEWING LOAN FROM DIRECT LOAN STANDPOINT

The viewpoint quoted in the preceding paragraphs represented generally the attitude which the banking officials took toward extending loans to the association. However inquiry developed in some cases, that association loans were looked upon very favorably even from a direct loan standpoint, eliminating any associate advantages. Further investigation in these minority cases developed the fact that such banks made it a rule to insist upon the association carrying;

balances that warranted the bank extending credit. In this connection, the expressed opinion of L. A. Lewis, president of the Broad Street National Bank, of Philadelphia, is interesting. Mr. Lewis goes on to state:

"Profits to the bank carrying such accounts vary considerably. We try to encourage our associations to carry balances that will warrant the bank extending credit and we base our interest charges accordingly. We have a number of associations that carry balances equal to 20 per cent. of their loans, and in such cases, we charge them 5 per cent. interest. If the balance drops to an average of 10 per cent. of the loans we charge 5½ per cent. interest. If it drops below this average we graduate the interest accordingly, and if the association is perpetually low in bal-

ance we ask to have the account closed out. A national bank cannot make any money from the association except by the interest collected from them and the use of funds they leave on deposit. A trust company makes money on the title insurance and usually is not so strict in regard to balances carried."

That the profit basis on the loan as far as the bank is concerned depends on the balance carried in the loan account if also attested by the following opinion received from the president of one of Philadelphia's largest trust companies who states—"The account of a building and loan association is as profitable to a bank as any other account, if sufficient balance is kept in the bank to make it so."

(To be concluded in the August number.)

BANKING OPINION ON BUSINESS

INSTEAD of only a few sections with less business, the bank reviews on June 1 were almost unanimous in reporting seasonal declines. Only the Fifth (Richmond) and the Eleventh (Dallas) Federal Reserve districts are exceptions.

"There has been a marked recession in New England industry," writes the Federal Reserve Bank of Boston, on June 1. "Cotton consumption decreased considerably. . . . Wool consumption also showed a marked decline. . . . The shoe industry of New England was not as active in April as in March."

"May trading on the New York Stock Exchange," says the June 11 letter of the National Park Bank, New York, "showed the heaviest dealings in stocks ever reported in that month. . . . A new high record for monthly bond offerings was also made last month."

According to the letter of the Philadelphia Federal Reserve Bank for June 1 "operations of factories in that district showed a decline of more than 2 per cent. in April. . . . A quiet market

exists for iron and steel products. . . . The textile industries are only moderately active. . . ."

Profits in the Cleveland Federal Reserve district have been declining, says that bank's letter for June 1: "Of thirty-four large manufacturers, twenty-four report this condition, and it appears to be especially true in the clothing, shoe, and lumber industries. . . ."

A conspicuous exception to this condition exists in the Richmond Federal Reserve district, where the bank on May 31 reported that business "was relatively better in April than in March. . . . Business failures were fewer. . . . Retail trade was in larger volume. . . . Textile mills are operating full time, and have more forward orders than for many months."

The review of the Federal Reserve Bank of Atlanta for May 31, on the contrary, says that "agricultural conditions in the district are not so favorable as they were a month or two ago. . . . Production of cotton cloth and yarn in

April was smaller than in March, but greater than in April of last year."

"Planting operations," says the June 1 letter of the Federal Reserve Bank of Chicago, "are slightly in advance of last spring. . . . April receipts at stock yards, and output of meat packing companies showed recessions. . . . Industrial employment continued to register declines. . . . April statistics on distribution at wholesale tend to indicate contraction in sales."

The Federal Reserve Bank of St. Louis, in its May 31 letter, also reports that business has developed "declining tendencies" due chiefly to the Mississippi river flood. "Activities at the large industrial centers exhibited more unevenness and irregularity than in a number of months."

In Minneapolis, the Federal Reserve Bank reported, on May 31, that "moisture conditions at the beginning of the crop season are much better than a year ago" but "seeding was from one to three weeks late."

Despite the fact that "excessive rains and floods . . . have had an adverse ef-

fect on growing crops," the Federal Reserve Bank of Dallas found, on June 1, that "business generally has been well sustained under existing circumstances, and optimism is becoming more general.

The monthly summary of conditions on the Pacific coast, by the June 1 letter of the First National Bank of Los Angeles, is as follows: "Trade and industry were maintained in good volume during May. . . . Preliminary reports of trading at retail and wholesale show a moderate seasonal decrease from last month, but a good gain over a year ago. Industrial output remained at the levels of recent months. . . . The outlook is promising for a successful agricultural season."

"All in all," says the business bulletin of the Cleveland Trust Company for June 15, "the current developments of business continue to be those of large volume of production, transportation and trade, stability of conditions, and keenness of competition. . . . It seems likely that substantially these same conditions will maintain for some months to come."

LIBERTY BOND EXCHANGE FOR NOTES TAXABLE

THE exchange of Liberty Bonds for Treasury Notes in accordance with the recent Treasury Department announcement is a taxable transaction giving rise to gain or loss under a ruling that has just been issued by the Income Tax Department, according to M. L. Seidman, tax expert of Seidman & Seidman, certified public accountants.

"Many people were under the impression," Mr. Seidman explained, "that because both bonds were tax-exempt securities, the exchange would be a non-taxable one. However, the Department holds that the law makes no provision to that effect, and hence the transaction is to be regarded as an ordinary exchange of a bond for a bond. Accordingly, gain or loss is to be computed based on

the value of the Treasury Notes at the time of the exchange and the cost of the Liberty Bonds.

"In the same ruling the Department also holds," Mr. Seidman added, "that the fact that there is a duplication of the interest involved does not deprive the interest of its tax-exempt character, or in any way affect the profit on the principal. Interest was paid by the Government for the period extending up to May 15, while the Treasury Notes bear interest from March 15. It was thought in some circles that the overlapping of interest for the two-month period would make some of the interest taxable, but the ruling settles that point in favor of the taxpayer.



PUTTING TRUST IDEAS INTO INVESTMENT COPY

BY THEODORE TEFFT WELDON

The following article is one of a series which the author is writing for THE BANKERS MAGAZINE. Mr. Weldon was formerly advertising manager of the Northern Trust Company of Chicago, and is now vice-president of a well known Chicago financial advertising concern.

MOST bond advertising may be said to divide itself into three angles: 1. Individual offerings. 2. Recommended lists. 3. Institutional appeal.

The opinion of those who have given their lives successfully to the distribution of bonds and high grade investments, is that the best advertisement for securities is to show your wares. They cleave to the opinion that the quality of merchandise a house offers is the first as well as the final and clinching argument for the character of that house.

The large investor who knows bonds and who is a constant buyer, is interested in studying every offering and every list. He is a seeker for good bonds and no appeal other than the bare and unadorned facts are needed to capture his interest.

The character of the individual offerings and the lists bearing a house's recommendation carry more weight than any other argument to the occasional investor also.

Creating a new market of small investors whose business may later grow to worthwhile proportions is a matter of doubtful worth, as the margin of profit in high class securities is so small that unless these scattering sales can be secured in large volume, they may better be left to the long profit houses.

SELLING THE INSTITUTION

This conclusion, whether or not it appears sound to academic reasoning, is still the experience of those whose success is unquestioned. These same specialists, however, while clinging to the

bare offering and the list as paramount in the advertising and business getting scheme, are still willing to back it up and expend some considerable effort on less direct selling of merchandise, and more direct selling of their institutions.

So we see, mingled with lists of offerings or even incorporated in them, statements of the safety of securities bearing the recommendation of this old concern; the experience with which investments are selected; the extensive analytical and statistical divisions ever investigating, watching, informing; the alert judgment with which each client's holdings are probed for proper diversification; the aid and counsel given to assure a well balanced investment structure.

The purpose of this institutional advertising, of course, is to get the public to take the advertiser at his own estimate of himself. To create an acceptance of the fact that bonds bearing this unqualified recommendation require no further argument in favor of their purchase. To show that his offerings embody safety coupled with the maximum yield compatible with it. To stress the wide range of his offerings and the help afforded in selecting particular issues to best fit the individual need of the client.

And so the theme of the advertising takes up the long record without a loss to any investor, or the offer to review one's holdings and make suggestions for improving the investment position, or the interest felt in individual problems. Again it takes up technical points of bonds selling above call price, of trends in certain industries, of new or contemplated legislation affecting certain classes

of obligations, of foreign situations, of overlapping public debts, etc., with the intention of irrevocably illustrating by inference that a house which knows so much must be a very fine one.

Whether this advertising sways the large bond buyer is doubtful, but if it does, perhaps it must discuss the fine points of the business. Such a discussion is apt to lose the modest buyer with his meager understanding of the subject, and it certainly will pass far over the head of the small man.

HOW CAN A PROPER BALANCE BE MAINTAINED?

The problem then must be to keep the copy down to the level of understanding of the densest area of buyers and at the same time not appear puerile to the sophist whose business, when it comes, comes with so little sales effort and in such worthwhile blocks. If this balance between deep and shallow is not maintained, the advertising may prove a positive deterrent to one or the other of these classes of clients. The question then becomes: Can it be done by talking about securities, or must we talk about the broad problem of investment?

Let us admit, for it is undoubtedly a fact, that the average investor who has a smattering of knowledge on the subject, is as anxious to find an investment banker upon whose judgment and advice he can rely implicitly, as the investment banker is anxious to be discovered. It would solve a problem for this man, give him peace of mind, make his transactions simple and pleasant, and assure the steady growth and development of his accumulations with no disturbing reverses. Something indeed devoutly to be wished.

A trust company in administering the average investor's estate for his loved ones does just such a job for him, only on a still more complete scale. The trust company, to get itself appointed, must sell this man on the same idea on which the bond houses are trying to sell him, only far more so. It must convince him

that it can step into his place, handle every asset he possesses as he wants it handled, invest and reinvest better than he himself could do, liquidate properties that require it, anticipate developments in all his holdings, maintain and continually strengthen a financial structure which will ever improve in safety and will always yield an attractive return.

About the only thing he may not expect of a trustee which he may expect of himself in league with his bond house, is extraordinary return and the appreciation of principal which comes of taking intelligent risks. This endeavor comes, however, after the bond house has his confidence, after it has established in his mind its conservatism, its experience, and its wide knowledge of basic security—usually after having dealt with him for enough time to consider him an old client. Inasmuch as this discussion is one of getting him started as a client, the exception is immaterial.

Let us examine into the trust advertising which sells this man all the bond house offers him and much more, and see if it contains a germ which can be used to dramatize the advertising of the investment banker.

STRESSING SECURITIES MANAGEMENT ABILITY

In a recent advertisement of genuine merit as evidenced by the results obtained, a midwestern trust company covers the point of its ability to manage the securities of dependents as follows:

There are many experienced investors who, during their lifetime, build a well-balanced structure of holdings. Their stocks, bonds and mortgages are effectively diversified, are conservative in character, of sound present day value, and well suited to their individual needs.

• But needs and values change. Industries come and go, money rates vary, real estate prices rise and fall, valuable and conservative assets prove undesirable within a single decade.

Every experienced investor knows this and expects to anticipate it in the future if he lives. But some day the property will in-

evitably pass into other hands. Will they be as expert and vigilant?

It is a question which troubles many a thoughtful husband and father who is building up a competence for himself and family. He can leave property but he cannot leave the experience and judgment necessary to keep it intact unless he can find an executor-trustee as able and vigilant as himself and certain to survive.

Such service is available in this company, etc.

The same theme, applied to the bond business, looks something like this:

There has perhaps never been a time in the history of investment when definite and current information concerning one's holdings was as essential as right now. Not only has the business of financing become infinitely complex thus upsetting many conventional ideas concerning it, but changes in industrial conditions with far reaching effects come about with extreme rapidity.

Even though a man's fundamental notions of investment and of financial security may be absolutely sound and correct, he is rarely in a position to judge whether security A, B or C offers the best purchase.

The advice and opinion of our bond department, whose business is to scrutinize constantly the details of administration and financial management of various undertakings and the facilities which enable it to collect the latest and most trustworthy information are offered you without cost or obligation.

A MESSAGE TO THE BUSINESS MAN

Here is a trust company who sends a message to a business man urging him to afford his loved ones experienced help in the matter of handling investments.

You can bequeath your property but you cannot bequeath your judgment.

Those who look to you for support are, after all, the inspiration of your work and your success. Wife, children, parents—whoever your dependents may be—will be supported in comfort while you live. After that, you hope to leave them enough to maintain that comfort. The property you accumulate during your life will then become theirs.

But how long will this capital last, and what will it accomplish if left in inexperienced hands? That is a question which troubles many thoughtful men. It is difficult to foretell what a wife, a daughter without financial training, a son of immature judgment might do with a large sum of money

The message goes on to indicate the solution through a trust arrangement with the advertiser. And now comes the investment banker with identically the same appeal to that same sort of man, as follows:

SOMEDAY ANOTHER WILL INVEST YOUR MONEY

Most men when they buy bonds have something more in mind than their own welfare. They are building an estate which they hope and expect will outlive them and furnish support and comfort to their dependents later on.

Possibly the best inheritance you can leave your loved ones is a well-balanced structure of good bonds and a connection with the reliable investment house with which you have long dealt and learned to rely upon implicitly.

Thus your heirs, if they be inexperienced in finance, will see by your example the kind of investments you would select if you were here, and the house to which you would go for advice and assistance. It may be a priceless protection to them.

A trust company, realizing that persons not skilled in investment matters will look for help and perhaps get bad advice, uses the following clause in one of its advertisements:

Your daughter's portion of your estate will undoubtedly be managed for her by someone, and in all probability a trustee selected by you will manage it more carefully, impartially and with greater safety than the person she may select.

PARALLELING THE TRUSTEESHIP IDEA

A bond house parallels it by captioning one of its advertisements:

You Must Rely upon Someone For Your Knowledge of the Safety of Your Bonds.

Again a trust advertisement points out that management as well as money are needed to form the combination resulting in permanent and continued income. It commences as follows:

Dependent heirs need something more than money, indispensable as that is, to take your place. To guide and protect them against the hardships of life, they need a seasoned financial adviser, an expert manager, one who is able and sympathetic.

A bond advertisement along the same lines says:

It may be all right to put your bonds away and forget them if you are sure someone is keeping in touch. Bonds are the safest form of investment but they differ in desirability, are influenced by economic conditions.

It is important to have them reviewed and analyzed about once a year. Few investors have the time, experience or facilities to do this work themselves. Most people must depend upon some outside source of reliable information.

TALKING INHERITANCE TAXES

In the matter of inheritance taxes the trust companies have created much interest paving the way to appointments. One very successful advertisement is quoted below:

It may come as a surprise to you to learn that although you may live in this state, at the time of your death your estate may be heavily taxed by a number of other states even though you own no real property in them or have never so much as set foot in them.

Although many estates are subject to serious shrinkage because of these taxes, the greater difficulty lies usually in the extremely complicated process of determining what the tax is and attending properly to the filing of returns, securing of waivers, payment of taxes, and the ultimate transfer of title—a procedure which must be gone through in perhaps many states whether there is a tax due or not.

Copy goes on to show that there is no simple code of rules available for guidance in any given case and that the matter requires experienced training quite beyond the resources of the average well-informed business man. It then speaks of the familiarity of the bank with all the details of the problem and invites a conference in which the reader's individual situation may be discussed.

A bond department handles the situation as follows:

Local legislation by the various states during the last few years has created a situation under which a man's estate, already taxed by the Federal Government and his state of residence, may suffer from additional inheritance taxation levied by other states in which he

owns no real property and has never so much as set foot on.

It has, therefore, become of immediate importance for every investor to consider his holdings from this point of view, as usually he can save his heirs a substantial amount of inheritance tax expense and complications by a slight revision of his investments.

(Booklet on the subject is then offered.)

TRUST APPEAL WINS CONFIDENCE

There is no appeal a financial house can make to its public as productive of confidence as the trust appeal. To sell the services of stewardship for all the property of loved ones and to place the well-being of a wife, a daughter, a person nearest a man's heart, in the hands of a corporation requires the upbuilding of a sentiment of deep trust and unquestioned ability so far above the average business appeal that it stands quite alone.

Yet the trust companies are building such a public acceptance of themselves—not by advertising alone, it is true, but by advertising backed by principles and practice which fulfill the obligation the advertising promises. Therefore, there may be merit and profit in studying this trust theme and in seeing where it can be used to do for the bond business what it is so admirably doing for the trust business.

It is of course obvious that although both the bond business and the trust business are primarily concerned with the problems of investment, they rest upon very different foundations. The bond house has securities for sale, while the trustee has for sale not securities but his ability to choose them wisely. The element of self-interest is not at all parallel in the two cases.

It is by no means suggested that the investment banker adopt the trustee's advertising viewpoint. The thought is, rather, that the trustee has hit upon certain points of vital sales value in depicting a phase of his service which in reality is better performed but less emphatically expressed by his bond department.



SELECTING A MANAGER FOR THE SAFE DEPOSIT DEPARTMENT

By L. E. THOMAN

This is the fourth of a series of articles now running in *THE BANKERS MAGAZINE* on various phases of the safe deposit business. The author is manager of the safe deposit department of the Hibernia Bank and Trust Company of New Orleans, and is president of the Louisiana Safe Deposit Association.

THE manager of the safe deposit vault should be carefully selected and preferably a man who has had considerable banking experience, one well known in his community and a man of unquestioned honesty and ability. He should have executive ability and the ability to inspire implicit confidence in his clients. He should possess sufficient tact and judgment to be able to soothe the anxious and disturbed customer. No man should be at the head of this department whose conduct on the outside may be questioned. He should be a close student of human nature and thoroughly posted on current affairs. His advice is frequently sought by the widow and the man in financial difficulties. He must frequently listen to family troubles and advise and console those consulting him.

Were the managers of many of our large vaults to repeat all the stores they have heard of trials and family troubles, differences between husband and wife, mother and sons, what stories they would be! The safe deposit manager must patiently listen, sympathize, advise, counsel, having in mind always one thing, neither to involve nor compromise his institution. He is frequently the arbiter between warring factions of a family, or those among whom a settlement is being affected in closing out an estate. He should be a man of exemplary character, whose past life is an open book. He should have the full confidence of the officials of his institution and its directors and his judgment should not be stifled by useless restrictions put upon him. He

should be absolutely free to act in any emergency, and one whose good judgment may be relied upon. If he does not measure up to this standard, he should be removed. The manager should be a man of mature years, a family man, and preferably a home owner. He should be surrounded in his leisure moments by peace and contentment, in order to fit him for his duties of tomorrow.

If connected with a bank, the manager of this department, by his tactful business qualities, may secure for the bank many valuable accounts, for the trust department many a valuable estate or succession, and for its bond department many an investor. These departments may also direct many a good customer to the safe deposit vault by a little tact and judgment. The safe deposit manager should also be provided with a good understudy, capable of carrying out his line of management. He should have the privilege of selecting the employes for his department, as he must place great confidence in them and they should be fully subject to him, as he is responsible for their acts.

SELECTING THE EMPLOYES

The employes of this department should be carefully selected. The old idea that the safe deposit vault is a good place for the aged and infirm is a thing of the past. Banks for some time carried out this idea by placing in this department men too old to do any other kind of work, or those crippled or infirm.

The business of the modern vault must be handled so rapidly and carefully that it cannot be done with this class of help.

No employe should be accepted in this department purely through influence or because of his relationship with some officer or director. He should be free from such influence if he is to be a good vault man. One taken in under such conditions is usually aware of this influence and will soon resent the restrictions put upon him and destroy the decorum that should be maintained, and it will be only a short time before he will affect the attitude of others in the department. The family life of employes, home surroundings, associates, thrift or extravagance, should be carefully investigated before their employment and during their time of service. Any employe not measuring up to the highest standards should be immediately removed. Employes should be neat in appearance, pleasant in manner and reserved in their conversation with the customer, and should be well drilled in politeness and the desire to serve, without, however, prying into the customer's private affairs. Above all, of course, they should be thoroughly honest, especially those who enter the coupon rooms, as many thousands of dollars are found in these rooms each year.

LOST ARTICLES

Articles of value found in the booths should be immediately turned over to the manager by the employe, with a memorandum of the finder, number of booth in which found, time found and description of article. The manager should take immediate steps to locate the owner and after proper identification return his property to him. Many persons are careless and leave things behind them, and there are others who, though scrupulously careful in some things, absent mindedly leave their most valuable possessions on the table and walk away.

Politeness and consideration by employes should be demanded: respect for authority exacted, courtesy and prompt

service to the customer required. Firmness and adherence to the rules of the department should be exacted from every employe, for the bank's protection, otherwise their dereliction may involve the department in serious loss. No employe should be permitted to break the rules at his convenience, but should be obliged to submit matters calling for a departure from customary procedure to the head of the department. In this way the bank's interests will be protected and the customer's friendship retained.

THE STORAGE VAULT

In conjunction with the safe deposit vault there is frequently a storage vault where large and bulky packages are stored, such as trunks, boxes, cases, silverware, fine china, glassware, valuable instruments, oil paintings, rugs, furs, and what not. The charge made for this service is based on the size of the package or cubic foot space. Sometimes a value is placed upon the package and an additional charge made on that basis. Packages are handled here with care and kept clean. Many packages have been kept in vaults for years and the contents delivered uninjured to the owner after this length of time.

In some places a cold storage vault is also operated for the storage of furs, rugs, etc., and charges based on the size of package and value. Good porter service in these vaults is essential.

The staff of employes is not complete without a good gateman. He should be a settled man, of good appearance, well uniformed and clothed with police power. He is the first one to meet the customer and if the latter is not politely admitted he enters with something of a grouch. The gateman should be a man who remembers faces easily and, preferably, names of clients, and who is not afraid to perform his duty where necessary.

In a large department and especially where there are several aisles to be watched there should be one man de-

tailed as an officer. This man should have charge of the booths for examination after they have been used by the customer, and he should protect the customers while moving from the vault to the booth, or vice versa. He, too, should be a trustworthy employe, for he would have many opportunities for dishonesty, if so inclined.

Let us now take up the prospective customer and treat with him first as a prospect and then as a full-fledged customer. The prospect usually visits the vault to see for himself, before he begins doing business with the department what it is like. If he meets with a good reception, is shown all the facilities of the department with proper courtesy and has decided on what size box he needs he is usually brought to the point of signing on the dotted line.

During all these preliminaries the clear-sighted manager has an opportunity to size up his prospect and sometimes discovers that he is undesirable as a client and that the department would rather not have his business. Here he must exercise judgment and once he has decided to refuse to rent to his prospect, he must stick to his refusal and though firm in his decision, be pleasant and courteous, and give the prospect the impression that his reasons were sound.

If the prospect is a good one, has agreed on the size of the box he wants, and has deposited his papers in the box, he is escorted to the office, asked to sign the form used by the department, keys are delivered to him, and the proper means of identification for future use taken. If possible, the new customer should be introduced to those in the department with whom he will come most in contact and it is often good practice to make him known to the gateman, as this will facilitate his next visit.

HANDLING THE CUSTOMER

There are various ways of handling the customer. In some vaults, especially the smaller ones, where one man does

almost everything, he usually knows all the customers by name and, after a little experience, and through seeing the same faces and writing his name upon his records, he frequently learns not only the name but the number of the box of most of his customers. As the client enters, his keys are taken by the man in charge, the number of box to which access is requested is noted, and the custodian has no more to do than get out the box and hand it to the customer. The vaults should not be opened except in the presence of the customer, who should accompany the custodian inside the vault. Having taken his box, the new customer is then shown to the coupon room, lights and fans turned on, whereupon the custodian should at once retire, leaving the customer in privacy. The customer's name should be entered on the visit book, showing the date, name of party using the box, number of vault opened, time he entered, booth occupied. The keys should not at any time be left in the lock, neither should his vault door be left open. It should be locked and the keys given back to the customer, as the bank should not at any time hold the renter's key.

Having completed his business, the customer leaves the booth, bringing with him his box and keys. The custodian then reopens the vault and deposits his box therein, and the customer should re-enter the vault and see that his box is safely put away and in the right compartment. After he has left, the booth occupied by him should be examined immediately and cleared of any papers or envelopes. These should be carefully examined before being thrown away. Should there be anything left on the table, a note should be made of the article, time found and booth number and the customer immediately sent for, the property identified and his receipt taken for it.

In some of the larger vaults, one man is assigned the responsibility of identifying every customer as he enters and furnishes him with a slip, upon which is

written his name and the number of his box. This slip is handed by the customer to the vault men, who open his box and return him his keys. The attendant serving him initials the slip and writes or stamps the time used upon it. The hall man then takes care of the customer, places him in a booth and takes the number of box and booth. The slips taken up by the attendant are filed numerically and put away in packages filed by date, after the numbers shown on them are stamped on correspondingly stamped cards in the file.

In some vaults the custom still prevails of having the customer sign a slip when he enters, placing on the slip his box number. This slip is taken up by the attendant and the number and signature verified, and these are filed. This system, however, is somewhat slow in operation and where many customers are to be handled causes much delay to the busy man and frequent caller. In one of the largest vaults a machine is now in use, operated by the man charged with the identification of the customer. This machine resembles the cash register, the keys of which are used to give the date, number of box, initials of operator and time. One turn of the handle turns out a printed slip bearing the customer's name. This slip is handed the customer, the duplicate remaining in the machine. The attendant in such case has nothing else to do but examine the number shown on the ticket, which should correspond to the number of the key presented, and his responsibility is ended. These tickets are filed by number and packed in bundles, these latter being filed by date.

GIVING ACCESS TO BOXES

No person, whether he be owner or deputy, should be served or given access to any box until it has been positively ascertained that he or she has the right of access to that particular number. Here is where the greatest responsibility rests upon the department. The question of

actual access to a box, should there be any doubt, should be submitted to the manager before the customer is served, not afterwards. Care should be taken by those responsible, to see that the customer has the right of access to the box the key of which he presents, and it should not be taken for granted that because the customer is known he may use any key he presents.

There are firms and corporations which have more than one box. Those having access to one may not have access to the other. In a case where more than one person should be present, care must be taken to have the records clear on this point. A copy of the resolution adopted by the organization or corporation and certified to by the proper officer should be filed and proper notation made on the records showing the names of those to be admitted. A marker of some sort should also be inserted in the lock showing that there are some restrictions placed on that particular number.

Should an individual, joint owners, or firm wish some other person beside themselves to have access to their box, the necessary deputy or power of attorney, which applies only to the box number shown on such cards, should be filled out on the form used by the department and kept in the files until the box in question is surrendered or this deputy slip revoked by the parties making it. This slip may be cancelled or removed at any time. Informal written orders should not be accepted except in unusual cases, and in such cases, the signature of the signer must correspond with that on the signature card, and the party presenting it fully identified. His signature taken on the order should be verified and dated and should be good for one using only. Should the owner continue to issue such orders, the manager of the department should insist upon the proper form being used.

Should an absent owner write to ascertain what to do in order that some one may open his box for him, the proper form should be sent him and it should

be sworn to before a notary. Where the customer gives special instructions, such as provision that two certain persons or two or more certain officials of the firm or corporation must be present at the opening of the box, these instructions must be written on the signature card over the firm or corporation name and in the customer's own writing, and signed by the proper parties to the contract. A letter written from the customer's office and properly signed may be accepted and attached to the signature card and made a part of the contract. The details of the contract or rules and regulations should be printed on the back of the receipt which is given the customer. These rules form a part of the contract which the customer signs and are mentioned in the contract.

Care should be taken not to accept any verbal agreement, but to insist that it be either written, over their signature, by the parties renting the box, or that a letter from them be written and properly signed by the firm or corporation, and if

the latter, secure an imprint of the firm's official seal. Should the occasion arise where any one from the customer's office should present himself with the statement that "Mr. Blank is out of town and can not give the proper order," it is better policy to rigidly enforce the instructions as shown on your records and inconvenience the customer than take a chance of having it fixed up when Mr. Blank returns. It may be too late then. Better to be safe than sorry. These are harsh words, but full of meaning. Such chances may be taken a hundred times and nothing happen, but let things go wrong only once and you are up against it, or possibly in for a suit. Life is very uncertain and it has happened where one of the parties to such a request died before the other returned and the poor fellow who had accommodated his customer had a hard time convincing them that he permitted access on condition that authority would be confirmed by the absent party on his return.



William R. Morehouse, vice-president the Security Trust & Savings Bank of Los Angeles, and president the Savings Bank Division of the American Bankers Association, receiving the honorary degree of Master of Business Administration from the University of Southern California in recognition of his work in the field of banking and his contributions to the literature of the profession. Dr. Rufus B. Von Kleinsmid, president of the university, is reading from the document conferring the degree.

PROGRAM ANNOUNCED FOR WESTERN CONFERENCE

ANNOUNCEMENT has been made of the program for the fifth regional trust conference for the Pacific Coast and Rocky Mountain states, to be held at Portland, Ore., August 11-13. It is as follows:

Thursday, August 11: Reception and registration of delegates; invocation; welcome to Portland, Mayor G. L. Baker; "Value of Trust Service to the Community," Frederick R. Behrends, vice-president and trust officer California Trust Company, Los Angeles; "The Functions of Division Heads of a Trust Department, and the Measure of Initiative and Discretion Left to Them, According to an Efficient System of Management," by W. R. Williams, vice-president Bank of Italy, Los Angeles; appointment of resolutions committee.

Friday, August 12: "The Management of a Trust Estate," Percy A. Wood, assistant trust officer Wells Fargo Bank & Union Trust Company, San Francisco; "The Points a Trust Officer Should Consider in Examination of Trust Deed or Mortgage to Secure Bond Issue." Varian S. Green, trust officer the National Bank of Tacoma, Wash.; "Complications Arising in Trust Administration from Insufficient Powers Being Given Trustee in Trust Document to Cover Complete Management and Operation of Trust Properties," Bruce H. Grigsby, vice-president Pacific Southwest Trust & Savings Bank, Los Angeles; "Duties and Liabilities of Trustee in Releasing a Trust Deed Given to Secure a Bond Issue before Maturity, and in the Substitution of Security," Daniel Reed, trust officer Central National Bank, Oakland, Calif.; "Rights and Liabilities of Trustee in Acting in Foreign State," Henry H. Judson, trust officer Seattle Title & Trust Company, Seattle, Wash.; "Inheritance Tax Re-

ciprocal Provisions and Recommendations for Improvement," Vincent K. Butler, Jr., counsel American Trust Company, San Francisco; "Methods of Securing Trust Business and Trust Advertising Program," Louis A. Bowman, vice-president American Trust & Safe Deposit Company, Chicago; evening entertainment.

Saturday, August 13: "Some Practical Phases of Subdivision Trusts," T. H. Boysen, assistant trust officer Security Trust & Savings Bank, Los Angeles; "The Merits of Trusteeing an Estate as Against Incorporation," Harold E. Frazer, vice-president and trust officer Old National Bank and Union Trust Company, Spokane, Wash.; "Business Life Insurance Trusts," W. C. Schuppel, assistant manager Oregon Life Insurance Company, Portland, Ore.; report of resolutions committee; general discussions; evening banquet for delegates.

The banks and trust companies of Portland have extended to the trust officials of the Pacific Coast and Rocky Mountain states a cordial invitation to attend the conference, which will give an interchange of ideas, experience, and methods, and wider dissemination of knowledge in respect to law and practice. The program will consist of selected papers and open forum discussions of problems encountered in trust department administration. The conference headquarters and meetings will be at the Multnomah Hotel. Similar conferences have been held during the last four years in San Francisco, Salt Lake, Seattle and Los Angeles.

The states included in the conference territory are Arizona, California, Colorado, Idaho, Washington, Montana, Nevada, New Mexico, Oregon, Utah, and Wyoming.



DON'T LET THE BOND SALESMAN GET 'EM!

By T. N. T.

The following discussion of the relationship between the bank's savings and bond departments comes from the pen of a banker who is a frequent contributor to *THE BANKERS MAGAZINE* and a writer with whose nom de plume many readers are already familiar.

A PERSON of ordinary intelligence, looking into the bank from the outside, would naturally expect to see the bank's bond department and the bank's savings department working together in mutual harmony for the common good of the bank itself and the bank's customers.

Yet, as a matter of fact, these two departments are as a rule as far away from each other as the two poles. They operate independently and often with considerable coldness toward one another.

One would naturally think that the bond department might be interested in finding out from the savings department what customers had enough money on deposit so that they could buy bonds—and then going after those customers.

But the bond people are not interested in that. They say it isn't worth the bother of looking them up. They say that the amount of profit made on those small sales isn't worth the trouble of solicitation. They prefer to go about hunting for their prospects in their own way. And they can hardly be blamed, when one considers the usual attitude of the savings department toward the bond department.

Suggest to a man in the savings department of the ordinary bank that his customers might be solicited to buy bonds, and he will throw up his hands in holy horror. "What," he cries, "give those bond men access to our savings records? Turn them loose on our poor, helpless depositors? I should say not!"

The savings officer apparently considers the bond salesman of his own bank

in about the same light as he would a promoter of a fake oil stock.

Even if the savings department does grant, grudgingly, that the bonds which the bank's bond department sells may perhaps be reasonably safe, the savings department says, "But we couldn't possibly reveal to our bond salesmen the balances of any of our customers. That would be violating the confidence which our depositors have reposed in us. We dare not do this, for our customers would be very much offended if they thought we let anybody know how much money they have in the bank."

A STRANGE ATTITUDE

This is indeed a strange attitude. The savings department does not in the least object to letting the advertising department know how much money its customers have in the bank. It turns over to the advertising department lists of dormant accounts so that they may be solicited. In many cases it turns over to the bank's new business department not only the names and addresses, but the amounts of the initial deposits, of new accounts as they come in. But apparently this information must be withheld from the bad, bold bond boys. The bank's depositors must be protected—otherwise the bank might sell them an investment upon which they would get $5\frac{1}{2}$ per cent. instead of 4 per cent.

And even supposing the savings department might go so far as to admit that buying bonds would not ruin its customers, and would also admit that it would not be an extreme violation of the

customers' confidence to let the bond salesmen know about the size of their balances—still the savings department would refuse to let the bond department co-operate in this respect, because the savings department would say, "We are not going to let the bond department rob us of our deposits."

Now from one point of view—in days gone by at least—there might have been something in this. That is to say, the bank probably would make more money on \$2000 left on deposit for a year in the savings department than it would if it sold this depositor \$2000 of bonds. But this is completely overlooking the main point in this question. The point is that somebody is always robbing the bank of its best savings accounts as soon as they grow to any size. If it isn't the bank's own bond salesmen, it is some other company's bond salesmen; or more particularly, a fake stock promoter, a swindler, a speculator, or some of the very people against whom the bank says it is trying to protect its depositors. Or perhaps it is the automobile salesman, the radio salesman, the real estate salesman, or the furniture salesman.

The fact is that money in the savings department of a bank is not put there, in 999 cases out of a 1000, as an investment. It is put there to accumulate for some definite spending purpose. It is saved to buy something. These especially good accounts—these \$1000 and \$2000 accounts which remain on deposit unchanged year after year—these are the exceptions. The average savings account fluctuates up and down. The depositor keeps putting in money, a little at a time, until he gets enough to buy the thing which he wants next to buy. At that point he withdraws and starts building up his account again. Why doesn't the savings officer complain that the department stores, the hardware stores, the radio stores, and all the rest of the merchants and retailers, are robbing him of his deposits?

A savings officer of Bank No. 1 does not in the least complain if the bond

salesmen of his bank try to sell bonds to the savings depositors of Bank No. 2—nor would he think it at all amiss if the bond salesmen of Bank No. 2 should try to sell bonds to the savings customers of Bank No. 1. But for some reason he most emphatically objects to his own bond salesmen trying to sell bonds to his own bank's customers.

WHEN ADVICE IS MOST NEEDED

The fact is that when the depositor has built up a balance of \$300, \$400 or \$500, it is exactly the time at which he needs financial protection the most. It is when he is on the point of taking out his money and spending it for something, that he needs intelligent direction in the line of safe and sound investment. The time to give him that advice and direction is not after he has drawn his money out, but before. It is foolish at this point to urge the depositor to continue to keep his money in the bank at 4 per cent. interest. The banker himself would not do that—he would know better. Of course the depositor is going to draw his money out and use it for something. That is why he saved it. Why not persuade him to buy bonds with it? Why not persuade him to buy bonds which are sold by your own bank, even if they are peddled by those young pirates in the bond department?

Now, of course, there is something to be said for the side of the savings department, in that it would hardly seem fair to set loose a flock of high pressure bond salesmen on savings depositors who perhaps were not at all ready to buy. But there is no need for proceeding through this method. The bond department, itself, says that savings depositors, with their small balances, are not worth the trouble or the effort of individual personal selling. So why bother the bond department with it at all? Why not set up a special agency in the lobby for selling bonds to savings depositors?

This system might work in some such way as this:

When Mrs. Jones has saved \$350, she would get in the mail, from the bank, a folder explaining to her how money at $5\frac{1}{2}$ per cent. grows at a much more rapid pace than at 4 per cent.—how she could invest her money at $5\frac{1}{2}$ per cent. in the form of a \$500 bond—and how that bond could be purchased partly by cash and partly on time. A similar follow-up would come later. A red ticket on Mrs. Jones' savings card would notify the teller that she was ready to be interviewed. When Mrs. Jones came into the bank to make a deposit or withdrawal, the teller would signal the man in charge of bond solicitation of savings customers. This latter individual would then take Mrs. Jones in tow, and instead of starting off with high-pressure salesmanship, he would give her a simple course in financial education, showing her the advantage of using her \$350 to make a down payment on a \$500 bond, paying the balance off in instalments. The bond of course would be held as collateral and Mrs. Jones would borrow \$150 from the bank at 6 per cent.

Now consider a procedure of this sort from the standpoint of bank profits. While Mrs. Jones was finishing paying for her bond, she would not have any money on deposit, of course, and the bank would lose the use of her money. On the other hand, Mrs. Jones would be paying the bank 6 per cent. on the \$150 which she borrowed. More and more, in these days of surplusage of savings deposits, ample credit supply and declining interest rates, banks must begin to be interested in new fields for the loaning of money. In the old days it may have been more to the advantage of the bank to try and keep Mrs. Jones' \$350 on deposit as long as possible. Nowadays it may, on the other hand, be much more to the advantage of the bank to have her use the money to buy bonds and to lend her money on which she is paying the bank 6 per cent. If this is considered in the mass, instead of by the individual case, it is evident that a system of this sort might give the bank a new and very

large field for the lending of money. The bank could then compete with the radio store, the automobile retailer, the furniture people, and the others who sell goods at so much down and so much a month.

Now consider the thing from the standpoint of the depositor. Mrs. Jones, we will say, has \$350 in the bank and has come in to deposit \$10 more. Our lobby bond man approaches her and interests her in the question of buying a bond. Do you suppose that she is going to be insulted because he knows that she has \$350 on deposit? In the first place, he does not mention the amount. In the second place, certainly Mrs. Jones is aware of the fact that the bank knows how much money she has on her savings book. She would think it a mighty peculiar thing indeed if the bank did not even know that much. If the lobby bond man succeeds in selling her a bond, he most certainly is doing her a definite favor. He is starting her on the second step of the direct road toward financial progress. Besides, if Mrs. Jones buys this bond and pays for it on the instalment plan, she most certainly is going to come right back and begin depositing once more in her savings account. Nothing should so stimulate savings deposits as the use of a savings department as a stepping stone toward the buying of bonds.

This type of co-operation between the bank's savings department and the bank's bond department therefore should provide a broader market for bonds at a comparatively small selling expense, give the bank a new and broad field for lending money, stimulate rather than retard savings deposits, and prove of infinite benefit to the depositors themselves. But is any bank going to do it? We doubt it.

Some bond departments might listen to reason—but savings departments? Never. "As it was in the beginning, it is now and ever shall be." Our fathers and our grandfathers and our great-grandfathers got along well enough without selling bonds to their savings depositors, and we are not going to begin now!

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PROBLEMS IN BANK CREDIT

BY M. E. ROBERTSON

THE BANKERS MAGAZINE has secured the services of a capable credit man to answer the inquiries of readers on current problems of the credit manager. Questions of general interest to credit men and bankers will be answered and only the initials of the persons asking the question will be used. In case the question is not one of particular interest to bank credit men as a whole or is one which has been answered before, a reply will be made by mail.

In order that all questions may be answered intelligently, it is requested that they be direct and to the point, but that sufficient necessary detail be included to enable the editor to draw the proper conclusion. Inquiries should be addressed to the Editor, Bank Credit Problems, THE BANKERS MAGAZINE, 71-73 Murray Street, New York.

QUESTION: Statements have come to my attention in which accountants have shown certain items such as prepaid insurance, etc. as quick assets. This is not usual and I have only noticed it once or twice, but I have wondered why some accountants do not follow the regular practice.

M. A. L.

ANSWER: We, too, have seen this item handled in this way by certain accountants. We do not believe that any of the larger accountants treat the item as a quick asset nor do any larger companies. When we have seen it, it has been a small accountant and a small business. The theory, no doubt, is that should the insurance be cancelled, a certain amount of the premium which had been paid would come back to the holder of the insurance. Such a premium would, of course, only revert back in the case the policy was cancelled and if the business continues, insurance will be required. Therefore, in viewing the statement as a going concern, it is only right to consider such an item as a slow asset.

QUESTION: Fire insurance seems to be a subject which is not discussed a great deal in credit circles, and to which considerable thought might be given. It seems to me that very often credit men do not pay enough attention to what insurance their customers are carrying and what protection such insurance af-

fords. Many merchants are lax about knowing the terms of their insurance policies, and do not pay much attention to reviewing them. They merely tell an agent that they need fire insurance, and get a policy which they do not bother to review. Any remarks that your magazine cares to make will be appreciated.

E. C. T.

ANSWER: What you say regarding merchants not checking their policies is true. Very few pay any, or little, attention to them. They look at the amount and let it end about there in many cases. There are four different policies used, which might be classed as follows:

- (a) Go as you please.
- (b) 80 per cent. co-insurance clause.
- (c) 90 per cent. co-insurance clause.
- (d) 100 per cent. co-insurance clause.

The premium rate on the flat policy (go as you please) is the highest. The 80 per cent. co-insurance clause policy generally has a rate about 25 per cent. less than the flat policy. The 90 per cent. co-insurance clause policy has a rate 5 per cent. less than the 80 per cent. and the 100 per cent. clause has a rate 10 per cent. less than the 80 per cent. co-insurance. With the 80 per cent., 90 per cent. and 100 per cent. co-insurance clauses the assured becomes a co-insurer. He agrees to insure his stock for 80 per cent., 90 per cent. or 100 per cent. of its value, whatever the

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case might be. In consideration of his agreement to carry that proportion of insurance, the insurance company makes him a special rate. If, however, he has a loss and in case of an 80 per cent. co-insurance clause, it is found he only has insurance for 50 per cent. of the value of his stock, he does not receive the full amount of the loss if it be 50 per cent. or less but only a proportion of it. For example, we will assume the stock is \$100,000 and he has an 80 per cent. co-insurance clause or agrees to carry \$80,000 insurance. He carries \$40,000 and has a loss of \$30,000. He is only carrying one-half of what he agreed to, and therefore he is a co-insurer on the \$30,000 for one-half the amount. He gets \$15,000 from the insurance company and must assume the other \$15,000 himself.

In the case of the small merchant, the 80 per cent. co-insurance policy is sold a great deal. In the case of a larger company, the amount involved is greater and it is usual to take the 90 per cent. or 100 per cent. co-insurance clause. The 90 per cent. is very popular. Where a merchant feels that his fire hazard is reduced to a minimum and the chance of loss is small, he may take a small amount of flat insurance to cover this hazard. He does not want to take co-insurance for his loss would be greater than the insurance company's. For example, his stock is \$100,000. He feels \$20,000 insurance would be plenty. He should take the flat policy. If he took \$20,000 of the 80 per cent. co-insurance and had a loss of \$10,000 he would only recover from the insurance company \$2500 and would have to stand \$7500 himself. However, above a certain point, it becomes more profitable to take the co-insurance.

Suppose, for example, that a man had a stock of \$100,000 and \$60,000 flat insurance. His premium might be less for \$80,000 co-insurance with an 80 per cent. clause. It therefore would be better for him to carry 80 per cent. co-insurance if he can live up to the agreement and thereby get more coverage for the same rate. If he lived up to the 80 per cent.

co-insurance agreement and had a loss of \$40,000 he would recover the full loss. While mentioning insurance it might also be well to touch on burglary insurance.

Many merchants, in fact most merchants, feel that:

1. If a burglar comes in the window by adroitly opening the lock with some slim tool, that leaves no evidence, blows the safe and runs off with liberty bonds;

2. If a burglar smashes in a window with a club and adroitly works the combination of the safe and runs off with liberty bonds;

3. If a burglar hides in the store at closing time, later blows the safe and runs off with liberty bonds;

4. If a burglar is aided by the watchman, blows the safe, and runs off with liberty bonds; that they are insured, but, if they read their policies, they will possibly find out that they are not covered for the reason that the policy will state that the burglar must:

1. Break in.
2. Leave visible evidence.
3. Blow the safe.

QUESTION: I have been interested in obtaining some information regarding hedging. What is the method and the idea of this practice? Whatever data you can give will be appreciated.

C. B.

ANSWER: This practice was covered very thoroughly in a previous issue of THE BANKERS MAGAZINE in this credit column. The idea is that it affords a means whereby if one loses in the regular course of business he gains by the hedge or speculation which he had made. If he should gain in the regular business, he loses on the hedge, or speculation. The merchant desires to be assured of a regular and orderly profit on certain transactions, and therefore hedges to eliminate a loss or profit due to a speculative rise or fall in the value of the commodity. It is a case of purchasing against a sale or selling against a pur-

chase. Hedging is practiced particularly in grain and cotton.

QUESTION: When the item "Script Dividends" appears in the liability side of a company's statement, how should it be considered? Every once in a while I come across this item and have been unable to decide how to handle it.

A. K. B.

ANSWER: A script dividend is a dividend paid by giving promissory

notes which are payable at some future date or after the happening of a certain event. Script dividends may be payable in cash or they may be transferable into the company's stock. The safe way to regard the item, without definite and exact information, is to consider it as any dividend which has been declared and is payable at a future date, i. e. a current liability. It usually is not a large or important item, is usually in the statement of a larger company, and therefore has little effect on the current ratio.

"WATCH YOUR STEP!"

BY RICHARD W. SAUNDERS

THE slogan of life on this planet has at last been discovered. Not only in the subway, where the guards shout it in one's ears and where it is emblazoned in signs and electric lights, but in countless other places is this warning brought to the attention of all. "Watch your step!"

It would be hard to think of an act, nay even a thought in these days of psychology, where these ominous words would not apply. "Something will happen to you if you don't" is the message they carry. "Be ever on the alert;" "Keep your mind on what you are doing;" "Don't take useless chances," are some of the variations. People (you and I and everybody) move in the midst of constant and continuous dangers and vigilance unceasing is the only protection.

As every competent driver of an automobile knows, it is not one's own driving that must be most carefully guarded against, but the reckless or inexperienced driving of others. There is something of truth in the verse:

Here lies the body of William Jay
Who died maintaining the right of way;
He was right, dead right, as he sped
along,
But he's just as dead as if he'd been
wrong.

A large number of the articles in the daily papers might be classified under a heading, "They did not watch their step."

Under this caption might be included a goodly number of business failures. Too rapid expansion or expansion not rapid enough—unliquid assets—overhead too great for the volume of business done—too much invested in bricks and mortar—all phases of the warning which in many cases might be changed to "overstepping."

The application to banking is three-fold. The banker individually must guard himself against the countless perils that beset him. Being prominent has compensating disadvantages and one of these is that, being in the limelight, any deviation is given plenty of space in the daily press.

Secondly his bank must be protected against the dangers to which it is continually exposed. The third viewpoint, however, is equally far-reaching. The banker, it might be said, is the "subway guard" of business. He may not shout so raucously but nevertheless he is continuously uttering the words of warning, which, no matter in what form they may be fashioned, resolve themselves into the familiar line, "Watch your step!"

THE GUARDIAN GROUP

The opening of the Guardian Detroit Bank June 15th marked a major development in a plan which had its inception in May, 1925, when a group of Detroit business men established the Guardian Trust Company of Detroit. From that enterprise has grown The Guardian Group, three organizations under unified ownership, offering in the many departments within the Group every kind of financial service.

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The Guardian Group is the first in Detroit to cover all these functions under a unified plan of operation. The combined capitalization, surplus and undivided profits of about twelve million dollars and the presentation of these combined facilities to the public mark an important chapter in Detroit's financial and business history.

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BANKING AND COMMERCIAL LAW

Important Decisions of Current Interest Handed Down by State and Federal Courts Upon Questions of the Law of Banking and Negotiable Instruments

BANK COLLECTING NOTE MAY RECEIVE MONEY ONLY IN PAYMENT

State of North Dakota (doing business as the Bank of North Dakota) v. Hanson, Supreme Court of North Dakota, 213 N. W. Rep. 353.

A BANK to which a note is sent for collection must make the collection in money. A collection in any other medium is not binding on the owner of the note.

The defendants borrowed money from the Farmers' Bank and gave their note to the bank for the amount. The Farmers' Bank transferred the note to the plaintiff bank for value. Later, the plaintiff bank sent the note to the Farmers' Bank for collection. The Farmers' Bank failed without collecting and remitting the amount to the plaintiff bank. The plaintiff then brought suit against the defendants on the note and the defendants claimed that they had paid the note to the Farmers' Bank by delivering other notes and merchandise to the bank. The defendants, however, did not take up the note or see to it that any of the alleged payments were indorsed on the note. It was held that the Farmers' Bank was authorized to collect in cash only and that the alleged payment was not binding on the plaintiff. The defendants were, therefore, still liable on the note.

Action by the State of North Dakota, doing business as the Bank of North Dakota, against W. J. Hanson and others, a copartnership doing business as W. J. Hanson & Sons, on a note. From an order denying plaintiff's motion for judgment notwithstanding the verdict or for a new trial, and from a judgment for defendants, plaintiff appeals. Reversed and remanded, with directions.

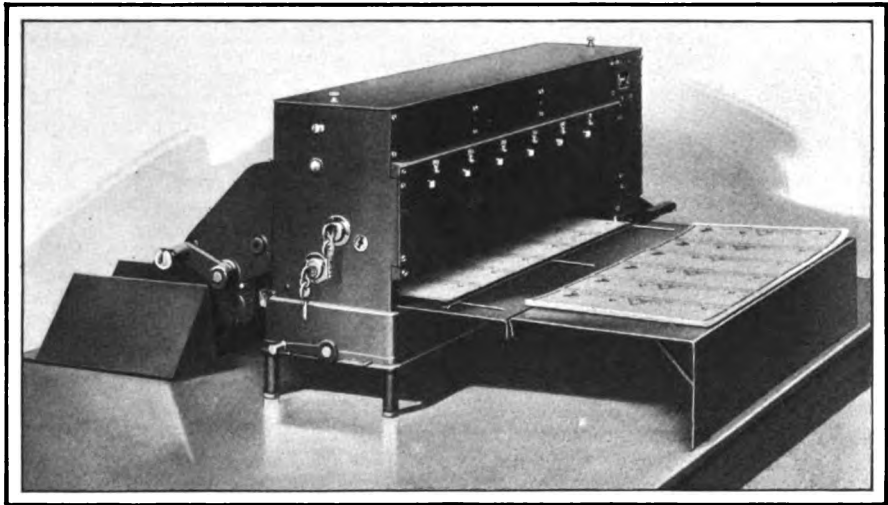
NUESSE, J. This appeal is from

an order of the district court of Williams county denying plaintiff's motion for judgment notwithstanding the verdict or for a new trial and from the judgment entered in favor of the defendants.

On this appeal appellant challenges the sufficiency of the evidence to sustain the verdict, and insists that it was entitled to judgment notwithstanding such verdict. The appellant also assigns error on account of rulings of the trial court touching the admission or rejection of evidence, as well as on account of instructions given to the jury.

The facts (stating the version most favorable to the defendants), in so far as the same are pertinent to the questions involved, are substantially as follows: In 1920 and thereafter the Farmers' Bank of Ray was a domestic banking corporation, engaged in business at Ray, N. D. The defendants for some years prior to 1921 and thereafter were engaged in the farm machinery business at Ray. They did their banking business with the Farmers' Bank. One Peterson was the cashier and managing officer of this bank up to the year 1922. In 1920 the defendants wished to engage in the business of selling tractors. They needed money to finance this undertaking, so they talked with Peterson regarding the matter. He agreed to finance them through the bank, providing they would divide any profits that might be realized from the business with them. This was agreed to by the defendants, and the bank accordingly advanced the required money, they giving their note to the bank therefor. Some payments were made on the original note, but the whole indebtedness was not paid up. So on June 17, 1921, the defendants executed a demand note to the Farmers' Bank of Ray for \$2,259.45 on this account. Prior to that time the Farmers' Bank had borrowed largely from the Bank of North Dakota

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TODD SYSTEM OF CHECK PROTECTION

and then carried an account therein. On June 29, 1921, this account was overdrawn about \$3500. The Bank of North Dakota demanded security or collateral to cover this overdraft, and the defendants' note of June 17th was indorsed and sent to it in response to this demand. This indorsement, made by rubber stamp, was:

"Pay to the order of the Bank of North Dakota, Bismarck, North Dakota, Farmers' Bank of Ray, Ray, North Dakota."

The plaintiff, Bank of North Dakota, had no knowledge concerning the origin of this note or of any contract relating to the same other than that contained in the instrument itself, which was in the ordinary form of demand note. The indebtedness of the Farmers' Bank to the Bank of North Dakota remained unpaid, and the latter retained the note among its assets. On November 18th the note was sent to the Farmers' Bank for collection and remittance, and was indorsed accordingly. This indorsement by stamp on the back of the note in large black letters read:

"Collect and remit to the Bank of North Dakota, Bismarck, North Dakota."

The Farmers' Bank retained the note until April 23, 1922, when it was sent back to the Bank of North Dakota. No collections on account of the note were reported, and no further indorsements made thereon. Again on September 19, 1922, the Bank of North Dakota sent the note to the Farmers' Bank for collection and remittance, which latter bank retained it until February 2, 1923, when it again returned the same to the Bank of North Dakota. No report was made to the Bank of North Dakota of any collections made thereon, and no further indorsements were made on the note. The Bank of Ray became insolvent and went into receivership on August 8, 1923. In the fall of 1923 the Bank of North Dakota sent the note to Sumner, one of its collectors, for collection. He made demand upon the defendants for payment

of the same. This was the first notice the defendants had that the Bank of North Dakota was the owner and holder of the note. Defendants at once advised Sumner that the note was paid and refused to make further payments thereon. Thereafter plaintiff brought the instant action to recover on the note. The defendants admitted the execution and delivery of the note to the Farmers' Bank of Ray and pleaded, first, payment prior to the time when the Bank of North Dakota became the owner and holder of the note, and, second, that after the bank became the owner and holder thereof, it transmitted the same to the Farmers' Bank of Ray as its agent and permitted the Farmers' Bank to retain the same in its possession, and that while it was so in the possession of such bank the defendants, in reliance upon that fact and without notice of the ownership of the Bank of North Dakota, paid the same. It appeared on the trial that the alleged payments, on which the defendants relied, consisted of credits claimed for notes sold to, for merchandise sold and delivered to, and for services performed for, the Farmers' Bank of Ray, and that the cashier of the Farmers' Bank had agreed to accept the notes in payment on account of the note in suit and to credit the value of the merchandise and services furnished thereon. At various times after the execution of the note in suit the defendants saw the same in the possession of the Farmers' Bank of Ray, but they never had the same in their possession. They did not look at the back of the note so as to ascertain what, if any, indorsements were contained thereon. They did not insist that the credits which they claimed should be indorsed thereon in their presence. They had no notice or knowledge that the plaintiff claimed to own the note until so advised by Sumner in the fall of 1923. The aggregate of the credits claimed by the defendants was more than the face of the note. On the record as made and under the instructions as given, the jury returned a verdict for the defendants.

The record is clear that the plaintiff was the holder of the note in suit, in good faith, and for value before maturity. This is conceded by the defendants. So far as the sufficiency of the evidence is concerned, the questions presented are, first, as to whether the payments as claimed by the defendants were such as might have been made to and received by the Farmers' Bank as agent for the Bank of North Dakota, and, second, if not, whether under the circumstances the defendants may claim an estoppel as against the Bank of North Dakota.

When the Bank of North Dakota transmitted the note to the Farmers' Bank of Ray for collection and remittance, it created the Farmers' Bank its agent. But, under the authority thus conferred, the Farmers' Bank could accept money only in payment of the note. See 7 C. J. p. 614. The Farmers' Bank had no authority to accept and credit upon the note other notes, the value of merchandise furnished to the bank or to others, or the value of services rendered to the bank or to others. So it is clear that the defendants have not established their defense of payment to the Farmers' Bank of Ray as agent for the Bank of North Dakota.

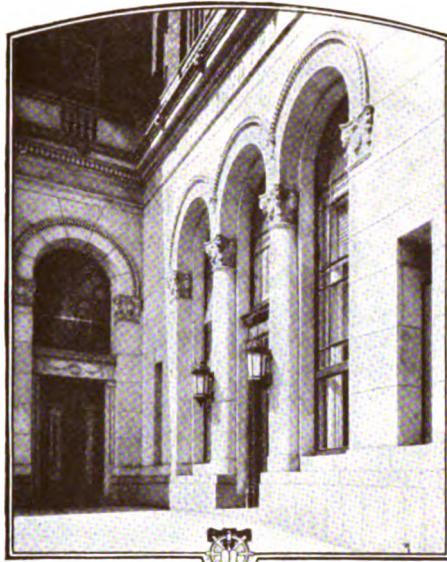
Are the facts as disclosed such as to work an estoppel as against the Bank of North Dakota? The note in suit was an instrument negotiable in form. It was payable at the Bank of Ray. When it was executed by the defendants, they were bound to know that it might be put into circulation and that others might purchase the same from the Farmers' Bank. They were business men reasonably experienced, and had, at least, a practical knowledge of the law relating to negotiable instruments. They were bound to know that the Farmers' Bank might, by a proper indorsement, pass title to the instrument. The note was in the hands of the Farmers' Bank of Ray for collection from November 18, 1921, to April 23, 1922, and from September 19, 1922, to February 2, 1923. The remainder of the time it was in the Bank

of North Dakota at Bismarck. The defendants saw the note at different times while it was in the hands of the Farmers' Bank for collection, but they did not examine it. While they asked and were told by the Farmers' Bank that they would be given credit on the note for the various items claimed, nevertheless they did not insist that such credits be indorsed upon the note, nor did they ever make inquiry as to whether the note had been negotiated to and was owned by some one other than the Farmers' Bank. The note was plainly indorsed by the Farmers' Bank. It bore the stamp of the Bank of North Dakota, indicating clearly that it was to be collected and the proceeds remitted to the Bank of North Dakota. Even a cursory examination of the note would have disclosed these facts. This court said in the case of *Hollinshead v. Stuart*, 8 N. D. 35, 77 N. W. 89, 42 L. R. A. 659:

"Respondent knew that the note was negotiable, and that the quality of negotiability would adhere to it every minute until it reached maturity. He knew it was intended to pass from owner to owner by indorsement, and that it was liable thus to pass at any moment, and he knew that the last person thus receiving it could require at his hands the full amount of the note. * * * He had in his own hands the means of absolute protection. He had only to see to it that he received his note when he paid his money. If he neglected this simple requirement, demanded not more by the law than by common prudence, he paid at his peril; and, if loss occurs, he must bear it. One party or the other must suffer, and he, being the party in fault, must bear the burden."

This language almost exactly fits the instant case. The simplest precaution on the part of the defendants would have insured them against any loss. They had, but to examine the note, and it would have disclosed to them at once the fact that the Farmers' Bank was not the owner but merely an agent for collection. They had made the note payable at the

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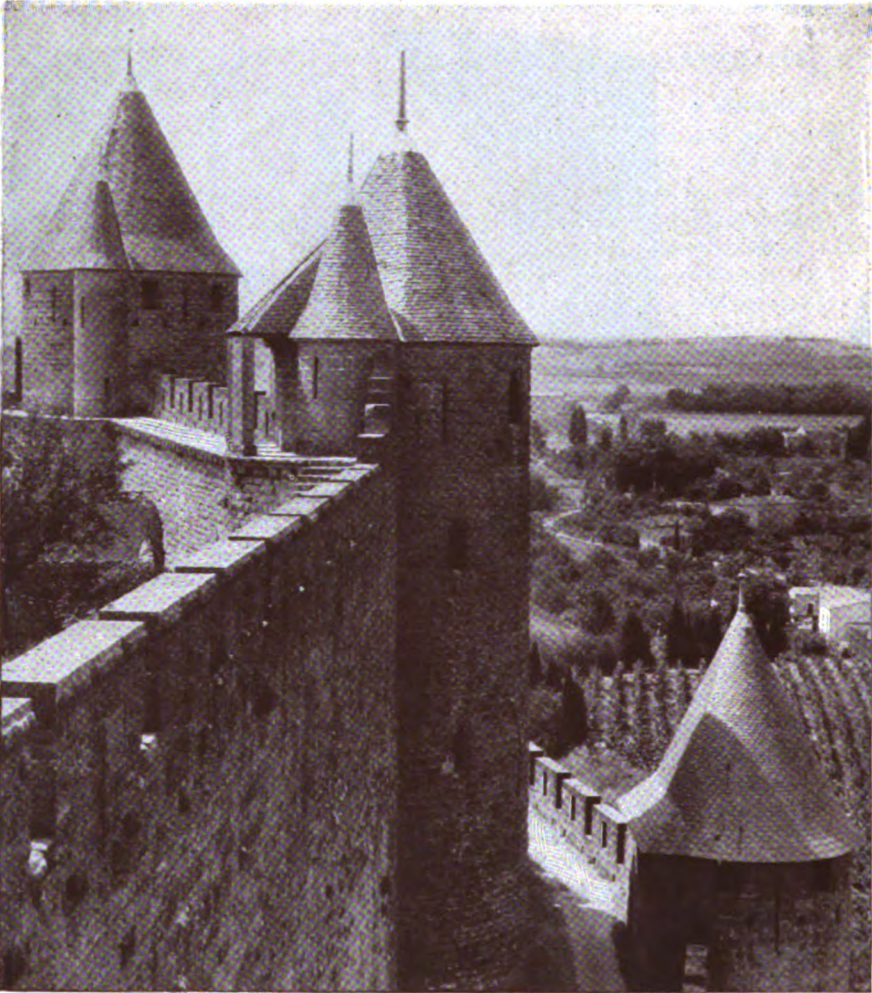
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Farmers' Bank, so possession by this bank cannot justify their failure to do so. We are forced, therefore, to the conclusion that the evidence is wholly insufficient to establish the defense relied upon by the defendants, and that the plaintiff was entitled to judgment notwithstanding the verdict. This conclusion renders unnecessary an examination of the other errors assigned. The judgment of the district court will accordingly be reversed and the cause remanded, with directions that judgment be entered for the plaintiff for the amount of the note, with interest, as prayed in the complaint.

It is so ordered.

BANK LIABLE TO DEPOSITOR IN PAYING FORGED CHECKS

Fourth and Central Trust Company of
Cincinnati v. Johnson, Court of Ap-
peals of Ohio, 156 N. E.
Rep. 462.

A bank which pays a check bearing forgeries of a depositor's signature is liable to the depositor for the amount. The reason is that a bank is bound in law to know the signatures of its depositors. When it pays a check bearing a forgery of a depositor's signature it is not making the payment in accordance with the drawer's order and cannot charge the amount against his account.

The plaintiff, Johnson, kept an active account in the defendant bank in Cincinnati. He transferred his business to Columbus and established new banking connections but did not close out his account in the defendant bank, leaving that bank a balance of \$3.20. A bookkeeper in Johnson's employ, authorized to make deposits, continued, with Johnson's knowledge, to make deposits in the defendant bank. The sums which he thus deposited were withdrawn by him on checks to which he forged the plaintiff's signature. It was held that the bank was liable to the plaintiff for the amount.

Action by R. C. Johnson, Jr., doing

business as the Consolidated Equipment Company against the Fourth and Central Trust Company of Cincinnati. Judgment for plaintiff, and defendant brings error. Affirmed.

HAMILTON, J.—The defendant in error, R. C. Johnson, Jr., who was plaintiff below, filed an action in the court of common pleas of Hamilton county, Ohio, asking a judgment for money claimed to have been deposited by him in the defendant bank, plaintiff in error here.

The substance of the petition is that plaintiff, Johnson, had deposited at various times with the bank, to his credit, and subject to his order, sums of money amounting to \$2,202.70, no part of which had been withdrawn by him, or paid by the bank to him; that on the 24th day of November, 1925, he demanded payment of that sum from the defendant bank, and presented his check, demanding payment of the check, and that the bank refused to pay the check, and still refuses to do so. Plaintiff therefore prays judgment for the sum named.

The answer of the bank admits in detail all the allegations of the petition, except the amount, and denies that the deposits claimed amount to that sum. By way of second defense, the defendant alleges that payment of plaintiff's check was refused for want of sufficient funds to the credit of plaintiff's account to pay the same, and that, at the time of the presentation of the check, plaintiff had only the sum of \$4.46 to his credit in the bank, and admits liability to the amount of \$4.46 only.

The case was tried to a jury, which returned a verdict for the amount claimed in the petition, and judgment was entered on the verdict. Error is prosecuted here from that judgment.

Four specifications of error are stressed: Error in the admission of testimony; error in the refusal of the court to give the defendant bank's special charge relating to agency; error in the general charge; that the verdict and judgment are contrary to law.

Johnson, plaintiff below, was in busi-

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ness in Cincinnati for some years prior to the summer of 1925, and during this time had been a depositor in the Fourth and Central Trust Company, the defendant bank. He moved his business to Columbus, and established new banking connections in that city. He did not close his account with the defendant bank, but left a deposit with the bank in the sum of \$3.20, and so the account stood on June 1, 1925. The name of his company was the Consolidated Equipment Company, and no one had authority to sign checks of his or the company's except himself. On October 14, 1925, due to the illness of his bookkeeper, Johnson discovered that some one had been sending customers' checks for deposit in the defendant bank in Cincinnati. These deposits had amounted to the sum sued for. He communicated with the bank that something was wrong, and to stop payment of all checks on his account with the bank. Later, he discovered that seventy checks, amounting to \$2,199.50, to which he claimed his name had been forged, had been paid by the bank, and that three of these checks had been paid after he stopped payment on his account. Johnson's bookkeeper was missing, and is still missing. The deposits and withdrawals on the seventy checks extended over a period of something over four months. The proof is conclusive that the withdrawals were made on forged checks.

The claimed error in the admission of testimony grows out of the state of the pleadings. The testimony admitted arises out of the examination of witnesses relative to the claimed forgery of the seventy checks, the payment of which by the bank practically consumed all the deposits, leaving the small balance to the credit of Johnson admitted by the bank.

The case was submitted to the jury on the issue of forgery. Evidence of forgery was objected to by the bank, as not being admissible under the pleadings. The defendant bank claimed that the defense to the action was payment of the account, and that, there being no reply

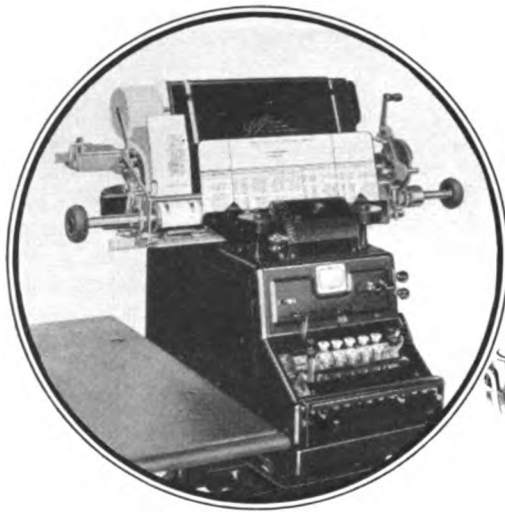
denying this, it was entitled to judgment, and that plaintiff was not entitled to prove the forgeries of the checks.

At the time of the objection to this evidence the plaintiff stated to the court that, if a reply was necessary, it desired leave to file same, which leave was granted, but no reply was in fact filed.

Witnesses were interrogated by both parties concerning the checks in question, but neither party offered the same in evidence. The record discloses that both parties were seeking an advantage under the state of the pleadings. After the witnesses were fully interrogated with reference to the claimed forged checks, and neither party introduced the same in evidence, the court asked counsel if they were introducing the checks, and counsel for each party announced they were not. The court thereupon stated that the witnesses had been interrogated as to them, and that it (the court) would put them in the evidence. The plaintiff in error bank took no exception to this action of the court, and therefore it should not be heard to complain at this time of that action, or as to any evidence concerning the same otherwise properly admitted.

Further, we are of opinion that the answer does not plead payment. But, if it could be so construed, the court gave leave to reply thereto, denying the same, and the case was tried to the jury on that theory. There was no error committed in the admission of the evidence, to the prejudice of the bank. The rule is that the burden of justifying payment of a check or draft is on the bank, and, if the money is paid out on a forged check, the sole defense under the Ohio rule would be evidence showing actions or conduct on the part of the plaintiff creating an estoppel.

The defendant bank argues that plaintiff's bookkeeper, who was authorized to make the deposits, and who admittedly forged the checks and made the withdrawals, was acting as agent of the plaintiff Johnson, and asked the court to so charge in a special charge, and ob-



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jected to the general charge on the ground that it failed to charge on the question of agency. This question is disposed of by the case of *Workman v. Wright*, 33 Ohio St. 405, 31 Am. Rep. 546, wherein the Supreme Court said:

"The principle of agency, by which a principal may ratify the unauthorized act of his agent, does not apply to the alleged ratification of a forged note; the act of the agent being voidable, may be ratified; the act of the forger is void, and cannot be ratified."

In the case of *Shinew v. First Nat. Bank*, 84 Ohio St. 297, 95 N. E. 881, 36 L. R. A. (N. S.) 1006, Ann. Cas. 1912C, 587, the court cites the case of *Workman v. Wright* with approval, and says in the opinion, at page 306 (95 N. E. 882):

"The crime being completed it would forever remain a criminal act, and George M. Shinew could not by any subsequent conduct or admission on his part, ratify a crime that would give validity to an instrument that was absolutely void at the time of its execution."

And, on the question of estoppel, the court, in the *Shinew Case*, continuing, said:

"It is true, however, that, while he might not by any act or conduct on his part ratify a forgery of his name so as to make the instrument a valid instrument, yet he might by his conduct or even by mere silence, estop himself from defending against the payment of the same on the ground that his signature was a forgery, but before he can be estopped by mere silence facts must be alleged and proven showing a duty and opportunity to speak, that the party to be estopped knew, or had reason to believe, that the holder of the note would rely on his silence and that he did rely on his silence and was injured thereby."

This disposes of the questions of both agency and estoppel, since the facts do

not show a duty and opportunity to speak on the part of Johnson nor a reliance of the bank on his silence and an injury arising thereby. The facts do not estop Johnson from defending against payment of the forged checks. The bank claims that the numerous checks presented covered a period of over four months, and that Johnson, having control of the company's books and his bookkeeper, should have discovered the defalcation sooner. This simply argues the question of negligence, which is not determinative of the case.

The trial court did charge on the question of negligence, and submitted that question to the jury, which would have prejudiced the plaintiff had the verdict been against him.

As heretofore stated, the burden of justifying the payment of the forged checks was on the defendant bank. *People's Bank and Savings Company v. Cereguti*, 21 C. C. (N. S.) 38 (affirmed 92 Ohio St. 525, 112 N. E. 1086); *First Nat. Bank of Belmont v. First Nat. Bank of Barnesville*, 58 Ohio St. 207, 50 N. E. 723, 41 L. R. A. 584, 65 Am. St. Rep. 748; *Park Nat. Bank of Cleveland v. Travelers' Ins. Co.*, 24 C. C. (N. S.) 485; 7. *Corpus Juris*, p. 756, § 568; *Robinson Jr. & Sons v. Upton*, 12 C. C. (N. S.) 314.

That the forged checks were void and not voidable is settled by section 8128, General Code, and *Shinew v. First National Bank*, supra.

The specifications of error have not been discussed seriatim, for the reason that they are interwoven, but our view on all of them is expressed in this general discussion, and the authorities cited.

As before stated, under the facts of the case, the only defense that could have been made by the bank was estoppel. The evidence not presenting a state of facts within the rule required to create estoppel, the judgment of the court of common pleas was correct, and will be affirmed.

Judgment affirmed.

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A GREAT banker—so does *The Standard* of Montreal characterize Sir Vincent Meredith, Bart., president of the Bank of Montreal, who has recently completed sixty years of service with that institution. And so he is known throughout the banking world, where he is an important and respected figure. This reputation has not been made overnight; it is, instead, the result of years of experience and application to the task at hand.

Sir Vincent was only 17 when he made his decision to carve out for himself a career in the banking business. His first position was as a junior officer with the Bank of Montreal at Hamilton, and he has remained with the same institution throughout his years as a banker.

His advance was steady and regular, earned through an abundance of hard work, discernment and sound judgment. As the Bank of Montreal grew, Sir Vincent grew with it. He ran the entire gamut of the business and received his first appointment of importance when he was made accountant in the Montreal branch of the bank.

In 1889 he was made manager of the Montreal branch of the Bank of Montreal; four years later, in 1903, assistant general manager; and in 1911, general manager.

As an inspector, traveling from coast to coast in Canada, Sir Vincent obtained at first hand an intimate knowledge of conditions throughout the country which made him an authority on financial matters and banking as it is carried on in Canada. When he became general manager, his work took him on periodical visits to the countries where the branches and affiliations of the Bank of Montreal are located and thus his knowledge of banking affairs grew from national to international in its scope.

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his knowledge, until today he is recognized as an authority on financial matters. So, too, has the Bank of Montreal become one of the leading international institutions of its kind in the world today.

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THE FINANCIAL AND ECONOMIC SITUATION ABROAD

BY WILLIAM HAYES

Under this heading each month current political, financial and economic events abroad are summarized for the benefit of the busy bank executive who would keep himself informed about foreign affairs without the expenditure of time necessary to examine the data from which these articles are prepared.

WHEN the representatives of Great Britain and the Soviet sat around a table and drew up the Trade Agreement of 1921, they mutually promised that they would refrain from trying to impose their economic beliefs on each other. They agreed to do business with each other, and leave the discussions of the economic effectiveness of their systems to the economists.

It has been common knowledge in Britain for some time that the Soviets were not keeping their promise. About the middle of May the British Government raided the offices of Arcos, Limited (the name under which the Soviet carries on business with British firms), and collected documentary proof that the office was being used as headquarters for a system of espionage and propaganda, as well as for a trading center. Britain immediately severed diplomatic relations with the Soviet.

While the severance of diplomatic relations imposes no obstacle to trade, it so angered the Soviets that they threaten to stop all trading with Great Britain.

Already, negotiations almost completed for a loan of £10,000,000 from one of the big London banks to the Soviet republic have been suspended. The money was to be used to purchase electrical equipment, textile machinery, oil drilling materials, railway equipment, machine tools, and various other engineering products. British industries can ill afford the loss of this business. Through its foreign trade monopoly it is quite possible for the Soviet government to turn the business to other nations, if it decides to carry out the threat. Be that as it may, the break is certain to result in some loss of trade with Russia

which had been developing so satisfactorily. In a recent address, M. Mikojan, Chief Russian Commissar for Trade, gave the following figures of that development:

RUSSIAN TRADE WITH BRITAIN

	Imports from Britain Rubles	Exports to Britain Rubles
1923-24	94,170,000	80,726,000
1924-25	110,639,000	.....
1925-26	129,167,000	197,720,000
1926-27, estimated	176,125,000	251,000,000

Editorial comment in both the *Statist* and the *Economist* criticizes the breaking of relations as accomplishing nothing, and yet injuring British trade prospects. It would have been better, they believe, to expose the dishonesty of the Soviets to the world, and take no further action.

GERMANY AND THE DAWES PLAN

Seymour Parker Gilbert, the earnest young lawyer who made such a reputation for himself in the Treasury Department before being appointed Agent General for Reparations under the Dawes Plan, announces, in his third annual report, that "Germany has made all the required payments during the first nine months of the third annuity year, and deliveries and payments for the benefit of the creditor powers have gone forward regularly and without interfering with the stability of German exchange."

There is nothing in his report to confirm the premature contention by so many Germans (and others) that Germany cannot carry out the Dawes Plan. On the contrary, "The experience of

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these months in which German economy has undergone so many changes and on the whole improved, serves to emphasize again," he asserts, "that the underlying conception of the plan itself is in the interest of German economy, and also is in the interest of execution of the plan."

There are, however, tendencies appearing which must be corrected if Germany is to retain her present financial health. For one thing, "The problem of checking the rising tide of government expenditures has, in fact, become acute and requires the closest attention, not merely from the standpoint of the experts' plan, but in the interests of German economy as a whole." Though tax rates have been reduced, the aggregate revenue from taxation steadily increases. The controlled revenues, earmarked for reparations payments (the taxes on sugar, beer, wine, alcohol, tobacco, etc.) are producing almost twice the amount

required. But, says Mr. Gilbert, "It is not any lack of revenues, but the constantly rising level of expenditures that threatens future budgetary troubles."

Again, the German budgetary procedure is "confusing." The budget for this year, for example, was presented as a balanced budget. It was balanced only by carrying over an estimated surplus of 200,000,000 marks from last year, taking 190,000,000 marks from the reserve fund, and borrowing about 500,000,000.

"The effect of all this procedure is," comments Mr. Gilbert, "to present the financial position of the Reich in a most artificial light. Outstanding revenue consisting principally of loans to be issued does not represent effective revenue, whereas outstanding expenditures represent actual authorizations to spend which in large part are already committed.

"This system of accounting, in other words, permits budget surpluses to be shown which do not actually exist and



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S. PARKER GILBERT

Agent General for Reparations under the Dawes Plan, who has recently presented his third annual report of the workings of the plan.

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which only come into existence in the future to the extent of loans actually placed."

These tendencies have not done much harm yet, nor will they, if checked in time. So far, "the essential stability of the budget remains unimpaired and there is no reason to doubt that it can be successfully maintained if the German Government will take the normal precautions that are necessary in its own interest."

FINANCIAL REFORM OF POLAND

Professor Kemmerer presented his report on Poland to the government last September, and went on to Ecuador, to perform the same service there. Without adopting the report officially, the Polish Government has followed a good many of the recommendations. This done, the report was made public. Its recommendations, summarized, were as follows:

The zloty should be stabilized, at once, at a gold value equal to nine to the dollar, and the restrictions on the export of gold should be removed.

To protect its gold reserve, the Bank of Poland must be able to control the rediscount rate, the circulation and foreign exchange. So long as the treasury issues circulating notes, the bank cannot effectively control the circulation. The issue of further circulating notes by the treasury should, therefore, be prohibited, and

those already issued gradually withdrawn.

With the stabilization of the zloty must go budget equilibrium. "Neither of these reforms could long endure without the other."

The capital of the Bank of Poland should be increased from 100,000,000 zlotys to 250,000,000 zlotys; the bank should be required to maintain a reserve of 40 per cent. in gold or foreign exchange against its outstanding notes; and should be prohibited from loaning to the government, except for short periods in anticipation of tax receipts.

The forest of small banks in Poland must be thinned out. "Prior to the war," says the report, "there were six strictly Polish joint stock banks in the territory now included in the Republic of Poland. Within a few years after the war, and largely as the result of inflation, hundreds of new banks were started and branches and agencies were opened without restriction. The greater part of these new banks had inexperienced officials and an untrained personnel. Today there are 86 joint stock banks, with 221 branches and a large number of agencies. There are also six branches of foreign joint stock banks. With the exception of a number of the banks in which foreign capital is interested, and of a few strictly Polish banks, the joint stock banks generally are in a non-liquid condition. Their investment in real estate and shares of

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private corporations is heavy, their collateral loans are largely secured by shares, debentures and mortgages, which are not at present salable except at prices involving heavy sacrifices, and the loans, advances, and discounts are mainly of a type which will have to be carried until the borrowers are in a position to refinance through the sales of stocks or mortgage debentures." These weak banks must be eliminated by merging them with stronger banks, or liquidating them; larger and better managed banks must be built up to meet the growing credit needs; and an efficient system of bank supervision must be adopted.

Finally "for a country in Poland's present economic situation, whose credit standing is not as yet firmly established in the minds of foreign investors, a public debt contracted for a purpose that does not directly or indirectly yield a revenue out of which the service of the loan may be met, except in the case of a limited number of loans urgently needed for such purposes as sanitation and public health, is to be considered as a luxury

to be indulged in very sparingly if at all."

Several of these recommendations have already gone into effect:

The zloty has been stabilized in fact, though not legally, at about the level recommended.

The treasury circulating notes are being replaced by notes of the Bank of Poland, the amount in circulation having been reduced from 428,403,000 zlotys on January 1 to 359,704,000 zlotys on March 20.

Budgetary equilibrium has been attained, and for the first time in years, receipts for the first four months of the year have exceeded expenditures, supplying the treasury with a surplus of 98,500,000 zlotys.

Twenty of the weaker banks have been eliminated by a law providing for the liquidation of all banks with less than 1,000,000 zlotys capital.

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Aghios Nicolaos (Castri, Ky- nourias)	Carlovassi	Florina	Potamos	Xirochorion (Istia)	
Aggrinion	Carpenissi	Gargaliani	Preveza	Zante	
Alliverion	Carystos	Grevena	Pyrgos	<u>EGYPT</u>	
Amalias	Castoria	Gythion	Rethymo	Alexandria	
Amphissa	Castro	Hydra	Salonica	Cairo	
Argos	Cavalla	Ithaca	Samos Vathy	Port Said	
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made it a practice for the last few years to take a trip to Europe and visit the heads of the principal central banks. The constant flow of gold to the United States has embarrassed the Federal Reserve banks almost as much as it has distressed the banks of the nations from which it came. The disorganization of European currencies has curtailed American business. Co-operation between the central banks has been tried, with success, in the stabilizing of some currencies. Perhaps it can also reduce the shipments of gold.

This year, however, Mr. Strong has had pneumonia. He has invited his central bank friends to pay him a return visit. Montagu Norman, governor of the Bank of England; M. Rist, deputy governor of the Bank of France; and Hjalmar Schacht, president of the Reichsbank, are in conference with Mr. Strong in New York at the present time. They have no agenda for their meetings—at least none that is published.

One can imagine, however, Mr. Norman asking the other bankers what they



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MONTAGU NORMAN

Governor of the Bank of England who has been in New York conferring with Governor Strong of the New York Federal Reserve Bank.

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suggest to check the constant leakage of gold from his reserves—other than raising the bank rate. M. Rist will want advice on when to attempt legal stabilization of the franc, and at what figure. Herr Schacht is still trying to find some way to stop the importation of capital into Germany for non-productive purposes, without stopping all capital imports. Unfortunately, to date they have revealed neither the subject nor the results of their former conferences.

ENGLAND

Every time a Briton takes out his "cheque book," he is reminded of the war. There is a stamp duty of 2d. on every ordinary check drawn. The Midland Bank Limited, London, has devised a plan to avoid this tax, and also to "encourage the formation of banking habits among people of small means." A man depositing, say £10, gets in return a sort of travelers' check book of receipts. He may fill these out for amounts not over £2, and hand them to the grocer or merchant, in payment of his bill. The grocer can deposit them at the bank, or get cash for them. The receipts are good only at the branch which issued them, restricting the use of this new currency (for that is what it is, in effect) to local communities. They must be confined largely to local trade by their lack of negotiability. Once such a receipt is made negotiable, it becomes a bill of exchange and subject to the stamp tax.

The bank announced, when it introduced these receipts, that the Board of

Internal Revenue had no objections to their use. There was some misunderstanding about this, for reports now are that the treasury, fearing the loss of considerable revenue with the general adoption of this plan, is considering some means for making the receipts subject to the stamp tax.

The high coal production figures, for so many months an index of trade revival, now appear in a new light. They are a cause for gloom; with demand falling off and prices declining, they presage the accumulation of unduly large stocks of coal. Like the American farmer, the British coal operator finds his industry overexpanded because of the partial loss of his foreign market.

Other business, however, is improving. There is more building, railway freight traffic and shipping are increasing, and retail trade is better. The ship building industry is having a small boom, in spite of the fact that during the war the world's mercantile tonnage increased 38 per cent., while the volume of goods to be carried has increased hardly at all. Unemployed at the end of May numbered only 978,000, the lowest since 1920, and over 620,000 less than at the end of last May.

Bad as industrial conditions have undoubtedly been in Great Britain for the last seven years, there has been a steady increase in the thriftiness of the inhabitants. Twelve more branches were added to the 415 trustee savings banks in 1926, and their deposits and depositors have steadily increased since 1921, as follows:

TRUSTEE SAVINGS BANKS IN GREAT BRITAIN

Year	New depositors	Total depositors	Average balance
1921	2,230,741	121,747,603	\$265.71
1922	2,231,254	128,678,660	280.80
1923	2,261,378	133,422,156	288.56
1924	2,295,535	137,917,338	292.48
1925	2,340,644	142,179,367	295.40
1926	2,354,703	144,862,212	299.29

New capital issues have gone well in London this year. The total for the first four months was £105,213,000, an increase of almost £15,000,000 over the same period last year, and the highest for the period since 1922. The increase was entirely in United Kingdom issues, the amount of borrowing in the London market for foreign countries having decreased noticeably. Borrowings from other British dominions have almost doubled.

GERMANY

The panics of May 13 and June 1 on the Berlin Boerse have not disturbed German business in the least. Textile business is particularly good, and with it the dye trade. Exports of iron and steel are smaller, but home consumption, due to the building boom, is so great that steel production, which was enough over the quota in the last quarter of 1926 to cost the German members of the European steel cartel \$2,300,000 in fines, has cost them an additional \$3,750,000 for excess production in the first quarter of 1927. The price index rose slightly in May, and there have been scattering wage increases. In short, according to the Prussian Trade Minister, Germany is now in the middle of a pronounced industrial boom.

The nose diving tactics of German stocks, however, did cause the withdrawal of a considerable amount of speculative capital by alarmed and disappointed foreign speculators. Mark exchange began to show a fondness for the gold point, and the discounts and advances of the Reichsbank, already at a high figure, increased rapidly after the



New Orleans
XXVII

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middle of May. Finally, after an increase of 548,000,000 marks in the loans and discounts in the last week in May, followed by a very small reduction, and a small shipment of gold to America, the Reichsbank took the necessary action to protect itself—it raised the discount rate, on June 12, from 5 to 6 per cent. This was the first increase in the discount rate since the stabilization of the mark.

FRANCE

Poincare repays £33,000,000 to Great Britain, and France again becomes the owner of £18,000,000 gold, pledged as security. He orders \$30,000,000 of this shipped to the United States. The balance he sells to the Federal Reserve Bank of New York, who leaves it on deposit in London. The next week, in New York, he buys \$40,000,000 gold from the Federal Reserve Bank. Why these

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sleight-of-hand tricks in the international money market? Why sell gold one week in London and buy it back in New York the next week?

Probably this is an example of the co-operation between central banks referred to above. The Federal Reserve banks already have too much gold in storage. They were glad to leave on deposit in London the gold bought from France, thus avoiding further bleeding of gold from London. Having still an ample supply, the Federal Reserve Bank of New York sold an equivalent amount of gold to France, which can be exported whenever desired to the benefit of both the United States and France.

Within France the month has not been such a good one for Premier Poincare. He has had one success and one defeat. His 20,000,000,000 francs consolidation loan (6 per cent. rentes payable after fifty years at 150) was a great success. Over 18,200,000,000 francs were subscribed, and exchanged for: 73 per cent. of the national defence debentures of 1928; 38 per cent. of the credit national bonds of 1928; 58 per cent. of the treasury bonds of 1928; 39 per cent. of the treasury bonds of 1929. But when the proposal to lease the match monopoly, which he has nursed along so carefully for three months, came up for a vote, it was defeated by the Chamber of Deputies. 281 to 243.

By the consolidation loan the government has evidently pushed the date of possible financial embarrassment by debt maturities pretty far into the future. The one, two, and three months' national defence bonds have been withdrawn, most of the one and two-year securities have been refunded into longer time bonds, and there are no large payments due now before 1930.

But, to check the advance of the franc, it has been necessary for the Bank of France to buy large amounts of foreign currency. The payment for these purchases, in francs, has been made by placing the amount to the credit of the banks at the treasury. The banks find

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it hard to invest their funds at present, and were glad to leave the amounts on deposit. The government thus avoided issuing more notes. As the amount grew, however, it became evident that should the banks call for the payment of these deposits, which now run into billions of francs, the treasury would be much embarrassed. The government, therefore, still has demand creditors, but they are the banks now, instead of the public.

This fact was capitalized and held up to prominence by the political enemies of the Premier when, on June 9, he proposed a new loan of 10,000,000,000 francs. They contend that this loan is necessary only to relieve the treasury—that the government hopes that the subscribers to the new bonds will be the present creditors of the treasury, and that thus the present demand deposits can be funded into a longer term security. Or, by whomever the bonds are

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bought, the treasury will secure enough funds to keep as a reserve against these demand deposits.

So long as business remains as dull as at present, there is no danger, for the banks cannot invest their funds elsewhere. The price decline started by the revival of the franc still continues, and buyers are holding back, waiting for prices to reach bottom. Money is available in quantity at around $2\frac{1}{2}$ per cent. Mysteriously, workers are being absorbed somewhere. The number of unemployed last winter amounted to 95,000, while at the first of June there were only 33,000 men out of work. Probably the influx of tourists is responsible for this.

ITALY

Deflation is no longer only a word to Italians. It is a very real experience to every one of them. It means a reduction in the wages of state employes, decreed by the Cabinet Council early in May. It means a reduction in freight rates on goods shipped for export, and smaller reductions in postal rates and telephone charges.

It means a government request that all workmen accept wage reductions of about 10 per cent. About 500,000 textile workers have agreed to wage reductions. It means price reductions covering several staple articles. It means rent reductions of from 10 to 20 per cent. It means, finally, dull security markets, very tight money, twice as many unemployed as last year, small profits, poor collections and an uncertain outlook.

Finding this experience not at all pleasant, Finance Minister Volpi has announced that the government will suspend its deflation policy for the present. The lire will be held at its present value of about $5\frac{1}{2}$ cents until the fall, until Italy has a chance to readjust itself to the new conditions and prices. Then, after considering all factors, deflation may be resumed or may be abandoned entirely.

To keep the lire from advancing further, Italians who borrow abroad are compelled to transfer the proceeds of these loans to Italy, through the Institute of Exchange. The amount borrowed remains in a foreign bank at the disposition of the borrower, but may not be converted into any other currency. Every month an instalment of it is placed to the credit of the Institute of Exchange, which instructs the Bank of Italy to place a similar amount in lire (at the then rate of exchange) at the disposal of the borrower.

The Bank of Italy usually avoids a further increase in the note issues by making payment to the borrower's bank in cancelling a part of its indebtedness to the Bank of Italy.

The Bank of Italy charges the amount so paid against the Institute of Exchange until a payment (perhaps an instalment on the war debt) is due in some foreign country. The institute then makes the payment for the bank, and its debt to the bank is correspondingly reduced.

Any losses due to fluctuation in exchange rates between the time of arranging for transfer and the actual transfer are borne by the borrower. The pos-



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sibility of loss to the institute, thus, is very small, and the transfer problem has not been a difficult one.

HOLLAND

Last year the Netherlands Bank began the work of building a discount market in Amsterdam by allowing foreign banks (mostly German) having branches in Holland, to rediscount bills on the same basis as Dutch banks.

It has recently placed another stone in the foundation for such a market by announcing that in the future it will make advances for a maximum of ten days, such advances to be secured by commercial bills. Formerly banks and discount houses needing funds temporarily were forced to rediscount them, giving them up until maturity, and thus losing considerable possible profit. They may now merely pledge them for so long a time as they need an advance, providing the time does not exceed ten days.

IRELAND

The plan for an Irish banking system recommended by the recent banking

commission, and reported in these columns in April, provided that the £6,000,000 of fiduciary notes should be divided between the Irish banks "in proportion to their loans, deposits, capital reserves, and number of branches." On this basis, the amounts assigned are as follows:

Bank of Ireland	£1,760,000
National Bank	1,365,000
Munster and Leinster Bank.....	852,000
Provincial Bank	649,000
Hibernian Bank	439,000
Ulster Bank	419,000
Royal Bank of Ireland	273,000
Northern Banking Company.....	243,000

NORWAY

Ever since the first of the year—and even before that—Norwegian workers and employers have been fighting over wages. Last year the krone went up; prices went down. Employers insist that wages must be reduced at least 25 per cent. in order to bring costs of production below prevailing prices. The workers point to the price decline—about 7 per cent.—but refuse to accept even a 7 per

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cent. wage cut. Unemployment figures mounted to 30,000 in February, with a negligible reduction since that time.

The government, despairing of any agreement, has passed a compulsory arbitration bill. If a dispute is detrimental to the public interest, the government may now command that it be arbitrated. The court of arbitration's first act, on May 11, was to declare at an end the lockouts in the iron, textile, mining, and sawmill industries. The old wage scales will be revised later.

But the five months that intervened before the law was passed were disastrous to Norwegian banking. Unable to lend their funds profitably, two provincial banks, the Sannidal og Skaavej Sparebank and the Aktie Kreditbanken i Sandefjord, failed in February. Two more, the Vardel Sparebank and the Deammens Privatbanker A/S closed their doors in March. With April came the announcement that two of the larger banks, the Centralbanken and Andresen's and Bergen's Kreditbank, would soon liquidate.

Speculative capital, alarmed, has been withdrawn rapidly. Business is so poor that it requires practically no funds, and money is still plentiful. Bank money has been going into securities. This, with the slightly improved outlook since the lockouts are ended, is probably responsible for the firmness and rising tendency of the stock market.

SWEDEN

Sweden also has had a good bit of labor trouble. Her employers and men, however, have been able to settle their differences without the intervention of the government. Business has been fairly satisfactory, with considerable recent seasonal activity. The Riksbank reduced its rate from 4½ to 4 per cent. on April 22. "The situation, on the whole," says one report, "has not been materially better in the last five years."

DENMARK

Denmark is slowly climbing out of the depression into which she was plunged, along with the other Scandinavian countries, by the deflation of the krone and the restoration of the gold standard. Industrial activity is still low, but improvement is noticeable in the textile, iron, and building industries. The number of unemployed has decreased rapidly of late, from 81,000 in March, to 72,000 at the end of April, and 60,500 at the end of May.

The foreign trade is increasing and the import surplus is being reduced at the same time. The money market remains tight, but in spite of increased loans, discounts, and circulation, the National Bank holds its gold reserve against notes at 65 per cent. The recent loan by the International Acceptance Bank, Inc., New York, of \$15,000,000 to the

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Reserve Fund and Profits Fmk.				135,000,000
Total Assets (31/12 '26) Fmk.				2,337,000,000

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City of Copenhagen at 5 per cent. for twenty-five years may relieve the money market temporarily.

The Danish Landmansbank, in the hands of the state for the last year or so, is now to be reorganized and made an independent institution, according to a bill recently introduced into the legislature. An institute would be established to liquidate the bad debts of the bank. Any deficit remaining after such liquidation would be met by the government, after which the bank, having secured 50,000,000 kroner of new capital and having changed its name, would resume business.

Pending the disposition of the bad debts by the institute, the government is authorized to borrow \$20,000,000 for one year and re-lend that amount to the Landmansbank. Thus it can resume business very shortly, providing, of course, the bill gets through the legislature.

FINLAND

Helsingfors, usually frozen up for

several months of the year, was able to keep open most of last winter. Business in Finland has benefited accordingly. This, with the normal increase of forestry operations at this season of the year, has created a considerable demand for credit, amounting almost to a credit stringency.

"The business done by the banks during 1926," writes A. E. Tudeer, statistician of the Bank of Finland, "was normal in every respect and successful." Not one lost money, and the combined profits of the banks were about 25 per cent. higher than in 1925. Some reduction in money rates is looked for during this year, but in spite of the fact that the Bank of Finland reduced its rate from 7½ to 7 per cent. in March, the other banks have been slow to follow.

POLAND

Marshal Pilsudski, has blocked, for more than four months the \$60,000,000 loan to Poland which the Bankers Trust Company, New York, and Blair and

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Reserve Fund and Undivided Profits	£1,512,884

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JAMES STEUART, Chief Manager

Company, Inc., New York, propose to offer soon. The lenders insisted on having some means of control over the disposition of the money they lend. They asked for a representative on the board of directors of the Bank of Poland, and for a supervisor (or observer) of Polish finances. The marshal indignantly refused to permit such an "affront to Poland's sovereignty." A final agreement, for an observer on the board of the bank, with power to veto any action of which he disapproves, was reported in June only to be denied later. Another four months' delay seems probable.

This loan was suggested in the Kemmerer Commission report, summarized elsewhere in these columns. The commission, however, did not recommend nearly so large a loan as this for the stabilization of the zloty. It suggested "ten to fifteen million dollars" as the required amount.

Industrial activity has been fairly well maintained, and is growing. This is encouraged by the relatively easy money and the strong condition of the Bank of Poland, which maintains its reserve against notes at about 53 per cent. Deposits, both in commercial and savings banks, are increasing, foreign trade is much larger than last year, unemployment is decreasing, and the outlook is encouraging.

Two items, alone, are unfavorable. Domestic coal production has caught up with demand, and foreign demand for coal has decreased, necessitating reduced operations. The improvement of industry combined with a poor harvest last year,

has enormously increased imports into Poland. In April, for the first time since September, 1925, the foreign trade balance was an import balance. Exports have increased rapidly, but not enough to make up for the failure of last year's rye harvest. Reports of the condition of the crops this year are "above average," indicating that the import balance will be only temporary.

SPAIN

A considerable amount of foreign money has been attracted to the Spanish money market in recent months by the evidences of more stable conditions there—improvement in the foreign trade balance, better revenue receipts, and the successful refunding of the internal debt. However, when the Spanish banks decided, about the first of June, that they would discontinue paying interest on foreign balances over 200,000 pesetas (about \$35,000), there was a rush to withdraw this money, resulting in a break of 28 points in the peseta rate in one day.

Evidently it is long time capital that Spain wants, instead of temporary deposits. The King has signed a decree providing that foreign business concerns in Spain who will "naturalize themselves" (that is, put 60 per cent. of the stock in the hands of Spanish nationals) shall be required to pay no taxes the first year; only 25 per cent. of the normal tax the second year; 50 per cent. the third year; and normal taxes the fourth year and thereafter.

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HUNGARY

Business in Hungary continues good. Unemployment is decreasing and stands well below last year. The import balance for the first quarter of 1927, however, is much larger than in 1926. This is due, according to the review of the Hungarian Commercial Bank of Pest, Budapest, to the fact that "the building trade is going a little too fast . . . as large quantities of building material are being imported."

This last statement seems rather strange, in view of the fact that the bank (in co-operation with several of its contractor customers) recently offered to finance the construction of several thousand municipally owned small apartments, and had its proposition accepted.

CZECHSLOVAKIA

Prices in Czechoslovakia are stable, there is an export balance of foreign trade, the National Bank reduced its rate from $5\frac{1}{2}$ to 5 per cent. in March, followed by reductions in the open market rates for money. On this basis the American syndicate which last year advanced the National Bank a credit of \$20,000,000 felt justified in renewing the credit in June—this time, however, for \$15,000,000.

INDIA

In February, while almost all the other central banks of the world were reducing or about to reduce their discount rates, the Imperial Bank of India advanced its rate from 6 to 7 per cent.

Having drawn a considerable amount of gold from London (which will be used in place of the present securities covering note issues—when the gold standard is adopted), and finding its money market was drawing deposits from all over the world, the bank decided, on June 2, that it had swum against the tide long enough. It dropped into line with a reduction of the rate to 6 per cent. again.

JAPAN

The \$4,000,000 of gold from Japan which has arrived in New York so regularly of late, was not received last month. Reconstruction of the bruised and battered financial structure in Japan is more important, just now, than the stability of the yen. And gold is a very healing salve for financial bruises.

Business is much depressed, as was to be expected. Attempts are being made to resuscitate the banks closed during the panic. Those that are open are reducing their interest rates and their dividend rates.

Viscount Korekiyo Takahashi, 73, former premier, who became finance minister during the panic to restore public confidence in that office, resigned on June 2, his work done. He passed on to his friend Chuzo Mitsuchi, minister of education, former vice-minister of finance, the difficult work of reconstruction.

CHINA

In Hankow and the Yangtze Valley, the order has gone forth that no currency shall circulate except notes issued

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by the Central Bank of China. This keeps the foreign banks in that region closed as effectively as the military operations resumed the middle of May. Since the edict the notes have depreciated 13 per cent., and Trade Commissioner Calder cables that they will probably "become lower." Exports from Shanghai and other ports, as might be expected, are running considerably under last year's figures.

The Nanking Nationalist government, in control of the Yangtze Valley, has been financed largely by the native banks, total advances to date reaching 7,000,000 Mexican (silver) dollars. To repay the banks and provide funds for further operations, the government has issued a loan of 30,000,000 Mexican dollars, secured by the 2½ per cent. import tax. The bonds, which bear interest at the rate of 7 per cent., payable monthly, are priced at 98. Two months' interest is paid in advance, upon purchase of the

bonds. They are to be redeemed at the rate of 1,000,000 Mexican dollars a month, beginning July 1. Reports received by the middle of June indicated that the loan would be a failure, subscriptions received up to that time amounting to less than 15,000,000 Mexican dollars, half the total.

Foreign banks in China at present seem to be considered legitimate prey. In April two compradores (native agents) almost wrecked two foreign banks. One absconded with \$1,400,000 in silver belonging to the Peking branch of the British, Hongkong and Shanghai Bank; the other went "over the hills and far away" with \$1,000,000 silver from the Dutch Nederlandsche Indiasche Mandelbank branch at Amoy.

AUSTRALIA

Twenty ships lie idle in Newcastle harbor, New South Wales, awaiting the resumption of work by the miners. Almost twelve thousand are on strike, and six collieries in Australia's chief coal port are tied up. Similar trouble is reported in Lithgow, New South Wales, also a mining center. Coal stocks are running low already.

Though the recent wheat harvest was a very good one, nearly half the crop is still unsold, so the ships get no business from that source. Storage facilities are overtaxed to handle the 46,800,000 bushels which this year produced. Last year's yield was only 29,255,500 bushels.

One result of the attempt to hold wheat, and the dull trade (though the cool fall weather has resulted in a fair retail demand recently) has been tight money. Bank loans have been bringing 7 per cent. in New Zealand. Subscriptions to the last Commonwealth loan have been so slow that an extension of time has been necessary.

The Commonwealth is now considering the adoption of all the states' debts. This done, future borrowing, both for the states and for the Commonwealth,

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would be under the supervision of an Australian Loan Council, consisting of representatives of each state and of the Commonwealth. The states would continue, as at present, to decide when, what amount, and for what purpose they should borrow. It would be the function of the council only to determine whether the amounts desired by the states are available in the money markets at reasonable rates.

At the present time the debt of the Commonwealth amounts to about \$2,-290,000,000, while the aggregate debts of the states amount to about \$3,210,-000,000.

SOUTH AFRICA

The Union of South Africa is rapidly becoming, by reason of greater diversification of industries, a safer place to do business. This is no more clearly shown than in the record of insolvencies, recently published in *Commerce Reports*. The number of insolvencies has steadily decreased, from 2470 in 1922, to 2263 in 1923, to 1941 in 1924, to 1372 in 1925,

to 1227 in 1926. During the same period the liabilities have decreased in about the same proportion, from £5,967,000 in 1922 to £1,920,000 in 1926.

At present "there is no inflation in either business or banking in South Africa, the recent tendency toward expansion of bank loans with decreasing deposits having been substantially checked. On the whole, returns for 1927 should show still further improvement in the general credit position."

CHILE

President Emiliano Figueroa-Larrain of Chile has agreed to take a "vacation" of two months. Needless to say, the suggestion of the vacation came from Premier Ibanez, arch enemy of Bolshevism, who took control of Chile in his own hands last February. The council of ministers promptly signed a decree making Ibanez acting president. In his turn, Ibanez signed another decree, ousting Dr. Javier Figueroa, brother of the former president, from his post as

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president of the supreme court. Dr. Figueroa had dared to criticize the methods of this Mussolini of the South in dismissing several supreme court justices recently.

Financially, Premier Ibanez has been good for the country. A news item from Kissel, Kinnicutt and Company, New York, says that the 1927 Chilean budget, which was submitted in August, 1926, carrying a deficit of \$16,000,000, has been revised to balance at \$117,000,000. Deficits have been quite the usual thing in Chile for the last five years.

The taxation system has also been revised, so that the income of the state is now received from a greater number of sources, thus insuring greater stability of income. As recently as 1918, Chile received 60 per cent. of her total income from the nitrate tax. More is now to be collected through the income tax; and the rate on other products has been increased so that in the present budget,

only 17 per cent. of the income will be received from the income tax.

Finally, not ruling by political favor, Premier Ibanez has been willing and able to eliminate a number of political jobs, cut excessive salaries, and reduce the number and size of pensions, thus reducing the expenditure side of the budget, as well as increasing revenue and obtaining it from more stable sources.

The National City Bank, New York, has recently been appointed official and exclusive banker for the Chilean Government. George D. Buckley, vice-president of the bank, and Victor F. Schoepperle, vice-president of the National City Company, have sailed for Chile to confer with the Chilean Government officials, and also to visit the branches of the National City Bank in Brazil, Uruguay, Peru and Argentina.

ECUADOR

Pessimism, unrelieved, reigns in Ecuador. Optimists who believed that the proposed opening of the new Central Bank recommended by the Kemmerer Commission was a rift in the clouds of gloom have been rudely disillusioned. Subscriptions to the Class B stock of the bank are being received slowly. In fact, lack of working capital is what is delaying the opening of the bank. Banking conditions in Ecuador are very unsatisfactory.

BRAZIL

Little improvement over May conditions has been noted in the general Brazilian situation. A marked dullness of trade still exists, money is tight and interest rates high. Exchange has remained firm, however, the continued successful placement of foreign loans making stability for the immediate future probable. The coffee market has been fluctuating, being influenced by conflicting rumors which have had a weakening tendency, but there has been more firmness recently, due to good foreign purchases and to the crystallization of the federal government's policy.

1839—1927

Banking in the Levant

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THE PAST MONTH IN CANADA

BY J. W. TYSON

THE sound economic situation in Canada, from a financial, industrial and commercial standpoint, has been strikingly indicated by spring and early summer developments. The business momentum has carried forward with new records for activity in many lines in spite of weather conditions which have interfered with seasonal trade, and have to some extent clouded the prospects for a satisfactory harvest. Industrial employment is at an unusually high level; it has been estimated that 100,000 persons have found places in industry this year from one to two months earlier than might reasonably have been expected. In this respect industrial development has largely offset the immediate consequences of bad spring weather, particularly in the West, and while the movement of warm weather merchandise has been disappointing, sales in other

lines continue to be considerably larger than recorded a year ago. These lines include footwear, furniture, hardware, oils, paints, drugs, stationery, mining equipment, agricultural implements and other farm supplies, plumbing and electrical specialties and all kinds of building materials.

WEATHER AND SOIL CONDITIONS

Weather and soil conditions, according to a report of the Bank of Montreal, "are favorable in the Prairie provinces and the growth of the grain crops is satisfactory. In Alberta the wheat crop has almost overcome the handicap of late seeding and is now progressing rapidly, with ample moisture and no damage from hail or pests. Good headway is also being made by crops in the other provinces. Now that the wheat seed-



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ing has been completed, the estimate is that the acreage is less by from 10 per cent. to 15 per cent., as compared with last year, but there has been some increase in the acreage sown to coarse grains. In the Province of Quebec constant rains and cool weather have retarded farm operations and offset to some extent the early opening of work on the land afforded by prematurely warm weather in April and early May. In Central and Southwestern Ontario satisfactory conditions have prevailed during the last month, but in Eastern Ontario continued wet weather has seriously delayed farming operations and seeding is not yet completed. In the Maritime provinces average conditions prevail, except in New Brunswick, where rain and cold have kept the season late. In British Columbia, where the season was late, ideal growing weather now prevails, and crop prospects are much improved."

The physical volume of business in Canada attained a new high level in March and April, as recorded by the Dominion Bureau of Statistics. The Bureau's Index has touched a maximum point for the post-war period and probably for all time. Greater volumes are indicated in nearly all lines of industry, particularly in the iron and steel, textile and newsprint groups. Freight car loadings have been exceptionally heavy, and the early opening of navigation was

responsible for an unusually heavy spring movement of grain and merchandise.

The record of failures in Canada for the month of May was the best for that period since 1920, while liabilities were smaller than for any May since that time, with the single exception of 1926.

INTEREST IN INVESTMENTS

Investment and speculative interest in the stock markets continues very active. New records are being made for volume of trading on the Canadian exchanges, and prices of speculative favorites continue to advance. The public is evidently discounting the possibilities of stock splits on the part of a number of important companies. Mergers are popular and a number of new stock issues to finance consolidations have been largely oversubscribed. The large liquid resources of the banks available for industrial expansion and stock market operations seemingly preclude any danger of speculation leading to a financial panic. However, there are already some signs of speculative excesses which bankers point out will have to correct themselves. So far as the securities of companies with proven earning records are concerned, there seems to be little danger that present prices will not be justified in the future. But there are certain indications that there are now technical weaknesses which would probably result in a more

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or less extensive reaction should there be unfavorable developments to affect speculative sentiment.

Figures showing the total value of construction contracts being awarded continue to show satisfactory increases. Work reported as contemplated up to June 1 is in excess of that for the same period of 1926 by over \$100,000,000. Building contracts are more numerous than for many years at this season. In value they about equal those of 1926. This fact that there are more small or medium sized projects this year is no doubt a factor in better employment conditions. General industrial and commercial construction is regarded as more satisfactory from a number of standpoints.

Economically some disappointment is felt that trade figures continue to indicate increasing imports and declining exports. However, it is undoubtedly the case that the increasing imports may be largely attributed to raw materials going into the manufacture of merchandise for Canadian consumption. Imports for the year ending with April increased about \$100,000,000 compared with the previous year, while exports declined about \$45,000,000. The increase in imports is largely accounted for by purchases from the United States. Canada's favorable balance of trade shows a decrease in the last year of \$147,000,000 compared with the previous year. For the month of April the favorable balance was only \$3,000,000. This trend of trade is being held responsible for the fact that the Canadian dollar has recently been quoted

slightly below par in New York, after commanding a premium since the opening of navigation. The fact that Canada's outside borrowings are considerably smaller than a year ago is also mentioned as a possible factor in the exchange situation.

REVIVAL IN IMMIGRATION

The predictions that the current year would see a marked revival in immigration as compared with the years since 1914 are being borne out. The number of immigrants entering Canada during the first quarter was 8000 in excess of the corresponding figure for 1926, and the second quarter is also witnessing an important increase. The influx is being absorbed by general industries rather than by agriculture, operations on the land having been handicapped by unfavorable weather. Colonization work by the railways shows improvement from the experiences of the past, and the indications are that newcomers are being well taken care of.

BUSINESS IN DOLLARS

The dollar volume of business in Canada was slightly greater in April than in the same month last year. Bank debits were at a high level in April, 1926, being swelled by government financing at Ottawa. The debits in Ottawa during April last were \$141,700,000, as compared with \$232,300,000 in April, 1926; providing Ottawa is left out of the calculation, the increase in the total debits

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Statement of Condition as of December 31, 1926 :

Capital Fully Paid In . . .	\$2,000,000	Deposits . . .	\$10,462,800
Reserves and Undivided Profits	\$1,053,500	Total Resources	\$18,981,100

Branches: Armenia (Caldas), Barranquilla, Bogota, Bucaramanga, Cali, Honda ; Bremen (Germany).

GENERAL BANKING BUSINESS

over the same month last year would be 4 per cent.

Bank debits in the first four months of 1927 were \$10,152,000,000 as compared with \$9,441,000,000 in that period of 1926, an increase of 7.5 per cent. The increases over 1925 and 1924 in the same comparison were 21 per cent. and 24 per cent. respectively.

Bank clearings in April were \$1,538,700,000, as compared with \$1,472,400,000 in April, 1926, an increase of \$66,300,000 or 4.5 per cent.

BANK OF MONTREAL

The half-yearly statement of the Bank of Montreal, which is one of the recognized mile-stones in Canadian business progress, provides some interesting indi-

time savings deposits show a further increase. This situation indicates that the Bank of Montreal—and it may be taken that the other banks are in a similar position—has the available assets to finance that further healthy expansion of Canadian business which seems to be reasonably assured. As a matter of fact it has been evident in recent years that the Canadian banks, with the increasing surplus of deposits over current loans, have been placing their funds in bonds and other securities which can be readily liquidated, in order to take care of just such expansion as is now taking place. Increased profits and increased assets shown by the bank are a further indication of a healthy condition of the country's financial affairs.

PROFIT AND LOSS

	6 mos. end. April 1927	1926	Year end. Oct. 31, '26
Profits	\$2,780,660	\$2,469,326	\$4,978,133
Taxes	199,583	194,583	319,167
Net gain	\$2,581,077	\$2,274,742	\$4,658,966
Dividends	1,795,002	1,795,002	4,188,238
Surplus	\$ 786,075	\$ 479,740	\$ 470,628
Previous surplus	767,416	596,788	596,788
Total surplus	\$1,553,491	\$1,076,529	\$1,165,458
Reserve for premises, etc.	250,000	150,000	300,000
Profit and loss balance	\$1,303,491	\$ 926,529	\$ 767,416

cations of the trend of trade and industry. Current loans in Canada of approximately \$250,000,000 show an increase of more than \$20,000,000 compared with six months ago. At the same

A considerable proportion of liquid assets is represented by call and short loans and balances due by other banks, totalling \$168,282,229, up from \$159,869,933 a year ago.

INTERNATIONAL BANKING NOTES

STATEMENT of the Dresdner Bank, Berlin, as of December 30, 1926, shows net profits for the year of RM. 11,911,108, including RM. 227,550 brought forward from the previous year. This sum has been disposed of as follows:

	RM.
Transfer to open reserves	1,600,000
To 10 per cent. dividend on old shares	7,800,000
To 5 per cent. dividend on new shares	1,100,000
To bonus to board of administration	432,973
To transfer to pension fund.....	350,000
Carried forward to next account..	628,135
Paid up capital of the Dresdner Bank is RM. 100,000,000, reserves RM. 28,800,000 and total resources RM. 1,567,424,275.	

THE Banco Nacional de Mexico is issuing travelers' checks, payable in Mexican silver, to visitors to that country, according to recent announcement. The service has been planned for the convenience of travelers in the transfer of money since, heretofore, the exchange of money in Mexico has been at a greater premium in some communities than in others, due to fluctuating money conditions in various localities. Travelers' checks of the Banco Nacional de Mexico are issued at a fixed rate of exchange and will be accepted by hotels, railroads and other establishments, thus avoiding delays.

A REVIEW of economic conditions throughout the world was given by Kenji Kodama, president and chairman, at the ninety-fourth general meeting of the Yokohama Specie Bank, Limited, held March 10 at the head office of the bank in Yokohama.

"In the half-year under review," says the report, "the total bank clearings for the whole country amounted to 44,960,000,000 yen against 43,980,000,000 yen for the corresponding period a year ago, while new capital issues jumped to the figure of 760,000,000 yen, as compared with 440,000,000 yen for the previous corresponding period. A more striking feature of development is in new debenture issues, amounting to 610,000,000 yen, or an increase of 390,000,000 yen over the figure for the corresponding period last year.

The condition of the Yokohama Specie Bank, Limited, as of December 31, 1926, shows paid up capital of 100,000,000 yen, reserve fund and shareholders' account of 109,695,000 yen, current accounts of 515,561,000 yen and total resources of 1,158,424,000 yen.

REPORT of the annual meeting of the Union Bank of Scotland, Limited, Glasgow, shows profits for the year ended April 2, after making provision for bad and doubtful debts and contingencies, of £317,750, an increase over the previous year of £2163. Disposal of this sum was suggested as follows on the next page:

Oesterreichische Credit Anstalt Fuer Handel und Gewerbe Vienna

Comparative Balance Sheet as per December 1926 and 1925 (In Austrian Schillings)

Assets	1926	1925	Increase
Cash in hand	19,101,351	11,360,617	7,740,733
Bills discounted	82,763,478	41,574,608	41,188,869
Securities	43,215,719	38,588,286	4,627,433
Syndicate participations (including permanent investments in other banks)	30,669,525	24,211,793	6,457,732
Debtors	741,680,418	484,019,388	257,661,029
Real estate	8,480,950	7,366,500	1,114,450
Equipment and fixtures	1,198,500	946,600	251,900
	927,109,943	608,067,795	319,042,148
Liabilities			
Stock capital	65,000,000	50,000,000	15,000,000
Surplus:			
General reserve	10,000,000		
Additional reserve	10,000,000	20,000,000	.....
Special reserve	3,807,120	.....	3,807,120
Extraordinary reserve	400,000	.....	400,000
Unpaid dividends	342,848	305,883	36,965
Acceptances and drafts	1,537,445	992,850	544,595
Deposits	131,858,983	45,843,593	86,015,390
Creditors	696,308,221	484,358,168	211,950,052
Net profit	7,855,323	6,567,300	1,288,023
	927,109,943	608,067,795	319,042,148

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"The board have made the same allocations as during the last two years, and they feel that the strengthening of reserves by £50,000, and the writing down of bank offices and heritable property by £35,000 each, will again meet with your approval. . . . We are able to recommend a dividend at the same rate as before—namely, 18 per cent. Once more we feel that £25,000 should be set aside in connection with the bank's liability for pensions and allowances to the staff. The effect of these allocations will be to reduce slightly the carry-forward, by £7249, but it will still amount to the substantial sum of approximately £85,000."

Paid up capital of the Union Bank of Scotland is £1,000,000 and reserve fund £1,400,000.

IN the May number of THE BANKERS MAGAZINE on page 736 there appeared an item giving figures which were stated to be from the profit and loss account and the balance sheet of the National Bank of Scotland Limited, Edinburgh. The figures given in this item were those of Lloyds Bank Limited, London, with which the National Bank of Scotland Limited is associated. The correct figures follow:

The net profit of the National Bank of Scotland Limited for the year ended November 1, 1926, after providing for all bad and doubtful debts, etc., and including a balance of £64,220 brought forward from the previous

Four Leading Banks in Austria
Statement of Condition as per December 31, 1926
(In 1000 Austrian Schillings)

	Oesterreichische Credit Anstalt	Wiener Bank Verein	Niederöesterreichi- sche Escompte Gesellschaft	Allgemeine Oester- reichische Boden Credit Anstalt
Liabilities				
Capital	65,000	40,000	37,500	30,000
Surplus	24,207	20,000	22,808	20,800
Creditors	696,308	304,162	298,156	421,649
Acceptances	1,537	.....	.....	1,683
Deposits	131,859	46,894	24,418	*24,503
Profit and loss account	7,855	4,500	5,822	6,541
Total resources	927,110	416,445	390,792	506,067
Assets				
Cash	19,101	15,318	16,297	10,241
Bills discounted	82,763	65,520	36,639	77,245
Securities	43,216	5,281	5,285	41,675
Participations	30,670	26,311	39,633	27,179
Debtors	741,680	294,322	293,087	316,565
Real estate and inventory	9,679	9,693	5,468
			Loans	25,691
			Annuities	1,226
			Int. due	777

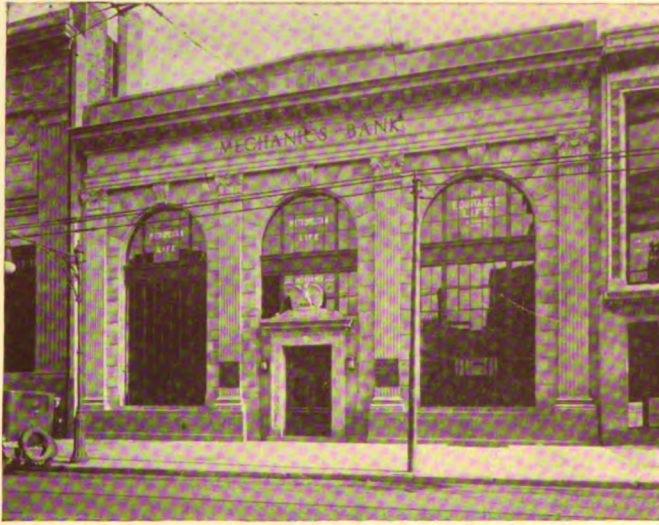
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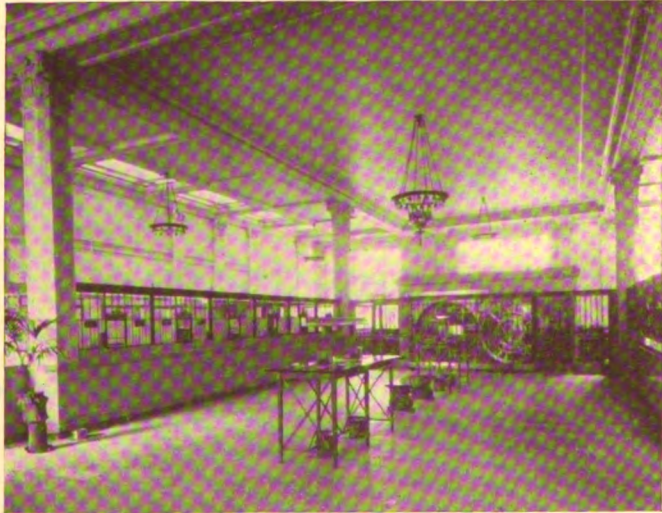
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year, amounted to £348,998. The following disposition has been made of this sum:

	£
To payment of a dividend at the rate of 16 per cent. per annum, less income tax	140,800
To reserve fund	50,000
To heritable property account	30,000
To trustees for officers pension scheme	55,000
To bank's annuity fund	5,000
Carried forward to next account....	68,198
Total resources of the National Bank of Scotland Limited stand at £36,263,499; deposits £30,884,577; capital £1,100,000 and reserve fund £1,400,000.	

NET profits of the Industrial Bank of Japan, Ltd., Tokyo, for the half-year ended December 31, 1926, amounted to 3,677,768 yen, including a balance of 1,001,851 yen brought forward from the previous half-year. This sum has been disposed of as follows:

	Yen
To reserve against loss	300,000
To dividend equalization reserve... (8 per cent. per annum)	100,000
To remuneration to officers	2,000,000
To special reserve	100,000
To dividend equalization reserve... (8 per cent. per annum)	150,000
Carried forward to next account... 1,027,768	1,027,768
Capital of the bank is yen 50,000,000 and total resources yen 468,052,845.	

REPORT of the Anglo-Polish Bank, Limited, Warsaw, for the year ended December 31, 1926, shows net profit for the period of 420,024 zloty. To this has been added 32,751 zloty brought forward from the previous year, making available 452,775 zloty. This sum has been disposed of as follows:

	Zloty
To transfer to reserve fund	114,916
To payment of a dividend at the rate of 12 per cent. per annum.....	180,000
To bonus to council, management and staff	95,951
Placed at disposal of management..	32,000
Carried forward to next account....	29,907

Paid up capital of the institution is 1,500,000 zloty, reserve funds 225,507 zloty, current, deposit and other accounts 5,484,936 zloty and total resources 54,060,069 zloty. Authority was given the council, at the annual meeting, to increase the capital to 2,000,000 zloty by the issuance of 5000 shares of 100 zloty each.

In the March number of THE BANKERS MAGAZINE statement was made that the Belfast Banking Company, Belfast, Ireland, had a capital of £60,000 and reserve fund of the same amount. These figures are incorrect. The capital and reserve of the Belfast Banking Company, are each £600,000.

UNITED STATES LEADS IN LATIN AMERICA'S TRADE

UNITED States trade with Latin America is now greater than the combined trade of the United Kingdom and Germany, the two nearest competitors, according to *The Index* published by the New York Trust Company. This reverses the situation of 1913, when the trade of the United States was less than either the United Kingdom or Germany.

The Latin American trade of these three countries has been chiefly concentrated with three Latin American republics — the Argentine, Brazil and Chile. Of the total amount of Latin American exports to the United States in 1926, well over one-third was supplied by these A. B. C. Republics, as they are called. These three countries consumed one-third of the total Latin American imports from United States.

The trade of the United Kingdom and Germany with the A. B. C. Republics is approximately at the pre-war level, while the trade of the latter with the United States is very much greater than in 1913.

"The United States sells to Argentina nearly twice as much as it buys, and buys from Argentina considerably less than do either the United Kingdom or Germany. This is due to the fact that the chief products of the Argentine are cereals and beef which are all produced in this country in sufficient quantities.

"Trade between the United States and Brazil has always been large because the tropical and sub-tropical products of that country offer little or no competition to our own producers."



Never Out of Touch with His Bank

HE WAS surprised and gratified—this official of one of our correspondent banks—that throughout his Chicago visit he was never out of touch with his own bank. As he scheduled his day—at his hotel, at this Bank, and about the city—our private wire facilities were constantly available, so that within a few minutes he could always consult his files, receive advices, send instructions, and make reservations.

This is only one of many conveniences and courtesies which it is our pleasure to afford our correspondents at every point where we can further their business interests.



FREDERICK H. RAWSON
Chairman of the Board

HARRY A. WHEELER
President

CRAIG B. HAZLEWOOD
Vice-President

UNION TRUST COMPANY

CHICAGO

CREDIT MEN HOLD NATIONAL MEETING IN LOUISVILLE; CHENEY PREDICTS WORLD ORGANIZATION OF BASIC INDUSTRIES

SPEAKING before more than 2000 delegates to the thirty-second annual convention of the National Association of Credit Men, held at Louisville, Ky., June 6 to 10, O. H. Cheney, vice-president of the American Exchange-Irving Trust Company, New York, said:

"By 1950, whether we like it or not, with our co-operation or against it, the basic industries of the world will be organized on an international scale. Production will be controlled and regulated to gear with reasonable demand. It will be better organized and more favorable to the United States and to the American consumer if it is organized with our co-operation.

"For centuries there has been international economic competition, but it has never been so intense and on such a large scale as since the war. It is not simply competition between business men in different countries for markets. The new competition leads to the new co-operation. In Europe business men learned long ago to join the cartel, which is a kind of organization not permitted in this country.

"In the last few years the Europeans have gone further and have organized international cartels; and so powerful is the need for economic co-operation that, in industries, countries which only a few years before were mortal enemies in the war are now joining hands.

"I do not believe we can stop this great economic trend by calling it names and by waving the Stars and Stripes. We will be able to meet the so-called foreign monopolies only by economic organization based on intelligent and sound principles, the soundest of which is co-operation. I do not mean that we should countenance any international conspiracy to monopolize the vital resources of the world and profiteer on the consumer.

"But I do believe that the only way in which this most fundamental of all the problems of the new co-operation can be solved is by first looking at it on a world scale. So far we have very few men in this country or abroad who have the



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O. H. CHENEY

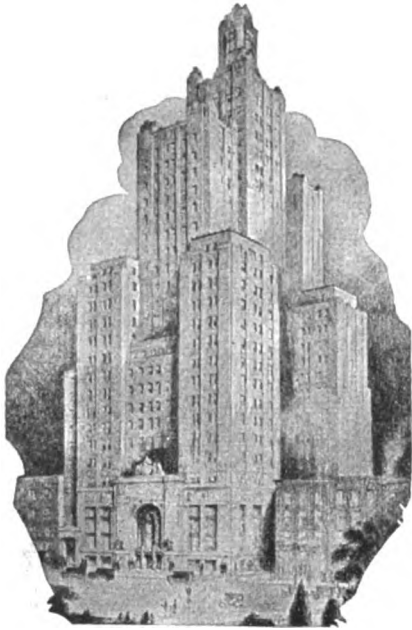
Vice-president American Exchange-Irving Trust Company, New York, and a speaker at the annual convention of the National Association of Credit Men.

vision and objective calm which is needed."

Discussing economic conditions at home, Mr. Cheney said:

"The trouble with the tired business man in the last five years has been that he is balloon-tired. This easy prosperity has given men a false sense of security and kept them from realizing the seriousness of some of their merchandising problems.

"The American business man, on the



SEND FOR BOOKLET DESCRIBING NEW BANK BUILDING

An illustrated booklet describing this twenty-five story office building—the new home of INDUSTRIAL TRUST COMPANY will be sent you on request. The building which will be the tallest in Providence and located at the centre of civic activity will be ready for occupancy during the summer of 1928.

The modern pyramid style of architecture has been adopted to allow adequate daylight in all offices. Vaults and banking rooms of INDUSTRIAL TRUST COMPANY will occupy the first three floors and two mezzanines.

Office space reserved in advance may be arranged to suit the desires of tenants. For literature address G. L. & H. J. Gross, Agents, Providence, R. I.

INDUSTRIAL TRUST COMPANY

Resources More Than \$100,000,000

Member of Federal Reserve System

Five PROVIDENCE offices

49 Westminster St. 63 Westminster St.
1515 Broad St. 220 Atwells Ave.
602 Elmwood Ave.

E. PROVIDENCE BRISTOL
WOONSOCKET WARREN
PASCOAG NEWPORT
PAWTUCKET WESTERLY
WICKFORD

average, is probably the most efficient in the world. And yet when we see the high percentage of business failures, when we watch the soaring cost of distribution, and are disturbed by still too-frequent strikes, we realize how much there is to be done.

"Sometimes it seems as if the average business man is an early Arctic explorer going out into the unknown ice floes in a small wooden boat, with a few months' supply of canned beef, an uncertain compass, a flag and a lot of hope."

GEPHART SPEAKS ON FOREIGN TRADE OF MIDDLE WEST

W. F. Gephart, vice-president of the First National Bank in St. Louis, in his address before the convention, said that the foreign trade of the interior of the United States has reached a volume far in excess of the average person's idea of the figures.

"The magnitude of our foreign trade, and particularly of the interior region, is but slowly being recognized," Dr. Gephart said. "The industrial development of the country has been so rapid and on such a huge scale that our domestic business in popular thinking has become overwhelmingly important. The country is so vast and many parts of it are so new industrially that foreign trade seems relatively unimportant.

"The majority of people are accustomed to think of the Middle West primarily as an agricultural region. They do not realize that the value of manufactured products in the Mississippi Valley states alone aggregated over \$20,000,000,000, and that to this figure must be added the great variety of raw products of the field, forest and mine in computing the total of the volume of export business flowing from the Middle West to the markets of the world.

"The fifty-odd million people residing in the Middle West states likewise import annually several billion dollars worth of a great variety of commodities for their consumption and for use in manufacturing.

"The exports from the Middle West for many years were raw products such as cotton, food and the products of the forest and mine. These were of a character which, because of their universal demand, required no elaborate machin-



DR. W. F. GEPHART

Vice-president and economist the First National Bank in St. Louis, who was one of the speakers at the meeting.

ery to sell, to finance or to transport to foreign consumers.

"This lack of diversified exports for so many years led to little interest in foreign trade, and hence to little or no development of the agencies and machinery for international trade, such as export houses, forwarding agencies and international financial institutions.

"But our manufacturing industries during the last forty years have been developing so rapidly that we have now reached a point where there is a surplus of a great many products for export. Hand in hand has come an almost equal extension and variety of imports, not only to supply Middle West manufacturers, but also to meet the growing re-

SUMMARY OF BUSINESS CONDITIONS AND BUSINESS PROSPECTS									
LOUISVILLE, KY., JUNE 7, 1927									
Convention of National Association of Credit Men									
TRADE GROUP	No. Reporting	% BETTER NO CHANGE WORSE		May, 1927, compared with April, 1927		May, 1927, compared with May, 1926		What are your prospects for Business	
				Collections	Sales in Dollars	Collections	Sales in Dollars	in next 3 months	in next 6 months
1. Boots and Shoes	22	Better	%	54	41	36	45	59	68
		No Change	%	32	36	41	41	32	27
		Worse	%	14	23	23	14	9	5
2. Building Materials	14	Better	%	59	59	41	29	24	24
		No Change	%	29	23	35	24	64	64
		Worse	%	12	18	24	47	12	12
3. Clothing, Caps and Allied Lines	30	Better	%	67	33	29	38	42	46
		No Change	%	13	29	29	20	58	54
		Worse	%	20	38	42	42	0	0
4. Confectionery	16	Better	%	44	69	44	57	87	94
		No Change	%	38	13	31	25	13	6
		Worse	%	18	18	25	18	0	0
5. Drugs, Chemicals and Allied Lines	23	Better	%	64	50	60	41	50	64
		No Change	%	27	18	27	18	41	32
		Worse	%	9	32	13	41	9	4
6. Dry Goods, Notions and Allied Lines	34	Better	%	32	24	32	29	59	62
		No Change	%	44	21	44	24	38	33
		Worse	%	24	55	24	47	3	5
7. Electrical and Radio Supplies	24	Better	%	50	46	54	54	54	63
		No Change	%	38	33	21	12	29	33
		Worse	%	12	21	25	34	17	4
8. Furniture	29	Better	%	38	62	54	62	35	65
		No Change	%	35	19	31	11	50	27
		Worse	%	27	19	15	27	15	8
9. Groceries (Manufacturers)	17	Better	%	42	33	42	66	50	75
		No Change	%	58	25	42	17	42	25
		Worse	%	0	42	16	17	8	0
10. Groceries (Wholesalers and Jobbers)	37	Better	%	57	59	43	38	65	65
		No Change	%	38	27	35	27	27	24
		Worse	%	5	14	22	35	8	11
11. Hardware, Auto Supplies and Allied Lines	48	Better	%	39	57	37	37	47	47
		No Change	%	45	16	45	27	45	41
		Worse	%	16	27	18	36	8	12
12. Implements, Vehicles and Allied Lines	7	Better	%	48	57	71	43	29	57
		No Change	%	43	29	29	0	57	43
		Worse	%	14	14	0	57	14	0
13. Iron and Steel	42	Better	%	38	46	50	42	31	31
		No Change	%	50	23	19	16	62	62
		Worse	%	12	31	31	42	7	7
14. Jewelry	9	Better	%	62	13	25	62	25	62
		No Change	%	38	87	25	13	76	38
		Worse	%	0	0	50	25	0	0
15. Newspapers	21	Better	%	44	56	44	66	11	17
		No Change	%	28	33	23	17	66	83
		Worse	%	28	11	33	17	23	0
16. Paints and Varnish	11	Better	%	88	73	55	55	84	55
		No Change	%	36	18	18	27	27	36
		Worse	%	9	9	27	18	9	9
17. Paper Supplies and Allied Lines	15	Better	%	42	50	42	58	34	42
		No Change	%	42	33	42	8	50	42
		Worse	%	16	17	16	34	16	16
18. Petroleum	44	Better	%	63	67	52	67	63	67
		No Change	%	33	29	33	18	26	22
		Worse	%	4	4	15	15	11	11
19. Plumbing and Heating	21	Better	%	36	57	36	36	64	71
		No Change	%	43	7	43	21	29	29
		Worse	%	21	36	21	43	7	0
20. Stationery, School and Office Equipment and Supplies (Mfr's Div.)	22	Better	%	33	53	46	67	40	60
		No Change	%	40	27	27	33	53	40
		Worse	%	27	20	27	0	7	0
21. Printing	7	Better	%	85	29	14	29	67	57
		No Change	%	15	29	72	14	14	29
		Worse	%	0	42	14	57	29	14

How credit men of the country feel about business conditions and prospects. A summary compiled at the thirty-second annual convention of the National Association of Credit Men.

quirements of people whose standard of living has been advancing rapidly and who demand a great variety of commodities."

ENTHUSIASM PREVAILS AT CONVENTION

The convention, while not the largest, was one of the most successful and enthusiastic ever held by the association. Of the more than 2000 delegates registered, about 200 represented the banks of the country.

Throughout the whole convention the general good fellowship of the credit fraternity prevailed, which, combined with the sociability of Louisville, made everyone feel at home among friends. During the meeting there was a spirit, an atmosphere, of unusual cordiality. Enthusiastic and ready recognition was given to J. H. Tregoe, secretary of the association. Mr. Tregoe, at the Louisville convention, completed twenty-five years of service with the association as executive secretary, and during that time not only succeeded in building up, through untiring effort, an important and strong organization in American business life but, more than that, gained a place of esteem and affection in the hearts of all credit men.

The convention opened Monday afternoon, June 6, in the Brown theater, being called to order by the president, William H. Pouch of New York. The convention received a ready welcome from the city from one of its former mayors, and also learned something of the spirit of old Kentucky from General J. T. Ellis. Both of these Kentuckians made splendid addresses and brought the convention to a pleasant start.

Several addresses were made Tuesday morning, among the speakers being H. H. Heinmann, treasurer of the Kawneer Company, Niles, Mich., and director of the National Association of Credit Men, who spoke on credit and commerce. Max B. Nahm, vice-president the Citizens' National Bank and Bowling Green Trust Company, Bowling Green, Ky.,

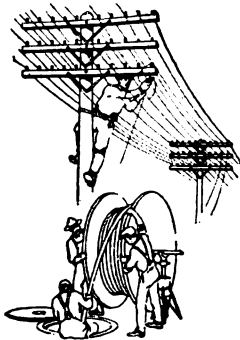
addressed the convention on "A Romance of the Federal Reserve."

Tuesday afternoon was devoted to various trade group conferences. The convention was divided into twenty-one various groups and at these group meetings the particular questions and problems relating to each group were discussed. The members of each group were requested to make reports showing conditions and outlooks in their lines of business. A summary of these various reports showing the number reporting in each group, is reproduced on an accompanying page.

Wednesday morning was devoted chiefly to the credit protection department. Judge John C. Knox of the United States District Court, Southern District of New York, gave an interesting and instructive address, particularly urging credit men to take more interest in serving as jurors. Judge Knox stated that the assistance of business men as jurors in both civil and criminal cases, involving the protection of credit, was vitally necessary in order to curb the commercial crook. He stated that he knew well that business considerations are responsible for a considerable amount of "give and take" among business men. Nevertheless, when a crooked business man is caught with the goods and when he has had a fair trial and is convicted, Judge Knox believes that he should serve the sentence imposed by the court, except in the most extenuating circumstances.

Maxwell S. Mattuck, Eastern counsel-director of the credit protection department of the association, made a vigorous speech on dealing with the commercial crook, and advocated the enactment of a Federal Baumes Law and the enactment of a Federal crime commission to modernize the Federal criminal law of which, he said, there had been no modification since 1910. The credit protection department indicated that big strides have been made in credit protection work, and the convention heartily adopted a resolution to continue to back the \$1,000,000 credit protection fund to the limit, and

50,000,000 Miles of Wire Now Ser- vice the Nation's Telephones ~ ~



ENOUGH wire to encircle the earth more than 2,000 times is one of the important factors making possible the 73,000,000 daily conversations over the Bell Telephone System. More than 33,000,000 miles of it is underground—representing an investment of more than half a billion dollars in conduits and cables. This nation-wide plant and the service given by it is the basis of Bell System Securities.

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



BELL TELEPHONE SECURITIES CO. Inc.

D.F. Houston, President
195 Broadway NEW YORK



*"The People's
Messenger"*

drive the commercial crook out of the country's markets.

The Thursday morning session was devoted to various reports, the world trade period, and the credit interchange bureau department.

Thursday afternoon was devoted to the foreign credit session, and the women credit managers' group conference

INSTALMENT SELLING A SUBJECT FOR DEBATE

The Friday morning session was an interesting one. The question of instalment selling was a subject for debate which afforded much interest to the delegates. It was, no doubt, the opinion of the majority of delegates present at the debate, that instalment selling, of itself was all right, but that it was the abuse of it which caused the trouble.

Friday afternoon was spent chiefly in the reports of the membership committee and the awarding of membership trophies. Also, at this session, the election of officers and directors took place. George J. Gruen of the Gruen Watch Manufacturing Company was elected president, and Mr. Pouch turned over to him the guiding of the association for the coming year.

The only sessions of the Robert Morris Associates were those held on Monday morning and on Tuesday afternoon. The Monday morning session was devoted to reports and the election of officers and directors. Arthur F. Barnes of St. Louis was elected president to succeed J. Craddock of Chicago.

At the Tuesday afternoon meeting, which was open to all delegates to the convention, the chief speaker was Dr. Irving Fisher, Professor of Economics at Yale University, who spoke on "The Unstable Dollar as a Factor in the Credit Man's Problem."

The Louisville Association had spared no expense nor trouble in arranging entertainment for the visitors. The president's ball was held Monday evening. Tuesday evening was given over to a

playlet and illustrated lecture and dance. On Wednesday afternoon transportation was provided and the entire convention was taken to Churchill Downs, the scene of the annual running of the Kentucky Derby. Here several interesting events, including racing and horsemanship, were staged. Thursday evening was given to the various division dinners. On Friday evening the convention was given an "all-Kentucky" entertainment and negro jubilee. On Saturday a number of delegates journeyed to Mammoth Cave and spent the day journeying through it. Other entertainment was provided for the women attending the convention, including a trip to Bardstown, the location of "My Old Kentucky Home" and a visit to the Lincoln shrine, the birthplace of Abraham Lincoln. Access was given to the golf courses and every other form of amusement and entertainment which the delegates might desire.

KENTUCKY BANKERS VISIT UNIVERSITY

A VISIT to the University of Kentucky, Lexington, was one of the features of the annual convention of the Kentucky Bankers Association held in Lexington June 22-23. The first day's meeting was held in the pavilion of the experiment station of the College of Agriculture, with Thomas S. Cooper, dean of the College of Agriculture and Agricultural Experiment Station, in charge.

Convention addresses were concerned with the agricultural situation also. They included talks by Dr. Frank L. McVey, president the University of Kentucky; by R. P. Taylor, president Clark County National Bank, Winchester, on "Mutual Interest of Bankers and Farmers;" by Secretary W. M. Jardine, of the Department of Agriculture, on "The Agricultural Situation;" and by Terry P. Smith, president City National Bank, Mayfield.

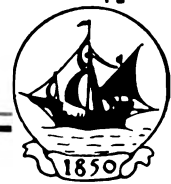


Why
**The Marine Knows
Buffalo**

Because 65% of Buffalo's
leading business firms
bank here.

**THE MARINE
TRUST COMPANY
OF BUFFALO**

Resources more than \$200,000,000



How Banks are Advertising

Special Section of The Bankers Magazine

JULY 1927

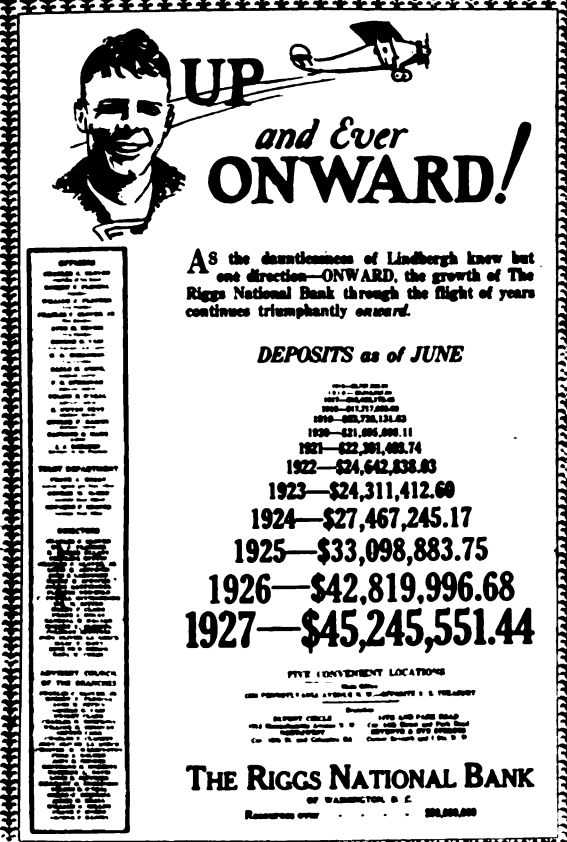
A SERIES of small and ingeniously arranged trust advertisements has been issued by the Chatham Phenix National Bank and Trust Company, New York, dealing with the various services of the bank's trust department. The booklets are extremely compact in form, the copy is readable and the covers, with the titles written informally in script, attract the eye. The six booklets are as follows: "We have your good will, but how about your will?" "This is no rubber stamp committee," "There are some people who don't," "The man was entirely honest, but—," "Q and A," "You cannot unscramble the egg, but—" At the close of each booklet is the invitation to "Drop in for a confidential chat on this subject. Any of our officers at the main branch or branches will be glad to see you."

THE New Hampshire National Bank, Portsmouth, N. H. which has been doing some excellent community advertising, has published an attractive booklet, "The Viewpoint of the New Hampshire National," telling of its aims and accomplishments during its "sixty-two

years of service to Portsmouth and to the larger community of which Portsmouth is the business heart." The booklet is printed in two colors.

AN effective follow-up in a trust department campaign is

a folder issued by the Equitable Trust Company of New York, entitled "Are You Keeping Your Executor in the Dark?" This suggests notification of the trustee-executor of his appointment, and lists some of the things an executor of an estate has



UP and Ever ONWARD!

As the determination of Lindbergh knew but one direction—ONWARD, the growth of The Riggs National Bank through the flight of years continues triumphantly onward.

DEPOSITS as of JUNE

1920—\$21,894,000.11
 1921—\$22,301,400.74
 1922—\$24,642,838.83
 1923—\$24,311,412.60
 1924—\$27,467,245.17
 1925—\$33,098,883.75
 1926—\$42,819,996.68
 1927—\$45,245,551.44

FIVE CONVENIENT LOCATIONS

NEW YORK
 WASHINGTON, D. C.
 PHOENIX, ARIZONA
 SAN FRANCISCO, CALIF.
 LOS ANGELES, CALIF.

THE RIGGS NATIONAL BANK
 OF WASHINGTON, D. C.
 RESERVE FUND \$10,000,000

A good example of timeliness in bank advertising. The above advertisement was published in Washington newspapers on the occasion of Colonel Lindbergh's reception there on his return from Europe.

to do. On the last page of the folder is a reproduction of a news story from a New York paper telling of the millions of dollars of property tied up through "lost" wills.

INVESTMENT trusts is the subject of an attractively gotten-up booklet published by the Harvard Trust Company of Boston. In addition to a page of copy telling of the institution's trust services in general, a second page is devoted to examples of trusts which are being handled by the Harvard Trust Company, either as agent or co-trustee, or as sole trustee. In each of these, date of establishment is given, principal gain, present income on market value and original rate of in-

come. "Gains vary," says the copy, "but there is no instance on our books of a decrease." The folder follows in design a number of other pieces of advertising issued by the same institution.

INTERESTING charts illustrate a folder of the Dayton Savings & Trust Company, Dayton, Ohio, which "gives a review of the social and economic advantages enjoyed by the people of Dayton." "Dayton's Progress," as the folder is called, is shown by the growing retail trade which "reflects mass prosperity;" by "Dayton's city government expenses versus other Ohio municipalities;" by increasing postal receipts, which "measure city's business growth;" by the city's

record in the "problem of reducing hazards of auto traffic;" by its outranking of other cities in ownership of homes; by its effective health laws. The bank has also published its latest statement, in attractive booklet form, together with information regarding the bank's services.

THE twenty-fifth anniversary of the founding of the Plainfield Trust Company, Plainfield, N. J., is made the subject of a neatly gotten up folder, copy for which is unusually readable. The cover bears a reproduction of the entrance to the bank's new building, with the words, "Through this door to days you can remember!" The door opens, showing a view of the bank's first building and the street in front, with horses, bicycles and long-skirted women.

"At that time," says the copy in part, "the youngest and smallest bank in the city, we nevertheless were up to date. We had a typewriter. A strange, complicated and cumbersome machine — but modern for its day, and indicative of the fact that we were striving to be 'up to the minute' with a complete, alert, friendly service for Plainfield people. Just as today our complex calculating and coin-counting machines and other equipment make for the maximum of accuracy with speed in service."

Throughout the copy, the



Inducements to Save

An initial deposit of 5s. or more effects an introduction to the world's largest bank and entitles you to avail yourself of the wide variety of services it offers, including the use of the Home Safe.

Interest is allowed on your savings. Your money may be withdrawn on demand.

Ask at any branch for a copy of
"SAVING MADE SIMPLE"
giving full particulars

MIDLAND BANK

LIMITED

HEAD OFFICE: 5 THREADNEEDLE ST., LONDON, E.C. 2

An example of the modern thrift advertising now being published by the Midland Bank Limited of London.

days of its founding and those of the present are compared, giving an opportunity for mention of the bank's modern facilities and services.

"You have more than safe deposit boxes to sell—you have an important valuable service to sell," C. H. Handerson, president of the Financial Advertisers' Association and assistant vice-president of the Union Trust Company of Cleveland, told the safe deposit managers at their annual convention in Cleveland, May 20 and 21. Mr. Handerson followed his address by offering the co-operation of the Financial Advertisers' Association in gathering facts and experiences on how to advertise and merchandise safe deposit service. The convention accepted Mr. Handerson's offer.

"THE Saturday Night Saver" is the official house-organ of the Lafayette-South Side Bank, "The Saturday Night Bank for Savings," St. Louis. It is also distributed among customers and prospective clients. The June number contains a number of personal items, advertisements and suggestions from the different departments of the bank, and an official statement of the bank's financial condition. A large number of illustrations are used.

PRINTED on a blotter and used as an envelope stuffer is

Acting as

EXECUTORS AND TRUSTEES

The MIDLAND BANK EXECUTOR AND TRUSTEE COMPANY LIMITED fulfils every function of Executors or Trustees.

Its service combines the important advantages of

- § Security
- § Continuity of Administration
- § Accessibility
- § Expert Advice
- § Moderate Fees

A booklet containing full particulars may be obtained from any branch of the Midland Bank. The Trustee Company is owned by and conducted under the direction and management of the

MIDLAND BANK

LIMITED

Trust functions are also receiving very modern treatment in the Midland Bank's advertising.

the following effective message on life insurance trusts, signed by the president of the Rochester Trust and Safe Deposit Company, Rochester, N. Y.: "Create your estate immediately and pay for it in instalments over a period of years. If the years are cut short, your estate is completed just the same. *Life insurance* will enable you to do this. But be sure to protect your insurance through a *Life Insurance Trust*, naming this institution as your *trustee*. Ask about the many advantages of so doing."

THE Atlantic National Bank of Boston has published a good piece of trust advertising in folder form, addressed

to the owner of a "going business" and offering to aid him in the solution of a business problem which "many a busy man, very successful, very far sighted" neglects, that is, "to make provision for the guidance, protection and proper division of his business after his personality is withdrawn." The bank offers either to send a booklet, "Proved Plans for Solving Estate Problems," for which it encloses a post card, or a personal conference with members of the bank's trust department. The portrait of a man at his desk is an effective cover.

ARGUMENTS for the bank savings account instead of the purchase of stocks or



Almost 1,000,000 widows

are compelled to earn their own livings—not because their husbands did not leave property or money, but because, in many cases, they left estates in unhealthy condition.

How is your health financial?
You owe it to yourself and your family to find out. Read the column at the right.

THE EQUITABLE TRUST COMPANY OF NEW YORK
37 WALL STREET

Madison Avenue at 46th Street 30 Broadway
Madison Avenue at 26th Street

LONDON PARIS MEXICO CITY

Total resources more than \$475,000,000

Examine your financial health

Men readily submit to physical examinations to insure they're fit; that their health is not being endangered through neglect. Financial health is not a performance. Why neglect it?

1. Have you asked your bank to check your entire holdings and to advise you as to the most favorable rate and stability to your funds; also have you asked your bank for a knowledge of your present holdings and investments, in unannounced form?
2. Have you taken any simple life insurance to keep your family from want, should you die suddenly or become permanently incapacitated and have you given enough to buy your insurance will be paid?
3. Have you prepared your will by making a will and appointing a trust company executor?
4. Have you arranged to have your bank assume responsibility for the prompt collection of interest on bonds, prompt collection and investment of matured principal and in other ways insure you against possible losses through personal neglect?

If you put a check in this space and you will receive a copy of our booklet, *Will My Income and my Investments, How to Protect Your Estate and Your Family. The Will Insurance Plan is a simple form which, when filled out, will give your lawyer the information he needs in drawing your will.*

If you put a check in this space and you will receive a copy of our booklet, *Will My Income and my Investments, How to Protect Your Estate and Your Family. The Will Insurance Plan is a particularly popular service with travelers.*

Name _____
Address _____

For this return and mail it to the editor of the Bankers Magazine, 37 Wall Street, New York

A striking combination of illustration, headline and copy stamp this, and the advertisement of the Equitable reproduced on the facing page, as outstandingly good on all counts.

drawings. An appropriate allegorical panel from a painted frieze in the main banking room of the trust company is used both at the beginning and the end of the pamphlet; modern and ancient science are depicted; the value of saving is shown; the bond department is illustrated by both the bond and the industry which it finances; and iron gates show the bank's safety. The entrance to the building is reproduced on the front cover.

MUCH enthusiasm is being displayed over the selection of West Baden, Ind., as the place for the 1927 convention of the Financial Advertisers' Association, according to Preston E. Reed, executive secretary of the organization. "West Baden promises to be a great success as the convention place of the Financial Advertisers' Association, if the letters and comments reaching me are a fair indication," says Mr. Reed. The convention is to be held September 12-15 and will be the first meeting held wholly at the association's expense.

THE State Street Trust Company of Boston continues its series of trust booklets, mentioned in these columns last month with another, "Whose Will Shall Determine?" This is an appeal to the people with individuality—and what person but feels that he is one of that group?

bonds are given in a "Guide Book to Independence" put out by the State Bank of Chicago savings department. Ten reasons are given for choosing the savings account in preference to the other sort of investment and statistics are given showing the wisdom of habitual saving.

A HANDSOME booklet, with excellent typography, good copy and layout, has been issued by the Chicago Trust Company to mark the occasion of the twenty-fifth anniversary of its founding. A resume of the world's prog-

ress during the last quarter of a century is followed by a characterization of the Chicago Trust Company as "a trust company that is a product of its times," and "a company that has grown to the maturity of age without losing the vigor of youth."

Pen and ink drawings are admirably reproduced on the antique deckle-edged paper on which the booklet has been printed; wide margins and well chosen type sizes and styles make a well proportioned whole.

The ancient and modern are well combined in the

"WHY All this Talk of the Future?" asks Morris F. Fox & Co., investment bankers of Milwaukee, Wis., of those who have been reading the recent flood of trust and savings advertising. A folder goes on to say, "Is it not *now* that you want more carefree hours? Is it not *now* that you want your business to show stronger reserves? Is it not *now* that you want to lessen the fear as to your own financial future? Is it not *now* that your family should realize something of your financial status? Is it not *now* that they should be given a view of what their responsibilities might be if your protective arm were unexpectedly withdrawn?"

"Is it not *now* that you want the very things that a reserve for contingencies, built of marketable and sound securities, will give you?"

The folder then gives suggestions for investments for the month.

"SERVICE through a Dozen-and-One-Departments" is advertised by the American Southern Trust Company, Little Rock, Ark., in a well gotten-up booklet which lists, literally, a dozen-and-one services which the bank offers to customers. These range from commercial and correspondent accounts to a special women's department and a travel service. Each one is described individually.

A special booklet treats of

the bank's life insurance trust, showing the value of "Insuring Your Insurance through a Life Insurance Trust." Two color printing and decorative lettering give the booklet individuality.

A SESSION of the Financial Advertisers' Association was held at the International Advertising Association convention held in Denver, Colo., June 26-29. The financial advertisers' meeting included an address of welcome by James C. Burger, vice-president the Denver National Bank, and other addresses, as follows: "The Objectives in Financial Advertising," by C. H. Handerson, F. A. A.

head and assistant vice-president Union Trust Company of Cleveland; "What Advertising has done for Financial Institutions," by Henry Failing, advertising director *Oregon Journal*, Portland, Ore.; "The Ideal Advertising Program for a Financial Institution," by Ralph Castle, Pacific Coast manager the *Christian Science Monitor*; "Employes' Contest for New Business," by William J. Kelly, second vice-president Chicago Trust Company, Chicago; "How to Sell Bonds," by Charles B. Engle, treasurer the International Trust Company, Denver; and "Making the Adver-



One hour's time to preserve the work of a lifetime

To fill out an Equitable Will Memorandum giving the information needed by your lawyer in preparing a preliminary draft of your will.	22 Minutes
To write a brief note to your lawyer enclosing the Will Memorandum and stating your direction to make a will and appoint a corporate executor.	5 Minutes
To read and make minor changes in the preliminary draft of your will as prepared by your lawyer.	18 Minutes
To sign the final draft of your will, have your signature witnessed, and then forward the document to The Equitable Trust Company of New York for shipping.*	15 Minutes

60 Minutes—Actual Time Consumed.

Send me a copy of your Will Memorandum.

Name _____

Address _____

*We hold the wills of every client who has appeared in our office or through the telephone. Every change and correction is made with care and speed. We will mail a copy of the wills at any time upon the client's order.

THE EQUITABLE TRUST COMPANY
OF NEW YORK
37 WALL STREET

Madison Avenue at 45th Street 247 Broadway Madison Avenue at 28th Street
LONDON PARIS MEXICO CITY

Total resources more than \$475,000,000

Will-making made easy. The above advertisement points out, in very compact form, how a will can be carefully drawn and its safeguarding assured, all in one hour's time.



A recent lobby display of the Union Trust Company of Cleveland reproducing a duplicate of the motor of Colonel Lindbergh's plane "The Spirit of St. Louis." The large poster shown at the left lists the parts of Colonel Lindbergh's plane which were made in Cleveland and gives the names of the concerns which made them.

tising Part of the Bank," by Charles H. McMahon, director of advertising the First National Bank of Detroit.

THE National Shawmut Bank of Boston takes advantage of an opportunity often neglected by banks in urging the co-operation of stockholders, in a letter signed by the president and sent with new stock of the institution. Excerpts follow:

"I should like to take this opportunity to express my pleasure that you have increased your financial interest in the Shawmut and I sincerely hope your personal interest also.

"Our officers and directors are making very earnest efforts to still further increase the business of our various

departments and as is the case with most large business organizations, we feel that the best source from which to develop new business is our present stockholders.

"We feel confident that you have at least one friend whom you would like to have transact business with us. Won't you be good enough to just note the name on the enclosed card and return it to us. We will then have one of our representatives call."

THE last will of Charles Lounsbury, an item which has been used sporadically in the newspapers of the country and, according to its author, Williston Fish, "translated into all the idiot tongues of English," is re-

printed in booklet form, with an introduction by the author, by the Security Trust Company of Detroit. The booklet is appropriately gotten up and well printed. The bank's facilities for the making of wills and administering of estates is mentioned only in the final paragraphs: "In this beautiful work of fiction, the testator bequeathed the glories and blessings which the Great Father long ago devised to us all.

"You should likewise, by will and trust, direct to whom, and how, your material estate will be distributed or conserved.

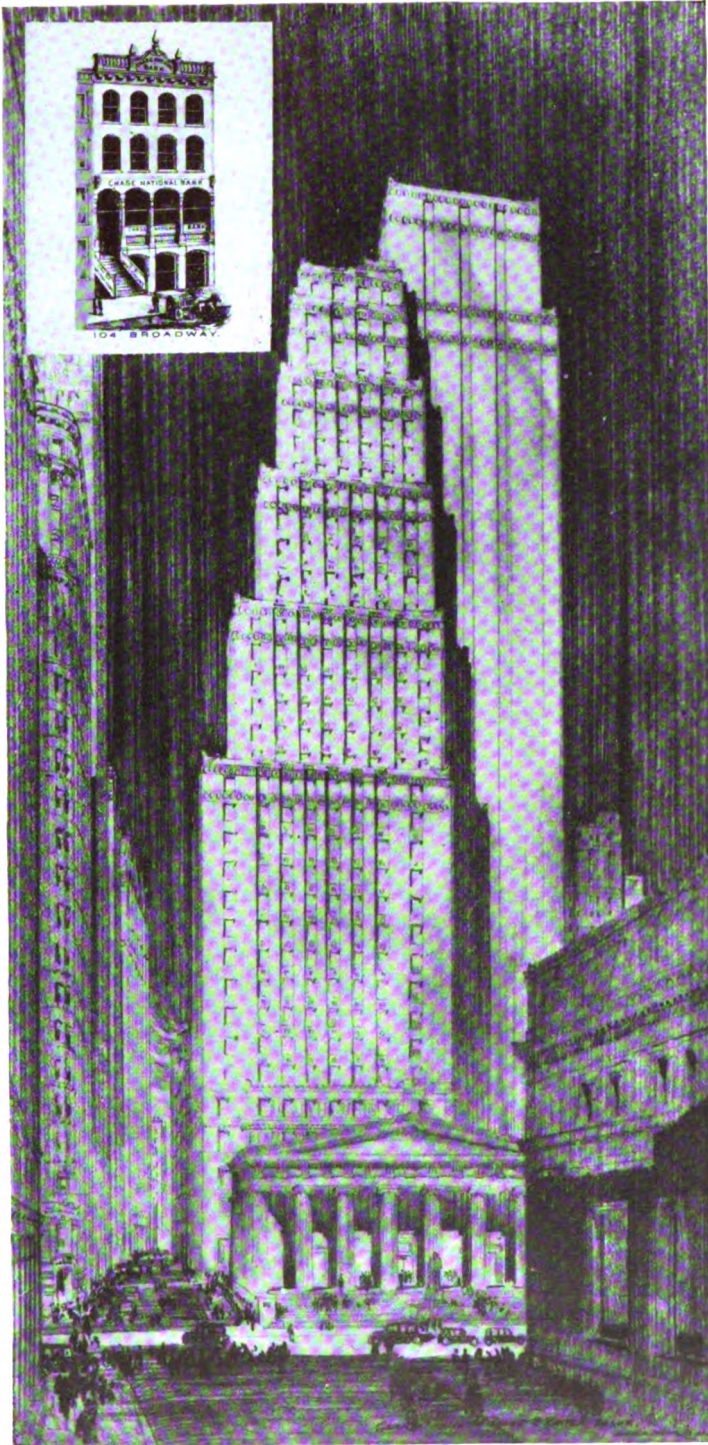
"Dependable estate administration is the primary function of this experienced and responsible organization. Discussions invited."



THE PEOPLES BANK, JOHNSTOWN, N. Y.

THE new home of the Peoples Bank of Johnstown, now under construction, is being built of brick, trimmed with cut cast stone and a granite base, the style of architecture being Georgian. The five large, steel, circular-head windows on the side provide a well-lighted banking room. There is a large semi-circular head opening in front containing an ornamental stone door-piece below, with steel sash above. The building was designed by and is being erected under the supervision of

MORGAN, FRENCH & CO., INC.
ARCHITECTS AND ENGINEERS
19 WEST 44TH STREET
NEW YORK



Architect's drawing of the proposed new building for the Chase National Bank, New York, as it will appear from Broad street. The insert shows the second home of the bank, founded fifty years ago, at 104 Broadway.

NEW BUILDING TO MARK THE CHASE NATIONAL BANK'S FIFTIETH ANNIVERSARY

A NEW thirty-eight story bank and office building, to be erected in the center of the financial district, will mark the fiftieth anniversary of the founding of the Chase National Bank of New York. The building will be the sixth occupied by the banking institution since its founding in September, 1877.

The building has been planned to solve the problem of space for many years to come. At the present time, the bank will occupy the first twelve floors of the building above street level, the entire building 80 feet below street level and two floors in the tower.

The exterior of the building has been designed to create an impression of strength and solidity, although the general form was governed by the L-shaped site on which it was to be erected and by the building laws of the City of New York. The form developed is suggestive of the stepped Egyptian pyramids and the Egyptian influence has been carried out in architectural detail. The main entrance on Pine near Nassau street, will be framed with an architrave of curved marble which forms, by means of replicas of coins in bas relief, a symbolic picture of the financial history of the world. Stone sphinxes will finish the corners of the building.

The lower stories of the structure will be of Indiana limestone with granite base, and above this the main walls will be of brick, trimmed with stone and terra cotta.

The main banking room and officers' platform will be raised five feet above the level of the street and will be 134 feet in length, 65 feet wide and 29 feet in height. Below this room will be located

the paying and receiving tellers, customers' securities, brokers' loan and other departments which must be easily accessible to the public. The three floors below this will be devoted to modern and extensive vaults, with their accompanying coupon and committee rooms. The remainder of the basement floors will be taken up by storage and mechanical facilities.

The directors' and senior executive offices will be on the fourth floor, and the trust department, with its own vault facilities and reception rooms, will occupy the fifth and sixth. The next few floors will be devoted to the foreign department and the Chase Securities Corporation and the remainder of the twelve floors will doubtless be required for the clerical force of the bank. The thirty-fifth and thirty-six floors have been reserved for dining rooms for the officers of the bank and afford a magnificent view of New York harbor.

The little building at 104 Broadway, inset in the photograph on the opposite page, in contrast to this new home of the bank, shows the remarkable growth of the Chase National Bank since its organization. The increase in total resources has been approximately from \$1,000,000 to \$1,000,000,000.

The bank was opened in a building at 117 Broadway and moved to 104 Broadway in January, 1878. The third home of the bank was at 15 Nassau street, where it moved in May, 1887. In 1895 the bank moved to 83 Cedar street and twenty years later the bank moved to greatly enlarged quarters at 57 Broadway. The new building will be, however, the first building which the bank has owned.

F. H. RAWSON GIVES REVIEW OF BUSINESS

TAKING all in all, the favorable factors in the present business situation more than offset the unfavorable factors, and business may face the next ninety days with equanimity and confidence, according to F. H. Rawson, chairman of the board the Union Trust Company, Chicago. Mr. Rawson said, "Notwithstanding very abnormal floods in the South, the unprecedented overproduction of oil, the coal strike, excessive rains in some sections, and lack of sufficient sun heat in the Northwest and Middle West, we have reason to be very well satisfied with the first six months of this year, and I see nothing in underlying conditions to cause uneasiness in the near future.

"Cotton prices are 25 per cent. to 30 per cent. above the low point with a fair crop in prospect. Corn has been over a dollar and is not far below that figure now. Wheat is higher than it has been for some time. The production of automobiles may have a seasonal decline, as it usually does in the summer and fall. Money conditions are easy and are likely to remain so. Building in large cities is fairly active, but by and large it is declining, and is now back to 1924 levels or a little below. In 500 cities, building permits totalling \$1,662,000,000 have been issued since January 1, compared with \$1,816,000,000 last year. With the single exception of February, 1927, building permit figures have been on a steadily descending scale since last June. In a special group of twenty-five cities where the greatest volume of building is in progress, May of this year fell 3 per cent. below the same month last year, and 10 per cent. below 1925, and showed only a slight gain over 1924.

"Wholesale prices continue to shrink," Mr. Rawson asserted, "which tends to reduce the cost of living for the consumer, but makes it more difficult for manufacturers to maintain satisfactory profits. For the last few years manufacturing costs have kept pace with re-

duced prices by the constant advance in the use of machinery and in the efficiency of labor. Larger production per man has thus far offset the drop in prices, so that profits have remained fairly satisfactory. However, there is a limit to this process, and unless manufacturing costs can be further reduced, there will be meager profits for those manufacturers who are



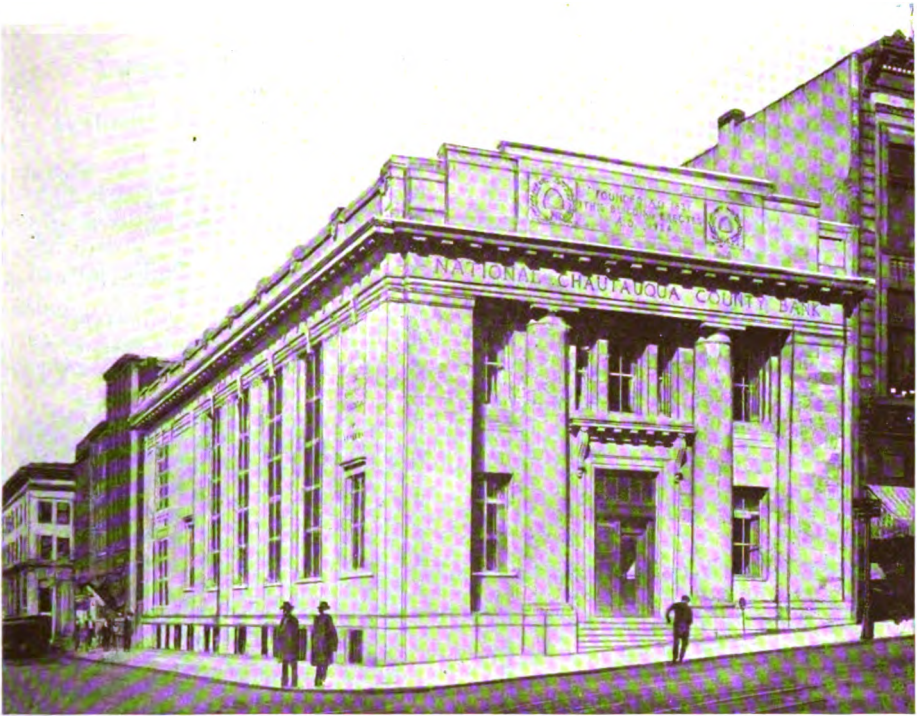
● BLANK & STOLLER, INC.

F. H. RAWSON

Chairman of the board the Union Trust Company, Chicago, gives his views on business conditions.

not operating at the highest efficiency.

"As long as automobile production and building activity do not slump any more," Mr. Rawson continued, "we may expect a continuation of prosperity. In my judgment, the best barometers of business conditions are the automobile and building industries, both of which are large employers of labor, and extensive users of steel and hundreds of other commodities. In all our financial history there has never been a serious depression when building was active."



National Chautauqua County Bank, Jamestown, N. Y.

THE new building of the National Chautauqua County Bank, Jamestown, N. Y., has provided itself with every banking facility. Its presence should be of advantage in that section of Western New York.

ALFRED C. BOSSOM
BANK ARCHITECT & EQUIPMENT ENGINEER
680 FIFTH AVENUE, NEW YORK

Are these Books in your banking library?



Recollections of a Busy Life

By JAMES B. FORGAN

The life story of one of America's bankers. A limited number of copies available of an edition, autographed and bound in leather. \$6.00

101 Window Displays

By M. E. CHASE

A book of suggestions for window displays in which every branch of banking is included. The properties necessary may be obtained in towns as small as 5000. \$5.00

Clearing and Collection of Checks

By WALTER E. SPAHR, Ph.D.

A treatise on the development of the present clearing and collection system. \$7.50

Encyclopedia of Banking and Finance

By GLENN G. MUNN

Every term, expression or phrase used in banking and finance, and in commercial contacts with banking is listed in this book; not a dictionary definition but an adequate explanation. \$10.00

Bank Agricultural Department

By R. A. WARD

Shows the bank in an agricultural district how to serve the farming interests of the community. \$1.25

The Women's Department

By ANNE SEWARD

This book is a necessity to banks that are contemplating organization of this department, and is full of ideas for those already organized. \$1.25

Elements of Foreign Exchange

By FRANKLIN ESCHER

A good working knowledge of the subject can be gained in a few hours from this little book. \$1.60



The Bank Credit Investigator

By RUSSELL F. PRUDDEN

Tells in as concise a manner as possible what problems the young man will meet in a bank credit department. Advice as to steps to be taken in a credit investigation and analysis of a credit risk. \$1.50



The Paying Teller's Department

By GLENN G. MUNN

Presents the functions of the paying teller and related departments in every phase—whether in a city or country bank, the East or West. A reference book on checks and disposition of money. \$1.25

Bank Credit Methods and Practice

By T. J. KAVANAUGH

Description of the operation of a credit department, useful not only to the banker but also to the business executive in learning the banker's attitude on credit risks. \$2.50



Commercial Paper Acceptances and Analysis of Credit Statements

By WM. H. KNIFFIN

Of the few books entirely devoted to this subject, this is a safe investment; 205 pages, with 100 pages of actual statements completely analyzed on facing pages. \$2.50

New Business Department

By T. D. MACGREGOR

As a complete description of how to conduct a publicity and new business department in any bank, large or small, this book serves as an excellent guide. \$1.25

Cause and Prevention of Bank Defalcations

By M. K. FOWLER

Written to point out to bank directors and officers their responsibility for the prevention of defalcations. \$1.50

Bankers Publishing Co.

71 Murray St., New York

WHAT BANKS AND BANKERS ARE DOING

JOHN A. KLOEPFER, president the Liberty Bank of Buffalo, N. Y., died last month after a few weeks' illness. He was 54 years old. He was born at Hamburg, N. Y., and began his banking career as a clerk in the Bank of Hamburg in 1892. The following year he



JOHN A. KLOEPFER
President the Liberty Bank of Buffalo,
N. Y., who died recently.

became assistant cashier and from 1904 to 1910 was vice-president.

In 1910 Mr. Kloepfer became president of the Union Stock Yards Bank of Buffalo. He remained in that position until 1919 when he became president of the Liberty Bank. He has been active in both the New York Bankers and the American Bankers associations, having served both as treasurer and president of the state group and as a member of the executive council of the national organization. He was also a director in the Buffalo branch of the Federal Reserve Bank of New York.

Mr. Kloepfer was, at the time of his death, vice-president and a director of the Liberty Bond & Share Corporation; treasurer, director and a member of the finance committee of the Buffalo-Fort Erie Public Bridge Company; and a director of the Wright-Hargreaves Mines, Ltd. In addition to his business interests, he was active in a number of civic enterprises.

RUDOLPH B. FLERSHEM, vice-president and general manager of sales of the American Radiator Company, will become a vice-president of the Marine Trust Company of Buffalo, N. Y., according to announcement by George F.



RUDOLPH B. FLERSHEM
Vice-president the Marine Trust Com-
pany of Buffalo.

Rand, president of the bank. Sales executive offices of the American Radiator Company are being moved to New York City from Buffalo and thereafter Mr. Flershem will remain in

UNITED STATES MORTGAGE & TRUST COMPANY

Capital and Surplus \$7,500,000

Complete facilities for Financial institutions and their clients :: Individual accounts of Bank and Trust Company executives invited :: Real Estate appraisals in leading cities.

Inquiries Welcomed

Main Office: 55 Cedar Street, New York

Uptown Offices:

**Broadway at 73rd Street
125th St. at Eighth Avenue**

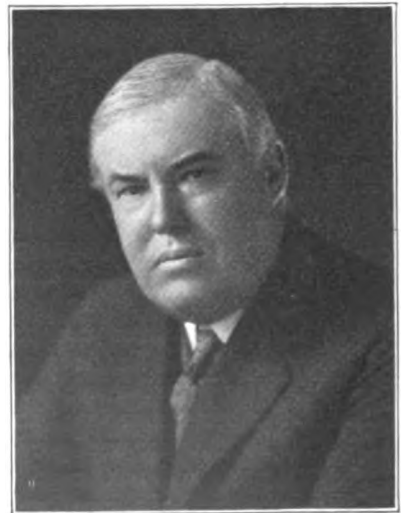
**Madison Ave. at 74th St.
Lexington Ave. at 47th St.**

Buffalo, continuing his former business association only in an advisory capacity. He will become actively associated with the Marine Trust September 1.

National Bank of Chicago and four years later, vice-president. When this institution was succeeded by the Continental and Commercial National Bank,

RALPH VAN VECHTEN, president of the State Bank of Chicago, died June 28 at his home in Chicago after an illness of several months' duration. Mr. Van Vechten became head of the State Bank of Chicago last July, after two decades of service with the Continental and Commercial National Bank of Chicago and its predecessor, the Commercial National Bank.

Mr. Van Vechten began his banking career in 1880 in the private banking house of G. F. Van Vechten in Cedar Rapids, Iowa, and on the organization of the Cedar Rapids National Bank was chosen cashier of that institution. In 1910 he was elected president of the bank and in 1921 chairman of the board. He remained active in the institution until his death. In 1905 he was made second vice-president of the Commercial



RALPH VAN VECHTEN
President the State Bank of Chicago.

Bank With Us and Grow With Us

Out of town business houses having representatives or branch offices in Philadelphia will appreciate the convenience of our day and night banking service.

With increased facilities we are better equipped than ever to render efficient and courteous service.

Your Philadelphia representative will like our bank.

FRANKLIN TRUST COMPANY

Southwest Corner Fifteenth and Chestnut Streets

PHILADELPHIA

West Phila. Office'
52nd and Market Streets

Front Street Office
Front and Market Streets



Germantown Office
5708 Germantown Ave.

Frankford Office
Frankford Ave. and Paul St.

Resources over \$42,000,000

AMERICA'S LARGEST EXCLUSIVELY DAY-AND-NIGHT BANK

Mr. Van Vechten became vice-president and a director.

was connected with the Hongkong & Shanghai Banking Corporation for

EDWIN V. HALE, vice-president of the Union Trust Company, Cleveland, died at his home in Cleveland May 18, at the age of 58, after a lingering illness. He started his business career with the old Western Reserve Bank and in 1898 was made secretary and treasurer of the American Trust Company. After the formation of the Citizens Savings & Trust Company he was made treasurer of that organization, in 1903. Ten years later he was named a vice-president and when that bank merged with other Cleveland banks to form the Union Trust Company, he went into that institution, where he remained until his death.



E. MILTON BERRY

Vice-president the Interstate Trust Company, New York.

E. MILTON BERRY, vice-president of the Baltimore Trust Company, has been elected a vice-president of the Interstate Trust Company of New York, and began his new duties July 1. Mr. Berry

OUR *short term obligations have been purchased by more than five thousand banks in the United States.*

GENERAL MOTORS ACCEPTANCE CORPORATION

Executive Office • 250 WEST 57TH STREET • New York City

*Capital, Surplus & Undivided
Profits • \$36,428,000.00*

eighteen years and has been vice-president of the Baltimore Trust for the last seven years.

WILLIAM F. FITZSIMMONS, formerly president of the American Union Bank, New York, has become president of the Pennsylvania Exchange Bank, New York. **Allan I. Cole**, former president, has been made chairman of the board.

CARL H. CHAFFEE, cashier of the First National Bank of Philadelphia, was elected a vice-president of that institution at a recent meeting of the board of directors. He will continue as cashier, also.

F. DWIGHT CONNER, well known in bank advertising and extension circles, has been elected vice-president of Call's Bankers Service Corporation, Savannah, Ga. He will manage the Chicago division. **Mr. Conner** has been an independent new business and advertising counselor for various banks during

the last year, following his resignation as business extension manager of the Illinois Merchants Trust Company, Chicago. Prior to that, he was advertising and new business manager of the Guardian Trust Company of Cleveland, a position which he held for thirteen years before going to the Illinois Merchants Trust Company.

BANK OF ITALY INCREASES DIVIDEND RATE

THE board of directors of the Bank of Italy, San Francisco, has approved an increase in the bank's annual dividend rate to \$5.24 per share of \$25 par value—equivalent to \$21 on the old \$100 par value stock.

The dividend is payable quarterly at the rate of \$1.31 on each share. On the basis of the present capitalization represented by 1,200,000 shares of stock, the bank will distribute more than \$1,500,000 in dividends each three months' period.

Kidder, Peabody & Co.

Founded in 1865

Boston

New York

Providence

Newark

Government Bonds

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Foreign Exchange

Letters of Credit

We issue confirmed Circular and Commercial Letters of Credit in £ on

BARING BROTHERS & CO., Ltd.
LONDON

and their correspondents throughout the world; also Letters of Credit in \$ on

THE KIDDER PEABODY ACCEPTANCE CORPORATION
BOSTON or NEW YORK

Prior to the stock split of 4 to 1, with a reduction in par value from \$100 to \$25 per share, which occurred immediately after the nationalization of the Bank of Italy last March, the annual dividend was \$18, or the equivalent of \$4.50 on the new stock. The present increase of approximately \$3 per share therefore gives the stockholders an additional yearly return of 16 per cent.

Dividends are payable on the combined shares of the Bank of Italy National Trust & Savings Association and its affiliated organization, National Bankitaly Company (formerly Stockholders Auxiliary Corporation)—the stock of which is owned share for share by the bank stockholders.

STOCKHOLDERS APPROVE INTERSTATE MERGER

STOCKHOLDERS of the Franklin National Bank and of the Interstate Trust Company, both of New York, have approved the proposal submitted by their boards of

directors under which the Franklin National was merged with the Interstate organization. The consolidation took effect at the close of business June 30. Effective the same date, the Interstate Trust took over the banking business formerly conducted by Bloomingdale Brothers Bank, New York.

NATIONAL PARK BANK TO OPEN TWO BRANCHES

THE National Park Bank, New York, will open two new branches, one in the new building of the New York Life Insurance Company, Madison avenue at 26th street, and a second in the new building of the Central Savings Bank, Broadway at 74th street.

The bank, which has been in existence for more than seventy years, has resources of about \$215,000,000. Its main offices are at 214 Broadway and branch offices at 240 Park avenue and 399 Seventh avenue.

HARRY FRANCIS
New Travel Book FREE
To purchasers of A B A Certified Cheques

Better Than Gold
A B A Certified CHEQUES

THIS advertisement will appear during July in the Saturday Evening Post, Literary Digest, Life, Time, New Yorker, Vogue, National Geographic, Harpers, Atlantic Monthly, Review of Reviews, Asia, Travel, Country Life, American Hebrew, American Legion Monthly, and Army & Navy Journal.

It will be seen by nearly 7,000,000 families, including a large number of your depositors.

For the utmost safety and convenience in traveling advise your customers to carry A B A Certified Cheques. If they are going abroad, give them a complimentary copy of "All About Going Abroad" when they buy their cheques.

A B A Certified CHEQUES

AGENTS: BANKERS TRUST COMPANY
16 WALL ST., NEW YORK

CHEMICAL NATIONAL OPENS NEW BRANCH

A NEW branch, at Fifth avenue at 54th street, has been opened by the Chemical National Bank of New York. The branch occupies the main floor of the Professional building, opposite the University Club and the Aeolian building. The Chemical now has four branches.

C. D. Duncan, formerly vice-president the People's National Bank of Montclair, N. J., is in charge of the new branch, with H. Griffith Parker and Herbert R. Chapman as assistant managers.

BANK OF MANHATTAN PLANS STOCK INCREASE

RECOMMENDATION has been made by the directors of the Bank of the Manhattan Company, New York, to stockholders that the institution's capital be increased from \$10,700,000 to \$12,500,000, the enlarged capital to consist of 125,000 shares with a par value of \$100. Heretofore the shares of the bank have had a par value of \$50. The stock increase is for the purpose of acquiring the Bank of Washington Heights, which is to be merged with the other banking institution.

Stockholders of the Bank of the Manhattan Company will be given the right to subscribe to 10 per cent. of the par value of their holdings at \$250 a share for each share of the new \$100 par stock.

The meeting of shareholders to approve this increased capitalization and the merger with the Bank of Washington Heights has been called for August 2, 1927.

The main office of the Bank of the Manhattan Company is at 40 Wall street, with branches in Manhattan at Union Square and 16th street; also at 43rd street and Madison avenue. In addition it maintains thirty-nine offices covering Queens and a large section of Brooklyn. With the acquisition of the four branches of the Bank of Washing-

ton Heights the bank will have forty-six offices in New York City.

The Bank of Washington Heights, organized in 1901, was the pioneer bank in upper Manhattan. Its growth has kept pace with the development of that section of the city. The main office is at Amsterdam avenue and 155th street, with branches at 171st street and Broadway, 181st street near St. Nicholas avenue, and Dyckman street and Sherman avenue. It is planned to continue the present staffs of the Bank of Washington Heights in charge of their respective offices.

When the new stock has been issued the Bank of the Manhattan Company will have a capital of \$12,500,000, a surplus of \$12,500,000 and undivided profits in excess of \$6,000,000.

GUARANTY TRUST APPOINTMENTS

THE Guaranty Trust Company of New York has announced the following appointments: Rowland E. Cocks and Henry A. Theis, vice-presidents; Arthur E. Burke, corporate trust officer; and A. Nye Van Vleck, personal trust officer. All four men have previously been associated in official capacities with the company's fiduciary departments. Mr. Cocks was formerly personal trust officer and his successor in that position, Mr. Van Vleck, was an assistant trust officer. Mr. Theis was formerly assistant vice-president and Mr. Burke an assistant trust officer.

CHANGE IN NAME OF BANK ARCHITECTS

THE firm heretofore known as Mowbray & Uffinger, architects and engineers, specialists in banking building, designing and equipment, has been changed to Uffinger, Foster & Bookwalter, Inc., according to announcement by that firm. "For years," the announcement reads, "the practice of Mowbray & Uffinger has

The Symbol—of Forty-Seven Years
of Banking Progress



New Home of the State Bank of Chicago — now being erected at La Salle and Monroe Streets, the center of Chicago's financial district.

The human element in banking transactions

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

HENRY A. HAUGAN
Chairman, Board of Directors

RALPH VAN VECHTEN
President

LEROY A. GODDARD
Chairman Executive Committee

OSCAR H. HAUGAN
Vice-Chairman of the Board

State Bank of Chicago

A Trust Company

LA SALLE AND
WASHINGTON STREETS

Member Federal Reserve System
CAPITAL, SURPLUS AND UNDIVIDED
PROFITS OVER \$10,000,000

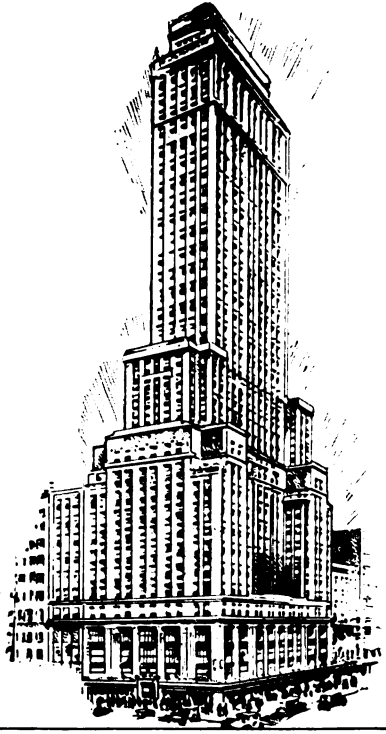


In the
heart of the
Midtown
District

Fifth Avenue
at 44th Street

**Central Mercantile Bank
and Trust Company**

MAIN OFFICE: 5th Avenue at 44th Street
Five Branch Offices



been conducted primarily by Justin M. Uffinger, C. Manning Foster and Joseph S. Bookwalter. The change in the name more truly identifies the principals responsible for the success of their many commissions in the field of bank architecture and equipment."

GENERAL MOTORS ACCEPTANCE INCREASES CAPITAL

ANNOUNCEMENT has been made by C. C. Cooper, president of the General Motors Acceptance Corporation, that the corporation has sold to General Motors Corporation an additional 100,000 shares of its capital stock at \$125 per share, making an addition to capital funds of \$12,500,000.

With this increase the acceptance corporation now has total capital funds in excess of \$50,000,000. All the capital stock is owned by General Motors Corporation.

Since its organization in 1919, the acceptance corporation which was

formed to finance wholesale and retail sales of General Motors products, has granted about \$2,000,000,000 of credit, with total credit losses of less than one-tenth of 1 per cent. The corporation started in 1919 with capital funds of \$2,500,000, but General Motors Corporation has subscribed additional capital from year to year as the business has expanded.

The acceptance corporation, which is the largest institution of its kind in the world, operates a credit service for the exclusive benefit of General Motors dealers and retail purchasers.

MODERN VAULT DOOR FOR CHINESE TOMB

AN order for a vault door for the tomb of Dr. Sun-Yat-Sen, famous Chinese general, has recently been received by the York Safe and Lock Company, York, Pa. It is to be made in cast bronze, instead of the regulation steel, but with this one difference the door is exactly

BANKS in other parts of the United States, which need, from time to time, to employ the banking, trust and collection facilities of a Los Angeles institution, have learned that from Security Trust & Savings Bank they obtain a service which includes a widespread covering of the Los Angeles Metropolitan Area, through 52 Branches, a well-organized Credit Department, a strong and capable investment subsidiary (Security Company) and a Department of Research, operated by trained economists.

Resources Over \$250,000,000

**SECURITY TRUST
& SAVINGS BANK**

like those in use in many banks in this country. According to reports, the tomb of this famous Chinese is to be very elaborate, costing approximately \$1,500,000.

**THOMAS M. DEBEVOISE MADE
EQUITABLE TRUSTEE**

THOMAS M. Debevoise was elected a trustee of the Equitable Trust Company, New York, at a recent meeting of the board of trustees. Mr. Debevoise is attorney for John D. Rockefeller, Jr., and the Rockefeller Foundation. He is a native of New York City, a graduate of Yale University and of New York Law School and a director of a number of corporations.

**JERSEY CITY BANK OPENS
BRANCH**

THE First National Bank of Jersey City has opened a branch office, the Hudson

City branch, at 286 Central avenue and Hutton street, the first of two branches by which the bank will augment its service in Greater Jersey City.

The bank has been established for more than 63 years and has a capital of \$1,000,000; surplus of \$1,500,000; undivided profits approximating \$150,000 and total resources in excess of \$20,000,000. Officers of the bank are as follows: Kelley Graham, president; Robert E. Jennings, vice-president; Henry Brown, Jr., vice-president and cashier; Clifford A. Spoerl, vice-president; Norman Dixon, assistant vice-president; Edwin W. Spoerl, assistant vice-president; Jacob R. Wortendyke, assistant cashier; Benjamin F. Gardner, Jr., assistant cashier. Directors are: Edward L. Young, George T. Smith, Robert E. Jennings, Henry E. Niese, Edward I. Edwards, chairman, Arthur G. Hoffman, Julian Schermerhorn, H. Otto Wittpenn, Harry F. O'Mealia, Raymond F. Barnes, Thomas H. Williams, John C. Smaltz, Spencer D. Baldwin, Kelley Graham.

STABILITY



The National Bank of Commerce is the Bankers' Bank, centrally located in the United States, and serving for seventy years now an ever-increasing number of correspondents.

An Advertising Service Department available without cost and helpful cooperation from all divisions of our bank for correspondents. If your bank does not have these facilities write us for free descriptive booklet.

The National Bank of Commerce

with which is affiliated the
Federal Commerce Trust Company
Investments



in Saint Louis
Commercial, Savings, Trust, Foreign,
Safe Deposits

BROADWAY OLIVE TO PINE

SHREVEPORT BANK OBSERVES FORTIETH ANNIVERSARY

A SPECIAL souvenir number of *The Shreveport Banker*, publication of the Commercial National Bank of Shreveport, La., has been issued, marking the fortieth anniversary of the founding of that institution. A sketch of the bank's growth during the years, with a photograph of the institution's present building, is followed by photographs of the officers of the bank, history of their careers; portraits of the members of the board of directors; photographs of all the bank's employes; and a story of the three-day birthday party held by the institution in observance of the anniversary.

ARKANSAS BANKERS HOLD ONE-DAY CONVENTION

THE Arkansas Bankers Association, which postponed its annual convention, scheduled for April, on account of flood

conditions, held a one-day business session at the Hotel Marion, Little Rock, on July 7. The meeting was "for the discussion of flood control and rehabilitation and the general banking and business conditions of Arkansas," and for the election of officers for the Arkansas Bankers Association and that state's officers for the American Bankers Association.

A. G. WEDGE TO HEAD BANKERS OF MINNESOTA

A. G. WEDGE of the First National Bank of Park Rapids, Minn., was elected president of the Minnesota Bankers Association at that organization's annual convention in St. Paul, June 8-10. He has been vice-president of the association for the last year and succeeds R. E. MacGregor of the Northwestern National Bank, Minneapolis, as president of the body. I. E. Hansen, First National Bank of St. Paul, was elected vice-presi-

THE HAMILTON NATIONAL BANK of NEW YORK

ARCHIBALD C. EMERY, President

RESOURCES OVER \$20,000,000

MAIN OFFICE . . . 130 WEST 42ND STREET

BRANCHES

BRONX . . . 96 East 170th Street near Grand Concourse

QUEENS VILLAGE . . . Jamaica Avenue at 217th Street

WASHINGTON HEIGHTS . Wadsworth Ave. at 181st St.

UNIVERSITY Broadway at 110th Street

dent; and A. M. Schaefer, Peoples State Bank of Jordan, treasurer.

The three-day meeting included addresses by well known men, including Melvin A. Traylor, president the American Bankers Association and president the First National Bank of Chicago, who spoke on "The McFadden Act and Other Things;" Eugene M. Stevens, president the Illinois Merchants Trust Company, Chicago, who gave "Some Observations on Overproduction;" M. L. Countryman, special counsel the Great Northern Railway, who discussed "Railroad Problems—Old and New;" and John Brandt, president Land o' Lakes Creameries, Inc., whose subject was "What Merchandising Can Do for Agriculture."

NATIONAL CITY HAS 115TH BIRTHDAY

THE National City Bank of New York, the largest bank in the country and, in point of capital funds, the largest in the world, celebrated the 115th anniversary

of its founding last month. The bank was organized in 1812 as the City Bank, with capital of \$800,000. At the present time its capital is \$75,000,000 and the total of its capital, surplus and undivided profits is more than \$141,000,000.

Every statement of the bank for years has announced new records in its growth. The latest statement showed total resources of \$1,477,747,281. Deposits of the National City, at the latest report, were more than \$1,500,000,000.

The bank made its greatest growth in the last twenty-five years as an institution of international scope and importance, although in the first ninety years of its existence it contributed much to the growth of trade and industry in the United States, beside helping materially in the financial operations of the Government. The bank has 104 foreign branches in the commercial and financial centers of twenty-three countries. It has in addition 4000 correspondents throughout the world.

Kings County Trust Company

City of New York, Borough of Brooklyn

Capital \$500,000 Surplus \$4,500,000 Undivided Profits \$445,000

JULIAN P. FAIRCHILD, President

WILLIAM J. WASON, JR., Vice-President

HOWARD D. JOOST, Vice-President

J. NORMAN CARPENTER, Vice-President

THOMAS BLAKE, Secretary

ALBERT I. TABOR, Assistant Secretary

CLARENCE E. TOBIAS, Assistant Secretary

ALBERT E. ECKERSON Auditor

ACCOUNTS INVITED

INTEREST ALLOWED ON DEPOSITS

WASHINGTON BANKERS MEET

THE thirty-second annual convention of the Washington Bankers Association was held June 9-11 in Tacoma. Speakers included Craig B. Hazlewood, vice-president the Union Trust Company, Chicago, and second vice-president the American Bankers Association; Dr. S. S. Huebner, head of the Wharton School of Finance, Philadelphia, and a noted lecturer, author and economist; John C. Mechem, vice-president the First Trust and Savings Bank, Chicago, and a member of the executive committee, Trust Company Division, American Bankers Association; C. C. Colt, vice-president the First National Bank, Portland, Ore., and western member of the agricultural commission, American Bankers Association.

In addition to the speakers from out of the state, there were talks by Guy C. Browne of Wenatchee, president of the state association; Major Everett G. Griggs, president the St. Paul and Tacoma Lumber Company; R. E. Shepherd, chairman of the board the Federal Land Bank of Spokane; and N. B. Coffman, president the Coffman-Dobson Bank and Trust Company, Chehalis.

OHIO BANKERS ELECT

ROBERT McEvelly, vice-president the First National Bank of Cincinnati, Ohio, was elected president of the Ohio Bankers Association at the annual meeting of the organization held June 15-17 at Cedar Point. Other officers are vice-

president, Arthur B. Taylor, president the Lorain County Savings and Trust Company, Elvira; treasurer, Edwin Buchanan, vice-president Ohio National Bank, Columbus; secretary, Charles H. Mylander, Columbus.

Addresses included "Underlying Factors in the Business Situation," by Dr. B. M. Anderson, Jr., economist the Chase National Bank of New York; "Life as Three Poets View It," by Dr. Charles F. Wishart, president of Wooster College; "County Credit Bureau," by Lyon Carr, president the First State Bank of Wenonah, Ill., and J. L. Jones, president the First National Bank of Henry, Ill.; "Compensating Net Profits," by H. C. Hausman, manager the research and analysis department the Illinois Bankers Association. E. H. Blair, superintendent of banks, Columbus, discussed the relations between the state department and the individual banks.

WISCONSIN BANKERS IN ANNUAL MEETING

THE thirty-third annual convention of the Wisconsin Bankers Association was held in Madison June 21-23. Among the speakers were Dr. Frank Bohn of the *New York Times*, who discussed "The New Economic Map of the United States;" K. L. Hatch, assistant director of agricultural extension of the University of Wisconsin, Madison, who took up the Middle West's agricultural problem in "Farm and Factory Must Prosper Together;" H. L. Russell, dean of the College of Agriculture of the University,

who emphasized the banker's part in the agricultural tangle in "The Banker's Responsibility to Agriculture;" Melvin A. Traylor, president the First National Bank of Chicago and president of the American Bankers Association, who discussed "The McFadden Act and Other Things;" Alfred T. Sihler, manager the investment department the Union Trust Company, Chicago, whose subject was "Some Phases of Bank Investments;" Hon. W. I. Nolan, lieutenant governor of Minnesota; and Governor Fred R. Zimmerman of Wisconsin.

**SAFE DEPOSIT CONVENTION
HELD IN CLEVELAND**

Vault managers and safe deposit employes from all over the United States attended the twelfth annual Safe Deposit Convention, held in Cleveland May 19-21. Arrangements for the meeting were made by the Cleveland Safe Deposit Association, of which H. F. Pratt of the Union Trust Company of the same city is president.

Safe deposit departments, considered by many banks as necessary evils, are a source of potential profit, it was the consensus of opinion at the convention. They must, however, be properly equipped and well managed if they are to be profitable.

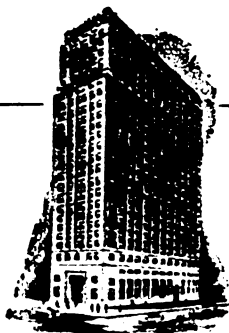
C. H. Mylander, secretary of the Ohio Bankers Association, in the first talk on the three-day program, dwelt on the importance of safe deposit facilities, particularly in view of the large quantities and wide distribution of securities, and cautioned against laxity in the operation of safe deposit departments.

The responsibility of putting the safe deposit business on a paying basis is directly up to the vault manager, according to George G. Bradford, manager of the Union Safe Deposit Vaults, Boston, in an address before the convention. A discussion of box rentals and suggestions for revision of the prices charged were included in his talk.

The application of cost accounting to safe deposit business was outlined by Carl H. Dawson of the Cleveland Trust Company.

C. H. Handerson, assistant vice-president the Union Trust Company of Cleveland and president of the Financial Advertisers' Association, told the delegates that in order to sell their service to the public they must give the public what it wants, rather than try to educate the public to the present system.

Legal aspects of the safe deposit business were taken up by Arnold R. Boyd, New York attorney, and Abraham Meyer, attorney for the Continental and Commercial National Bank of Chicago. A paper written by the latter was read to the convention. Harry M. Hoover, manager of the Central Safety Deposit Vaults of Chicago, discussed advertising problems of the safe deposit business and Louis S. Headley, vice-president the Northwestern Trust Company of St.



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The Pennsylvania Company

For Insurances on Lives and Granting Annuities

Trust and Safe Deposit Company

Packard Building

S. E. Cor. 15th and Chestnut Streets
Philadelphia

Capital, Surplus and Undivided Profits - \$20,000,000

Member
Federal Reserve
System

Downtown Office
517 Chestnut St.



ROTARY WITH FLOOD LIGHT

OUR ROTARY
Blazed the Trail
for a successful 24 hour
DEPOSIT SERVICE
to over 50,000 users

One Bank has placed order
 for 20 installations

Accept only the genuine "YEO"
 Rotary Cylinder entrance

Write For Folder

The Bank Vault Inspection Co.

SAMUEL P. YEO
 President and Inventor

1824 Ludlow St. Philadelphia

Paul, spoke on "The Relationship between a Safe Deposit Company and its Customers."

IOWA BANKERS MEET

A GROUP of well known speakers addressed the forty-first annual convention of the Iowa Bankers Association held in Des Moines June 20-22. They included Governor John Hammill of Iowa who spoke on "An Opportunity for Iowans;" Melvin A. Traylor, president the First National Bank of Chicago and head of the American Bankers Association, who discussed "The McFadden Bill and Other Matters;" Dr. O. R. Sweeney, head of the chemical engineering department of Iowa State College, Ames, who spoke on "Utilization of Agricultural Waste Materials;" Congressman S. Wallace Dempsey of Lockport, N. Y., who told of the work of the Rivers and Harbors committee, of which he is chairman; Henry A. Theis, member of the trust department and assistant vice-president of the Guaranty Trust Company of New York, whose subject was "The Corporate Fiduciary;" and David R. Forgan, vice-chairman of the board of the directors the National Bank of the Republic, Chicago, who discussed "America and the Allied Debts."

A state conference of officers of the County Bankers associations was held in conjunction with the meeting.

**RALPH B. HARDACRE HEADS
 CALIFORNIA BANKERS**

RALPH B. Hardacre, vice-president of the Security Trust and Savings Bank of Los Angeles, was elected president of the California Bankers Association at the annual meeting of the organization in Del Monte recently. Mr. Hardacre has been active in Los Angeles banking for the last twenty years. He is a director as well as an officer of the Security bank and of the Security company, the investment subsidiary of the bank.

Before going to California Mr. Hard-

Fresh Air for Your Office

Gerdes Ventilating Systems and Electric Window Ventilators diffuse healthful and invigorating unheated fresh air without causing draft or chill, and prevent the infiltration of poisonous automobile gases as well as dust and soot which is so prevalent during the Summer Season.

Every installation is guaranteed as regards workmanship, material and functioning—that is, a satisfactory result to the owner is guaranteed.

A booklet descriptive of the Gerdes Method and containing a list of references of the highest character will be sent upon request.

Reports and proposals are made without obligation or charge.

Theodore R. N. Gerdes, M. E.

Engineer, Manufacturer, Contractor

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acre was connected with the First National Bank of Chicago. He began his banking career there at the bottom of the profession and has since served in every department of the business.

The general meeting was preceded by a meeting of the trust company section of the association. During this conference legal problems in connection with trust business were discussed by several lawyers and a report was given of the regional trust company conference.

Speakers at the general meetings of the convention were Will C. Wood, state superintendent of banks, who spoke on "The Banking Department: An Agency for Service to Banks;" R. B. R. Randolph, trust officer Anglo and London Paris National Bank, San Francisco, whose subject was "The Trust Department: Its Share in Interdepartmental Co-operation;" and Chester H. Rowell, who discussed "The Situation in China: Future Relations of Our Country to the Orient."



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RALPH B. HARDACRE

Vice-president Security Trust & Savings Bank, Los Angeles, and newly elected president of the California Bankers Association.

EXAMINATIONS - SYSTEMS - TAXES

FOR

Banks and Trust Companies

McARDLE & McARDLE

ACCOUNTANTS AND AUDITORS

Forty-Two Broadway, New York City

INVESTMENT TRUST RAISING \$15,000,000

THE International Securities Corporation of America, formerly the International Securities Trust of America, has issued \$15,000,000 of 5 per cent. debentures, thus becoming the largest general investment trust in the world. Its total resources amount to more than \$46,000,000.

Cash of the corporation will be increased soon by \$3,600,000 when payment is received for additional shares of stock for which subscriptions have been received. Recently the corporation has repurchased for cancellation more than \$6,000,000 of its secured bonds. Its cash and investment are more than 200 per cent. of the total funded debt, and no additional debentures can be issued unless current assets back of them exceed 200 per cent.

Net earnings of the corporation for the year ended May 31, 1927, amounted to \$3,292,099.

As an investment trust, the corporation confines its business to the investment and reinvestment of its resources in marketable securities of governments, railroads, public utilities and industrials, domestic and foreign. Its assets now include more than 500 such investments in more than thirty countries.

KANSAS BANKERS HEAR GOOD ADDRESSES

SPEAKERS at the annual convention of the Kansas Bankers Association, held

May 18-21 in Manhattan, included Francis David Farrell, president Kansas State Agricultural College, who spoke on "Our Mutual Relations;" Governor Ben S. Paulen, who is also president of the Wilson County Bank of Fredonia and whose address was entitled "These Times;" Professor Irving Fisher of the department of political economy, Yale University, who spoke on "Progress toward Stabilizing the Dollar;" B. A. Welch, cashier the State Bank of Kingman and chairman of the association's agricultural committee, who discussed "The Plot-Demonstration Plan;" Roy L. Bone, bank commissioner for Kansas, whose subject was "Some Comment on Recent Banking Legislation;" Dan H. Otis of Madison, Wis., director of agricultural commission of the American Bankers Association, who talked on "Kansas at Her Best;" and the Rev. Marion Nelson Wardrip of Kansas City, whose address was on "The Philosophy of an Arkansas Hill Billy."

CHASE NOW BILLION DOLLAR BANK

THE Chase National Bank of New York passed the billion dollar mark in its total resources of June 30, the statement showing the amount of \$1,042,513,993. The Chase thus joins the National City Bank of New York, making two financial institutions of billion-dollar magnitude in the United States. Statement of June 30 of the National City Bank showed resources of more than \$1,500,000,000.

Established 1837

ADRIAN H. MULLER & SON

55 WILLIAM STREET

(Corner of Pine Street, New York)

STOCKS AND BONDS AT AUCTION

Regular Auction Sales of all Classes of Securities Every Wednesday

The Business of Banks, Bankers, Investors and Dealers in Securities Receives Prompt and Careful Attention

The total resources of \$1,042,513,993 of the Chase National Bank represent an increase of \$159,679,888 over the figures of March 23. The distinction of the Chase National in becoming a billion-dollar institution coincides with the fiftieth anniversary of its establishment, which it will celebrate in September. Record-breaking deposits of \$919,608,525 are listed in the Chase National's statement of June 30, an increase of nearly \$175,000,000 over the deposits on March 23. Capital and surplus remain at \$40,000,000 and \$25,000,000, respectively, but the undivided profits account has expanded from \$13,742,735 to \$14,697,146.

Cash on hand and due from banks aggregated \$365,188,037 on June 30, compared with \$273,814,634 on March 23. Loans and discounts increased to \$529,695,935 from \$443,085,176 in March. Holdings of United States Government securities were reduced from \$108,100,540 to \$91,327,254, and there was a slight decrease also in holdings of other securities.

HOUSTON MADE DIRECTOR OF ACCEPTANCE BANK

DAVID F. Houston, Secretary of Agriculture and later Secretary of the Treasury during the Wilson administration, has been elected a director of the International Acceptance Bank, Inc., New York, to succeed the late John T. Pratt. Mr. Houston was recently chosen president of the Mutual Life Insurance Com-

pany. He is also vice-president of the American Telephone & Telegraph Company and president of the Bell Telephone Securities Corporation.

The board has announced the declaration of the regular quarterly dividend on the common and special stock at the rate of 8 per cent. per annum on the paid up capital, payable July 15, 1927, to stockholders of record of July 7, 1927.

The statement of the bank just issued as of June 30, 1927, shows total resources of \$95,609,720 against \$93,966,799 on the same date last year. Acceptances outstanding totalled \$38,813,660 against \$37,545,719 a year ago. Undivided profits of \$4,200,033 reflect an increase of \$297,330 over December 31, 1926, and of \$639,278 over June 30, 1926.

The bank's subsidiary, the International Acceptance Securities and Trust Company, in its June 30 statement shows total resources of \$11,180,828, with deposits of \$10,023,838, capital and surplus of \$1,000,000, and undivided profits of \$131,195. The company was organized last year to provide regular domestic banking facilities, in addition to being empowered to act in trustee and fiduciary capacities.

The complete list of directors of the International Acceptance Bank, including Mr. Houston, follows: Paul M. Warburg, chairman; Daniel G. Wing, vice-chairman; Matthew C. Brush, Newcomb Carlton, Walter E. Frew, F. Abbot Goodhue, Robert F. Herrick, David F. Houston, L. Nachmann, George S. Pat-

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Who's Who 1926:

"OUTCAULT, Richard Felton, artist; b. Lancaster, Ohio, 14 Jan. 1863; s. J. P. Outcault and Catharine Davis: m. 1890, Mary Jane Martin, Lancaster, Ohio. Educ.: McMicken University, Cincinnati. On staff *New York Journal* since 1905. Publications, Buster, Mary Jane and Tige, 1908; Buster Brown and Busy Body, 1909; Real Buster and the only Mary Jane 1909; Buster Brown in Foreign Lands, 1912; Buster Brown, the Fun Maker, 1912; Buster Brown and his Pets, 1913. Address Flushing, L. I., New York." (1914 Turned to Bank Advertising.)

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terson, Charles B. Seger, Lawrence H. Shearman, William Skinner, Philip Stockton, Charles A. Stone, Henry Tattall, Felix M. Warburg and Thos. H. West, Jr.

OREGON BANKERS IN ANNUAL MEETING

KEITH Powell, president the First National Bank and the Bank of Woodburn, both of Woodburn, was chosen president of the Oregon Bankers Association at the annual meeting of the organization held June 3-5 at Gearheart-by-the-Sea. John F. Daly, president Hibernia Commercial & Savings Bank, Portland, was chosen vice-president; Arthur A. Rogers, cashier First National Bank of Eugene, treasurer; and Andrew Miller of Portland, secretary.

Speakers at the convention included

Craig B. Hazlewood, vice-president the Union Trust Company of Chicago and second vice-president the American Bankers Association, who spoke on "The Giant Industry of the Northwest;" M. L. Countryman of St. Paul, former vice-president and now consulting counsel the Great Northern Railroad, whose subject was "Railroad Development in Oregon;" Dr. Arnold Bennett Hall, who discussed conditions throughout the state; L. H. Roseberry, vice-president the Security Trust & Savings Bank, Los Angeles, who discussed "Relations of Banks to Fiduciary Service;" and Charles S. Keith, of Kansas City, president Central Coal & Coke Co. and president the Oregon-Washington Lumber Company, who spoke on "The First Industry of the Northwest."

CLEVELAND TRUST INCREASES CAPITAL AND SURPLUS

THE capital and surplus of the Cleveland Trust Company, Cleveland, Ohio, were increased to \$15,000,000, effective July 1, in accordance with action of the stockholders in voting an increase in capital of \$1,400,000 at the annual meeting last January.

The increase, according to Harris Creech, president of the bank, is in accordance with the policy of the company to increase its capital stock as the institution's growth requires. This is the sixth time the capital has been increased, reflecting a growth from \$500,000 capital in 1895 when the bank was established.

The Cleveland Trust Company is now listed among the largest savings and commercial banks and trust companies in the United States. A pioneer in branch banking, it now operates fifty-three branches about the city, handling over 440,000 deposit accounts.

Under Mr. Creech, who has been president since 1923, resources of the Cleveland Trust have continued to grow steadily each year.

J WILLIAMS BEAL SONS

ARCHITECTS

DESIGNERS OF MODERN BANKS OF DISTINCTION

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BOSTON - MASS

ALLIED CORPORATION FOR MURRAY HILL TRUST

THE Murray Hill Trust Company, New York, plans to organize an allied corporation for stockholders of the institution. Stockholders are to receive offers of rights to subscribe to stock in a securities company known as the Murray Hill Allied Corporation. The new company will have an authorized capitalization of 10,000 shares, the same number of shares that the trust company has outstanding, and these will be offered to stockholders of the bank at \$20 each on a share-for-share basis.

Certificates of the new stock will not come into the possession of the subscriber but will be made out in the name of the Murray Hill Trust Company, which will give the subscriber a certificate that he holds certain shares in the securities corporation. The method makes it impossible for the holder to sell stock of the two organizations separately.

The Murray Hill Trust Company was formed last September with offices at Madison avenue and 40th street and capital and surplus of \$2,000,000. W. I. Lincoln Adams is chairman and O. W. Birkhead is president.

SEABOARD BANK TO FORM INVESTMENT COMPANY

ANNOUNCEMENT of plans for the organization of an investment company has been made by Chellis A. Suatin, president of the Seaboard National Bank, New York. At the same time he announced an increase in the bank's capital stock from \$6,000,000 to \$8,000,000, the increase representing the capital of the affiliated investment firm. The bank's directors expect to continue

dividends on the increased capital at the present rate of 16 per cent.

Formal announcement said:

"The directors approved, in principle, a plan for the organization of an affiliated investment company with power to make investments which are not ordinarily available to a national bank. The details of the plan are under consideration. In general it provides for the organization of the new company with a capital of approximately \$2,000,000, to be set aside by the bank for that purpose, without expense to its shareholders. The shares of the new company will be deposited and held for the account of the shareholders of the bank, share for share, so that the stock of the new company will not be independently transferable. If the plan is accepted by the shareholders it is expected the organization of the new company will be effected shortly after the completion of the proceedings to increase the stock of the bank."

The Seaboard, whose main office is at Broad and Beaver streets, maintains branches at 115 Broadway and 24 East 45th street. According to the statement as of March 23, 1927, resources amounted to \$216,092,209, with capital \$6,000,000, surplus \$8,000,000 and undivided profits \$3,445,849.

NATIONAL CITY CHANGES

A NUMBER of changes have been made in the personnel of the National City Bank of New York, including the promotion of John L. Cross, DeWitt A. Forward and William J. Noonan, assistant vice-presidents, to vice-presidents; Douglass B. Simonson, assistant cashier, to assistant vice-president; and William R. Morrison, an assistant vice-president of the National City Company, who was made an assistant vice-president of the

bank. Joseph P. Ripley, an assistant vice-president of the National City Company, was made a vice-president of the company.

Charles L. Schenck, a vice-president, has resigned but will remain on the bank's advisory board in Brooklyn.

BIRMINGHAM BANK MERGER

THE American Trust and Savings Bank and the Traders National Bank, both of Birmingham, Ala., were merged July 1 as the American-Traders National Bank. Webb W. Crawford, formerly president of the first mentioned institution, is chairman and president of the new bank, and J. C. Persons, formerly president of the Traders, is executive vice-president. The aggregate capital, surplus and undivided profits amount to \$4,900,000 and deposits to \$20,000,000.

NEWARK BANKS TO MERGE

THE Fidelity Union Trust Company of Newark, N. J., has announced a plan for the merger of itself and five other banks of the city, under the Fidelity name, to establish the first city-wide banking institution in the state. The banks involved are the American National Bank, the City Trust Company, the North End Bank, the Citizens' National Bank and the Ironbound Trust Company, which has a branch on Ferry street, Newark.

Total resources of the Fidelity, as of June 30, are \$145,181,694, and deposits \$130,050,276. The bank's capital is \$6,000,000 and its surplus and undivided profits \$7,984,679.

The officers of the merged banks will remain the same, except in the case of J. H. Bacheller and Charles Niebling, who were made vice-presidents of the Fidelity Union Trust Company. Directors of the institutions will become members of advisory boards and each will continue in the service of his institu-

tion, which will assume the designation of a branch of the parent concern.

STATE APPROVES MERGER

THE New York State banking department has approved a proposed merger of the Banco di Sicilia Trust Company, New York, and the Security State Bank, Brooklyn. The consolidated institution will be known as the Banco di Sicilia Trust Company and the Brooklyn bank will be operated as a branch. The Banco di Sicilia Trust Company is an affiliation of the Banco di Sicilia, Palermo, Italy.

Statement of the Banco di Sicilia Trust Company, as of June 30, 1927, showed capital of \$700,000, surplus and undivided profits of \$362,167, reserve fund of \$85,593, deposits of \$15,725,814 and total resources of 17,254,768.

FRANKLIN SOCIETY IN NEW HOME

THE Franklin Society for Home Building and Savings, New York, has moved to its new home at 217 Broadway and held open house to members and friends of the organization.

In its new home the society has enlarged facilities for its 42,000 members and has allowed for further expansion. The new quarters are Colonial in style. Marble, caenstone and American walnut trim have been used in the interior effects. John J. Sheridan is the architect. Many rare portraits and prints of Benjamin Franklin have been hung on the walls of the executive offices.

Charles O'Conor Hennessy, who was largely responsible for the organization of the society on Park Row, where it has been located for almost 40 years, is president of the society.

CENTRAL MERCANTILE GAINS

THE Central Mercantile Bank and Trust Company, New York, reports a gain of nearly \$8,000,000 in deposits since it



THE LINCOLN TRUST COMPANY, JERSEY CITY, N. J.

LOCATION and surrounding environment frequently predetermine the general character of a building. The new banking house for the Lincoln Trust Company situated in the lower part of Jersey City, N. J., and near the waterfront, is representative of strength, dignity and security.

UFFINGER, FOSTER & BOOKWALTER

INCORPORATED
FORMERLY

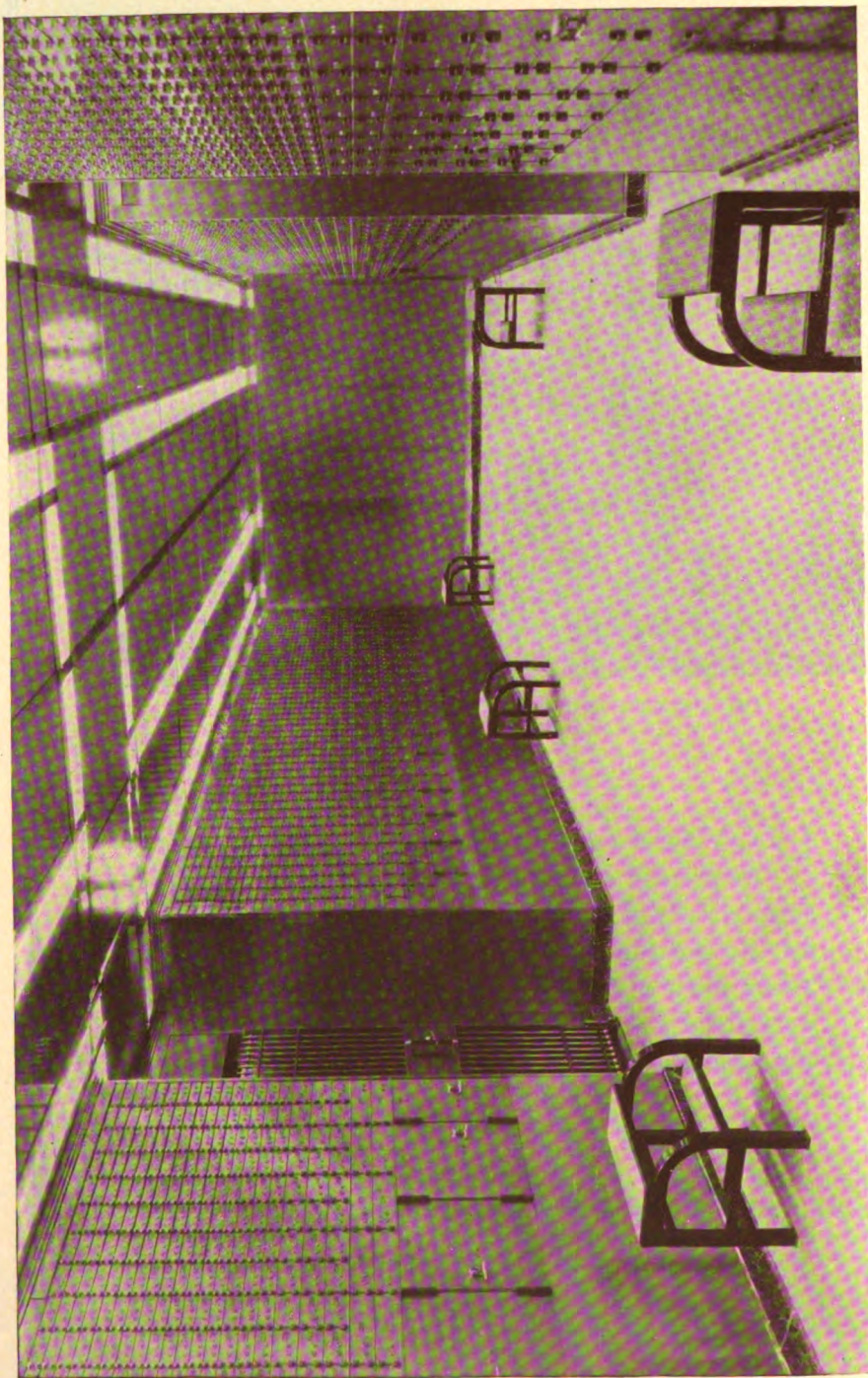
MOWBRAY & UFFINGER

INCORPORATED

ARCHITECTS

BANK EQUIPMENT & VAULT ENGINEERS

**221 WEST 57TH STREET
NEW YORK**



Interior of vault of the Norristown-Penn Trust Co., Norristown, Pa. A feature of this vault is the diffused lighting system which illuminates evenly the entire vault.
Designed, manufactured and installed by Herring-Hall-Marvin Safe Co., New York, Chicago, San Francisco, Birmingham, Rochester, Boston—Factory at Hamilton, Ohio

moved into its new main office at Fifth avenue at 44th street two months ago. The bank's deposits on June 30 amounted to \$50,015,161 and total resources \$55,853,301. Colonel Arthur W. Little has been added to the institution's advisory board.

MICHIGAN BANKERS' CRUISE

THE Michigan Bankers' Association held its annual convention the latter part of June as a six-day cruise on the Great Lakes, sailing from Detroit to Duluth and back.

NEW ENGLAND BANKERS MEET

THE Association of New England Bankers held its fourteenth annual meeting in Bethlehem, N. H., June 24-25. W. P. G. Harding, governor of the Federal Reserve Bank of Boston, presided at the joint assembly of the state associations, which was held June 25.

BANK OBSERVES 143RD ANNI- VERSARY

THE Bank of New York and Trust Company, New York City's oldest bank, celebrated its 143rd anniversary last month. The bank opened its doors on June 9, 1784. Alexander Hamilton drew up the article of association of the bank. At that time there was no government to which it could apply for a charter. Leading residents of New York subscribed to the stock, and five years before the United States came into being the Bank of New York, long known simply as The Bank, was formally launched. In 1922 the Bank of New York was merged with the New York Life Insurance and Trust Company.

NEW OFFICER ELECTED

RICHARD Wagner has been elected second vice-president of the Continental and Commercial National Bank of Chicago. Mr. Wagner has been in the bank since 1910.



Combination bank and office building of the Bank of the Manhattan Company, New York, erected in Long Island City. The building is the new home of the Long Island City branch, which occupies the first floor, basement and mezzanine. The upper floors are rented for office use. The banking space is five times as large as that formerly occupied by the branch, and has been attractively finished. The floor is of travertine with a border of colored marble and the walls before the paying tellers' cages are of St. Genovese marble.

ILLINOIS BANKERS HAVE VARIED PROGRAM

TALKS on almost every topic of interest to bankers were given before the Illinois Bankers Association in annual convention in Danville June 23-24. The agricultural situation, the punishment of criminals and criminal psychology, publicity and the bank's relations with the public, clearing house supervision as opposed to deposit guaranty legislation, the Illinois securities law and the McFadden Act—all were discussed by able speakers at the two-day conference. Reports of the various committees of the organization, showing their activities during the last year, were also of vital interest to the delegates.

At the first session an address of welcome was given by C. V. McClenathan, president Danville Clearing House Association and president the Second National Bank of Danville. J. M. Appel, formerly vice-president of the association, who was elected president for the coming year, responded. Mr. Appel is president of the Highland Park State Bank, Highland Park. The president's annual address was given by W. B. Crawford, president West Frankfort Bank & Trust Company, West Frankfort.

Addresses by Charles A. Ewing of Decatur on "The Illinois Bankers' Part in Our Agricultural Crisis;" and by State Senator Andrew S. Cuthbertson, vice-president the First National Bank of Bunker Hill, on "Bringing the Criminal Law up to Date," concluded the morning session.

"It takes three years to hang a murderer and two years to send a gunman to the penitentiary," said Senator Cuthbertson. "We can travel to New York in twenty hours or to California in three days. We can reach London by telephone in a few minutes but we are slower than ever before in getting justice through our courts."

"If Alexander Hamilton or Chief Justice Marshall should return to earth now they would find many things they

never dreamed of in their day. The radio, electric lights, automobiles, fast trains, and many other things would be entirely new to them. They would not feel at home among these things.

"But when these old time lawyers visited our courts they would understand it all. The same old indictments against the murderers and the same awkward processes of trying these cases. They could step in and take charge of these cases and handle them as well as our most up-to-date lawyers today. Everything has changed but criminal procedure and that, like Tennyson's Brook, goes on forever in the same old way—much to the benefit of the criminals."

Mr. Ewing held the closest attention of the convention as he spoke on "The Bankers' Part in Our Agricultural Crisis."

"It seems to me the time has passed for expressions of sympathy for the farmer. It is time we found a way to do something," said the speaker. Mr. Ewing is giving much time and thought to the farmer's problem and his name is connected with a new plan to be submitted to Congress which will, he believes, win more united support than any plan yet offered.

"Two Hundred Million Dollars—that may not sound like much money if you say it fast," said William L. Barnhart in the first address of the afternoon session, "but when you remember that the famous Woolworth building recently sold for eleven millions you begin to realize the vast sums of money obtained in the last year by the forgers and other crooks working along this line. If we can save this money for a single year we can build eighteen more Woolworth buildings."

Mr. Barnhart is resident vice-president of the National Surety Company of New York.

"Conventions being held in Illinois this month are discussing a great variety of problems," said Walter Swengel, the

new director of public relations for the Bankers Association of this state. "A convention in Chicago yesterday spent its time trying to solve the problems of the pickle makers. A shoe convention closed in this hotel yesterday. Another soon will work out plans for rebuilding the city of Jerusalem. So it goes—each convention working on problems peculiar to its own business.

"But this convention of bankers is interested in all business," he said. "There is not a pickle maker but has some banker close to him, interested in his success. That is why we have our 'Public Relations' work. We must encourage men in every walk of life to co-operate with their bankers more freely. We must help them all to understand correct banking methods and good business methods. To build bigger banks we must help to build bigger successes for every one doing business with the banks."

The third speaker of the afternoon explained the "most successful methods ever tried to make banking absolutely safe for depositors."

"Not one single dollar of deposits has been lost in the last twenty-one years by patrons of banks belonging to the Chicago Clearing House" said Charles H. Meyer, chief examiner of banks for the Chicago Clearing House. "The Chicago Plan, as it is called, has been adopted

**The South Carolina
National Bank**
Charleston, S. C.

Greenville, S. C. . . Columbia, S. C.

Consolidation of
Bank of Charleston, N. B. A.
Charleston, S. C.

Norwood Nat. Bank **Carolina Nat. Bank**
Greenville, S. C. **Columbia, S. C.**

Capital _____	\$ 1,100,000.00
Surplus _____	650,000.00
Resources _____	25,000,000.00

by other cities with equal success. It is the best plan yet found to prevent losses of depositors' money.

"When you compare the work done by the bankers themselves in Chicago you see how much better this plan is than such plans as the 'Depositors Guarantee Funds' laws that have been enacted by the legislatures of various states. The bankers of the city do the work themselves and they pay the cost of it, too. The legislature did not force them to it." The same plan can be adopted by smaller cities and by entire counties or several counties working together if the bankers wish.

"Banking is really a new thing," said Harlan Eugene Read of St. Louis in the last address of the afternoon. When you compare it with the history of other business it is young. Most of the banking systems of Europe are less than 100 years old. The great Bank of France started in Napoleon's time and the Bank of England is about 250 years old.

"Each of the great banking systems was started to help solve the problems of a civil war. Our own National Banking System began in 1863. The early banks were all private affairs. They accepted money willingly but did not allow the cash to be withdrawn if they could avoid it. The modern idea of service to all patrons—the bank as a semi-public institution—is still in its swaddling clothes.



Hotel Somerset
Commonwealth Ave.
BOSTON, MASS.

Superbly located—only seven minutes from the city's business, theatre and shopping centers. One block from the principal cross-roads entering and leaving Boston. Terrace Garden Cafe.

Room with bath \$3 to \$10, per day
EUROPEAN PLAN
William P. Lyle, Manager

Foreign Languages Easily Learned

The Berlitz Conversational Method makes the study of any foreign language a surprisingly simple, easy and pleasant matter. Experienced native teachers. Day and Evening Classes and Individual Instruction. Reasonable tuition. Call, write or phone for catalogue.

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NEW CLASSES

in French, Spanish, Italian, German
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L A N G U A G E S

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218 Livingston St., B'klyn. Triangle 1946

Over 300 branches throughout
the world.

Teachers will be sent to Financial and
Industrial Institutions desiring to form
Classes in their offices.

"You bankers have your faults" said Mr. Read, "but I will mention only one of them. You do not compel the young people to become thrifty. The old man as he goes to the poor house may well blame you because you did not hit him over the head with a club and take 10 per cent. of his wages to invest for his old age. He has just cause for complaint against you."

In discussing the value of the "Illinois Securities Law," G. Gale Gilbert of Mt. Vernon, chief of the securities department of the Secretary of State, said, "We will never know all that has been saved for the people of this state but the records show more than \$600,000,000 of questionable securities we have kept off the market. Nearly \$3,500,000,000 in good investments have been sold in this state in the last eight years with the approval of the Secretary of State. Over 700 brokers have been investigated

and approved during the eight years since these laws have been in force. Forty-six others have applied for permits to sell their stuff and have failed to pass the test. How many others there are who wanted to get a share of Illinois money but did not think it worth while to ask for permits we shall never know. Their sales would have been enormous but for this law."

"The McFadden Act and Other Matters," was the subject of an address by Melvin A. Traylor of Chicago, president of the First National Bank of that city and president of the American Bankers Association. The talk outlined clearly and concisely the points of the new banking legislation.

A number of social events were included in the two days' meeting—a smoker and buffet supper, dinner and dance. Additional entertainment was provided for the women who attended the convention.

On Wednesday afternoon they were guests at a theater party at the Terrace theater and the following day a luncheon and bridge party was given for the visiting women at the Danville Country Club. They were guests on Thursday evening at the dinner and dance given for the convention delegates and on Friday, the last day of the convention, were taken for an automobile tour, after which they were entertained at a buffet luncheon.

1927

THE CORPORATION MANUAL

Twenty-eighth Edition

A systematic arrangement of the Statutes in all states affecting both Domestic and Foreign Business Corporations. The Uniform Stock Transfer Act, Blue Sky Laws, Anti-Trust Laws, Forms and Precedents. Strong Buckram binding. 2386 pages.

United States Corporation Company

150 Broadway, New York

COMING BANKERS' CONVENTIONS

AMERICAN BANKERS ASSOCIATION, Houston, Texas, week of October 24. Executive manager, F. N. Shepherd, 110 East Forty-second street, New York City.

AMERICAN INSTITUTE OF BANKING, Detroit, July 11-15.

ARIZONA BANKERS ASSOCIATION, Flagstaff, October 13-14. Secretary, Morris Goldwater, Prescott.

CANADIAN BANKERS ASSOCIATION, Montreal, November 11. Secretary, Henry T. Ross, Dominion Express Building, Montreal, Quebec.

FINANCIAL ADVERTISERS' ASSOCIATION, West Baden, Ind., September 12-15. Executive secretary, Preston E. Reed, 231 South LaSalle street, Chicago.

INDIANA BANKERS ASSOCIATION, Indianapolis, September 21-22. Secretary, Miss Forba McDaniel, 310 Odd Fellow building, Indianapolis.

MASSACHUSETTS SAVINGS BANKS ASSOCIATION, New Bedford, September 15-17. Headquarters, New Bedford Hotel. Executive manager, D. S. Sylvester, 80 Federal street, Boston.

MONTANA BANKERS ASSOCIATION, Helena, July 21-23. Secretary, John Romersa, Box 619, Kalispell.

**International Securities
Trust of America**
A MASSACHUSETTS TRUST

*For information about this
investment trust, address*

AMERICAN FOUNDERS TRUST
A MASSACHUSETTS TRUST

1 Federal Street Boston	50 Pine Street New York
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NEBRASKA BANKERS ASSOCIATION, Omaha. Secretary, William B. Hughes, 908 Woodman building, Omaha.

NEVADA BANKERS ASSOCIATION, Reno, July 21-23. Secretary, L. S. Reese, assistant cashier Farmers & Merchants National Bank, Reno.

NEW MEXICO BANKERS ASSOCIATION, Deming, October 20-22. Secretary, M. F. Barnes, First National Bank Building, Albuquerque.

PACIFIC COAST TRUST CONFERENCE, Portland, Ore., August 11-13.

WYOMING BANKERS ASSOCIATION, Thermopolis, September 1. Secretary, Harry B. Henderson, First Joint Stock Land Bank, Cheyenne.



Dinner given by the Plainfield Trust Company, Plainfield, N. J., in celebration of the twenty-fifth anniversary of its founding. Officers and directors of the other Plainfield banks and a number of New York bankers were guests of the institution.



Newly remodeled head office of the Banque de Commerce, Antwerp.

BANQUE DE COMMERCE, ANTWERP, REMODELS BUILDING

THE difficult problem of enlarging and modernizing a bank building without destroying the harmonious and correct lines of its original architecture has been successfully solved by the Banque de Commerce, Antwerp, in the rebuilding of its head office.

In this instance it was necessary not only to provide increased accommodations for the bank's business, but also to reconstruct the building to harmonize with a facade of cream colored Caen stone, dating from 1740. The facade, which is of a restrained type appropriate to Antwerp's main bank, is of such architectural merit and historical value as to cause the city council of Antwerp to decree its conservation as a monument of public interest.

The banking room on the ground floor of the remodeled structure is unusually large and well lighted, providing ample space for the public and for 300 officers and clerks employed in the bank. Equipment is of the most modern type and a complete system of internal telephones

has provided almost every employe with an instrument for communicating with other departments of the institution.

Four passenger elevators give access to the administration departments on the first, second and third floors, where equipment and accommodations are as complete as those in the main banking room. The board room, in late eighteenth century style, contains authentic woodwork and furnishings of the period. In one of the committee rooms is a fine example of a Flemish fire place, with authentic blue Delft tiles, and there are other antique furnishings of interest.

The site of the building has been occupied since about 1450 A. D., at first by generations of tanners and later by one of the famous Post Houses. Traces of the tanning industry have been found in the shape of tanning pits, tanning refuse, etc., when new foundations were excavated. The arms of the Banque de Commerce thus very fittingly contain a postal horn and tanners' implements.

It is appropriate that the institution



Exchange dealers' room.



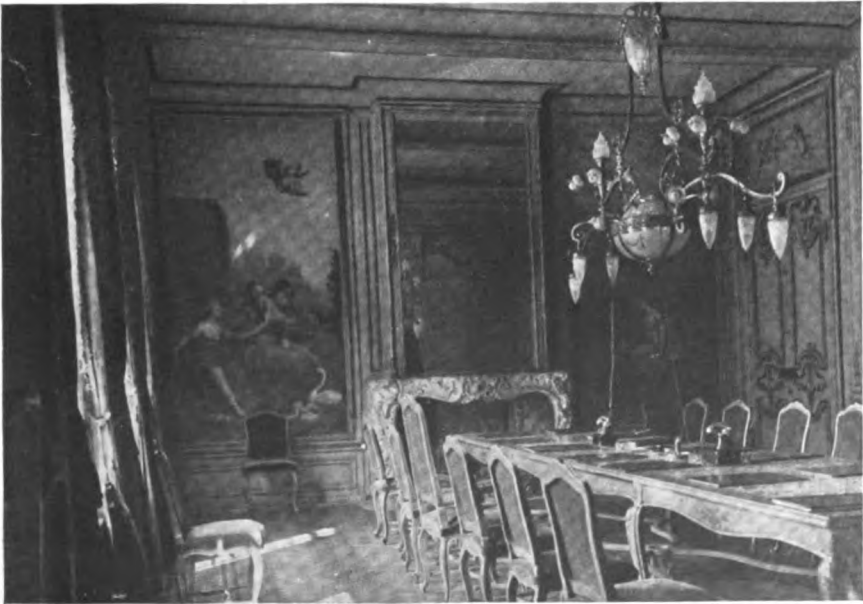
Committee room.



Committee room.

is housed in a building originating in the eighteenth century since it was in that century that the business of the bank had its origin.

Beginning with a purely local merchant banker of the period, the bank progressed consistently under various names up to the year 1893, when it was incorporated under its present title. The development which resulted from the participation in the capital of one of the great English banks, which took place immediately after the war, and a subsequent reorganization, exceeded all expectations. At that time branch offices were established in Brussels and Ostend and agency arrangements made in every town of importance in Belgium. In addition, the list of foreign correspondents was enlarged so that now the Banque de Commerce may provide its customers with every facility for banking business both in Belgium and abroad.



Board room, in late eighteenth century style.

EXAMPLES OF RECENT BANK BUILDING OPERATIONS



The new, individual building of the Peoples National Bank and Trust Company, Lynbrook, Long Island, N. Y., is of Indiana limestone with granite base, the front having a massive colonnade in Ionic style. The same classic treatment is carried out on the sides of the building, with pilasters between which are large windows. The windows are metal, of modern type and the entrance doorway is of bronze. The building was designed by and constructed under the supervision of Morgan, French & Co., Inc., architects and engineers, New York City.



The exterior walls of the new Ozone Park National Bank, Ozone Park, Long Island, N. Y., are of cast stone in imitation of light gray granite. The base is of polished green granite and the columns at the entrance are monoliths of the same stone. The window and entrance door frames are of bronze, and the corner entrance is at the intersection of two important thoroughfares. Uffinger, Foster & Bookwalter of New York were the designers and supervisors of the building.



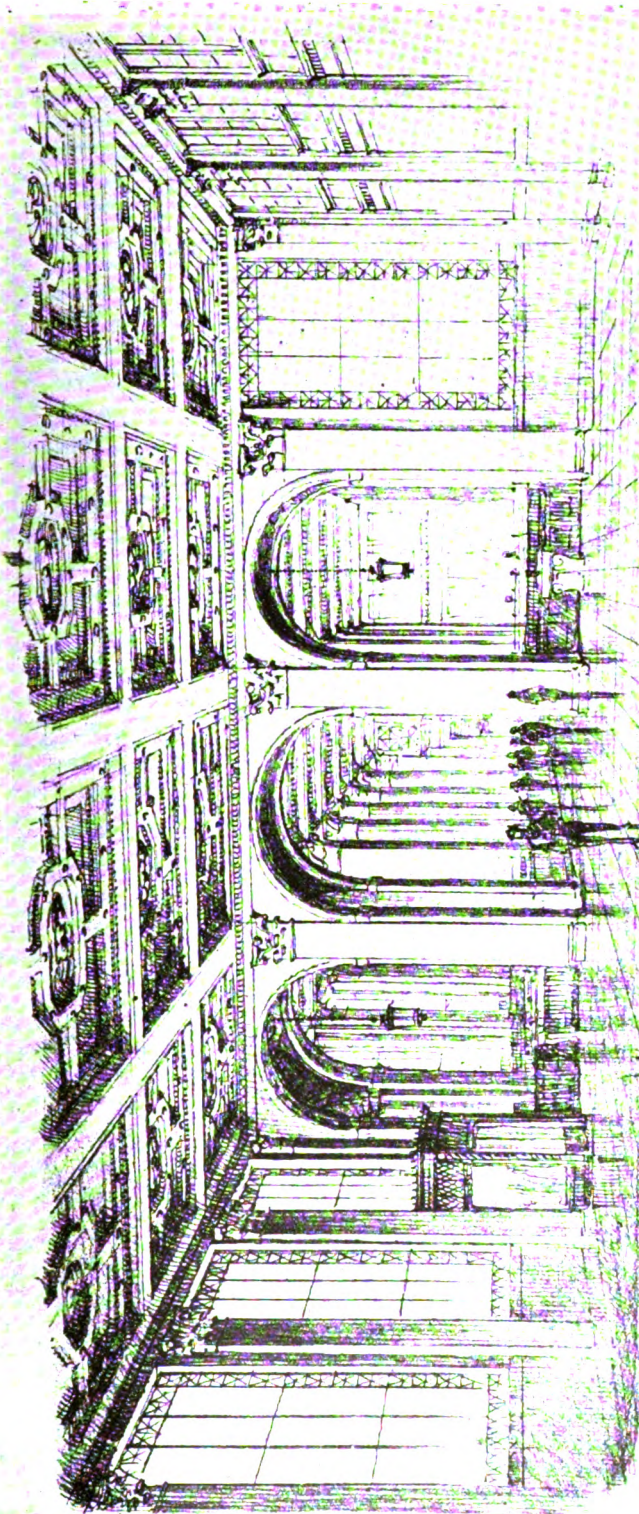
Partial view of the public space in the Ozone Park National Bank, Ozone Park, Long Island, N. Y., showing the entrance to the safe deposit vault and the savings department. The building was designed by Uffinger, Foster & Bookwalter, bank architects, New York.



A second view of the main banking room of the Ozone Park National Bank, Ozone Park, Long Island, N. Y.



This interesting and unusual type of main entrance is the result of the remodelling of the old entrance of the Palisade Trust and Guaranty Company, Englewood, N. J. The entire old building was left standing while a new entrance and additions to sides and rear of the building were constructed. Holmes & Winslow, specialists in bank architecture, New York City, were the architects.



Interior of the newly remodelled American Exchange National Bank, Greensboro, N. C., showing the main banking room. This is twenty-two feet wide and has tellers' cages on one side only. The new addition, in which the banking room is located, forms an ell with the old banking room, which now contains officers' quarters, ladies' room and cages for notes, collections, new business and savings departments. The banking room in the new wing is arranged so that a mezzanine can be taken out and the banking room extended to the full depth of the lot on which the building stands. Harry Barton, Greensboro, N. C., and Alfred C. Bossom, New York, were associate architects.



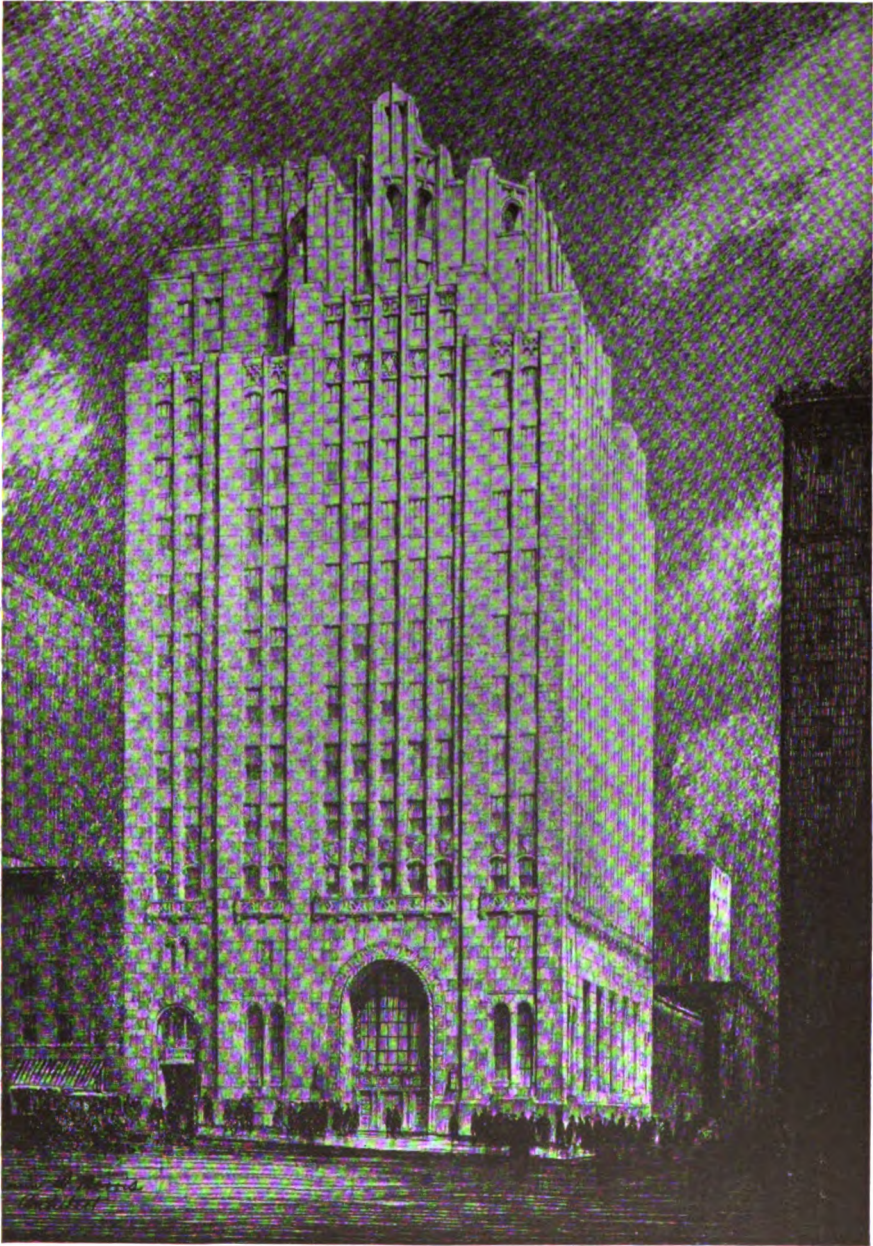
The three-story portion in the rear of the new building to be erected for the City National Bank, Belfast, Me., will be built and occupied while the main structure is under construction. The plans are by Thomas M. James Company, Boston and New York.



The interior of the Fidelity Trust Company, Houston, Texas, is of Spanish architecture, modified by details drawn from the Mayan Indian work. Alfred C. Bossom, bank architect and equipment engineer of New York City, designed the building.



The Petroleum building, a twenty-one story office building, is the home of the Fidelity Trust Company of Houston, Texas. The building is of the modern recessional type and its detail was inspired by the architecture of the Mayan Indians in Yucatan, Central America. The base is of Indiana limestone and the shaft and upper portion of brick trimmed with terra cotta. The building was designed by Alfred C. Bossom, bank architect and equipment engineer, New York.



The new home of the Seamen's Bank for Savings, New York City, was designed by Wistar Morris and built by the William L. Crow Construction Company. The fifteen-story structure is faced with Plymouth granite and the walls of the banking room, 124 by 65 feet, are Doria stone. The scheme of the beamed ceiling follows that of the Chiaramontes Palace at Palermo, Italy, which dates from the fourteenth century and combines Romanesque and Gothic architecture.

BOOKS FOR BANKERS

Special Section of The Bankers Magazine

JULY 1927

A BANKER, ADVERTISER AND MECHANIC

The mechanics of advertising, a source of grief to many bank advertising managers, are outlined in *Bank Advertising Production* (Bankers Publishing Company, \$2.50) by "An Advertising Production Man." It deals with production methods inside the bank's advertising department and has been written, according to the author, "in a sincere effort to enable others to profit by mistakes made, experiments performed and final conclusions drawn from years of experience in this sort of work." It is "intended as a practical guide to the physical and mechanical sides of bank advertising."

WHAT is an advertising production man? He is the person who carries out *mechanically* the *ideas* of the advertising manager.

What does he do? Let the author himself answer:

"What does the production man do? Well, he does everything and anything. It is absolutely impossible for us to state, one, two, three, what his duties are.

"They consist of an infinite multiplicity of detail. Each day's activities are so unrelated to each other that they would appear meaningless if tabulated chronologically. Every hour the production man performs an amazing number of small jobs, each one bearing upon some one big job.

"Let us take fifteen minutes' work and analyze it:

"Phones the engraver about delivery of that halftone of the little girl.

"Checks with a newspaper about position of Ad Number 37.

"Pastes stickers on five bundles, and puts them in the stockroom.

"Explains to urgent salesman that the bank has no use for his particular novelty.

"Tells the printer that page proof must absolutely be delivered no later than Thursday morning.

"Files three photographs."

"There you have a cross section of the job."

In general, the work of the production man is stated as follows:

"Purchase of all printing, engraving, art work and departmental supplies.

"Placing and distribution of all advertising in accordance with schedule.

"Interviewing of all salesmen.

"Maintenance of a system of ordering, filing and scheduling, so that he knows at all times the status of any job and the location of any proof, bit of art work, electro or what not."

* * *

If, as the author recommends, the work of the bank advertising department is divided between the manager and the production man, this little volume describes the work of the latter; if the positions are combined in one man, as they necessarily are in many banks, it will help the advertising manager in the performance of his production duties.

After analyzing the work of the production man, in the first chapter, and differentiating between his work and that of the advertising manager, the author takes up in detail each phase of production work. The second chapter is devoted to "Printing—A Study in Purchasing," the author discussing the printer, paper, composition, distribution, special processes and similar problems.

Engraving is the subject of the third chapter, entitled "Engravings — The Favorite Alibi." Here are given the "ABC of zincs, halftones, electros and

(Continued on page 8)

Books for Bankers

BETTY ETTER, *Editor*
Monthly Book Section

THE BANKERS MAGAZINE

71-73 Murray St., New York

JULY 1927

SHOP TALK

WE'VE just seen the manuscript for a book of humorous verse and sketches, all having to do with banks and bankers, that has been written and illustrated by two bank advertising men and that will be published in the autumn by the Bankers Publishing Company. We are planning to send a copy of it to each of our banker friends; it is so cleverly written that they cannot help but like it, even if they find themselves gently satirized therein.

The author of the volume (its title has not yet been decided upon) is Don Knowlton, of the publicity department of the Union Trust Company, Cleveland, and the drawings were furnished by Arthur M. DeBebian, advertising manager of the Equitable Trust Company of New York.



HERE is one of the amusing verses that the book will contain:

The dying man groaned feebly,
And his family gathered nigh—
They wiped their eyes, and sadly
Prepared to say goodbye.
With sudden strength, the victim
Rose up upon his bed
And with death close upon him,
These words to them he said:—

"I've left my cash in trust, my dears;
My coin you cannot blow—
The bank won't let you cut a dash
On papa's hard-earned dough!
I know you've waited anxiously
For me to hit the dust—
But though I croak, I'll have my joke—
I've left my kale in trust!"

SERIOUS matters are also under consideration for fall publication. One of these, too, is by a financial advertising man, T. D. MacGregor, considered by many to be the dean of bank advertising men. *MacGregor's Book of Bank Advertising* will be published this autumn in a revised and up-to-date edition.

If you have used the former edition, you are sure to want the new one, which brings the material up-to-date and adds new information, the result of Mr. MacGregor's widening experience and observation in the field. If you have not used the former edition, you will have an opportunity in this book to get, not only an outline of the whole theory and practice of bank advertising, but also thousands of paragraphs which may be used in the actual preparation of advertising copy.

These paragraphs cover every possible subject which might be advertised by every sort of bank or trust company and so make the book of value to every financial advertising man, whether experienced or taking up the work for the first time. It is also useful to students of advertising.



A REVISED edition of *The Practical Work of a Bank* by William H. Kniffin, Jr., will be published next winter. Mr. Kniffin is now at work revising another of his well known books on banking, *The Savings Bank and Its Practical Work*, and will start the task of revising *The Practical Work of a Bank* as soon as he has finished with the other volume.



DON'T be confused by the brand new title under which we are appearing this month. We intend to go right on talking about books, though we don't mention the talking any longer, and we are now admitting to you what you have long known, that it is books for bankers we are talking about.



THIS WILL DO FOR WARM WEATHER

Willie—Father, what is untold wealth?
Daddy—What doesn't appear on the income tax returns.—*Kansas City Times.*

EVERY bank, large or small, city or country, needs the first book described on this page, for it gives a complete, concise idea of how to conduct a publicity and new business department in any bank.

NO country bank should be without the second book, for what the new business department is to the city bank the agricultural department is to the country bank. The country bank has the advantage of being able to use the "New Business Department" also.

New Business Department

By T. D. MacGregor

Table of Contents

The Purpose of a New Business Department

Goals and purposes of the department.

Sources of New Business

Prospects from present patrons; leads from various departments; affiliations of directors and stockholders; prospects from outside the banks; lists; inquiries; solicitations.

Relations with Other Departments

The New Business Department acts as an interpreter in helping the various departments to express themselves, to explain to the public what they have to offer.

Subdivisions of the Department

Explains the machinery by which the manifold objects of a typical Department of Publicity and New Business are accomplished. Illustrated by forms.

The Central Card File

The heart of the work of the department. It has both negative and positive uses in the analysis of accounts, cutting out waste and pointing the way to greater profits.

Handling the Accounts of Banks

Analysis of accounts, and plans for soliciting new business from other banking institutions. Readjustment of interest rates.

Getting "Leads" from Inquiries

Timely issuance of booklets. Following up inquiries. Making the most of a name.

A Follow-Up System

Outline of a typical follow-up plan. How in one year over \$4,000,000 initial deposits were received from "follow-ups."

New Business Ideas and Suggestions

Duties of chief clerk; publicity committee; press clippings; meeting advertising solicitors; courtesies to visitors, etc.

Bank Agricultural Department

By R. A. Ward

Table of Contents

Bank Agricultural Service

How to render such benefits and service to be derived from it.

Organizing the Department—The Man and the Job

Personality of the man; relation to other officers; first principles of the work.

Planning a Program of Work

Program of the First National Bank of Bend, Ore.; effect of the work.

Using the Agricultural Survey

Making a survey of farms in the territory one of the best methods of analyzing the farming situation; agricultural property statement form given here.

An Increased Crop Production Campaign

Such a campaign can be carried on by a bank, in co-operation with the local county agent or expert bank agriculturalist; complete explanation given.

Livestock Improvement Project

No project lends itself more readily to bank co-operation than this campaign which can be carried on effectively for a period of years. Many illustrations and advertisements given with this chapter.

Boys' and Girls' Club Work

Carry on work in co-operation with the state club leaders who have this work thoroughly standardized, and are familiar with methods to conduct it profitably.

Advertising and Publicity

No phase of country bank activity can be featured more frequently than that of a live agricultural department. Examples of advertising given here.

Banker-Farmer Activities

Suggestions for banker-farmer "mixers," luncheons and conferences; motion pictures, etc.

Conclusion

Friendly helpfulness and superior service wins more friends for the bank than the cold, mechanical banking of days past.

BANKERS PUBLISHING COMPANY

\$1.25 each

71-73 Murray Street, New York

each **\$1.25**

BOOK REVIEWS AND NEW BOOKS

Recent Announcements of Other Publishers

THE HAZARDS OF AN UNPROTECTED ESTATE. By Clinton Davidson. New York: Prentice-Hall, Inc.

PLAIN facts about distribution of estates after death are told in this seventy-two-page book, illustrated with charts, by the Estate Planning Corporation. The following topics are discussed: How much will your estate be worth; how eleven million became a hundred thousand; can this happen to you; an analysis of estate hazards and their effects; hazards after death but before distribution of estate—present tax trends; multiple state inheritance taxes; vexatious delays and high administration expenses; lack of ready cash; shrinkage of assets due to death; contested will; is your will up-to-date; contingent liabilities; depreciation of holdings after death; hazards after distribution of estate to heirs—improvidence of beneficiaries; inexperience of heirs having large sums at their disposal for first time; hazards reduced to a minimum—The Estate Planning Corporation; examples of planned estates.

HARMONY BETWEEN LABOR AND CAPITAL; An Essay on the Welfare of Nations. By Oscar Newfang. New York: G. P. Putnam's Sons.

AFTER setting forth the basic causes of the strife between labor and capital, the author presents a solution of the problem in the drawing account wage, a new application of the partnership principle to industry. Workers under this plan would have a drawing account or preliminary wage similar to the drawing account of partners in a co-partnership; at the close of the year's business, after a fair dividend had been paid upon capital, the remaining earnings would be allotted to the workers, both managerial and manual, in proportion to their salaries and wages. The preliminary wage would thus be determined by free competition, but the final earnings of the workers would be whatever they could

make the business earn above a reasonable dividend on capital.

"This plan would make capital and labor pull together for the greatest possible profits; capital, in order to widen the margin of safety for its dividends; labor, in order to increase its final earnings. The plan would also make possible permanent industrial peace, steady employment, a wider distribution of wealth, and the enhanced welfare of nations."

NEW BUSINESS FOR BANKS. By Frederick Kerman and B. W. Griffin. New York: Prentice-Hall, Inc. \$5.15 post paid.

AN interesting contribution to the banking literature of the year is *New Business for Banks*, written by Frederick Kerman, assistant vice-president Bank of Italy, San Francisco, and Bryant W. Griffin, manager business extension department National Newark & Essex Banking Company, Newark, N. J. In this volume they give facts from actual experiences applied to all bank departments. It reveals the experiences of banks and trust companies in towns and cities of varying sizes and types, and describes the methods they use in detail.

The contents show how to organize a new business department; how to make a bank more attractive to the public; how to make every employe a business-getter; how to handle solicitation for deposits and trusts; the methods found best for budgeting advertising by mediums and departments; how to write, display and place newspaper advertising and hundreds of other basic banking questions—with practical systems, suggestions for adaptation, and a wealth of valuable facts. The section of the savings department is full of keen interest, practical application and lasting profit. It covers industrial savings, Christmas Clubs, methods of getting savings accounts and the actual process employed

by many successful banks in the preparation and writing of savings copy.

INTRODUCTION TO MONEY AND CREDIT.

By J. D. Magee. New York: F. S. Crofts & Co. \$3.65 postpaid.

THIS book is a text for beginners in this subject, and has chapters on the following: Reasons for the Study of Money and Credit, Fundamental Conceptions, Origin and Functions of Money, Monetary Systems (illustrated by the present system of the United States), Commodity Money and Coinage, Credit and Credit Instruments, Credit Money, Fiat Money, The Greenbacks, General Theories of Prices, Gold and Silver Production, Index Numbers and General Movement of Prices in the United States, Price Movements, Types of Money Variations, Relation of Money to Rate of Interest, Domestic Exchange, Foreign Exchange, Theory of Bimetallism, Bimetallism in Practice, Monetary Affairs in the United States after 1900, Brief History of Legislation in the United States, Gold Exchange Standard, Paper Money During the War, European Monetary Problems after the War, Effects of the War on Monetary Affairs in Great Britain, Germany, and France, Control of Prices.

LIVING TRUSTS. By Gilbert T. Stephenson. New York: F. S. Crofts & Co. \$4.15 postpaid.

THE author of this book has put into a single volume the practical information about living trusts. The book will meet the requirements of the layman who is undecided whether or not a living trust will serve his purposes, of the busy lawyer called upon in the midst of his practice to draw a living trust or life insurance agreement, of the trustee who wishes a ready guide to which he may refer as he works out the terms of a living or life insurance trust, of the life underwriter who is earnestly endeavoring to advise his client how best to arrange his insurance and of the student who would know the proper place of trusts among business enterprises.



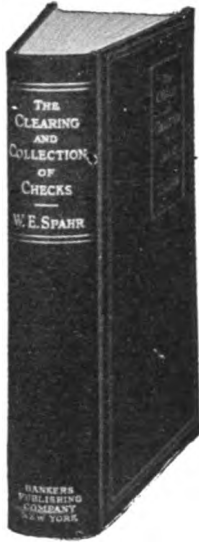
THOMAS P. KANE, late deputy comptroller of the currency, has written of many interesting events in banking during his long period of service. A few are given here:

Branch Banking
Payment of Interest on Bank Balances
Real Estate Loans
Causes of Panics
Chicago Wheat Deal
Celebrated Cassie A. Chadwick
Indictment of Charles W. Morse
Riggs National Bank Controversy
Stock Dividends
Zimri Dwiggins Chain of Banks
Chemical National Bank and Its Branches in the Exposition Grounds
First National Bank Organized
Organization of the Currency Bureau
The Bigelow Defalcation
Bank Examiners' Culpability
Proposed Abolition of the Comptroller's Office
National Bank Circulation vs. Government Issues
Federal Reserve Act
The Miss Lottie M. Taylor Incident
The Poetical Critic
Instances of Theft in Currency Shipments
Effect of Chicago Fire of 1871 upon Banks
Secretary Shaw's Ruling regarding Reserve Requirements
Crisis of 1907

Order on 5 days' approval from the

Bankers Publishing Company

\$5 71 Murray St., N. Y. **\$5**



—*this book stands alone*—“a thorough and systematic treatise in a field as yet virtually untouched.”—*American Banker*.

—*it will tell you how*

the Par Clearance System

affects your bank

—whether you charge exchange or remit at par. If you charge exchange, the system is taking away some of your profits by driving your customers to par remitting banks. If you remit at par, the exchange-charging banks are taking an unfair advantage of you, by charging exchange on their own checks, and collecting yours at par. Do you know how the par clearance system originated? Do you know the economic saving it has accomplished? Do you know how widespread it is? You need all these facts to make a rational decision whether your bank shall continue its present policy or change. You will find them in

The Clearing and Collection of Checks

By Walter E. Spahr

You can order this book on 5 days' approval from the

\$7.50

Bankers Publishing Co., 71 Murray St., N. Y.

\$7.50

MODERN INDUSTRY. By Bogart and Landon. New York: Longmans, Green & Co. \$3.90 postpaid.

THIS is a text-book, written to supply what has been conceived to be a gap in general economic text-books, and is intended as a background or introduction to a study of the principles of economics. The book deals with industry rather than business and touches lightly the subjects of transportation, money, and marketing. It is primarily concerned with making goods and conceives of the world of industry as a vast going concern, attempting to describe the work it does and the relations of the different parts to one another



PROBLEMS OF BANK ORGANIZATION

AN address on the “Problems of Bank Organization,” given by Harry Arthur Hopf before a joint meeting of the

American Society of Mechanical Engineers and the Taylor Society in New York last December, has been reprinted by H. A. Hopf and Company, management engineers, of which firm the speaker is the senior member.

Organization of a bank has been divided by Mr. Hopf into three parts, each of which is treated in a special chapter, as follows: “Planning the Structure,” in which classification and functionalization of activities, co-ordination of work, decentralization of accounting, control, direction and supervision, and authority and responsibility are considered; “Organizing the Personnel,” which takes up the personnel problem in general and then discusses remuneration, training and promotion; and “Developing the Service,” included in which are discussions of new business, branch banking, foreign relations, industrial and statistical departments. A number of charts illustrate the material.

Are these books in your banking library?

*Recently
Published*

101 WINDOW DISPLAYS By M. E. CHASE
A book of suggestions for window displays in which every branch of banking is included. The properties necessary may be obtained in towns as small as 5000. Over 200 large and small financial institutions were interviewed in gathering data for this book. \$5.00

CLEARING AND COLLECTIONS OF CHECKS
By WALTER E. SPAHR, Ph.D.
A complete treatise on this important subject. \$7.50

RECOLLECTIONS OF A BUSY LIFE By JAMES B. FORGAN
The life story of one of America's bankers, told in a simple, unassuming, yet captivating style. A limited number of copies still available of an edition, autographed and bound in leather. \$6.00

CAUSE AND PREVENTION OF BANK DEFALCATIONS
By M. K. FOWLER
This book was written to point out to bank directors and officers their responsibility for the prevention of bank defalcations. \$1.50

ENCYCLOPEDIA OF BANKING AND FINANCE
By GLENN G. MUNN
A complete reference book alphabetically arranged. \$10.00

COMMERCIAL PAPER By W. H. KNIFFIN
Of the few books entirely devoted to this subject, this is a safe investment; 205 pages, with 100 pages of actual statements completely analyzed on facing pages. \$2.50

ELEMENTS OF FOREIGN EXCHANGE By FRANKLIN ESCHER
There are other books on foreign exchange, but this one covers the subject in such a way that the man who knows little or nothing about it can get a clear idea within a few hours, of how foreign exchange works. \$1.60

THE PAYING TELLER'S DEPARTMENT By GLENN G. MUNN
Presents the functions of the paying teller and related departments in every phase—whether in a city or country bank, the East or West. A reference book on checks and disposition of money, including the Negotiable Instruments Law. \$1.25

THE BANK CREDIT INVESTIGATOR By R. F. PRUDDEN
Tells in as concise a manner as possible what problems the young man will meet in a bank credit department. Advice as to steps to be taken in a credit investigation and analysis of credit risk. \$1.50

BANK AGRICULTURAL DEPARTMENT By R. A. WARD
Shows the bank in an agricultural district how to serve the farming interests of the community. \$1.25

NEW BUSINESS DEPARTMENT By T. D. MacGREGOR
Completely revised for its third edition. This book is unique in its field and will serve as an excellent guide when organizing such a department. \$1.25

THE WOMEN'S DEPARTMENT By ANNE SEWARD
The first book devoted to this department, which is one of the newer phases of banking, is a necessity to banks that are contemplating its organization, and is full of ideas for departments that are already organized. \$1.25

BANK CREDIT METHODS AND PRACTICE
By T. J. KAVANAUGH
Description of the operation of a credit department, useful not only to the banker but also to the business executive in learning the banker's attitude on credit risks. \$2.50

THE ROMANCE AND TRAGEDY OF BANKING By T. P. KANE
The author was connected with the Comptroller's office for 36 years, and was intimately acquainted with all that took place in the banking world. He tells the inside story of hundreds of interesting incidents. \$5.00

*New
Editions*

*Steady
Sellers*

BANKERS PUBLISHING COMPANY

71-73 Murray Street

New York, N. Y.

The Women's Department

By Anne Seward

ONE OF THE LATEST phases in American banking is the establishing of a department for women, who more and more are transacting their own business affairs, and who, because of their entrance into the business world, are earning their own money—and should be shown how to save and invest that money.

MISS SEWARD, who is one of the ablest and best known women bankers in the country, has said that many bankers at various conventions and by letter have put this question to her—"We have wanted to organize a women's department for some time, but just how should we go about it—how can we get the women into the bank?"

THIS BOOK then is Miss Seward's answer to the bankers, and for those who use it the work of establishing this now indispensable department of the modern bank will be a simple matter, all the problems incident to the profitable operation of the women's department in a suburban, small town or metropolitan bank being explained in detail.

CONTENTS

History of the Women's Department
Layout of the Department
The Program and the Women
Office Equipment and Space
Functions of the Department
Advertising—Publicity
Personal Service Bureau
Investment Service and Advice
Foreign Exchange
Women and the Personal Trust
Thrift Education
Training for Bank Women

Order on 5 days' approval from the

Bankers Publishing Company.

\$1.25 71 Murray St., N. Y. \$1.25

The booklet may be had without charge from H. A. Hopf and Company, 40 Rector street, New York City.

EFFECTS OF A CHANGE IN GOVERNMENT ON A PUBLIC DEBT

LES Effets des Transformation des Etats sur leurs Dettes Publiques et autres Obligations Financieres by A. N. Sack, has been published by Recueil Sirey, 22, Rue Soufflot, Paris. The discussion is treated from both a legal and a financial standpoint.

WORLD CRUISE OF 1928

IN this hundred-page book, Thos. Cook & Son outline for prospective passengers the route of the world cruise through northern and southern hemispheres, to be conducted by that company in 1928. The book gives the itinerary of the entire cruise, from the date of its sailing from New York on January 7 to that of its return on May 31, descriptions of the various places to be visited and a number of maps and interesting illustrations.



NEW BOOKS

SALES MANAGEMENT; A Complete Guide to Modern Methods of Marketing, Advertising, Selling and Distribution. By C. L. Bolling. New York: Pitman. \$3.15.

APPLIED PSYCHOLOGY; Its Principles and Methods. By A. T. Poffenberger. New York: D. Appleton & Co. \$4.15.

ACCOUNTING. By Paul-Joseph Esquerre. New York: Ronald Press. \$4.65.



A Banker, Advertiser and Mechanic

(Continued on page 1)

the various combinations by which the engraver produces his effects."

The fourth, and last, chapter is on "Buying Art—Buying Imagination" and in it the author discusses what the production man should know about photographs, drawings, color and color substitutes for advertising.

The price of this book is only \$2.50, and it may be had for five days' examination by banks or bankers.

THE BANKERS MAGAZINE

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AUGUST, 1927

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Service

THE service rendered by a financial institution is the chief factor in retaining customers.

In both our Banking and Trust Departments we are still serving many of the grandchildren and great-grandchildren of those who originally opened deposit or fiduciary accounts with us.

Experience—Fidelity—Permanence



Bank of New York & Trust Co.

Capital, Surplus and Undivided Profits
over \$18,000,000

Temporary
Main Office
76 William Street

Uptown Office
Madison Avenue
at 63rd Street



OVER 100 YEARS OF COMMERCIAL BANKING

Beyond The Routine

When a banker hears from one of his directors that an industrial corporation is establishing a new branch in another city he *can*, of course, nod his head and forget about it—

But if he is part of the Chatham Phenix organization he will instinctively make an immediate effort to obtain a new worth while account for his correspondent in that city.

MAIN OFFICE

149 Broadway, Corner Liberty Street, New York City

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All-Year-Round
Special for Banks

Superior Transit Service

Commerce Trust Company

Capital and Surplus 8 Millions

Kansas City



When you come to Washington

drop in to see us. It often pays to be
"personally acquainted."

Who knows but what we may have
something your way some day, or you
have some important matters to be look-
ed after here.—Let's get together!

FEDERAL-AMERICAN
NATIONAL BANK
WASHINGTON, D. C.

John Poole, *President*
Wm. John Eynon, *Vice Pres.*
W. J. Waller, *Vice Pres.*
C. B. Lyddane, *Vice Pres.*
C. D. Boyer, *Cashier*

W. T. Galliber,
Chairman of the Board



*The bank with the
"cageless counters."*

Resources \$15,000,000.00

The Publisher's Page

WITHIN the last year, the bond accounts of the banks of the country have not only increased appreciably, but have done so even faster than the banks' loans and discounts to customers. EUGENE M. STEVENS, president Illinois Merchants Trust Company, Chicago, in an article which he has prepared for THE BANKERS MAGAZINE, to appear in the September number, says: "It is true that the tremendous increase in bank deposits since the war would not, ipso facto, argue that any or all of this increase would be allocated to the bond accounts of banks. In fact, the elemental conception of banking, i. e., the acceptance of deposits, the repayment of money to customers on demand, and loaning of surplus funds to customers, would not include the purchase of bonds. The fact remains, however, that over 70 per cent. of the banks in the Middle West now purchase bonds for their secondary reserve, if the recent questionnaire sent out to over a thousand banks can be accepted as a criterion. The reasons for this change since the war are obvious. Liberty Loans commenced the education of the public as well as of many bankers. An attractive rate of interest, combined with excellent security, was obtainable from bonds issued by the largest industrials, railroads and public utilities, and tempted the investment committees of the banks; then followed municipal improvements and municipal bonds; foreign government loans, payable in dollars, made their appearance in the New York bond market; as interest rates gradually declined and conditions improved, refinancing through call prior to redemption came into vogue—and still is. To meet the popular demand, more bond departments were opened by banks, who obtained the services of experienced bond men; frequently these men not only hoped to purchase securities for resale to customers, but also advocated and helped in buying bonds for the banks' own accounts. Increased public interest and participation increased the trading and activity of bonds, thus giving many bonds one of the essentially desirable features for bank investment, that is, a high degree of marketability."

[Continued on page XIV]

HARRIS, FORBES & CO

**Pine Street, Corner William
NEW YORK**

BONDS FOR INVESTMENT

**Harris, Forbes & Company
Incorporated
Boston**

**Harris Trust & Savings Bank
Bond Department
Chicago**



IN SALVADOR

—our own branch

This bank, through its own branch in San Salvador, affords an expedient, direct banking contact to American business entering the rich receptive market offered by this important Central American country.

ANGLO-SOUTH AMERICAN BANK, LTD.

Represented by

**THE ANGLO-SOUTH AMERICAN
TRUST COMPANY**

56 Branches

*throughout the
Americas, Spain,
France and England*

**49 Broadway,
New York**

*Trade
information
furnished*



**"Chequing"
the
American
Traveler
at home
or
abroad**

NOT with the little brass or cardboard tags that go on luggage—but with the magical sky-blue "Cheques" with which travelers, who know how to travel, always "Cheque" themselves for Personal Service, and their travel funds for Safety, before they start on a journey anywhere.

16,000 of the most progressive Banks in this country are local "Chequing" Stations. It's a personal service these Banks render their traveling depositors, since this kind of "Chequing" assures their depositors of the most necessary of all travel requisites—safe and usable money, and Personal Service, everywhere.

Every train that pulls out of your town, this summer, will carry one or more of your depositors away on a vacation. Wherever they go, in this country quite as much as abroad, they need, will appreciate, and are sure to have—safe money and "The Helpful Hand of a Great Service," if your Bank "Cheques" them, before they start, with

American Express Travelers Cheques

[Continued from page xi]

GEORGE S. SILZER, president Interstate Trust Company of New York and former governor of New Jersey, has contributed an article to appear in the September number, on the subject, "Why Can't the Lawyer Borrow from His Bank?" Mr. Silzer says: "By reason of his association with big commercial interests and business activities, the lawyer is often given an opportunity to share in the enterprise; or he may seek participation in order to increase what might otherwise be a comparatively meagre income from the law. When he does this, however, he finds that he needs capital, for otherwise he cannot pay for his share or make his investment, and so get his return. At this stage he often discovers that he has neglected an important thing during the years of his practice—he has not given thought to where he could get capital if he needs it. At this juncture, he naturally turns to a bank and seeks a loan. He knows that he has worked hard, that he is honest, that he has put a little aside, and that he has faith in the enterprise he expects to invest in; and so he is much surprised when a bank hesitates to give him immediately what he asks for." Mr. Silzer goes on to outline the reasons for this situation, and gives several practical suggestions as to how the lawyer can help to remedy it.

"Secretary Mellon's Refunding Policy," is the title of a timely and authoritative article, to appear in the September number, by E. M. FRIEDMAN, investment banker, economist and author of *International Finance and Its Reorganization* and a number of other well known works on international economics and finance. Mr. Friedman says: "Secretary Mellon has recently manifested financial statesmanship in an act which will ease the burden of the national debt on this generation, and probably more so on the next. He has offered to the holders of the Second 4 $\frac{1}{4}$ per cent. Liberty bonds, which are callable in whole or in part on and after November 15, 1927, the right to exchange these bonds for 3 $\frac{1}{2}$ per cent. notes due on March 15, 1932, but callable on March 15, 1930. The Second 4 $\frac{1}{4}$ s outstanding at the end of last year amounted to over \$3,000,000,000, so that the saving of $\frac{3}{4}$ per cent. in interest amounts to over \$23,000,000 annually, or about 25 cents for every man, woman and child in the United States, and say \$1.25 per family."

Editorial Comment

AVOIDING THE STAMP DUTY

BANK checks in England bear a stamp duty of two pence on each check drawn or negotiated. A similar stamp duty is required on all receipts for money, if the amount is £2 or over. Obviously, if the ordinary bank check for amounts under £2 could be changed into a receipt, the stamp duty need not be paid. At least that is the view of the matter taken by the Midland Bank of London, which has issued for the use of its depositors a receipt in the following simple form:

This receipt must only be used for amounts under £2.

00— 19...
Received of Midland Bank Limited
the sum of
at the debit of (my, our) account.
00— 19...

It is stated that receipts like the above have been in use for some time in certain parts of England, merely for the purpose of making personal withdrawals, but that the use of them contemplated by the Midland Bank goes much beyond this in making the receipts available for paying tradesmen's accounts. To employ them in this manner the depositor must give a written order to the bank to pay to the bearer of the receipt the amount stated upon it. Whether these receipts can be passed on to another party, or be presented to a bank for collection, without being liable to the stamp duty, are unadjudicated questions.

As the wide use of these receipts threatened to affect the public revenues, notice of the matter was taken by the

Chancellor of the Exchequer, who issued a statement containing the following:

"As it was seen that the revenue of the year would be substantially affected, the Chancellor of the Exchequer took counsel's opinion and that of the Attorney-General. They advise that the 'unstamped receipts' are taxable bills of exchange falling within the meaning of Section 32 of the Stamp Act 1891. His Majesty's Government proposes to adopt this view. A test case to place the interpretation of the law beyond all doubt will be instituted without delay."

Immediately on hearing the Treasury view, the Midland Bank voluntarily stopped the issue of further receipts of this kind.

One important effect of this attempt to avoid the stamp tax on checks has been to revise discussion as to the propriety of reducing the duty by one-half, or abolishing it entirely. It is pointed out that a reduction or abolition of the tax would greatly increase the use of checks and thus obviate the need of so much currency.

A VALUABLE CROP

ASKED once what was the most valuable crop among the many of which California boasts, a banker of that state promptly replied, "the tourist crop." Not all the states are as greatly favored in this respect as is the "Golden State," although it now has several competitors running it a close race. But perhaps the biggest and most valuable tourist crop is that furnished by Americans who annually flock over to

Europe. This year it is estimated that some 500,000 of our countrymen and countrywomen have visited Europe, and that their expenditures on the other side of the water may total \$500,000,000, or more. This will go far toward meeting the interest payments of European debts due this country, and may even transform the export balance of commodities into an actual deficit.

Travel, both at home and abroad, has given rise to enlarged banking service. The furnishing of letters of credit is by no means all the bank does for its client who ventures far from home. He expects the bank to engage his steamship transportation, hotel accommodations, and to do other things which the individual formerly did for himself or through the established tourist agencies.

The habit of travel, like most other habits, grows by what it feeds on, and it will probably be found that, as time goes on, the number of foreign and domestic tourists will multiply. We have already seen what the automobile has done, and can imagine the possibilities of increased air navigation. Whether this increased travel has all the advantages claimed for it, may be another story.

SMALLER DOLLARS COMING

WITHIN a year dollar bills of a smaller size than those in circulation will make their appearance, the Treasury having decided to reduce the size of the paper currency, the dollar denominations being the first to be changed, the other alterations taking place as rapidly as possible. The reduction in size is from seven and seven-sixteenths by three and one-eighth inches to six and one-eighth by two and five-eighth inches. Considerations of convenience and economy are given as inspiring this change in the familiar form of our circulating mediums. It is said the smaller bills may be more conveniently carried, as they will fit into the ordinary purse without folding, thus pre-

venting the creasing which tends to wear out the notes. The reduced size will, it is claimed, render alterations and counterfeiting more difficult. It is stated that the saving to the Government in plates, printing, paper, ink, etc., will be very large, so that the change is fully justified on the score of economy.

The increase in wealth and the rise in prices are factors tending to enlarge the use of money, and the expenditure for replacing soiled and worn out currency has become a large item.

For a time, until all the denominations are reduced to the new size, some inconvenience will be experienced both by the public and the banks in handling the dollar bills and other forms of currency; but this inconvenience will be only temporary, and is one that may well be endured in order to obtain the advantages which the alteration in size promises. Some changes are to be made in the faces of the bills, and it is hoped that the Treasury may discard some of the inartistic designs now current.

CHANGES IN BANK OWNERSHIP

AS the country has grown in wealth, and as the banks have prospered, it was to be expected that these institutions would attract the attention of investors. Upon the whole American bank stocks have proved good investments. This is true despite numerous failures of banks, sometimes entailing large assessments of shareholders, and notwithstanding the fact that the average dividend rates paid by the banks, over a period of years, do not average very high, considering that there is considerable risk attaching to such investments.

Recently the holding company designed to acquire bank stocks has come into popularity. When these holding companies acquire a sufficient number of shares to give them control, they come under the objections applicable to "chain banking," if the operation is extended to a large number of banks.

While "chain banking" has been

almost universally condemned, and with reason considering the general results of that form of banking in this country, it is doubtful whether the fault lies so much in the principle involved as in its application. The danger in this sort of banking lies in the utilization of the various links of the chain to contribute an undue share of profit to some holding or financing company. Theoretically, there would seem no good reason why a system of closely affiliated banks might not work together with economy and a high degree of safety. That they have not done so has probably been due, as indicated, to the exploitation of the members of the chain for the profit of some controlling or financing organization. The history of these experiments has weakened faith in a system of banking that, carefully developed, might have had very different results.

In the early history of banking in this country, the ideal bank shareholder was one who was intensely interested in the growth of his community and who bought stock in the local bank for that reason rather than from an expectation of much profit in the shape of dividends. As the banking business developed, and need for larger capital became urgent, it was to be expected that this ideal shareholder would to a considerable extent be replaced by outsiders chiefly intent on profit. While the bulk of bank stock is still locally held, the tendency toward outside holdings is undoubtedly growing. But no doubt the best method of holding companies will be to acquire bank stocks as investments only, leaving control and management in local hands.

FEDERAL RESERVE SYSTEM AND SPECULATION

CONTINUED stock speculation of a somewhat reckless character has given rise to criticism of the Federal Reserve System for its failure to prevent or to check such speculation. Wall Street activity has come about chiefly because of a long-continued

period of prosperity. It is a dramatic recognition of the fact that the industries of this country, in the main, are showing remarkable earning powers. In the face of such a situation, the optimists—who in America always greatly outnumber the pessimists—were bound to rule in the stock market. Conservative opinion would undoubtedly tend to the view that the optimistic sentiment has already induced speculation far beyond the warrant to be found in the actual situation. But speculation in stocks, like other kinds of gambling, produces an intoxication that does not readily yield to reason. Those who engineer speculative movements know quite well that once the frenzy takes possession of the public mind prudence is thrown to the winds. Buyers want to get into an active market and to buy when prices are rising.

Probably it is useless to decry speculation so long as human nature remains what it is, and of any immediate impending revolution of this sort no signs are to be descried in the heavens. Speculation within certain bounds, practiced solely by those who understand the game and are able to play it, has not lacked defenders. Unfortunately, no means of thus circumscribing it has yet been found.

Wild speculation in stocks was known long before the enactment of the Federal Reserve law. It was formerly the fashion to ascribe this speculation to our inelastic currency and banking system. This view held that at certain periods there was a dearth of demand for currency and credit for the ordinary purposes of industry and trade and a consequent accumulation of funds in New York to be used for speculation. But, in those times, when a reversal of conditions took place, and there was an active and insistent call for funds from the country at large, the call money rate in New York went up to a high point, and speculation was checked. Merely to record this fact is not to approve it.

The Federal Reserve System has put an end to these abnormal rates for money, and in that way has removed one

of the former barriers to inordinate stock speculation. Massing of bank reserves and easier methods of note issue have brought this about. These changes, while fostering stock speculation, were not designed for that purpose, but to avoid currency panics and to afford better credit facilities to the legitimate trade and industry of the country. These laudable objects have been achieved, but not without at the same time furnishing the means to facilitate speculation. Perhaps in accomplishing what all concede was desirable it was not possible to avoid what is generally regarded as undesirable.

Criticism of the Federal Reserve System centers about the large volume of brokers' loans. In this connection it must be pointed out that loans of this character are not a novelty in the New York money market. They existed long before the institution of the Federal Reserve System. As to the volume of these loans, such influences as the rise in prices and the tremendous development of foreign and domestic investing must be taken into account. This development has its legitimate financial requirements, which are not to be confounded with speculation on margins.

The problem of devising a perfect banking system that will adequately serve all legitimate requirements without fostering speculation yet remains to be solved. It may be an impracticable ideal. Bankers and economists are distrustful of legislative panaceas as applied to industry and agriculture. Have they any better grounds for hoping that perfect banking can flow from an act of Congress? As the most difficult problems of agriculture will be solved by the farmer, those in industry by the manufacturer, so will the difficulties in banking be surmounted by those engaged in it.

There are, manifestly, provisions of the Federal Reserve Act which are inflationary, and in a period of great prosperity it is not surprising that the stock market should have been profoundly affected by them.

RESTORATIVE POWER OF LOANS

BANKERS are by no means unfamiliar with the making of loans for the purpose of revivifying a moribund business concern. Such loans are usually not granted in a very hopeful spirit, but rather represent an inescapable expedient to prevent a bad situation from becoming worse. Not unlike loans of this character are those now made for the purpose of putting decrepit nations on their financial feet. Loans to establish "a sound currency and banking system" are now much in fashion, and seem to be regarded with more favor than those reluctantly granted by bankers to a sick business concern. Not much argument is required to show that a country forced to resort to foreign loans in order to re-establish its currency system must be in a bad way. The foreign financial expert is called in as a specialist to prescribe the measures that must be taken to ward off threatened financial dissolution. He usually prescribes a foreign loan, to be taken in large doses. His remedy induces a sort of drug habit which becomes more or less permanently fastened upon the victim. The latter finds itself unable to diminish the original dose, but must continually add to it. In other words, the nation that resorts to borrowing for the purpose of setting its financial house in order is not only unable to repay the principal of the loan, but must resort to further borrowing to meet interest charges. Where such a policy will end seems plain.

Unbalanced budgets are to be balanced by economy in expenditure rather than by borrowing, and to borrow the funds to establish a bank contravenes one of the elementary principles of banking.

The desire of a nation to improve its currency and banking systems is to be applauded but it could well be wished that this desire would manifest itself in the shape of renewed industry and greater economy rather than by a resort to the artificial stimulus of foreign loans. It is to be feared that such loans are more of an opiate than a tonic.



THE TARIFF—AN ECONOMIC OR A POLITICAL ISSUE?

BY A. M. McDERMOTT

WHY does the tariff, an economic question, continue a political issue? Its benefits or disadvantages are reasonably demonstrable. The average partisan seems not to understand its service nor to possess the capacity to analyze the factors involved. Unless economists and business men free themselves from bias and inform the people as to the real effects that may be expected under both systems, we shall drift on, victims of useless political division. It is obvious, then, that those equipped to make a thorough and intelligent study of the subject have the responsibility of arriving at something definite, to explain to the masses, and rid our national political contests of this vexatious issue.

Back in 1882, when Congress passed a bill authorizing the President to appoint a commission to study and report on the tariff, speaking in the Senate, Senator Sherman said:

"The only mitigation of my desire for a prompt revision of the tariff is the confidence I have that delay and discussion will . . . leave the tariff question a purely business and not a political or sectional issue."

Here it might be well to quote the following from the report of the above commission:

"In performance of the duty devolved upon them, all the members of the commission have aimed, and, as they believe, with success, to divest themselves of political bias, sectional prejudice, or considerations of personal interest. It is their desire that their recommendations shall serve no political party, class, section, or school of political economy."

Speaking of the thoroughness and skill with which this commission worked, Senator Sherman said:

"If the committee (the Finance Committee of the Senate) had embodied in this bill (a bill to reduce internal revenue taxation) the recommendations of the tariff commission, including the schedules without amendment or change, the tariff would have been settled for many years.

" . . . the rates of duty and their classification were so radically changed by the committee that the scheme of the tariff commission was practically defeated."

THE REPUBLICAN POSITION

The Republican party contends that protective duties give employment to our workmen and essential profits to our industries, whereas the Democratic party maintains, and stakes its political life on convincing the electorate, that competitive tariff duties are fairer than restrictive ones, because the latter impose higher prices on Americans as consumers, but it does not tell them how they will be affected as wage-earners. You have to be a wage-earner before you become a consumer.

Even though it is admitted that high duties pre-suppose higher prices, and perhaps some exorbitantly high, all are agreed that they will provide employment for our workmen, if there are no other influences at work. Therefore, it seems fair to ask low tariff advocates to prove at least as certain and as practical a result.

The object of this article is to cen-

ter attention upon the failure of the Republican party to be as definite as it might be as to the specific need for high duties, and the neglect of the Democratic party to demonstrate, under a low tariff, that is, a competitive tariff, how and where American labor, displaced by too sharp competition from abroad, will find employment. The latter party must, of course, believe that larger quantities of foreign-made commodities will be sold in the United States, and therefore it should pursue the subject to a conclusion which will indicate where our workmen are to turn for a living.

Let us be practical with this subject. On September 22, 1924, 15 per cent. tariff reductions were made effective as applied to certain coal-tar dyes and intermediates. As a result of these more favorable rates, the September imports, as compared with August, increased 137 per cent.; October increased 582 per cent. as compared with August and 190 per cent. as compared with September. Current newspaper notices carried the comment that these heavy withdrawals were caused by delayed releases from bonded warehouses. Regardless of what may have caused these increased offerings, the average person will look at the larger imports in one of two ways. He will speculate on the ill effect on American production or be content to think of the ensuing lower prices to American buyers, without considering that the American producers will have to find sales for a quantity of dyes equivalent to those displaced by the sales of foreign dyes.

In connection with this change one of the eastern newspapers said:

"Opinion in dye trade circles is that it is unlikely that the monthly dye imports in the next few months will show corresponding gains, as the domestic markets are adjusting themselves to the new conditions. An analysis * * * points out that in general the high protective tariff of the last two years has enabled the domestic dye industry to so

firmly establish itself as to be able to meet the German competition in nearly all lines. American dyes can now compete with the foreign both as to quality and price. The tariff reduction favors mainly the higher-priced dyes, not yet fully on a competitive basis in this country. It is stated, however, that the lower tariff does not make the domestic market more competitive than it has been."

CONFUSING INFORMATION:

The above quoted article illustrates the confusing information on the tariff given our people, who either are to be aided or harmed by the tariff. Let us see what this article says: First, it would appear that American producers of dyes affected by this change are ready to meet the competition of the foreign-made articles. Next, the statement is made that these changed rates mainly affect the higher-priced dyes, which the American producers have not yet been able to put on a competitive basis. The last statement declares that these lower rates do not make the domestic market any more competitive than it has been. If these changes in rates do not have this result, is it not proper to ask, to what situation do the American producers have to adjust themselves, as stated in the fore part of the article, if these lower duties do not make our market more competitive?

If the writer of that article is correct in stating that "the tariff reduction favors mainly the higher-priced dyes, not yet fully on a competitive basis in this country," this would seem to imply a departure from Republican theory and practice, that weak industries should be assisted. If the reductions in rates were made on dyes that had not reached a competitive basis there is the possibility that those manufacturers who were trying to develop an American production of the higher-priced dyes were obliged to meet foreign competition before they were ready for it.

According to a publication issued by

the Tariff Commission in 1923 there were 14,841 persons employed in the coal-tar chemical industry in the United States. Estimating four dependents to each wage-earner would make 56,000 persons whose sustenance comes from the wages and salaries paid in this industry. It would be illuminating if specific industries such as this were studied for the purpose of ascertaining, as nearly correctly as possible, what employe and capital displacement or transferral would take place were those particular industries obliged to meet foreign competition. These studies should be made of industries whose products would have to meet the sharpest competition, and ought also to cover that proportion of our wage earners whose non-employment or partial employment would have a marked effect on the prosperity of the country.

Still referring to the coal-tar chemical industry, it should be stated that in 1914 there were seven establishments and 528 employes as compared with 181 establishments and 14,841 employes in 1923. In the year 1923 there were 1882 technically trained men engaged in this industry. Twenty-eight per cent. of these received between \$50 and \$75 per week and 23 per cent. \$75 and over. A total of 9312 non-technical employes received between \$25 and \$50 per week.

LEGISLATING DATES FOR RATE CHANGES

Apropos of this change in rates, the writer refers to a press notice issued by the Tariff Commission on April 13, 1925, in which a 28 per cent. decrease in production for the year 1924 was noted. The principal cause for this decline was said to have been the decreased activity of the textile industry. Right here it seems appropriate to ask whether harm cannot come from legislating effective dates for piece-meal tariff changes. In spite of the lessened textile activity, which meant some degree of unemployment, an arbitrary date for admitting larger quantities of foreign produced dyes had to be observed. Could

not such changes be made discretionally? If the only objection to such a course is that Congress wishes to retain this right, then that objection can be set aside in favor of the more practical and helpful procedure.

Another influence said by the Tariff Commission to have contributed to the decline in production was increased importations, as a result of lowering the tariff rates. From October, 1924, to March, 1925, both inclusive, the monthly average of importations increased 153 per cent. As to this, this press notice commented:

"The improvement in the textile trade in the last three months of 1924 was a factor in the increased imports after September."

Regardless of one's political views, does it not seem that as the home textile industry improved, the domestic dye industry should have been brought to greater activity rather than to use this improvement for the benefit of foreign production?

Before Congress is asked to change any tariff rate, much less be asked to make a change in the general policy, the possible consequent unemployment or transferral of employes from one industry, in which they are skilled, to other industries, in which they are not accustomed to work, ought to be given conscientious consideration.

The question of the unemployment of any considerable number of wage earners, or their transferral to less remunerative occupations, must be thought of, to see whether their standards of living will be affected and whether these shifts will necessitate the withdrawal of all or part of their savings, to make up loss of income, lessening the available capital for investment, and rendering impossible the employment of other men with the withdrawn savings.

Too strong emphasis cannot be laid on the need for accurate, unbiased information. Whoever makes these studies should treat the matter as would the

heads of producing and selling organizations, charged with the responsibility of determining to what extent they could meet competition brought about by contemplated lower rates, or whether by enlarging their selling field, greater production would reduce their unit cost and enable them to hold their own in world competition.

AVERAGE VOTER LACKS FACTS

Economists and public men must keep in mind that the votes which determine the tariff policy of the United States are cast by people who form their opinions from few if any conclusive facts. The writer is not minimizing the high average intelligence of Americans, but the fact is that the political ancestry of our voters very largely determines their political affiliations and thoughts.

In discussing the tariff with low rate advocates they will cite instances where mens' gloves and shoes, for example, are sold abroad for less than is charged in the United States. With such cases in mind they believe that no American producers would be at a disadvantage if tariff rates were reduced to a competitive point, assuming that conditions are the same in all lines. The Republican and business explanation of this is that such sales are made at a sacrifice, to permit the all-year employment of our workmen. It is said that the lower prices cover cost only and that such sales constitute what is called "the manufacturers' bargain table."

In a letter dated September 27, 1902, President Roosevelt said to Senator Lodge:

"Now that there is complaint of high prices at home, people are being very much worried at the way in which articles are sold at a lower price abroad than they are sold here. The fact is undoubted. It is of course due to the further fact that in every business the surplus is disposed of at below the regular prices. The popular way of expres-

sing the fact is that the trusts sell goods lower abroad than at home, because of the way they are pampered by the tariff; yet the type example being used, for example, in Kansas, is the price of a pair of American shoes in Kansas and in London respectively; and of course there is no shoe trust. This is a tariff question pure and simple, and has no relation whatever to the trusts. Yet I think it has a good deal of a hold on the popular mind. Moreover, in the Northwest there is a good deal of formless and vague uneasiness about the trusts in favor of tariff revision."

The reasons for these lower prices abroad cannot be determined out of the assumptions of the average citizen from volunteered statements of manufacturers and statesmen. They need study and the establishment of the facts.

Early in January, last year, in an Eastern newspaper appeared an article telling of the probable intention of the President's Agricultural Commission to recommend to the President a tariff on hides, as one means of giving aid to the farmer. Without questioning the sufficiency of the information in the hands of this commission, the thought is forced upon one that if, after a short study, it was convinced that a tariff on hides is justified and will be of service to our cattle growers, what explanation ought the Tariff Commission to offer for not making such a study and recommendation, in view of the nation-wide discussion of and agitation for some means to relieve the farmers' distressed condition. Or, assuming that the facts warrant the making of this recommendation by the President's Commission, if the Tariff Commission had the same information in its possession as to the situation and holds upon such information, that this duty is not necessary or helpful, then this division of opinion stresses one of the points the writer is seeking to make. Here we have two official agencies divided in their conclusions on the same set of facts. In similar circumstances, in

a business organization those entrusted with final authority would thresh the matter out to a reasonable determination.

VARYING OPINIONS DISCLOSE CONFLICT

The varying individual and national opinions as to the purposes and effects of tariff levies discloses a ridiculous conflict. Within the year the "Glasgow Eastern Standard" quoted a Mr. Wheatley, former minister of health, as saying:

"The primary object of a tariff is not to stop the importation of an article, but to put up its price; in other words, not to help the workers but the profit-makers. You cannot tax an article and at the same time keep it out. If the tax is not added to the retail price the home competitor is not assisted. If it is added the consumers pay."

In contrast with this view, let me call attention to the plan of the Industrial Association of Japan, to obtain public recognition for those who worked out means of checking imports and promoting home industries. The plan received the approval of the Department of Agriculture and Commerce. Both employers and employees were to be eligible for the honors. Here we see that this association thinks it praiseworthy to promote home industries, but Mr. Wheatley misunderstands and condemns such a course as against the economic welfare of Scotland.

Further, and finally emphasizing the variety of opinions on the subject, the writer can do no better than quote from the recollections of the late Vice-President Marshall. Note his singularly honest statement:

"I started in, of course, with the idea that no man could believe in the principle of protection unless it was a matter of personal interest to himself; that it was a wholly discarded economic doctrine from an intellectual and moral standpoint. I was unable to see how patriotism justified the passing of a dollar

from my pocket into the pocket of another individual American citizen. But as the long, hot days went by, in the Senate of the United States, in the discussion of the Underwood-Simmons tariff bill, I discovered that there were men who really believed that a high protective tariff was of value to the entire American people. I discovered that they had no personal interest in the result of it. I found that many of them were as poor as the poorest Democrat."

The writer does not believe that data with respect to foreign and domestic costs alone furnishes sufficient information upon which to predicate tariff duties. All other factors and influences should be studied.

It is to be hoped that the facts so essential to an intelligent consideration of the problem will be gathered and a proper basis laid for the application of a tariff.

GUARANTY TRUST STATEMENT

THE condensed statement of the Guaranty Trust Company of New York, as of June 30, 1927, shows total resources of \$754,713,355, deposits of \$602,482,645, and a total for capital, surplus and undivided profits, of \$62,839,229. Total resources represent a gain of \$110,210,596 over the figures as of the corresponding date last year. Deposits are \$82,495,120 greater than on June 30, 1926.

As compared with the last statement, that of March 23, 1927, the present resources show a gain of \$68,404,981. Deposits increased \$47,941,759. The last statement gives effect for the first time to the addition of \$5,000,000 to capital stock and \$5,000,000 to surplus, approved by stockholders on March 11. Capital is \$30,000,000, surplus fund \$30,000,000, and undivided profits \$2,839,229.

THE AVERAGE MAN'S INVESTMENTS*

By J. R. NUTT

INVESTING has become, at the present time, a skilled profession, separate and distinct. It is no more safe for the layman to imagine himself a competent investor than it is for him to fancy himself an expert surgeon, a skilled technical scientist, or a professor of mathematics. The problems involved are too deep and too broad to be understood except by minds which are constantly focused upon them.

It is largely because of the realization that investment problems are even more difficult and more complex than they have ever been in the past, that, today, bankers and other financial men have come to feel that it is incumbent upon them to accept a certain responsibility toward the general public—the responsibility of providing, to the best of their ability, not only a list of established investment offerings which are carefully selected with a view toward stability, but furthermore, of furnishing, insofar as possible, a gratuitous service of information, advice and education upon investment matters.

You will find that if your investment house or your bank has adequate knowledge of the particular investment about which you make your inquiry, it will gladly give you that knowledge if in so doing it does not violate the confidence of a customer; but a bank or investment house in Cleveland cannot carry in its files full information about every issue of every company in the United States. This would involve an enormous army of statistical experts out of all proportion to any actual income which the bank might derive by reason thereby.

Let us suppose that you come to your bank and ask, "Shall I buy the preferred stock of the Silver Cloud Petroleum Company of Tulsa, Okla.?" You will be referred to the bank's statistical department. This department may find that the Silver Cloud Petroleum Company is a local company in Tulsa, and that the bank does not have adequate

information concerning it, indicating to a certain extent that the company is not of sufficient size or stability to have come to its attention previously.

Under these circumstances, the statistical department may write to a bank in Oklahoma and endeavor to get specific information concerning the company. The Oklahoma bank may reply that the company is new and its future is as yet uncertain, giving information as to the capitalization, management, etc., of the company.

The statistical department would then lay that information before you and suggest, "This is all we were able to find out about the company about which you asked. Lacking any more intimate knowledge of the men who constitute its personnel, and in the absence of any records of past performances by which we can gauge this company's capacity for earning profits, we can only say that its stock is a speculative venture, and from average past experience we cannot recommend it as an investment. If you wish to speculate in this stock, all right; you may make money, or you may lose it. But if you really want to invest, why not go to our bond department and look into our own security offerings, about which we have full information—which we have investigated to the utmost of our ability, and which we believe without question to be reasonably safe."

You may feel perhaps that a bank or investment house is biased in the direction of self-interest in so doing, in that it makes a margin of profit on the sale of the securities which it offers. Naturally this is necessary. Only upon this basis could the machinery of distribution of investments among the public be set up, and a staff of men trained in the special field of investment analysis be maintained.

*This article is taken from a recent contribution by Mr. Nutt, president the Union Trust Company of Cleveland, to *The Cleveland*, a magazine published by the Cleveland Chamber of Commerce.



SOME RULES FOR SUCCESSFUL SAFE DEPOSIT MANAGEMENT

BY L. E. THOMAN

THE safe deposit vault should be built by competent vault builders and of such construction as to be as near fire and burglar-proof as is possible. It costs more at first, but pays better in the end. The burglar alarm attachment should be put in while the vault is under construction. It costs less then than later and the vault is far better protected. The company should by no means accept business until the vault is completely finished and under proper protection, both from outside and inside.

All grille work should reach from floor to ceiling, leaving no opening above or below. All grille gates should open inward, and be so arranged that anyone may be detained by removing the opening key or knob. All vault doors should be equipped with the very best time locks made and preferably with more than one timepiece on each door.

Vaults and vault department should be well lighted and well ventilated. Many safe deposit vaults are located in the basement; employes who spend their lives there are human beings and if working under good healthy surroundings will be more alert and efficient.

On opening a new vault or safe deposit department and casting about for a capable manager, one should not be chosen who has grown old in the service and is unfit for any other work. The business today requires a live wire and great care should be exercised in his selection. Much responsibility rests upon his shoulders and he should be a man above reproach in character, alert, well known, and of executive ability.

The other employes under him, no matter how small the job, should be selected with care. They should all be

in good physical condition; the department is no place for the aged and infirm. The past records of these employes should be carefully examined, to find out if they are steady men, of good moral character, whose family ties are what they should be. They should be men of good education, personality, tact and of good address, who can get along with fellow employes and who, above all, are honest.

Boys should not be employed in this department and given the responsibilities that should only be placed upon men of more experience. There is too much opportunity here for dishonesty.

All employes should be well bonded; this may serve well in case of a claim for negligence.

The habits of employes during and after business hours—their home life, associates, amusements, etc.—should be investigated occasionally.

THE QUESTION OF SALARY

Employes should be paid good salaries, at least as much, if not a little more, than competitors pay for the same kind of work. Satisfied employes are a great asset and encourage loyalty which cannot be found in dissatisfied employes. Furthermore, a well paid employe need not lie awake nights figuring how to keep the family from want, and enters upon the day's work with proper zeal and energy, and will prove himself much more worthy of the job.

Suitable coupon booths should be provided for the privacy and convenience of patrons. The old-fashioned stand-up counters, with small partitions, out in the open lobby, should not be used.

The manager should be a man capable of knowing when and how to enforce the rules of the department and when to set aside certain regulations. He should not be hindered in his management by useless restrictions, but should be free to act. Thus he will give more efficient service to customers. The customer appreciates this and will look upon him with more confidence than if he is hindered by constant interference from other officers of the institution. The vaults should be guarded after business hours by proper police protection in addition to a burglar alarm. This may be the saving argument in case of a suit. Protection should be so arranged that during the daytime outside assistance may be called for if needed, without suspicion's being aroused on the inside. This may be provided for by a day raid alarm so arranged as to be accessible from more than one point.

If the department is large more than one night watchman should be employed for various reasons. A fire alarm box should also be installed in a convenient place in order that an alarm may be sounded without any employe leaving his post day or night.

SUGGESTIONS TO SAFE DEPOSIT MANAGERS

The grille gate to the department entrance should be so arranged that it can be instantly locked from inside, to prevent either entrance or exit. The day gate of the vault should be equipped with a spring lock so that it may be kept closed when there are no customers present. This applies particularly to the small vault where there is only one man in charge. The signature card should be so arranged that it forms a part of the contract and a clause in it should refer the renter to the contract printed on the reverse of the receipt. In addition to the renter's signature his business and residence addresses, references and their addresses and a description of the renter and also of the deputy, if any, should be secured.

The prospective renter may be judged by his general appearance and his willingness to answer certain questions. One should learn as far as possible whether or not he is using a fictitious name. If there is something suspicious about him, it is far better to decline his business than to secure an undesirable client, who may give trouble.

Should any client desire to make any changes with regard to access to his vault after the original contract is signed, insist that these changes be made upon the records and signed by the renter.

Informal written orders sent by your client should not be honored, unless unavoidable. Some person should always be authorized on your record before access is granted. If an occasional order is accepted, the party named must be properly identified.

If an order specifies certain property to be removed, the person who is authorized to remove it should be accompanied, in order that nothing else be taken away, and should sign a notation on the order which the manager should sign also as a witness. This should be held for the files and, if possible, ratified by a letter from the owner.

When renting a box to a corporation or organization a copy of their resolutions authorizing such rental should be secured. This should be signed by the secretary.

VERIFYING WRITTEN ORDERS

A written order should never be accepted without verification of the signature of the maker, and if he should be reported as being sick, it should be ascertained whether he is well enough in mind to know what he is doing.

Should a deputy be appointed by one of your renters who is in another state or city, such deputyship should be attested to by a notary.

If at all possible any one employe should not be allowed alone in the safe deposit vault at any time. In large vaults

three or four men should be always on duty inside the vault.

Anyone not so authorized should never be allowed to open any box in your vault, even if only to put something in.

It is generally considered desirable to have a record of each access, either by the manager's making such records himself or by his having the customer sign an access card.

OPENING AND CLOSING VAULT

Arrangements should be so made that there must always be two persons present when the vault doors are opened in the morning; both such persons should sign a record showing by whom the doors were opened and at what time. Two persons should also always be present when the time locks are wound or set, whether in the morning or evening, and both should sign a record showing the time set and hours to run. If time locks are set in the morning they should be examined during the day and this record signed by the person making it. Again, before the doors are closed the timepieces should be examined to see that they are actually running.

The key chest, if set in the safe deposit box section, should always be locked, and if kept in the office, so arranged that two persons must be present when keys are removed or returned to the trays. These should be carefully checked at intervals to avoid errors. When keys are surrendered they should be delivered to the one in charge of the key chest to be verified before being replaced on the tray.

Work should be so systematized, if possible, that there are always two persons present when any move is made. A double access system is always best.

The night watchman should be instructed not to open either doors or grille gates for anyone, unless he knows who they are and their business. No one should be permitted in the safe de-

posit department before or after hours, without a permit from the manager.

The watchman's signal boxes should be so arranged that in order to get in all his signals he will be obliged to cover the whole department at regular intervals.

All the employes in the department should be instructed so that they know exactly what to do in the event of trouble, and just where to find the day raid calls and how to call for help. Employes should also know what to do and what not to do for customers. The office force should not rent a box or safe to anyone under an assumed name, if they know it.

The proper notation should be made on the records, should there be any change of keys or lock or change in the contract.

Each surrendered box should be carefully examined before it is replaced in the vault so that it is absolutely certain it is actually empty. The renter's signature to the release must be secured before he leaves. The locks should be changed when the renter reports the loss of a key. If both keys are lost the lock should be drilled and a new one put in, but only in the renter's presence.

When boxes are drilled open for non-payment of rent, several witnesses should be present. If anything is found therein, it should be listed carefully and the list signed by all present. These packages should be carefully locked up and under control of the manager only, and proper notation made on the records as to their disposition. The packages should show the renter's name, box number, date the box was opened and the amount due for expense.

The employes should be instructed not to let the customer leave his keys in the box door when he retires to the coupon booth. His safe door should be locked and his keys with him.

ACCOMPANYING THE CUSTOMER

Employes should be instructed to walk in front of the customers when carrying

boxes to or from the vault, if this is done at all. It is much safer to let the renters carry their own boxes, but if your men are asked to assist, let them always precede the renters.

The vault men should keep a record of each box opened, showing the box number, name of party using it, time and booth occupied. If anything out of the ordinary happens, the employe should make a written report of it to the manager. The report may be needed should there be any litigation. Employes turn also in to the manager anything found in the coupon rooms, with a memorandum showing the date, time and booth number and names of the persons last using the booth.

Coupon booths should be well lighted above and below the table so that the customer can see every corner of the booth as well as under the table. The doors of the booths should be equipped with closing springs and snap locks on the doors so that the doors close and lock at once as the customers enters. Drunken men should not be admitted to their boxes, if they can be talked out of the idea.

Vault men should admit to any box only that person whom they know has the right of access to the number, the key of which he presents. They should be absolutely sure of his identification.

All legal matters concerning a rented box, judgment, attachment, seizure, or what not, should be submitted to the manager, who in turn should submit them to his attorney before action is taken or access given.

If possible the renter should be present before the contents of his box are claimed by sheriff or other court attache.

Books and records should be audited periodically.

Some of the men in the department should be armed. In this, however, care should be exercised.

All time locks should be examined by an expert at frequent intervals. They should be kept scrupulously clean and oiled.

All the jambs on doors, bolt work and locking devices, pressure bars, etc., should be gone over carefully every few days and all bearing parts and hinges kept well rubbed and polished and covered with a thin film of oil free from moisture. This means close attention to the steel work, but will prevent trouble and add considerably to the life of equipment. The writer once had charge of a vault, with automatic bolt operating device, the interior of which was nickled, and when moving into larger quarters in a new building, and leaving the old vault, it was acknowledged by the safe men themselves that the work was in better condition than it was when first put up and this after seventeen years of constant use—due to the care taken of it.

OLD COLONY OF BOSTON NEW ENGLAND'S LARGEST TRUST

As a result of the rapid increase in deposits and resources during recent years, the latest report of the Old Colony Trust Company of Boston shows that the company has grown, from an obscure office opened in 1890, to the largest trust company in New England. The report submitted to the bank commissioner of Massachusetts shows aggregate deposits of \$182,000,000, an increase of 49 per cent. since 1915. Capital amounts to \$15,000,000, surplus \$11,000,000 and undivided earnings to \$5,000,000, making a total of \$31,000,000 as compared with \$1,500,000 reported in 1890.

In addition to being the largest trust company in New England, Old Colony ranks among the thirty largest trust companies in the United States. Its staff consists of 1045 employes compared with three men employed on the opening day. The banking department now has 29,000 individual and banking accounts, and the transfer department is agent for 232 companies. The trust department of the bank has grown from an organization handling \$100,000 in trusts in 1900 to \$136,000,000 this year.



FLEMING OF THE RIGGS

The Romantic Story of the Man Who Rose From Errand Boy at 17 to President of Washington's Largest Bank at 35

BY JAMES HAY, JR.

ERRAND boy at the age of 17 years; assistant cashier nine years later; cashier and secretary of the board after four more birthdays; first vice-president within another thirty-six months, and head of the institution eighteen years from the time he entered its employ. These are the milestones in the meteoric rise of Robert Vedder Fleming to the presidency of Riggs National Bank of Washington, D. C. They punctuate the life story of a man, who, just six days past his thirty-fifth birthday, became the head of the biggest bank in the nation's capital, an internationally known financial institution.

When this feat was achieved Fleming shattered the ancient superstition that in the banking business it takes a lifetime to clamber to the top of the tower of success. The old belief was that, when a youngster made a running start toward the summit in this wise and conservative calling, an unkind fate was always hanging around ready to drop an Egyptian pyramid of discouragement on the climber's face or to snip off his clinging fingers with the

shears of adverse criticism. Nothing stopped the youthful executive in his rapid rise, and the approval of his superiors, under the searchlight of careful scrutiny, was the music to which he kept time on his upward journey.

This is explained by the fact that, as an individual, he is well-rounded, widely beloved and equipped with a piledriver punch in putting over what he undertakes. In his daily life he displays and makes fine use of two entirely different sets of traits, qualities and characteristics.

Conferring with the biggest men of the capital and the country with whom he comes in daily contact, he is the personification of cold business, sound judgment and freedom from emotion.

Consorting with his friends in his hours of relaxation, he trots out a genial, warm and winning personality.

He knows when to talk with cold business precision and when to unlock his lips to a stream of humor that always captivates his hearers.

President of an institution which stands out as the unchallenged leader of



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ROBERT V. FLEMING

President Riggs National Bank of Washington, D. C.

the forty-three banks in the nation's capital, handling one-sixth of all the bank deposits and one-third of all the national bank deposits in the District of Columbia, he is also well known in financial circles of Europe as well as throughout the United States.

Riggs is the bank of the diplomats. Ambassadors, consuls, foreign governments and capitalists, tourists and Americans investing money abroad know Fleming.

A MOVING SPIRIT IN WASHINGTON'S DEVELOPMENT

Like every other banker who deserves the adjective "successful," Fleming is a city builder. Washington, for all its cosmopolitan atmosphere, is a place where everybody who is anybody knows everybody else. And Fleming knows not only everybody but knows Washington's financial and civic problems. His advice has founded corporations and saved companies. Young as he is, that habit of knowing when and how to talk has made him invaluable as an adviser of men twice his age who are planning big projects. He has his fingers on the pulse of the capital's business. But that is not all. He is one of the moving spirits and enthusiastic workers in Washington's development.

Naturally, in getting away with such a volume of varied work, the president of Riggs Bank needs a body that can stand the strain put on it by the demands of his thinking power. And he has it. He is five feet ten, weighs 190 pounds of solid bone and muscle, and is today, as he was as a boy, a trained and active athlete.

He began to develop his physical powers when he was a choir boy at Mount St. Alban's Church, now the site of the Protestant Episcopal National Cathedral. One day when this blue-eyed youngster, hardly tall enough to get his chin over a yardstick, was hurling silvery and soprano notes against the roof, he conceived the idea of doing another kind of hurling.

He straightway organized a choir boys' baseball team, and was chosen as its pitcher. It had come to his ear that the reform school boys looked down upon the choir boys as "sissies," and he at once decided that the reform school team would be the first one he and his fellows would lick.

THE PITCHING ACE OF ST. ALBAN'S CHOIR

His challenge was accepted with yells of glee. The game was played and, when the sun at last sunk in the west, Fleming was acclaimed a pitching ace, the reform school lads had tasted the dust of defeat, and the choir boys had run around the bases so often that they needed an adding machine to compute their score.

When he went to the Friends School in Washington, he ran on its track team and continued his pitching exploits. He moved on to the Western High School to accumulate still greater fame as a boy with a wonder wing. Moreover, in his third year there, he captained the track team that beat every aggregation of its class in the district and surrounding territory.

Graduating from Western High, he got a job in Riggs Bank as errand boy, a position one step below the grade of messenger. This was on July 1, 1907, when he was 17 years old.

He had made up his mind that he would be a banker, and to the swift, complete and picturesque realization of this ambition he gave the same spirit that had animated him in leading his choir boy team to triumph over the reform school.

He worked all day and studied most of the night. He completed his education at George Washington University, specializing in political science and commercial law. He devoured books on banking and finance. He asked his superiors in Riggs multitudes of questions.

Books, professors, superiors, the public and experience were his teachers, and he could never get enough of them, or out of them, to satisfy his craving for

information, the stuff that meant advancement and success.

He became as systematic as a machine, fertile in ideas, smooth and genial, and unerringly sure of memory. Thus armed, poising his athletic physique on the springboard of resolution every morning, he sprang nimbly to the shining heights of new achievement.

As a result, he ascended the tower of fame and success in record-breaking time. Errand boy in 1907, he had gone through the minor promotions and been made assistant cashier in June, 1916. May 11, 1920, he was elected cashier and secretary of the board; June 13, 1921, vice-president and cashier, and on January 10, 1924, first vice-president.

HEAD OF THE RIGGS AT 35

On November 9, 1925, barely turned 35, he was elected president. When that occurred, his desk was piled with flowers, letters and telegrams of congratulations from all parts of the United States. This thing of so young a man being put in command of an institution as prominent and powerful as Riggs was new stuff to the financial gentlemen who cherish the idea that wisdom comes just about when the footsteps begin to wobble.

But in Washington and out of it, in New York and throughout the country, Robert V. Fleming was already well known. Before he was given the presidency, he had achieved a double distinction.

Immediately after the Federal Reserve Banking System was inaugurated, back in the days when Fleming was a youngster in the eyes of the money powers, the District of Columbia bankers felt the need of a new and efficient method of settling clearing house balances.

The experts and the graybeards wrestled with the problem. But young Fleming, who had stuck to his habit of studying every available minute, had by this time a cranium crammed with banking lore. And it was he who calmly

stepped forward with the plan that was then adopted and is now used in Washington and other cities, a system whereby payments in cash are eliminated and settlements effected by telegraphic transfers through reserve accounts in the Federal Reserve Bank in Richmond.

Then came the Federal Income Tax Law. There are now on many wise and erudite heads the hairs that grew gray as their wearers tried at that time to find out what the various paragraphs of the new law meant, or what Congress, in its infinite verbosity, had meant them to mean, or what the judges, in their profundity, would say they meant.

AN EXPERT ON TAXATION

Young Fleming had studied the bill before it became a law and while it was being amended and voted on in its final form. When the President signed it, Fleming was an expert on it, and men in all walks of life sought his assistance in handling their tax problems.

In view of these things, it is not surprising to learn that in Washington and throughout the United States financiers unhesitatingly proclaim that the president of Riggs National Bank knows all there is to know about the technique of modern banking.

A man is best estimated by what he does in and for his community. Fleming is a director of the Washington Railway and Electric Company, director and treasurer of the Corcoran Gallery of Art, director of the Building Corporation of the National Press Club, treasurer of the National Republic Congressional Committee, a member of the council of the Boy Scouts of America, trustee of the National Training School for Boys, a member of the Washington Board of Trade, the Washington Bond Club, the Columbia Historical Society, the Sons of the American Revolution, the National Economic League and the Association of Reserve City Bankers.

When Colonel Charles A. Lindbergh was invited to Washington to receive

President Coolidge's congratulations, and John Hays Hammond, the internationally famous engineer, was named chairman of the citizens' welcoming committee, the president of Riggs Bank was drafted as vice-chairman because of his reputation for arranging things perfectly and promptly.

He is always being called on to head citizens' committees, to promote movements for the common good and to put over campaigns to raise money for worthy causes.

As a presiding officer at public meetings, he is in equally great demand. If smoothness and dignity are needed to strengthen an organization, Fleming can invariably supply them.

These qualities, plus his successful mastery of banking problems, led to his election as secretary of the District of Columbia Bankers Association at the 1925 annual convention. He became second vice-president of the association last year and this summer was elected first vice-president. This means that he will in all probability become president in 1928 and will direct the destinies of an organization he has served actively for many years as chairman of various important committees.

Obviously, a man living a life so crowded never knows when he will be home for dinner. But Mrs. Fleming, who was Miss Alice Wright, youngest daughter of Judge Daniel Thew Wright, sees that he gets a dinner, no matter at what untimely hour he appears at home at the end of the day's work.

Mr. Fleming, rubbing elbows with politicians and consorting with diplomats, has a marvelous amount of diplomacy of his own. Much of his success is due, naturally, to his ability to handle people.

But Mrs. Fleming is as much of a diplomat as her distinguished husband. Who but a diplomat can keep a cook whose main business is to realize that there is no dinner hour in the house? The head of this house entertains the de-luding theory that he will dine at home

every day at half-past seven, but he is as apt to blow in for the meal at nine or half-past nine as at eight or seven-thirty. He dines only when the job at the bank is covered.

A MAN OF WIDE AND VARIED INTERESTS

No man could be so much in demand in all the varied phases of the national capital's life if he did not have charm, and if he were not popular.

Robert V. Fleming knows his politics and the diplomacy of the world. He loves the opera and concerts. He is familiar with the best plays and knows many of the leading actors of the day. He keeps up with current literature.

He plays a good game of golf, and he likes nothing better than to talk "inside baseball" with "Bucky" Harris, second baseman and manager of the Washington team, who lives next door to him.

Members of the President's Cabinet, the Senate and the executive departments of the Government call him "Bob." So do the newspaper men, with whom he comes in intimate contact through his membership in the National Press Club. So do many others in all walks of life. Banker, adviser to the great, athlete, polished speaker, civic worker and all-round democratic good fellow, "Bob" has no use or time for "swank."

Robert V. Fleming's parents, Colonel Robert I. and Bell Vedder Fleming, were Washingtonians, and he has Scotch, English and Dutch blood in his veins.

The Scotch came from his father's side. His grandfather was John Malcolm Fleming of Aberdeen, Scotland. His father, having come over to Virginia, enlisted in the Confederate Army and served through the entire Civil War, reaching the rank of brevet major. He fought in thirty-three engagements. Later he became a colonel in the District of Columbia National Guard, the highest rank that could be conferred on a former Confederate soldier.

"Bob's" maternal grandparents were Nicholas Vedder, of Dutch ancestry,

who served as a lieutenant colonel in the Pay Corps of the Union Army on Sherman's "March to the Sea," and his wife, Indiana Hanks, a cousin of Nancy Hanks, the mother of Abraham Lincoln.

The president of Riggs Bank dresses as correctly as the President of the United States. No matter what hour of the day one goes to the bank, one finds him immaculately groomed, impeccably garbed. His collar is impervious to the heat, even when the thermometer registers 100 degrees under the trees just outside the doors of Riggs.

ALWAYS UNRUFFLED AND EFFICIENT

Carrying a burden of work that would appall the average man, receiving an endless line of men and women, each with a different problem, he is always suave, unruffled and efficient. These are the hours when emotion takes no toll of him and thought alone energizes the machine that is Robert V. Fleming.

He "looks the part" in which destiny, with his own able and unflagging assistance, has cast him. With a commanding presence, he displays the sort of face that everybody looks at twice.

As is often the case in men of unusual ability, his eyes are his outstanding feature. Steel-blue, wide open and set well apart, they proclaim the power that is evidenced by his full, strong jaw.

He has gone to the top by virtue of the irresistible motive force in the combination of his natural ability, limitless industry, unflinching courage, unceasing study and charming and lovable personality.

He had neither family "pull" nor the influence of outsiders to boost him upward. He had the benefit of neither shortcuts nor undeserved promotions on his climb. He did the job single-handed and alone against terrific and incessant competition. The only wizardry he employed was in his own head. The Aladdin's Lamp by which he worked the miracle of his rise was his own industry and ambition.

In a little more than eighteen years he rose from the lowest to the highest position in Washington's largest bank. In his climb from obscurity to the heights, he has made and kept a multitude of friends because of his loyalty to them and to his bank. And that alone is outstanding evidence of the greatness of the man.

BANKING OPINION ON BUSINESS

BUSINESS, says the discussion of current conditions of the National Bank of Commerce for June 21, 1927, "is in the midst of one of those moderate and orderly readjustments by which production and consumption have been kept closely in balance for the last five years."

In New England, according to the letter of the First National Bank of Boston for June 25, "sales of cotton goods continue in a substantial volume. Heavy unfilled orders assure a high rate of activity for the next few months. The woolen and worsted industries continue to show good gains in production over 1926, but earnings of most firms are far

from satisfactory. The output of boots and shoes during May was well below the preceding month. . . ."

"The New York metropolitan area is undergoing a moderate reaction from a period of overbuilding," says the business review of the Garfield National Bank, New York, for June 27. The index of security prices compiled by the New York Trust Company, New York, reveals that "stocks and bonds decreased slightly in price during the month of June, although the average was well above that for December 31, 1926."

The business review of the Federal Reserve Bank of Philadelphia for July 1 reports that in that district "increases

in wage payments were reported in the food and tobacco and building and contracting groups. . . . Following an active demand for anthracite coal prior to June 1 . . . the market has been quiet. The demand for bituminous coal is dull. . . .

"Manufacturers of iron and steel report quiet buying. . . . The cigar market is rather quiet."

In the Fourth District "mill operations remain high in iron and steel . . .," says the July 1 review of the Federal Reserve Bank of Cleveland. "Tire manufacturers have reduced prices on certain classes of small tires; factories are still doing a good volume of business. . . . Building in May was about on a par with last year. . . . Paint manufacturers are doing well. . . . The crop situation, as in other parts of the United States, is not very favorable."

"The strike in union bituminous coal fields," according to the June 30 monthly review of the Federal Reserve Bank of Richmond, "has increased demand for West Virginia coal, and the textile situation in the district is much better than it was a year ago. . . . Labor is not as well employed as a year ago, and this is being reflected in retail trade. . . . Agricultural prospects are highly uncertain. . . ."

The monthly business review of the Federal Reserve Bank of Atlanta for June 30 reports that "the long drought in Florida and Georgia was broken the second week in June by rains which brought improvement in agricultural prospects. . . . Coal mining in Alabama and Tennessee has declined . . . and pig iron production was somewhat smaller. . . . Receipts of both turpentine and rosin are considerably greater this season than last."

"Current business in the Middle West reflects recent weather conditions," says the July 1 review of business conditions of the Federal Reserve Bank of Chicago. "Corn planting was delayed by continued rains so that on June 1 it was less than half complete. . . . Prospects for fruit crops are below a year ago, and

garden truck is backward. Rainy weather tended to retard wholesale trade during May. . . . Building and road construction likewise were affected by the bad weather. Factory employment showed further recession."

The Federal Reserve Bank of St. Louis has the most hopeful report this month. "Trade and industry in this district," it says, "developed quite well defined improvement during the last thirty days. . . . Among the industries in which improvement was shown were boots and shoes, clothing, drugs and chemicals, groceries, furniture, fire clay products, packing, lumber and certain iron and steel products. . . . Textile mills in the South were for the most part on full time, and good gains were made in employment at cement works, lumber mills, railroad shops and beverage factories."

"Planting of crops in Wisconsin," says the business review of the First Wisconsin National Bank, Milwaukee, Wis., for June 15, "has been delayed. . . . Hay crops and pastures are in exceptionally good condition, which is important to a dairy state."

The monthly review of the Federal Reserve Bank of Kansas City for July 1, states: "Reports on production in leading industries showed substantial increases in the output of meat and flour, with the month's totals the highest of record for May in recent years. . . . Late June reports indicated improvement of wheat in nearly all sections and reports indicate a larger crop than was promised."

"The breaking of the severe drought," in the Dallas Federal Reserve District, according to the monthly letter, "revived the ranges, replenished the supply of stock water and enabled the farmers to proceed with agricultural operations. . . . In other parts of the district, the rains came in time to save the corn crop and stimulated the growth of other crops. . . . Harvesting of small grains is well under way and indications are that the yield this year will be light."



THE FINANCIAL RELATIONSHIP BETWEEN BANKS AND BUILDING AND LOAN AS- SOCIATIONS IN PENNSYLVANIA

BY SAMUEL MCK. PERRY

PART II

EVERY banker who is considering lending to a building and loan association is faced, of course, with the questions of the classification of the loan and the security behind the loan.

Rather than state, in summary form, the results of these phases of the matter in question, it is felt that the answer to the problem will bear greater respect by submitting for consideration the following quotations from communications received from a few of the representative replies from the presidents of various banks in the Philadelphia area.

"Loans to such associations should always be excellent and can, I think, generally be classed as 'good.' If the association keeps within its legal borrowing capacity of 25 per cent., its notes should be entirely secured, even if the directors are negligent or ignorant of real estate values. In other words, it would be difficult to imagine a loan honestly made that was not worth at least 25 per cent. of its face value.

"The bank requires no specific collateral from the association other than its affidavit that the loan has been approved by the board, and that the total amount borrowed does not exceed the legal limit."

"The banks look upon loans made to building and loan associations as very excellent risks, provided of course, that the building association is one that is properly run, and especially if it is run on the lines originally laid down for building and loan associations.

"The bank does not require collateral

from building and loan associations as the real collateral in back of all building and loan association notes is the mortgages they hold as security for their loans to stockholders."

Joshua R. Morgan, president of the Commonwealth Title Insurance and Trust Company, Philadelphia, advises:

"I consider such loans as very good risks, since the note or obligation given by the building association is prior to any right of a stockholder to participate in a distribution of the funds of the association. Building associations I may also inform you do not give collateral, as they are not entitled to pledge their mortgages, the only security that they probably could give."

Inquiry also determines the fact that the Comptroller of the Currency looks with favor on loans made by national banks to the associations provided satisfactory evidence is obtained as to the character and business ability of the association's officers as well as a determination that the policies of the association are guided on a conservative basis. A prominent national bank official informs us:

"Building and loan associations do not pledge any collateral to the bank from which they are borrowing money. They simply submit their financial statement and, if this looks good to the bank, we obtain information regarding the officers and directors and, if they check satisfactorily, we are then willing to enter into negotiations for carrying the account and loaning money."

THE NOTE COVERING THE LOAN

In practically every instance where loans are granted, it is ascertained that the same are covered by a demand note. This gives the bank freedom of action regarding terminating the loan should balances in the loan account fall below the bank's specification. The face of the note is generally reduced in accordance with the bank's wishes and the unused balance of funds in the association's coffers. Many banks when granting loans provide for a running account with stipulated balances to be paid on account monthly thus reducing the face of the loan, the interest being computed monthly when the monthly statement of account is rendered the association. The following explanation received from a trust company official is in line with the above:

"I may inform you too, that building associations do not ordinarily borrow on a note to mature at sixty or ninety days, but usually make a demand note and then undertake to pay in monthly instalments such amounts as their receipts will justify."

In reference to the termination of the loan at maturity or when called, the general banking opinion as to this phase of the question may be summed up in the following expression received from a prominent banking source:

"In many cases, loans are not readily terminated at maturity. The management of many building and loan associations feels that it should borrow practically all the time, and in that way of course add something to its profits. However, personally, I feel that the conservative building and loan association should at some time or other during each year, be entirely out of debt to its bank."

Investigation discloses that when a demand loan is called, the association generally "scouts" around and secures required capital to pay off the one loan by securing a loan from another banking source although the cases where the ter-

mination of a bank loan is not arranged satisfactorily to both parties are so rare as to be inconsequential in the consideration of this subject.

EFFECT WHICH LOANS HAVE ON ASSOCIATION PROFITS

It is an accepted fact that these loans have a favorable bearing on association profits per share. Their relative importance to these profits depends of course not merely on the amount borrowed, but rather on the premium assessed by the association when the amount borrowed is re-loaned to the association's applicants.

In the instance of one association we find the bank loans aggregate \$25,700 which amount is equal to 11.3 per cent. of the amount of \$227,839.31—the withdrawal value of shares. The book value of the shares totals \$242,609.22 on which 7.5 per cent. profits per share were earned for the year. The total profits for 1926 amounted to \$6,956.51 of which amount the association's profits on loans from banks were responsible for about \$300. Having in mind that the book value of the shares appears as \$242,609.22 it is evident that the loan profit in question, i. e., \$300, bears a rather unimportant relation to the net earned for the year, to be exact less than one-third of 1 per cent. (.324).

The examination of the accounts of another association for the year 1926 results in a more important profit-loan ratio. This association's bank loans—\$14,000—represent 21.4 per cent. of the withdrawal value of the shares. The earnings per share equaled 8.83 per cent., of which percentage an examination discloses that .89 per cent. was due to profits derived from the capital obtained through the medium of bank loans.

A further study of associations' accounts vouches for the statement that associations borrowing between 15 per cent. and 24 per cent. of their withdrawal value of shares thus make possible an added .5 per cent. profit for the

year. This estimate may only be accepted as a close approximation, as so many other features, such as premium charged, demand for loans, etc. enter into the question that it is obvious an exact determination is dependent on the policies of the respective associations.

Consideration of the stated facts contained herein supplemented by the personal viewpoints of various banking and association officials, a small portion of which are quoted above, renders evident the following conclusions:

1. That banks consider loans granted to building and loan associations as good risks.

2. That such loans are almost always covered by demand obligations.

3. That no collateral is given by association as security for repayment of loan.

4. That the loan yields the bank approximately 6 per cent.

5. That while loans are thus granted by the banks, the banks carefully consider the associations' resources and policies, and conduct careful inquiry as to the character and business ability of the officials.

6. That banks look upon the loans granted not only from a direct profit standpoint but also keep in mind collateral advantages such as title insurance (in case of trust companies) and possible outside business connections with association officials and stockholders.

7. That practically all associations take advantage of the loan relationship and thus add, what may be stated as an average conservative additional profit to share earnings; i. e., 5 per cent.

8. That throughout the entire relationship, there is, on the part of the bank, not merely the primary desire for profit, but also an evidence of willingness to assist the associations that, with the continued growth of association resources, will become a decidedly important factor.

THE PROSPECT FOR THE CONTINUED BORROWING RELATIONSHIP

A careful study of the relationship

between the banks and the associations in the State of Pennsylvania during the last twenty-five years surprises the examiner by the almost entire absence of difficulties which, for satisfactory settlement, required court action. As one banker expressed it—there prevailed between the parties such a high degree of good faith, that the loan transactions came to be considered as having practically no risk attached to the granting.

Within the last two, or possibly three years, there has been generated in banking circles the initial seed of distrust, minute to be sure, yet possessing important potentialities if allowed to persist. Certain associations having as their officials, men who never even caught a glimpse of the past association prestige built up through the years by the personal sacrifice of citizens who had an honest conception of their duties to the communities as good citizens, have established policies looking primarily to personal gain and forgetting public welfare. The right to issue full paid stock and to include such stock in the withdrawal value of the shares upon which the 25 per cent. borrowing ratio is calculated has been misused by a number of these officials to such an extent that quite a few banking officials frankly explained that when an application for a loan is now made by an association, one of the first considerations on the banks' part is to inquire as to the amount of the full paid stock issued by the association.

The reason for this caution is evident when it has been ascertained that a certain association desiring to secure a large loan from the bank, and knowing that the loan cannot exceed 25 per cent. of the withdrawal value of their respective stock, manage to secure a considerable amount of full paid stock subscriptions prior to asking for loan, thus swelling the withdrawal value of stock upon which the amount of the loan is based. Having secured the loan from the bank, the recent subscribers to the full paid stock, upon thirty days notice, withdraw their full paid stock subscriptions.

The writer wishes to state that, in the conduct of his research, the most vehement denunciation of such practices came from the lips of the building and loan officials. It is only just to point out that the pride of these men in their respective associations, the work performed gratuitously as well as the enthusiasm shown in advancing the interests of their particular association, could not fail to impress upon one making a study of the subject, the fact that if any "housecleaning" is necessary in connection with association practices, these men will institute such steps as are necessary to accomplish the act. Having in mind the spirit evidenced in the data obtained from both banking and association officials, the writer sets forth his opinion that the relationship between the banks and associations will, in the future, become even closer and more important than it has been in the past, and as the finances of the associations proceed to establish new records as to volume, the association officials will come to depend more and more on advice from their banks as to financial management and loan policies.

As stated previously in this article, Pennsylvania is by far the leading building and loan association state. The splendid success of the Pennsylvania associations can be attributed, to a great extent, to the both wise and efficient methods employed by the Pennsylvania State Banking Department. This department, in accordance with the statute, permits associations to borrow, as aforesaid, on a ratio not exceeding 25 per cent. of the withdrawal value of the shares. Before concluding the research an endeavor was made to secure from the banks and associations, opinions which would show the present attitude toward this legislative policy. There were obtained quite a number of opinions from banking authorities, all of which, without exception, expressed the viewpoint that the above loan ratio was both fair to the associations and just to the banks. Quite a few expressions were

noted recommending the elimination of full paid shares when the borrowing capacity was considered. Comments from leading building and loan association secretaries were also received stating that they believed the present ratio was both safe and practicable. In practically every communication received on the subject the writers thereof in setting forth their views on the 25 per cent. ratio, took pains to set forth their individual opinions that they in no wise favored an increase in the said ratio.

In ascertaining these facts, advantage was taken of the opportunity afforded by the contact with banking officials to obtain banking opinion as to what policies of associations would be greatly favored by the banks. A few, which in addition to being important also appeared to be representative, are stated.

1. Full paid stock should be eliminated as an inclusion in withdrawal value of shares on which the 25 per cent. loan ratio is figured.

2. Associations should be prohibited from loaning more than a small proportion of their total resources to any one borrower nor should more than a small percentage of total association capital be tied up in any one particular operation or development.

3. By having a more thorough and efficient appraisal made of the properties which the association is about to loan upon. More than any other thought, the importance of this particular feature was stressed. As one authority expressed it—"The finances of an association are no sounder than the thoroughness and efficiency of its property appraisal."

4. Associations should endeavor, with all the power at their command, to eliminate the granting of loans to speculators on large central properties.

5. Associations would obtain greater favor in the eyes of the banker if a conservative portion of the yearly net profits were set aside in the contingent fund until that same fund reached 5 per cent. of its obligations.



AN AMERICAN TYPE OF INVESTMENT TRUST

BY WALTER TALLMADGE ARNDT

An interesting discussion of an American variation of the British type of investment trust. This variation takes the form of the bankers' share or trust share type. The author is vice-president of the United States Shares Corporation. He was formerly a well known newspaper editor and correspondent and was recently secretary of the New York State Reorganization Commission.

WITHIN the last year or so, the American investing public has become familiar with the term "Investment Trust." In a general way, the average investor knows, or thinks he knows certain facts about the investment trust. He knows that it is a financial agency of British origin. He knows that broadly speaking, investment trusts purchase blocks of securities widely diversified, both geographically and industrially, and hold them, under some more or less different plan, selling to the investor securities which reflect the earnings made by these securities. He knows that the name applied to the underlying holdings is "portfolio." He understands that most investment trusts are restricted in the amount of funds they may put into any single security and that they do not seek to control or participate in the management of the corporations whose securities are held.

He may naturally be puzzled by the fact that there seem to be a great variety in the types of investment trusts. He notes that some of them are referred to as "British type" trusts. He hears some of them called "investment finance companies" or "investment managers companies." Still another class he finds referred to as the bankers, or trust shares type. He realizes that some trusts issue and sell common and preferred stocks and bonds. He knows that some of them are sponsored by powerful long established banking institutions. He knows that some stress the point that

they have trustees while others seem to get along without trustees.

Unfortunately, he is not helped very much to clear up these rather hazy ideas by anything he reads. One very comprehensive work has been written on the subject, but it was not designed for the investor. Almost every writer on the subject of investment trusts appears to make his own classification in whole or in part. All this mass of undigested facts and ideas in regard to investment trusts exists, of course, because, as a financial agency, the institution is practically new to this country. It was not until the World War was over and the United States began to assume the position of a creditor nation, that the investment trust idea found lodgement in the United States. Americans with their usual tendency to try new things not only started trusts of the British type, but launched a great many variations of this type. Some of them, in fact, are so far different from the original British type, that some financial writers have hesitated to class them as investment trusts. Nevertheless, so long as these institutions adhere to the general principle of acquiring a diversified list of securities and selling in some form an interest to the investor based on them, it seems reasonably clear that all have a legitimate claim to be classed as investment trusts. The organization and control, the plan of management, the form of the security issued, the nature and

type of the portfolio, do not alter this fact.

A NEW FACTOR IN AMERICAN FINANCE

There are many indications that the investment trust is rapidly becoming a real factor in American finance. A recent estimate in the *New York Times* (June 19) was to the effect that approximately \$250,000,000 had been invested in American investment trust securities in less than five years. Other estimates place the figure at almost twice that. This fact, as the *Times* remarked, "has brought to the attention of market observers the potential power for stabilization that these trusts now hold and will hold." Here then, is one respect in which investment trusts may strengthen the American financial structure, for the securities acquired by an investment trust are very largely, and usually for a considerable period, taken out of the field of speculation. In addition to this influence on the market, the investment trust provides an unusually safe and attractive field for the American investor, especially the small investor. As the small investor, who took his first lessons in investment from buying Liberty bonds during the War, is more and more becoming the dominant factor in American finance, the unusual interest he has evinced in investment trust securities promises well for the future of investment trusts in this country.

This is not the place to enter into a long discussion of the different types of investment trusts in America. Nor is it intended to produce arguments to show that both strength and weakness may result from an investment trust being tied up closely to a big banking house or to attempt to prove that investment trusts that issue but one class of security are either weaker or stronger than those issuing different classes of securities.

We shall, in this article, limit ourselves to the consideration of one quite distinct type of investment trust. This is the

so-called banker's share, or more properly, trust share type. None of the large investment trusts of Great Britain are of this type. It is essentially an American variation of the British type. It is probably correct to say that it represents the simplest form of investment trust. In addition to being simple, it has many factors that tend to make it also the most conservative type.

There are some variations even in the trust share type of investment trusts but they are less marked than those which distinguish them from the other types of trust. As a rule, this type buys securities which it deposits, usually in identical units, with a trustee. On the basis of these holdings, trust shares are issued and sold to the public. The trustee collects the dividends as they are distributed and at stated periods pays to the investor his pro rata share of the earnings and extra cash dividends of the corporations whose stock is held. As a rule not only are the distributable earnings paid over to the shareholder but it is also usually the policy especially in the case of trusts based on common or preferred stocks, to sell subscription "rights" and stock dividends and distribute the proceeds also, pro rata to the shareholder.

This is the general plan of operation followed by the United States Shares Corporation in the operation of the four trusts which it has established.

The plan and structure of the investment trusts established by United States Shares Corporation present an interesting example of the operation of investment trusts of the trust share type. The corporation is an operating company solely. Its own capital stock is closely held and is not sold to the public. Its financial structure bears no direct relation to the trusts which it operates except as the profits from the sale of trust shares furnish funds to pay the operating expenses and overhead for the management and control of the trusts. Under its articles of incorporation, the corporation may operate investment trusts of



A section of the sales department of the United States Shares Corporation.

any type. However, its organizers, after a careful survey of the investment trust field and an analysis of the different types of trusts, were convinced that the trust share type, at the present time, offered the greatest opportunity to the investor and was, on the whole, the safest and most conservative form to establish. In this belief, therefore, they adopted certain principles designed to furnish a basis of operation for trusts of this type, which met with the approval not only of their advisers, legal and financial, but of the representative financial institutions which agreed to act as trustees.

PRINCIPLES ESTABLISHED

Briefly, these principles were as follows:

1. That the portfolio of underlying securities should be composed of identical units which should always be thus maintained.
2. That these units should be deposited when purchased with the trustee, which should hold title to the securities, and hold them for the benefit of the shareholder.
3. That substitutions in the lists of under-

lying securities should be rigidly restricted and should be made only for the purpose of preventing loss to the shareholder and for safeguarding the value of his investment.

4. That no shares should be issued until and unless the securities underlying them were actually in the possession of the trustee, and that every certificate should bear the certification of the trustee to this fact.

5. That the units should be chosen, with due regard to safety and yield, so as to make possible the sale of shares, on the basis of 1000 shares to each unit, in such denominations as to make them attractive and available to the small investor.

6. That the securities selected should be listed on one of the larger stock exchanges and readily salable in order that the marketability of the underlying securities might be reflected in the marketability of the shares, and to that end that the requirements as to substitutions, once the securities had been chosen, should be even stricter than was the original choice.

7. That the principle of diversification inherent in investment trusts be emphasized by a further diversification by industries with strict requirements that this diversification be maintained in any substitutions made thereafter.

8. That the usual policy of investment trusts which prevents the investment of more than a certain small percentage of the trusts funds in the stock of any single corporation

be strictly adhered to not only for the purpose of preventing "entangling alliances" which might make the trust in any degree responsible for the management of the business of the companies represented in the portfolio, but for the purpose of still further assuring adequate diversification.

9. That a definite standard as to securities in the portfolios be set, with Moody's ratings as a guide wherever such ratings exist, and that every portfolio be maintained with strict adherence to these ratings.

10. That the market price of trust shares be fixed by the addition of a fixed percentage to the market price of the underlying securities, which percentage should represent the commissions, overhead and other expenses of the operating company together with its compensation for watching and maintaining the portfolios and its profits, and that shareholders be apprised of the amount of this percentage in order that they may know just how much more than the market price of the securities they are paying for the advantages gained from a diversified investment in the highest grade securities, carefully selected and vigilantly watched over a period of years.

CHOICE OF PORTFOLIOS

The choice of the original portfolios is a matter of even more importance in a trust share type of investment trust than in one of the British type. This importance is derived from the fact that it is on the basis of this first choice (which is set forth publicly) that the trust must appeal to the individual investor. It is also of importance because the character and soundness of the trust must, in the first instance, be reflected in the portfolios. Whereas, in the British type trusts, stress is justly laid on the importance of an experienced, capable and honest management of the trust once it has been established, in the trust share type the importance of this factor is minimized to the extent that the discretion and unrestricted authority vested in the managers becomes a matter of secondary importance. The wisdom exercised by the managers at the start is of the greatest importance; the care and management of the trust thereafter is so circumscribed and safeguarded as to be almost self-operative.

The founders of the United States Shares Corporation recognized this fact at the outset and set about to meet it by exercising the greatest care in the choice of the portfolios. Bankers, brokers, statisticians, financiers, leaders in industry and investment counsel were consulted. The assistance of Moody's Investors Service was sought. Being unhampered by connection with any large financial houses of issue, no consideration had to be given to any group of interests. This and the fact that the constitution of the portfolios is a matter of public record eliminated the danger, sometimes evident in investment trusts, of loading the portfolios with unsalable or slow selling securities, or hot house "cats and dogs."

There are several outstanding characteristics of investment trusts of the sort operated by the United States Shares Corporation that are worthy of particular note. One of these is the greater importance relatively that every individual security represented in the portfolios possesses. In the manager type of investment trust, or those approximating the British trusts in form, the investor is concerned only in a general way with the individual securities. He seldom indeed knows what these securities are. Some trusts make public their holdings once a year when they submit their annual report. Some offer to let the shareholders know the makeup of the portfolio at any time, on proper notice. Others do not even pretend to take the shareholders or stockholders into their confidence. They say frankly, and sometimes rather bluntly, that investors must have confidence in the management to look after their interests, and investors are asked to trust their funds to them on the explicit understanding that the managers shall be answerable to no one for their investments. The results must speak for themselves. In addition, the difficulties involved in making public a constantly changing portfolio are obvious.

The shareholder in a trust share investment trust, on the other hand, looks



Looking toward the executive offices of the United States Shares Corporation.

on his investment in quite another light. He thinks of himself not as the holder of stock in a single corporation but as a shareholder in the earnings of certain definite corporations. He rightly conceives himself as participating directly in the profits, not of an investment trust, but of a group of the foremost industrial or financial institutions in the country. His greatest interest is not therefore in the operating company, with which he has comparatively little concern once he has bought its trust shares, but it is centered in the progress and prosperity of the individual corporations on whose stocks or bonds his investment is based. This investor follows the daily quotations in the newspapers of the various stocks and other securities held by the particular trust in which he has invested, just as eagerly as does the larger investor who has considerable holdings of these individual securities. It is not the trust shares so much as it is the securities underlying the trust shares that he is interested in. Their growth and success appeal to him in almost the same de-

gree that they would if he actually held stock in the companies. He feels that he is an actual partner in the enterprises.

This all comes about because the investor can visualize the basis of his investment. When he purchases the participating trust shares he looks over the list of underlying securities and knows precisely what his shares are based on. He is not asked to buy a "pig in a poke." The "wares" are all displayed in the shop window. Furthermore, he knows that unless there is some very good reason for it, this list of securities will not be changed. In their agreement with the bank which acts as trustee and holds the securities, the operating company engages to watch the securities to see that their asset value or earning power is not impaired. If it is not threatened, the portfolio remains fixed. If it is endangered, the operating company can eliminate the weak security and substitute for it another that is stronger. But such changes cannot be made on a mere whim; there must be good reason for the change and that reason must be susceptible of

The latest
**FINANCIAL
 STATEMENT**
of New England's largest bank

as of June 30, 1927



RESOURCES

Cash and Due from Banks.....	\$81,909,954.61
United States Securities.....	20,713,414.18
Loans, Discounts & Investments.....	291,867,682.60
Banking Houses.....	10,061,844.06
Customers' Liability Account of Acceptances.....	19,390,026.03
Accrued Interest Receivable.....	1,112,563.68
Total	<u>\$425,055,485.16</u>

LIABILITIES

Capital.....	\$20,000,000.00
Surplus & Profits.....	<u>23,471,214.80</u>
Reserved for Dividend Payable July 1, 1927..	800,000.00
Reserves including Interest, Taxes and Un-earned Discount.....	2,538,229.71
Deposits.....	328,468,402.64
Acceptances Executed.....	19,953,251.84
Acceptances and Foreign Bills Sold.....	28,681,124.72
Items in Transit with Foreign Branches...	<u>1,143,261.45</u>
Total	<u>\$425,055,485.16</u>

The **FIRST**
 NATIONAL BANK *of*
BOSTON

1784 :: :: 1927

Foreign Branches
 BUENOS AIRES AND HAVANA

European Representatives
 LONDON, PARIS, BERLIN

clear and convincing statement in a direction to the trustee to substitute another security. And even here, the policy of publicity continues, for the corporation promises to notify every shareholder, at least once every three months, of all changes made in the lists of underlying securities and the reasons therefor. Thus, the shareholder knows at all times exactly what is behind his investment just as surely as he did when he first invested. And thus his interest in the individual component parts of the portfolio on which his shares is based is maintained.

"DIVERSIFIED DIVERSIFICATION"

The United States Shares Corporation has established four separate investment trusts, each providing not only a considerable degree of diversification in itself but which taken together afford a measure of diversification that covers almost the entire investment field. The founders believed that such a group of trusts would meet the investment needs of a large section of the investing public.

With this idea in mind the corporation set up four trusts in three different types of securities. These are as follows:

Series A (Common and Preferred Stocks) which it was believed would appeal especially to the growing number who recognize in common stocks the best indication of the country's progress and prosperity.

Series B. (Bonds) designed to afford an opportunity for the conservative investor who prefers to place his funds in bonds.

Series C-1 and C-2 (Bond and Trust Company Stocks) designed to give the investor a chance, which few have heretofore felt that they could afford to take, to participate in the earnings and growth of thirty of America's foremost financial institutions.

THE PORTFOLIOS

As an indication of the soundness of the securities comprising the several portfolios and as a further illustration of the representative character of the corporations included, there is here pre-

sented a list of the securities in the three portfolios (those of Series C-1 and C-2 being identical) and a summary of the safeguards provided in regard to substitutions.

SERIES A

This trust consists, as originally formed, of 116 shares of stock, in large part common, in 100 representative American industrial, business, railway and public utility corporations. No changes or substitutions have thus far been made. Each unit consists of the following stocks, the ratings being those of Moody's Investors Service, which has been accepted as the standard.

Railroads

- Aa Atchison, Topeka & Santa Fe.
- A New York Central.
- A Illinois Central.
- A Union Pacific.
- A Southern Pacific.
- Baa Southern Railway.
- A Norfolk & Western.
- Aa Louisville & Nashville.
- A Canadian Pacific.
- Baa Pennsylvania (3 shares).
- A Kansas C. South. (pfd.) (2).
- A N. Y. Chi. & St. L. Pfd.

Public Utilities

- A Brooklyn Edison.
- Baa North American Co. (3).
- A Edison Electric Illuminating Company of Boston.
- Baa Consolidated Gas of Baltimore.
- A American Telephone & Telegraph.
- Baa New England Tel. & Tel. (2).
- Baa American Gas & Electric.
- Baa American Power & Light.
- Ba Louisville Gas & Electric.
- A Commonwealth Edison.
- Ba Commonwealth Power.
- Ba Columbia Gas & Electric.
- B Public Service of New Jersey.
- Baa United Gas Improvement Company.
- A Consolidated Gas of New York.
- Baa Detroit Edison.
- Ba Peoples Gas Light & Coke Company.
- B American Water Works & Electric Co.

Paper

- Ba Abitibi Power & Paper.
- B International Paper.

Stores and Mail Order

- Baa Childs Company (2).
- A Kresge (S. S.)

- B Montgomery Ward.
- Baa Sears Roebuck and Company.
- A Woolworth (F. W.)
- B Schulte Retail Stores (2).
- Ba United Drug Company.

Electric Mfg., Etc.

- Ba Allis Chalmers Manufacturing Co.
- Aa General Electric Company.
- A Ingersoll Rand Company.
- A Westinghouse Electric Manufacturing Company.

Tobacco

- A American Tobacco.
- A Liggett & Meyers Tobacco Company.
- A R. J. Reynolds.
- Ba Tobacco Products Company.
- Baa General Cigar.

Motors

- Ba Mack Trucks.
- Ba Nash Motors.
- Ba White Motor.
- B General Motors.
- A Studebaker (pfd).

Oils

- Aa Standard Oil of Indiana.
- Aa Standard Oil of New Jersey.
- Aa Standard Oil of New York.
- A Texas Corporation.
- Aa Vacuum Oil Company.
- A Gulf Oil Company.

Foods

- Baa Beech-Nut Packing Company (2).
- A National Biscuit.
- A Borden Company.
- B American Sugar Refining Company.
- Baa Swift and Company.
- Ba Standard Milling Company.
- Baa California Packing Company.
- Baa Cuban American Sugar (Pfd).
- Ba Fleischmann Company.

Mining

- Baa American Smelting & Refining Company.
- B Kennecott Copper (2).
- B Anaconda Copper Mining Company.
- B Cerro de Pasco Copper.

Steels

- A U. S. Steel.
- Ba Inland Steel.
- Ba Youngstown Sheet & Tube Company.
- Ba Bethlehem Steel (Pfd).

Equipments

- Aa American Locomotive (Pfd).
- A American Car & Foundry.
- Baa American Steel Foundries Co. (2).

Specialties

- A Gillette Safety Razor Company.
- A Eastman Kodak Company.
- Ba American Type Founders Company.
- A Electric Storage Battery Co. (3).
- Baa Wrigley (Wm. Jr.) (2).

Chemicals

- Ba Allied Chemical and Dye Corporation.
- Baa Union Carbide and Carbon Company.

Proprietary Medicines

- A Parke, Davis & Company.
- Ba Sterling Products.
- Ba Lambert Company (2).

Shoes and Shoe Machinery

- Baa Endicott Johnson Corporation (2).
- Baa United Shoe Machinery Company.

General Manufacturers.

- Baa International Harvester Company.
- Ba International Business Machine Co.
- Ba White Sewing Machine Co. (Pfd).

Miscellaneous

- A United Fruit Company.
- Ba United States Realty & Improvement Co.
- B Loew's Incorporated.
- Ba Paramount-Famous-Lasky, Inc.
- A Johns-Manville Inc.
- Baa Certain-teed Products (1st Pfd).

Some idea of the extraordinary strength and standing of the corporations represented in this portfolio may be had from the fact that in 1926 the aggregate working capital was \$5,194,913,000 and the aggregate surplus, \$6,189,018,000. The average earnings for 1926 per one share of stock were \$11.20.

SUBSTITUTIONS IN SERIES A

The trust agreement provides that substitutions for any stock in the trust unit may be made only if dividends on such stock, or if its capital value, are endangered, or if a profit can be realized for the units; and further provides that the following conditions shall govern substitutions in the units:

1. Not more than three (3%) per cent. of the total investment in a unit shall by reason of such substitution be at the date thereof in the stock of any one company.
2. No stock shall be acquired for sub-

Depositors look for this more *personal protection* in modern banking service

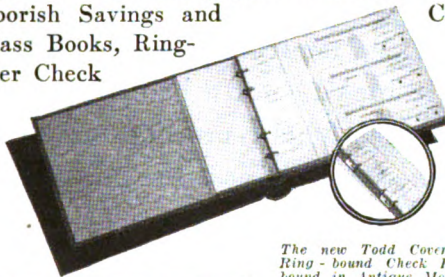
THE thoughtful service of providing depositors with Super-Safety Checks for protection against check alteration is an evidence of interest that extends beyond the formal walls of the banking institution to the personal protection of a client's funds.

Super-Safety Checks are the safest and most beautiful checks supplied by banks today. The intricately tinted paper exposes immediately any attempt at check altering or tampering. A glaring white spot appears if knife, ink-eradicator or rubber eraser is used to change the check. There is further protection in the fact that Super-Safety Checks are never sold in blank sheets—they are made only to individual order. To prevent counterfeiting, Super-Safety paper is guarded as the Government guards bank-note paper.

Antique Moorish Savings and Commercial Pass Books, Ring-bound Customer Check

Covers, Pocket Check Covers and Fillers are a complete standardized line of handsome supplies available in pleasing shades of brown, green, red, blue and fawn. With your bank building or seal embossed on the cover, these Pass Books and Check Covers carry abroad the most favorable impression of dignity and good taste.

No matter what kind of checks and binders you are using at present, or how large your stock is, it will be to your advantage to learn more of the business-building qualities of Super-Safety Checks and Antique Moorish Binders. A Todd representative will be glad to discuss them with you at your convenience or we will send information and samples by mail. Send us the coupon. We'll answer promptly. Bankers' Supply Division, The Todd Company, Rochester, Chicago, New York, St. Paul, Denver, Dallas.



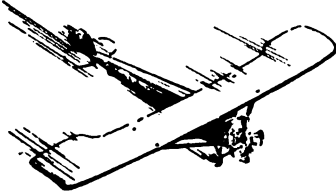
The new Todd Cover and Ring-bound Check Filler, bound in Antique Moorish. Stubs lie flat and leave the page clear. Check stubs can be filed in a convenient form.



Bankers' Supply Division	8-27
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Send me more information about Super-Safety Checks and Antique Moorish supplies.	
Name of Bank	_____
Name of Officer	_____
Street	_____
Town	_____ State _____

INTERSTATE SERVICE

*...Increased Facilities...
added Resources*



THE growth of the Interstate has been rapid and gratifying. It indicates the progressive spirit of the institution as well as its ability to win and hold friends. Through a recent merger with the Franklin National Bank and the taking over of Bloomingdale Brothers' private bank it has gained two new branch offices and greatly increased facilities.

If you are looking for a bank of real personal contact where prompt service and close co-operation are the rule you are invited to discuss your requirements with an officer.

"A Bank of Personal Contact"



stitution if it is then rated lower than B by Moody.

3. Not more than ten (10%) per cent. of the total investment in a unit shall by reason of such substitution be at the date thereof in stocks rated lower than Ba by Moody.

4. Not more than fifty (50%) per cent. of the total investment in a unit shall by reason of such substitution be at the date thereof in stocks rated lower than Baa in Moody.

5. Not less than twenty (20%) per cent. of the total investment in a unit shall by reason of such substitution be at the date thereof in stocks rated A or higher by Moody.

6. Not more than twelve (12%) per cent. of the total investment in a unit shall by reason of such substitution be in the stocks of any one industry, except railroads and public utilities, in each of which last-named industries not more than twenty (20%) per cent. may be invested.

7. No stock shall be acquired for substitution unless it shall have paid a dividend within six (6) months prior to acquisition and unless it be then listed on either the New York, Boston or Chicago Stock Exchanges.

8. All substitutions shall apply to all units in the hands of the trustee as well as to new units so that the identical character of the units may always be maintained.

9. All proposed substitutions, with a full statement of the reasons therefor, must be submitted to the trustee before any substitution can be made.

10. Shareholders will be notified at least once every three months of any changes or substitutions in order that they may know at all times what stocks underlie their investment.

The term "investment" as used above and also in connection with substitutions in the other trusts means the market value of the principal of one unit at the date of substitution.

THE BOND SHARE TRUST

It is recognized that an investment trust whose portfolio is based exclusively on bonds is of an essentially different character from one based on stocks if the portfolio is of a fixed character. Influences that affect the stock share trusts may have little effect on a bond share trust. The steadily increasing upward trend of bond prices with a consequent lower yield has rendered it increasingly difficult for investors to find, as they

could previously, high grade bonds with a fairly high yield. The diversification provided in an investment trust based on bonds, however, overcomes to some extent this handicap for the small investor. The inclusion of some well chosen foreign bonds in the portfolio of the United States Shares Corporation's bond trust made possible the establishment of a trust that would give an assured yield considerably higher than domestic bonds of high grade now available would yield. The makeup of this portfolio, with Moody's ratings as a standard, is as follows:

Foreign

- Aa Belgium Ext. 7s, 1956.
- A Dept. of Seine 7s, 1942.
- A Framerican Industrial Development 7½s, 1942.
- Baa Hungarian Cons. Municipal 7s 1946.
- A Saxon Public Works 7s, 1945.
- Aa Oriental Development 6s, 1953 (guaranteed by Japan).
- A Berlin City Electric 6½s, 1951.
- Aaa Norway 6s, 1944.
- A State of Sao Paulo 7s, 1956.
- A State of Rio Grande do Sul 8s, 1946.

Industrials

- Baa Punta Alegre Sugar Conv. 7s, 1937.
- Baa Trumbull Steel 6s, 1940.
- A Wheeling Steel 5½s, 1948.
- A California Petroleum Conv. 5s, 1939.
- Baa Sinclair Cons. Oil 7s, 1937.
- Baa Consolidated Cigar Conv. 6s, 1936.
- Baa American Seating Conv. 6s, 1939.
- A Armour & Co. r. e., 4½s, 1939.
- Baa White Sewing Machine 6s, 1936 (w.w.).
- Baa Anaconda Copper Deb. 7s, 1938.
- A Westvaco Chlorine Products 5½s, 1937.
- Ba International Paper 6s, 1941.

Public Utilities

- A American Pr. & Lt. Deb. 6s, 2016.
- Baa Southeastern Pr. & Lt. Deb. 6s, 2025.
- Ba Penn Ohio Edison 6s, 1950 (without warrants).
- Baa Philadelphia Co. 1st Ref. & Coll. 6s, 1944.
- A Utah Light & Traction 5s, 1944.
- A Long Island Lighting 6s, 1945.
- Baa National Pr. & Lt. 6s, 2026.
- A Philadelphia Rapid Transit 6s, 1962.
- Baa American Water Works & Electric Deb. 6s, 1975.
- A Continental Gas & Electric Ref. 6s, 1947.*

*Unlisted.

Rails

- Baa St. Louis-San Francisco, Inc. 6s, 1960.
 Ba Chicago & Eastern Illinois Gen. 5s, 1951.
 Baa Erie 1st Cons. Gen. 4s, 1996.
 Baa New York, Ontario & Western Gen. 4s, 1955.
 Ba New York, New Haven & Hartford Deb. 4s, 1957.
 Baa New York, Susquehanna & Western Ref. 5s, 1937.
 A Peoria & Eastern 1st 4s, 1940.
 Ba Norfolk Southern 1st Ref. 5s, 1961.

SUBSTITUTIONS IN SERIES B

The trust agreement provides that substitutions for any bond in the trust unit may be made only if interest on such bond or its capital value is endangered, or if a profit can be realized for the unit; and further provides that the following conditions shall govern any substitutions in the units:

1. Not more than five (5%) per cent. of the total investment in a unit shall by reason of such substitution be in the bonds of any one issue and not more than ten (10%) per cent. in the bonds of any one company.

2. Not more than fifteen (15%) per cent. of the total investment in a unit shall by reason of such substitution be at the date thereof in bonds rated lower than Baa by Moody and not more than fifty-five (55%) per cent. shall by reason of such substitution be at the date thereof in bonds rated by Moody at lower than A.

3. Not more than thirty-five (35%) per cent. of the total investment in a unit shall by reason of such substitution be in the bonds of any one of the following classifications: foreign, industrials, public utilities, rails.

4. Not less than seventy-five (75%) per cent. of the total investment in a unit shall by reason of such substitution be in bond issues, of each of which there shall at the date of such substitution be outstanding in the hands of the public not less than one million (\$1,000,000) dollars.

Provisions 8, 9 and 10 noted under Series A apply also to substitutions in Series B.

THE BANK STOCK SERIES

It will be noted that bank stock shares have been issued in two series, Series C-1 and C-2. The reason for this and

the point of difference between the two is interesting. As established originally the portfolios of the two series were identical. Eventually, however, changes will be reflected not only in the composition of the two portfolios but also both in the yield and in the value of the principal. For many years banks and trust companies have been gradually increasing their share capital, either through stock dividends or through offering their shareholders the right to subscribe to new stock at prices below the current market price.

Investors, however, are of two sorts, one composed of those who, although naturally demanding safety, are most interested in a comparatively large annual yield, and the other those who care less for the yield than they do for a steady and considerable appreciation in the value of their capital investment. To meet this situation, United States Shares Corporation decided to offer its bank stock shares in two series. Series C-1 is intended for the investor who wants a large annual income return. In this series all stock subscription rights must be sold, as in Series A, and the proceeds included in the dividends distributed semi-annually. As the number of rights offered every year is often large this procedure should result in a very substantial increase in the annual yield. In Series C-2 all stock subscription rights may be held and exercised, thus resulting in a larger appreciation of principal than is possible in C-1 but in a consequent decrease in the annual yield. As will be readily seen this will eventually result in a divergence between the two bank stock series which must be reflected in the aggregate capital value of the underlying stocks and in the market price of the shares. The two series are necessarily administered as separate trusts.

New York City Institutions

American Exchange Irving Trust Company.
 Bankers Trust Company.
 Bank of the Manhattan Company.
 Central Mercantile Bank & Trust Company.
 Central Union Trust Company.

Chase National Bank.
 Chatham Phenix National Bank & Trust
 Company.
 Corn Exchange Bank.
 Empire Trust Company.
 Equitable Trust Company.
 Farmers Loan & Trust Company.
 First National Bank.
 Guaranty Trust Company.
 Manufacturers Trust Company.
 Mechanics Bank of Brooklyn.
 National Bank of Commerce.
 National City Bank.
 National Park Bank.
 New York Title & Mortgage Company.
 New York Trust Company.
 Public National Bank.
 Seaboard National Bank.
 Title Guarantee & Trust Company.
 United States Mortgage & Trust Company.
 United States Trust Company.

Institutions in Other Cities

Continental & Commercial National Bank, of
 Chicago, Ill.
 First National Bank, of Chicago, Ill.
 First National Bank, of Boston, Mass.
 First National Bank, of St. Louis, Mo.
 Foreman National Bank, of Chicago, Ill.

SUBSTITUTIONS IN SERIES C-1 AND C-2

The trust agreement provides that substitutions for any bank stock in the trust unit may be made only if dividends on such stock or its capital value, are endangered, or if a profit can be realized for the units; and further provides that the following conditions shall govern substitutions in the units:

1. Not more than ten (10%) per cent. of the total investment in a unit, shall, by reason of such substitution be at the date thereof in the stock of any one company, except in the case of a company showing surplus and undivided profits in excess of five times its capital.
2. No stock shall be placed in the unit as a substitution unless it shall have paid a dividend within six (6) months prior to inclusion in the unit.
3. No stock of a company shall be placed in the unit as a substitution unless at the date thereof such company shall have capital of at least two and one-half million (\$2,500,000) dollars and surplus and undivided profits of at least fifty (50%) per cent. of its capital, and deposits of at least twenty-five million (\$25,000,000) dollars, and shall have realized earnings for the fiscal year last pre-

ceding its inclusion in the unit in an amount at least ten (10%) per cent. in excess of its dividend disbursements during such year.

Provisions 8, 9 and 10 noted under Series A also apply to substitutions in Series C-1 and C-2.

SUPERVISION

The securities included in the portfolio of any investment trust require constant watching and supervision. The managers of all trusts engage to perform that duty for their stockholders or shareholders. The character of this work differs in the different types of trusts but in every case it is a matter of the greatest importance that it should be done and done carefully to safeguard the investor's funds. In the trusts of the United States Shares Corporation this supervision is exercised in the first instance by its own statistical staff, by the board of directors and by the advisory council. As a further safeguard every security included in any of the trusts is listed with the supervisory department of Moody's Investors Service which will watch and constantly report in regard to the securities with its recommendation as to retention or change.

MANAGEMENT

It has often been said that the personnel of its managers is the most important thing about an investment trust. This is most emphatically true in trusts where the management has unrestricted authority to handle the portfolio and to change the underlying securities at will. In such cases if the management is wise and conservative and honest the investor has little to worry about. If, on the other hand, they are men inclined to speculation and accustomed to taking chances with money entrusted to them, the results from the investor's standpoint may be serious.

One of the advantages possessed by investment trusts such as those managed by the United States Shares Corpora-

tion, is that the discretion exercised by the managers is so limited by the terms of the trust agreements and by the strict regulations in regard to changes in the portfolio as to render the personal factor less important to the investor in trust shares than it might be otherwise. The managers, in this case the board of directors, can make substitutions only for the purpose of safeguarding the investor and his funds. When they do act, they must follow carefully prescribed lines and must recognize limitations. They must convince the trustees that the reasons for any change meet the requirements in the trust agreements. Of course the wisdom, integrity and experience of the directors is important, but it does not have the same direct bearing on the safety of the shareholder's funds that it might were they vested with wide powers of discretion.

The personnel both of the board of directors and advisory council of the United States Shares Corporation is an interesting one. Jacob C. Klinck was for many years one of the best known trust officers in the city. In that capacity he served both the Metropolitan Trust Company and the Chatham Phenix National Bank and Trust Company. He is now president of the Kings County Savings Bank. Travis H. Whitney is widely known in the public utility field. He was the first secretary of the old State Public Service Commission, and subsequently became a commissioner, serving for a year as acting chairman. After leaving this office he became vice-president of the Brooklyn Manhattan Transit Company, and a director in other important public utilities. Robert S. Binkerd is vice-chairman of the committee on public relations of the Eastern Railroads. He is influential in railway circles and is well acquainted with railroad investment values. Leonard M. Wallstein is a prominent lawyer, who has won distinction both in the constitutional and financial fields. He was formerly commissioner of accounts of New York City. Herbert L.

Rackliff, president of the corporation, has had wide experience as a sales executive and advisor. Dr. Lewis H. Haney of the advisory council is a widely known writer and authority on financial topics. He is director of the bureau of business research in New York University and professor of economics in that institution. He is also president of the Franklin Statistical Corporation. Robert S. Fowler, statistician and accountant, is connected with the Stock Exchange firm of Harriss, Irby and Vose. John T. Madden is dean of the School of Commerce, Accounts and Finance of New York University. Ralph B. Leonard is head of the firm of Ralph B. Leonard & Company and is recognized as one of the keenest judges of bank stock values in the country. Marck L. Tooker is head of the Stock Exchange firm of Tooker & Company.

DEPOSITS MORE THAN DOUBLE IN ELEVEN MONTHS

THE statement of condition of the Guardian Trust Company of New Jersey as of June 30, 1927, shows new high records for both total resources and deposits since the organization of the bank on August 2, 1926. Resources, according to the current statement, totaled \$23,593,303 against \$19,591,945 reported on March 23, 1927, and \$14,971,139 reported on the opening day of business last August.

Deposits as of June 30, 1927, totaled \$15,152,468 against \$10,513,695 reported on March 23, last, and \$7,012,048 reported on August 2, 1926. The current total represents an increase of approximately 116 per cent. in deposits in less than a year.

Capital and surplus of \$5,000,000 and \$2,500,000 respectively were unchanged compared with the last report. Organization fund (unexpended), also unchanged, was shown as \$300,000. undivided profits \$250,453, unearned discount \$92,573, acceptances \$281,503, and other liabilities \$16,306.

WITH its foundations carried on caissons driven through bubbling quicksand to ledge



rock fifty feet below, the First National Bank of Carbonale presented unique engineering problems.

Organized Ability

THE modern bank building is so complex a structure that but a few men know enough about every detail to design it alone. Here, if ever, in the field of professional endeavor, are the principles of organization advantageously applied.

The bank architect is seldom one man. More often he is a composite group. With widely varying talents, each architect or engineer in the group has his specialty. One man will solve the problems of architectural design and plan, another the structural questions, others will be the authorities on bronze and marble, or vaults and burglar protection, or furniture, equipment and decoration, or what not. Sitting in such an office, you can, without leaving your chair, summon the man to answer whatever question you asked.

The ability of each of these men is applied to every bank that is designed. Each, from *his* standpoint, makes that building as nearly correct as he can get it. It is thus, with nothing left for chance to discover later, that the bank architect creates a truly satisfactory building.

TILGHMAN MOYER COMPANY

The Design, Construction and Equipment of Bank Buildings

ARCHITECTS · ENGINEERS

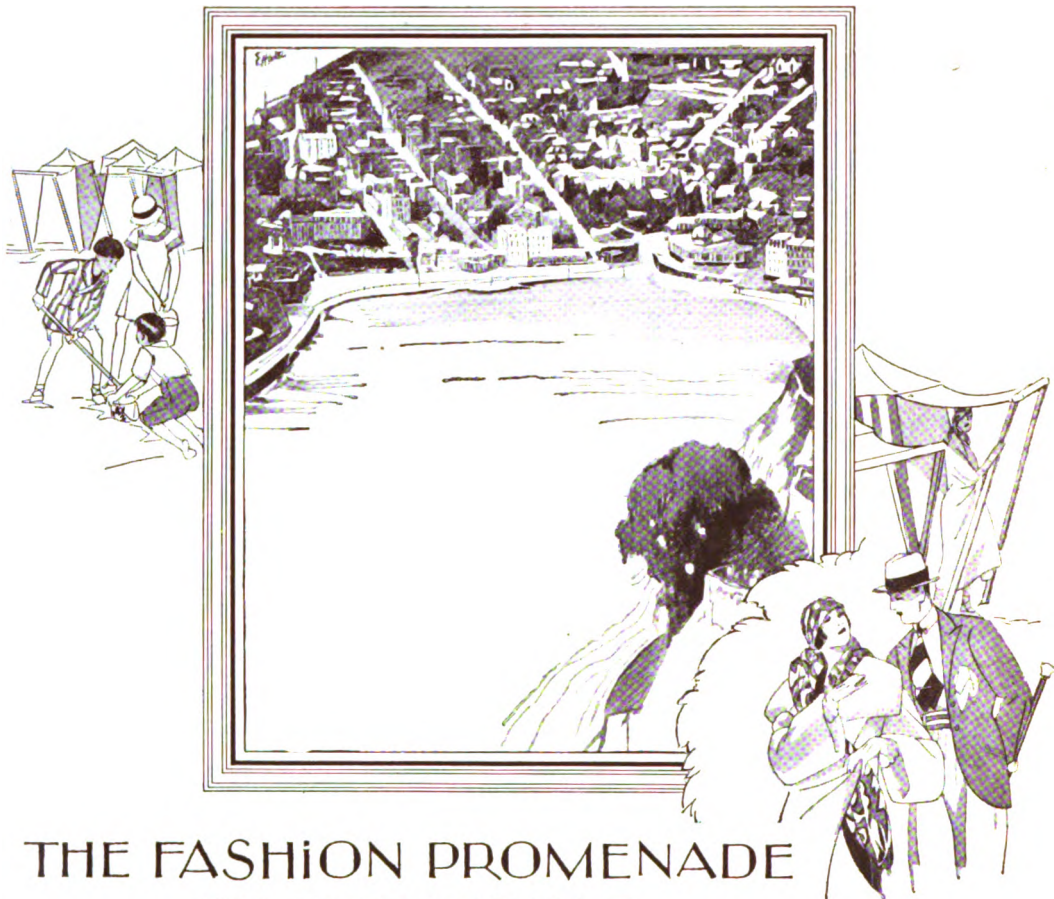
LET us send you a copy of "Building the Bank for Business." This book, written from experience by bank architects and engineers, answers the questions, "What is a successful Bank Building?" and "How can the banker insure these qualities in his new building?" You will find 138 pages of profitable information. Simply mail the convenient coupon, and the book will be sent promptly and at no cost or obligation to you.

TILGHMAN MOYER COMPANY, Allentown, Pa.

Gentlemen: Without obligation, please send me a copy of "Building the Bank for Business."

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THE FASHION PROMENADE OF THE WORLD

WHENEVER you go to France, there's a beach waiting for you—frilled round with the great white-crested waves of the Channel or the Atlantic, the frisky green rollers of the Bay of Biscay, or the wide shining blue floor of the Mediterranean where the carved peninsulas and the storied islands lie greener than fairyland, steeped in sunshine.

Le Touquet, Deauville, Dinard, Biarritz, the Cote d'Azur—and all the chic world of three continents spending millions to make a spectacle for you.

To reach the fashionable beaches or the lovely Alps or Pyrenees; take the French Line whose de luxe liners make the trip from New York to Havre, the port of Paris, in less than six days with special three-hour boat trains for Paris waiting at the dock—and be in France the moment you go up the gang-plank.

You can go to France this summer for \$140, in the large French Line one-cabin steamers. . . . You can live well in France—and tour—on six dollars a day.

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NATIONAL BANK NOTES DEPICT THE NATION'S HISTORY

BY WILL E. CHAPIN

FEW individuals have been so fortunate as to have in their possession for any length of time, a sum of money large enough in amount and varied enough in denomination, to represent the complete series of national bank notes, which begins with the \$5 bill and ends with the note whose face value is good for \$1000. Monetary transactions involving the value that these notes would aggregate, are generally transacted through the medium of checks and drafts in this busy workaday world. Should a man by any possibility of exchange values, come into the possession of \$1685, the sum total of said series, his first act would be to turn the notes over to some other party in liquidation of indebtedness, or else to deposit them in a bank for safe keeping. Perhaps it is due to the above reason, but more probably to the other fact—that not many men are close observers, even in money matters—that few have studied the designs upon the face of these bills with any degree of interest. Consequently but a small number have admired their beauty and realize that there is a general sequence of design running throughout the whole series of historical subjects selected for illustration upon the left hand end of the face of each bill. Upon studying the opposite end of the bill, it will be seen that the historical designs are beautifully supplemented by a chaste allegorical design.

Some time ago the writer illustrated an article which appeared in *The Chicago Herald* on the notes of large denomination. While engaged upon that work, he questioned a number of sub-treasury and bank officials with whom he came in contact as to the knowledge

of the significance of the vignettes on the national bank notes. One and all professed a profound ignorance, most of them stating that they not only had never noticed them critically, but never had heard or thought of looking for such a sequence in the illustrations. Since that time inquiry among a score or more of bank cashiers, tellers, and that class constantly handling large sums of money, failed to result in the finding of a single individual at all cognizant of these facts. "And thereby hangs a tale."

ORIGIN OF THE IDEA OF A SERIES OF DESIGNS

When Salmon P. Chase assumed the portfolio as Secretary of the Treasury in 1861, and the national banking system was being advocated, he devoted all his energy and influence to the furtherance of that scheme. When the law was finally passed in 1863 he immediately issued a call for a series of designs to appear upon the face of the bills about to be issued. This call was sent to all of the leading designers of the country. It was immediately and largely responded to, as the leading artists were all anxious to carry off the prize in such a competition. To the successful one it meant not only a large monetary reward, but his recognition as the leading designer of the country. The bill was so long under discussion, and Congress needed the money so badly to carry on the war, that only a limited time was given in which to make the drawings. John R. Chapin, an artist of considerable reputation in the East, the organizer and for many years the manager of Harper Bros. illustrative department, was the success-



THE BANK OF BATAVIA, BATAVIA, N. Y.

INTERIOR view of The Bank of Batavia, Batavia, N. Y., which is equipped with a black and gold marble counter-screen, the upper part of which is of walnut, while the wickets are of bronze, as is also the grille between the public space and safe deposit department.

The low rails around the officers' and customers' spaces, which are located on each side of the entrance, are also of the same marble, with turned balusters; the check desks are of marble with polished glass tops. The floor of the banking room is of Travertine stone. Two skylights, one at each side directly over the cages, afford ample light for employees.

The building was designed by and erected under the supervision of

MORGAN, FRENCH & CO., INC.

ARCHITECTS AND ENGINEERS

19 WEST 44TH STREET

NEW YORK

ful competitor, and he was compelled to work eighteen hours out of the twenty-four for a number of weeks in order to complete the order. The designs were all made in sepia or India ink, about eight by ten inches in size, and were then reduced by photography and engraved upon the steel plate as is usual for bank note work. Chase's acceptance of the designs was based upon the fact of their rational sequence representing the important historical epochs of the country. This was the artist's idea, and how well he succeeded one can ascertain by studying the engravings on the original bills. They show how, beginning with the discovery of America, the more important events in the country's history are depicted, ending with General Scott's triumphal entry into the City of Mexico in 1847.

THE \$5, \$10 AND \$20 NOTES

Beginning with the \$5 note we see Columbus on the poop deck of his caravel, the Santa Maria, pointing out to the group surrounding him the promised land, in the hope of seeing which he had journeyed so far and suffered so many trials and disappointments. One can see by his attitude how his bosom is filled with pride as he thus justified himself before those whose fears and prejudices he had to combat during that long and perilous voyage. The importance of his discovery is typified in the accompanying allegory which also represents the realization of that hope which sustained him through all he was compelled to undergo, namely, of presenting the new world to the old. Seated in a group are the potentates of the older nations of the earth to whom he is introducing the young and beautiful Indian maiden who represents the new continent.

The next event of great importance in the history of the nation, we will find illustrated on the \$10 bill, in the picture representing Franklin discovering electricity in 1752. Assisted by his son,

through the medium of the kite, the string and the key, he is drawing from the overcharged cloud that vital spark destined to revolutionize the world and learning to subdue and control the mighty force of which it is the visible type. When we consider the wonderful and almost universal applications of electricity to the needs of the present, we can realize the appropriateness of the selection of this subject.

The allegorical design on this bill is the most happy in conception and perfect in execution of the whole series. Seated upon the broad back of the bird of freedom, America is represented as a female, beautiful in face and figure, who, soaring through the heavens, has grasped the lightnings and holds them in her outstretched hand.

On the \$20 note we find illustrated that period when the young and vigorous colonies had thrown the gauntlet into the face of the most powerful nation on the earth, and were engaged in an almost hopeless struggle for existence. We see the sturdy farmers, whose valor and heroism have been the theme of song and story ever since, taking their stand at the battle of Lexington, and from behind the walls and fences beating back the trained hirelings of England. Again, we find the same idea more fully carried out on the other end of the bill, where America is represented as rending the chains which the tyranny of the mother country had forged about her and stepping forward into a freedom of mental, moral, and physical action.

THE \$50, \$100, \$500 AND \$1000 NOTES

As the Revolution was the turning point in the political progress of the country, and Washington was the genius who led the nation through that dark and troublous period, on the \$50 bill we see him guiding his half-starved and half-clothed army across the frozen Delaware preparatory to his brilliant victories at Trenton and Princeton. In the foreground, struggling amid the large blocks

of ice which filled the river on that memorable night, is the boat containing the great chief, while in the distance can be seen detachments of the little army winding down the snowy banks to embark in the boats, some of which appear in midstream. The accompanying vignette represents him during one of those gloomy hours which came so frequently to him in his heroic struggle. Realizing that his frail human strength is too small to sustain the vast weight of responsibility placed upon his shoulders, he has turned aside to wrestle with the God of battles for divine help in his hour of need. Floating above his head as if in answer to his appeal, affording him new inspiration, appears the figure of victory.

The three remaining designs, for the \$100, \$500 and \$1000 notes belonging to the original series, have gone out of date and are now rarely seen. The brilliant naval fight between the Constitution and Guerriere, in the war of 1812, was the subject selected for the \$100 note. General Taylor at Buena Vista one of the most important events of the Mexican War adorned the \$500 bill. The \$1000 note, which was the largest denomination issued by the national banks, bore a beautiful representation of Morse and the telegraph. Each of these had its accompanying allegory. Mention is made of these last three designs, simply to show how the historical sequence was adhered to. On the later issue of these bills the same idea was followed. In place of the conflict between the Constitution and Guerriere on the \$100 note was substituted a representation of the battle of Lake Erie at the moment when Perry, finding the shattered "Lawrence" unmanageable and on the point of sinking, leaped into an open boat, and, amid the concentrated fire of the enemy, transferred his flag to the "Niagara" in which vessel he swept along the line of battle and won the fight.

The picture now appearing on the \$500 note represents a female figure crowned with stars sitting upon a can-

non, against which are resting a sword and anchor. In the foreground is a compass and so forth, while in the middle distance can be seen a ship and camp. Arching across the heavens is the bow of promise, with the American eagle soaring high over all. This group is designed to represent the genius of the American navy. The artist has depicted on the final bill of the series Scott's triumphant entry into the City of Mexico. He appears at the head of his victorious troops, while in the foreground are seen a group of peons and citizens. Faint outlines of the ancient city are seen in the distance.

The reader will thus see how much thought was embodied in the production of these designs and how well they illustrate the nation's progress toward its present position. Now, when the spirit of Americanism seems to be dying out, and we have nothing to "enthuse" over, it seems peculiarly appropriate that these facts concerning the evolution of the national currency should be made known, particularly to the younger generation, who have had no experience calculated to waken into life the spirit of patriotism.

NEW EXECUTIVES JOIN UNITED STATES SHARES CORPORATION

HERBERT L. Rackliff, president United States Shares Corporation, 50 Broadway, New York, has announced the appointment of Harry Floydstead as California representative with headquarters in Los Angeles. Mr. Floydstead was formerly associated with Anglo-California Securities Company.

Further announcement was made of the appointment of R. J. Cary, Jr., as representative for the Rocky Mountain states with headquarters in Denver. Mr. Cary was formerly associated with the National City Company in the Western territory.

PROBLEMS IN BANK CREDIT

BY M. E. ROBERTSON

THE BANKERS MAGAZINE has secured the services of a capable credit man to answer the inquiries of readers on current problems of the credit manager. Questions of general interest to credit men and bankers will be answered and only the initials of the persons asking the question will be used. In case the question is not one of particular interest to bank credit men as a whole or is one which has been answered before, a reply will be made by mail.

In order that all questions may be answered intelligently, it is requested that they be direct and to the point, but that sufficient necessary detail be included to enable the editor to draw the proper conclusion. Inquiries should be addressed to the Editor, Bank Credit Problems, THE BANKERS MAGAZINE, 71-73 Murray Street, New York.

QUESTION: We had a discussion of assignment of receivables and were generally of the opinion that it was an unsound practice. We would appreciate the views of THE BANKERS MAGAZINE on this question.

C. S. H.

ANSWER: As you are probably aware, there are two systems of assignment, generally referred to as the "Notification System" and the "Non-notification System."

Under the notification system it is the practice to notify the payee that the account has been assigned and the name of this assignee to whom payment should be made. Under the non-notification system the payee is not notified and the borrower continues to make collection as though the account were not assigned. After receiving payment, the borrower transfers the funds to the assignee. In addition to the usual interest charge for the use of the money, for instance, 6 per cent., a commission is charged. This commission varies in accordance with the type of the lender, status of borrower, line of business, etc. Ordinarily the financing company advances up to 66 per cent. or 90 per cent. of the amount of the receivables.

While there are some advantages to this type of financing, chiefly in that it provides capital for the borrower to do a larger volume, to take discounts and to expand, there are also disadvantages. It perhaps tends to encourage over-expansion, for one thing. The reason for

opposition to it is in that it is more or less of a secret affair. A concern will get money from bank and trade and then secretly assign some of its accounts, which it is not justified in doing. The concern is not entitled to all these forms of credit. A weak concern, owing banks and trade, may assign these very valuable assets which will enable it to take discounts and thereby give a false picture of affairs.

The National Association of Credit Men has urged for some time the enactment of legislation to give publicity to the assigning of accounts in order that proper protection might be given unsecured creditors.

QUESTION: I have noticed in this column questions regarding capital stock. Very often stock and bond issues appear advertised in the press in which stock is offered for less than its par value. When such stock is sold, what is the accounting procedure followed by the company?

E. A. M.

ANSWER: Let us assume that a company issues \$50,000 worth of \$100 par value per share at \$95 per share. The entry would be as follows:

Cash	\$47,500
Discount on stock	2,500
Capital stock subscribed	\$50,000

In handling the account "Discount on Capital Stock" the procedure would

be to debit the account for the amount of the discount and credit the account for the amount amortized against surplus or otherwise. Discount on capital stock should be regarded as either a development cost or as a capital loss. It may be charged to surplus or some fixed asset such as "Development Costs" or "Organization Expense" must be set up to cover the discount. This is why, often, in the case of new enterprises you will find an asset item of "Organization Expense," a large item of "Miscellaneous Assets," etc. to cover such discount.

QUESTION: From time to time a statement is received in which the surplus account is divided as follows:

Surplus.

Capital surplus.

Why is surplus divided in this way? Is it simply for the company's own use?

H. E. H.

ANSWER: The surplus shown in a company's balance sheet may be brought about by several conditions. Some of the more important items contributing to surplus are the following: (a) Profits accruing from the regular course of business; (b) sale of stock at a figure above its par value; (c) re-valuation of fixed assets.

These are perhaps, the most ordinary contributions to surplus. If fixed assets are arbitrarily written up, or if stock is sold above par, it is the policy of some companies to set up such contributions to surplus as capital surplus. In other words—they reserve surplus strictly for earnings and any other contributions to surplus are treated as capital surplus. While this is true in some cases, in the majority of cases it may be the usual practice to include anything that can be included as surplus under the head of "Surplus."

QUESTION: I believe that there was previously a question in this column with respect to the handling of "Discounts on Purchases." I do not recall

exactly the answer given and as the subject has again come up in our department for discussion, I would appreciate any data THE BANKERS MAGAZINE would give me. W. C. T.

ANSWER: You are correct in your assumption that this topic was previously discussed in THE BANKERS MAGAZINE. However, as it is a subject that is a matter of debate from time to time, we are pleased to again publish in this column a discussion regarding "Discounts on Purchases." Some accountants make the practice of deducting discounts on sales from sales and showing the balance as "Net Sales." In handling "Discounts on Purchases" some accountants deduct the amount of discounts received from the cost of the goods and thereby reduce the cost of goods purchased. It is the practice of some other accountants to treat "Discounts on Purchases" as an item in "Other Income" and treat "Discounts on Sales" as an item in "Charges against Income." The latter method of considering "Discounts on Sales" is perhaps generally not considered as desirable as the former method, so it is argued by many that "Discounts on Purchases" and "Discounts on Sales" should be treated as separate items of income and expense in the profit and loss statement. They argue that "Discounts on Purchases" should not be deducted from the "Cost of Goods" nor treated as "Other Income." The theory is that a separate section should be set up in the profit and loss statement to handle "Discounts on Purchases," and this profit is a result of the good finances of the company and should be considered as a banking profit. By reason of the fact that the company has money it is able to avail itself of the profits by taking advantage of discounts and this should be considered as an independent profit of the business. Another Company, because of limited working capital, although doing a similar volume of business, is unable to make this special profit by taking advantage of discounts on purchases.

BANKING AND COMMERCIAL LAW

Important Decisions of Current Interest Handed Down by State and Federal Courts Upon Questions of the Law of Banking and Negotiable Instruments

TRADE ACCEPTANCES MADE NONNEGOTIABLE BY PROVISION AS TO MATURITY

Lane Co. v. Crum, Commission of Appeals of Texas, 291 S. W. Rep. 1084.

THE plaintiff company accepted three trade acceptances drawn on it by the Cascade Products Company and delivered them to the Cascade Company, in a transaction wherein the plaintiff company purchased a number of washing machines from the Cascade Company.

When the machines were delivered to the plaintiff, the plaintiff discovered that they were not as represented. The defendant, Mrs. Crum, claimed to be a purchaser for value of the trade acceptances. The plaintiff company tendered the machines to the Cascade Company and brought this suit to cancel the acceptances.

It appeared that each of the acceptances contained the following clause:

"The obligation of the acceptor hereof arises out of the purchase of goods from the drawer, maturity being in conformity with the original terms of purchase."

It was held that this clause in the acceptances made them non-negotiable and that the plaintiff was entitled to have them canceled.

Action by the Lane Company against Mrs. B. V. Crum and another. Judgment for plaintiff was reversed and rendered by the Court of Civil Appeals (284 S. W. 980), and plaintiff brings error. Judgment of the Court of Civil Appeals reversed, and judgment of the trial court affirmed.

HARVEY, P. J. On June 24, 1924, W. E. Williams, under the trade-name of Cascade Products Company, entered into a contract in writing with the Lane

Company, with reference to the delivery by the Cascade Company to the Lane Company of a certain number of washing machines. The contract is set out in full in the majority opinion of the Court of Civil Appeals. It is unnecessary to a decision here that we determine whether such contract constitutes a sale contract of merely an agency agreement. In September, 1924, the number of machines called for in the contract were delivered by the Cascade Company to the Lane Company, who declined to accept them but held them subject to the order of the Cascade Company.

At the time the contract above mentioned was made, and as a part of the transaction, the Lane Company accepted three trade acceptances or drafts drawn by the Cascade Company, each for the sum of \$378, and payable respectively 60, 90, and 120 days after date. The form of these instruments is such as to make them negotiable instruments, unless the clause appearing in each of them, which is hereinafter stated, renders them nonnegotiable instruments.

On October 29, 1924, the Lane Company brought this suit against W. E. Williams and Mrs. B. V. Crum to cancel these three trade acceptances on the ground that the washing machines were not as represented, and the machines were tendered to the defendants. Mrs. Crum answered by a cross-action seeking to recover on the trade acceptances, alleging that she was an innocent holder thereof in due course of trade, for value, before maturity. The cause was tried before a jury and resulted in a judgment being rendered canceling the three trade acceptances and awarding to Mrs. Crum the washing machines. On appeal, this judgment was reversed by the court of Civil Appeals, and judgment rendered by that court for Mrs. Crum on the trade acceptances (284 S. W. 980); Associate Justice Stanford dissenting.

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The contention of the Lane Company is that the following clause of the trade acceptances renders same nonnegotiable and therefore subject to the rights and equities of said company growing out of its said contract with the Cascade Company, to wit:

"The obligation of the acceptor hereof arises out of the purchase of goods from the drawer, maturity being in conformity with the original terms of purchase."

We agree with the conclusion reached by Associate Justice Stanford in his dissenting opinion as to the legal effect of the clause just quoted. In our opinion the clause has effect to render the trade acceptances nonnegotiable under the law merchant as well as under the Negotiable Instruments Act (Vernon's Ann. Civ. St. 1925, arts. 5932-5946). The obligation of the acceptor, according to the terms of said clause, arises not from the instruments themselves, but from a collateral transaction. For an instrument to be negotiable, the obligation of the maker must arise exclusively from

the instrument. No obligation arising from a collateral transaction can be imported into the terms of the instrument without destroying the negotiability of the instrument. 8 Corpus Juris, pp. 113, 114. A negotiable instrument has been termed "a courier without luggage," whose countenance is its passport. This apt metaphor does not fit these trade acceptances, for the reason they are laden with the equipment of a wayfarer who does not travel under safe conduct. By their express terms, these instruments bear burdens whose nature must be sought for beyond the four corners of the instruments themselves. The clause in question is more than a mere "statement of the transaction which gives rise to the instrument," as permitted by paragraph 2, § 3, of article 5932 of the Revised Statutes. So far from being a mere descriptive reference to the transaction which gave rise to the instrument, the clause, in definite terms, points to that transaction as the source of the acceptor's obligation to pay the amount named in the instrument. The legal ef-

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fect of the clause is to render the paper subject to all the rights and equities of the parties to the collateral transaction from which the obligation of the acceptor arises. *Parker v. American Exchange Bank* (Tex. Civ. App.) 27 S. W. 1072; 8 C. J. 124.

We recommend that the judgment of the Court of Civil Appeals reversing the judgment of the trial court and rendering judgment for defendant in error be reversed and that the judgment of the trial court be affirmed.

EFFECT OF STATUTE AUTHORIZING COLLECTING BANK TO SEND CHECKS DIRECT TO DRAWEES

Jensen v. First National Bank of White, Supreme Court of South Dakota, 213 N. W. Rep. 854.

Even though there is a statute which authorizes collecting banks to forward checks for collection direct to the banks on which they are drawn, this method

of collection is not obligatory and a bank may transmit checks through its correspondents.

In this case the plaintiff deposited the check in question in the defendant bank on Saturday, February 2. It was forwarded on the fourth and after passing through the hands of three banks reached the drawee on February 9. The drawee failed before the draft which it issued in payment of the check could be collected. It was held that these facts did not render the defendant bank liable to the plaintiff.

Under the decisions of South Dakota, a collecting bank is not liable for the neglects or defaults of its correspondent banks, provided it uses due care in selecting its correspondents.

Action by Christ Jensen and others, copartners as Jensen Bros., against the First National Bank of White, S. D. From a judgment for defendant and from an order denying new trial, plaintiffs appeal. Affirmed.

GATES, J. On Saturday, February 2, 1924, after banking hours, plaintiffs,

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customers of defendant, deposited in defendant bank a check for \$402.78, indorsed by them in blank, drawn to their order upon the Farmers' & Merchants' State Bank of Bushnell, S. D. The transaction was between Jens Jensen, one of the plaintiffs, and Mr. Holden, president of defendant. Plaintiffs were given a duplicate deposit slip, which recited, "deposited subject to collection." On Monday, February 4, this check, with other collection items, was sent to the First National Bank of Pipestone, Minn., leaving White by the first train on Tuesday, February 5. The latter bank was a regular correspondent of defendant and a bank of good standing and repute. The Pipestone bank forwarded the check to a bank in Sioux City, Iowa, which in turn forwarded it to the Federal Reserve Bank of Minneapolis. The latter sent the check directly to the payer bank, which on February 9 charged the check to the account of the drawer and issued its draft on the Bank of Brookings and sent same to the Federal Reserve Bank. The Bank of Brookings suspended on

February 9, and the Bushnell bank suspended on February 12, so that the proceeds of the collection were never realized and defendant bank charged plaintiffs' account with the amount of the check.

This action was begun to recover the amount of the check from defendant bank. At the conclusion of the trial the court directed a verdict for defendant. From the judgment entered thereon and from an order denying new trial plaintiffs appeal.

It is first contended by plaintiffs that there was sufficient evidence to require submission to the jury the question whether defendant took the check from plaintiffs for collection, and thereby the relation of principal and agent arose, or whether the check was received as a general deposit and thereby the relation of debtor and creditor arose between the bank and plaintiffs. Among the points urged in support of the debtor and creditor relationship are that plaintiffs' indorsement of the check was unrestricted and that defendant did place the

amount of check to plaintiffs' credit. But those facts are not determinative of the relationship. The agreement of the parties is the determining factor. In *Fanset v. Garden City State Bank*, 24 S. D. 248, 123 N. W. 686, this court quoted with approval the following from a Minnesota opinion (*In re State Bank*, 56 Minn. 119, 57 N. W. 336, 45 Am. St. Rep. 454):

"The general rule is that upon a deposit being made by a customer in a bank, in the ordinary course of business, of money drafts or other negotiable paper, received and credited as money, the title of the money drafts or other paper immediately becomes the property of the bank, which becomes debtor to the depositor for the amount; and, if no other facts appeared than these, they would be held to conclusively show that such was the intention. But the question is one of the agreement of the parties, and neither the fact that the indorsement of the paper by the customer was unrestricted, nor that he was, before collection, credited with the amount on his account, with the privilege of drawing against it, is conclusive on the question of the ownership of the paper. . . ."

It is further urged that plaintiff Jens Jensen did not read the notation on the duplicate deposit slip, "deposited subject to collection," and claimed not to know of it, and that according to his testimony nothing was said about taking the paper for collection. If more were needed than the notation on the duplicate deposit slip it is found in the testimony of Jens Jensen, viz.: "When I left the check there I left it with Mr. Holden; I understood it was for collection." It therefore clearly appeared that the relation of principal and agent arose between plaintiffs and defendant by reason of the deposit, and there was no question for the jury in that respect.

It is next contended that there was a question for the jury as to the liability

of defendant for negligent delay in the presentation of the check.

There are two contradictory rules in this country in respect to checks taken for collection and forwarded to other banks. One is called the New York rule, followed by the Federal courts and a minority of the state courts. Under that rule, as applied to this case, if the Federal Reserve Bank was negligent in the presentation or collection of the check, then this defendant would have been liable for such negligence of the Federal Reserve Bank. *Magee on Banks and Banking*, 499, 525, 543; *City of Douglas v. Federal Reserve Bank*, 271 U. S. 489. The other rule, called the Massachusetts rule, is described in *Federal Reserve Bank v. Malloy*, 264 U. S. 160.

"On the other hand, an equal, if not a greater, number of states following the 'Massachusetts rule,' have held exactly the contrary, viz., that the initial bank by the mere fact of deposit for collection, is authorized to employ subagents, who thereupon become the agents of the owner and directly responsible to him for their defaults."

Of the Massachusetts rule the author of Paton's Digest at section 1471a also says:

"The 'due care' rule is, therefore, now well established as the majority rule by the courts and the legislatures, while the minority hold to the rule that the collecting bank is liable for correspondents' defaults."

This court in *Fanset v. Garden City Bank*, supra, aligned itself with the Massachusetts rule in the following language:

"Where paper is delivered to a bank, or other agent for personal collection, where it is presumed that the bank, or other agent, will personally make the collection, as where the paper is made payable at the same bank, or in the same vicinity, or where the bank sends the paper to the bank against which it is



drawn, in all such or similar cases, it is generally held that the agent is liable for the acts or omissions of the subagent; but: when, from the very necessities of the case, the agent employed to collect cannot personally make the collection of paper in a far distant locality, and the principal knows it is to be sent to such far distant locality, through the ordinary and customary channels to subagents, as in the case at bar, then, in the absence of fraud or negligence on the part of the agent, it seems to be generally held, by all courts of last resort and text-writers, that the agent is relieved of liability, and that the principal must look to the subagent, whom he has expressly or impliedly authorized to act for him; but, in all cases where there is no express or implied authorization of the subagent, the agent himself is held to be liable."

But counsel for plaintiffs assert that this collection was not to be made at a "far distant locality," and that the "necessities of the case" did not sanction the roundabout route which was taken for the collection of this check, and that Bushnell being "in the same vicinity" as White, the defendant should have made the collection itself or sent it to the payer for collection.

It appears that White and Bushnell are both towns of Brookings county of which the City of Brookings is the county seat; that White is eight miles farther from Brookings than Bushnell; that railway trains from White to Brookings pass through Bushnell; that the First National Bank of Brookings had been defendant's correspondent until February 1, at which time it closed its doors; and that but for that fact this check would have been transmitted to said First National Bank of Brookings for collection; that the First National Bank of Pipestone, Minn., was defendant's nearest correspondent at the time this check was received for collection; and that there was only the one bank at Bushnell. By reason of the following provision of chapter 117, Laws 1919, defendant might have forwarded the check directly

to the payer bank at Bushnell, viz.:

"And such method of forwarding direct to the payer shall be deemed due diligence, and the failure of such payer bank, because of its insolvency or other default, to account for the proceeds thereof, shall not render the forwarding bank liable therefor, provided, however, such forwarding bank shall have used due diligence in other respects in connection with the collection of such instrument."

But defendant was under no obligation to send the check directly to the payer bank, and there was a very good reason for not doing so, and that is that Jens Jensen at the time of making the deposit told Mr. Holden that he was informed by the drawer of the check that the Bushnell bank was only paying \$10 a day on a check. The words "far distant locality" and "in the same vicinity" used in the Fanset Case must be held to have been used in view of the particular facts of that case. That case related to a transaction had in Garden City, Clark County, S. D., concerning a check drawn upon a bank in Minot, N. D. In the absence of a special agreement between defendant and plaintiffs there was no obligation on defendant to send its collector to Bushnell to endeavor to make the collection. It was within the usual course of business for defendant to send the check to its nearest correspondent, which in this case was the Pipestone Bank. Morse on Banks and Banking (5th Ed.) §§ 235, 236. It was not negligent in selecting the Pipestone bank as agent for collection, and it was not negligent in point of time in forwarding the check to that bank. Therefore, when defendant used due care in selecting and transmitting the check to the Pipestone bank, its responsibility to plaintiffs ended, and it was not responsible for the acts or omissions of further subagents.

Therefore there was no question for the jury to pass upon, and the trial court did not err in directing the verdict.

The judgment and order appealed from are affirmed.

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THE FINANCIAL AND ECONOMIC SITUATION ABROAD

BY WILLIAM HAYES

Under this heading each month current political, financial and economic events abroad are summarized for the benefit of the busy bank executive who would keep himself informed about foreign affairs without the expenditure of time necessary to examine the data from which these articles are prepared.

FOLLOWING the common procedure of the majority of European countries in the last few years, Greece has had a committee of experts investigate and report on her financial condition. What the Dawes Commission did for Germany; what the League of Nations advisers did for Austria, Hungary, and Estonia; what the Kemmerer Commission did for Poland—to name only a few—Greece hopes that this committee will do for her; i. e., prescribe the tonics which will restore her to financial health and strength.

From 1912 to 1923 Greece was almost continually involved in war. The first and second Balkan Wars were followed by the Great War, which in turn was followed by internal strife. These wars cost the nation over £163,409,490, most of it provided by the Greek people. Only about £26,000,000 came from foreign sources, as follows:

The £20,000,000 loan, of which only about £13,500,000 was sold; allied credits of £6,570,000 and \$15,000,000: a merchandise credit from Canada of about £1,528,000; an advance of £500,000 from the Bank of England; a Swedish loan of £1,000,000.

With the help of these advances and the steady remittances from emigrants, however, the drachma was held at its par of about 19 cents until 1920. After that it began a decline which grew more rapid each year, approximately as follows:

In 1921	14 cents
In 1922	7 cents
In 1923	3 cents
In 1924	1.60 cents
In 1925	1.95 cents
In 1926	1.55 cents
In 1927	1.28 cents

This decline was accompanied by a rapid increase in the floating debt, represented by National Defense Bonds. In January, 1923, they stood at 332,000,000 drachmas. From that year on the expenses of assisting and colonizing the refugees were very heavy. The growth of National Defense Bonds reflects these increased expenses:

AMOUNT OF NATIONAL DEFENSE BONDS

	Drachmas
January, 1923	332,000,000
July, 1923	547,000,000
January, 1924	1,095,000,000
July, 1924	1,745,000,000
January, 1925	1,575,000,000
July, 1925	1,437,000,000
January, 1926	1,424,000,000

After January, 1926, further emission of National Defense Bonds was suspended. It will be noticed from the table above, however, that the amount had begun to decline after July, 1924. This was due not so much to improving conditions of government finance as to improving business which absorbed all the liquid capital in the country. Between October, 1922, and May, 1924, the amount of currency was increased by about 3,372,000 drachmas. Such inflation had the inevitable effect on prices. The index number, 1152 in January, 1923, rose by leaps and bounds to over 1800 in 1926. Business, stimulated by high prices, was able to use all the available funds on the market, and even drew some money out of the National Defense Bonds.

The government, therefore, to protect itself against having to pay all of these National Defense Bonds at maturity, as seemed to be the prospect in 1925, arbitrarily consolidated most of them into

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ten-year bonds bearing 8 per cent. The balance of the bonds (not consolidated) are being paid off as they mature. About half of them have been consolidated. In addition to the 200,000,000 drachmas of National Defense Bonds, the floating debt includes 124,000,000 drachmas for various funds, and about 150,000,000 drachmas of two-year warrants—a total of a little under 475,000,000 drachmas.

The funded debt is much more appalling. When it is added to the floating debt the total is somewhere around 30,000,000,000 drachmas. Paying interest on this debt uses up over 34 per cent. of the government's income. Figured in gold drachmas, the increase in the debt since 1912, however, has not been as rapid as the growth in population, for the per capita debt in 1926 was only 303 drachmas, while it was 381 drachmas in 1912.

Thus the committee sketched the situa-

tion. Its recommendations are in general terms. First and most important is the stabilization of the drachma, so that business men can make contracts with a stable measure of value. For effective stabilization, the government must control the foreign exchange market. That means that a foreign credit must be obtained.

BALANCING OF BUDGET

At the same time, the budget must be balanced. On this point the committee went into some detail to show how with proper economies, reduction of the number of civil servants, etc., expenditures could be cut at least 1,295,269,000 drachmas a year. Most of the reduction is in the amount usually allotted to the war department. By laying a tax on agriculture (now untaxed), by stricter and more prompt collections of taxes, revenues can be increased 106,000,000 drachmas. There should be little new taxation, said the committee, for the burden is already too heavy. The budget must be balanced by reduced expenditures, not increased revenues. If the changes suggested above are applied to the 1926-1927 budget, which provides for revenues of 7,800,000,000 drachmas and expenses of 8,600,000,000 drachmas, it will balance and show a surplus of over 500,000,000 drachmas.

The floating debt must be further consolidated, the foreign loans of Greece must be funded, and the interest on the funded debt must be reduced, by arbitrarily reducing the interest rate on the loans, if necessary. The committee believes that such an action will not injure Greece's credit, for "the credit of Greece is founded on the faithful performance of promises and on the conviction which she can inspire that she will make a strenuous effort to straighten out her finances, and not on the payment of high interest rates."

But the financial problem is so entwined with the economic conditions of the country, that these measures will be

unavailing unless accompanied by peace, a stable government, security for capital, increased production, better communications, a check on the movement from the farm to the cities, and hard work—both by public officials and private individuals.

BRANCH BANKING IN ENGLAND

News that the Bank of Liverpool and Martins will absorb the Equitable Bank, by the exchange of stock, share for share, directs attention to a recent article on "Fifty Years of Banking Amalgamations" in the *London Statist*. The writer reviewed the history of the consolidation movement in England, which did not begin until 1880 when the joint stock banks were registered with limited liability. It has had the effect of opening numerous branches, the big banks purchasing branches instead of initiating them.

Banking amalgamation, in England at least, differs from industrial amalgamation in its *raison d'être*. Banks are not merged to suppress competition and acquire monopolistic powers. The purpose of bank mergers is to achieve the economies of large scale operation by increasing the unit, and at the same time extend the area of operations. An illustration of the non-competitive character of the merging banks was the merger of the London County and Westminster Bank with Parr's Bank in 1918. Out of the 565 branches controlled by the two banks before they merged, only thirteen of them were competing branches.

In 1918, the record year for bank consolidations in England, five pre-eminent banks, which have now come to be known as the "Big Five" came to the front. Since 1918, the government has opposed further mergers, and the banks have been giving more of their attention to foreign banking. Furthermore, they have taken up the practice of buying control in other banks, instead of merging them. The *Statist* lists the banks now owned in whole or in part by the "Big Five:"

Barclays:

Union Bank of Manchester.
British Linen Bank.
Barclays Bank (Dominion, Colonial and Overseas).
Barclays Bank (France).
Barclays Bank, S. A. I.
Yorkshire Penny Bank.

Lloyds:

National Bank of Scotland.
Lloyds and National Provincial Foreign Bank.
British Italian Banking Corporation (with an auxiliary, Banco Italo-Brittanica).
Bank of London and South America.
Bank of British West Africa.
National Bank of New Zealand.
Yorkshire Penny Bank.

Midland:

Belfast Banking Company.
Clydesdale Bank.
North of Scotland Bank.
Yorkshire Penny Bank.

National Provincial:

Coutts and Company.
Grindlay and Company.
Lloyds and National Provincial Foreign Bank.
Bank of British West Africa.
P. and O. Banking Corporation.
Yorkshire Penny Bank.

Westminster:

Ulster Bank.
Westminster Foreign Bank.
Yorkshire Penny Bank.

Outside of the "Big Five," the accepting and discount houses, the investment and merchant bankers, and the purely savings banks, there are still seventeen banks in England and Wales, ten in Ireland, and eight in Scotland. The Bank of England is no longer the largest and most powerful bank. It now ranks fourth, but the other banks still defer to it in matters of credit policy.

The charge is made against these big banks, as it is made against branch banks in the United States, that they forget the small man. The *Statist* cites some figures intended to disprove this. They are not by any means conclusive. An analysis of the loans of the Westminster Bank to the farming community showed that 28 per cent. of these loans were unsecured, and 13 per cent. only partially secured. More to the point are the figures from Lloyds Bank showing that 84 per cent. of the borrowers were classed as "per-

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sonal and professional, agriculture, and retail," and that the average loan was a little over \$3000. This 84 per cent. of the borrowers took 57 per cent. of the total amount of money loaned by the banks.

But whether consolidation has been good for the small man or not, it is now finished. Chances of further amalgamations are remote. The government would not sanction them, and there is no need for them. The banking units in Britain are large enough for present needs. The next development in British banking, the *Statist* believes, will be in offering their customers credit insurance, and in the establishment of foreign branches.

THE CENTRAL BANKERS' CONFERENCES

Messrs. Schacht, Rist, and Norman came to New York to confer with Governor Strong of the Federal Reserve Bank of New York, during the second week of July, as mentioned in these columns last month. Several informal

luncheon conferences ensued. Eventually, the party went to Washington, accompanied by George L. Harrison, deputy governor of the Federal Reserve Bank of New York, and R. B. Warrent of the foreign department of the Federal Reserve Bank of New York.

There they met with D. R. Crissinger, governor of the Federal Reserve Board; Ogden L. Mills, Under Secretary of the Treasury; Assistant Secretaries of the Treasury Carl T. Schuneman and Seymour Lowman; J. W. McIntosh, Comptroller of the Currency; and Charles S. Hamlin, A. C. Miller, George R. James, and E. H. Cunningham, members of the Federal Reserve Board.

On the front page of the newspapers next day appeared the statement that they had discussed the return of France to the gold standard; in fact that this had been the chief purpose of the conference.

As expected, a denial of this was promptly forthcoming from Governor Strong. Said he: "Yesterday was spent in Washington in order to make calls of

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courtesy upon members of the Federal Reserve Board. . . .

"There has not been and could be no discussion of any reparation question, nor of the stabilization of the French franc.

"During the past week the time has been devoted mainly to exchange of views regarding financial and economic matters, the policies of the banks of issue and like subjects which are of concern to these institutions. These subjects naturally include the relationship of the respective rates of discount, the question of the so-called gold exchange standard, which has had so extensive a development since the war: the extensive shipments of gold, which necessarily affect the reserves of the banks of issue; the purchasing power of gold, and various proposals to promote closer co-operation.

"Methods for dealing with these subjects are not capable of exact definition, but the friendliness and better understanding resulting from these exchanges of views cannot fail to be helpful."

ANOTHER RESOLUTION AGAINST TARIFFS

Notable among the accomplishments of the International Chamber of Commerce meeting at Stockholm June 27 to July 1 was a resolution affirming the "emphatic adhesion of the business world, to the declarations of the Geneva Conference regarding tariff walls as policies which are unduly hampering trade

directly and indirectly. It especially associates itself with this statement:

"The conference declares that the time has come to put an end to increase in tariffs and move in the opposite direction."

"Trade is not an end in itself. It is only the means to an end. General economic welfare is the goal. It is in such a sense and with a view to the welfare of all sections of the community in all countries that this congress desires its conclusions be interpreted."

The *New York Times* reports, also, that "The Check and Bills of Lading Committee rejected the League of Nations definition of a check as a bill of exchange drawn on a bank.

"The committee approved draft regulations based on those of the Hague Conference in 1912, for the international regulation of bills of exchange, checks and other negotiable instruments. This would virtually create two great systems, one Anglo-American-Japanese and the other for the European Continent.

"The American and British delegations agreed that it was impossible to recommend any change in existing American legislation making those who deliver a negotiable instrument to American banks responsible for the authenticity of previous indorsements, thus insuring the defeat of a movement by the German delegation to get the Interna-

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tional Chamber to indorse their protest against the New York State laws."

GREAT BRITAIN

In spite of the low rates for short time money during the first half of the year, British banks were able to transfer enough of their funds to trade loans and profitable investments to maintain profits. The outlook for the last half of the year is less bright.

The coal industry is still running at a loss, though the new French decree which makes a license necessary for the importation of coal and threatened to shut off British shipments has been modified to allow the shipment of 2,800,000 tons of British coal before August 31. The industry seems to be in for another season of overproduction.

Railway profits for the first six months were considerably over 1926, which is not every significant. All industry was tied up by the general strike for a part of that period last year. Compared with 1925, a more normal year, the increase in gross receipts was only £1,300,000.

The steel mills have now worked off accumulated orders, and have had to reduce their prices considerably to maintain shipments. Prices are believed to have reached bottom, however, and there is some prospect of improvement.

Foreign loans, which have been much in demand in London, and which have been offered in quantity, are hovering near the issue prices. Undoubtedly the drain of gold from London has been a factor in this.

Unemployment has increased again, from the 978,000 reported last month to 1,004,600 at the end of June.

Some industries, however, are still active—electrical equipment, motors, artificial silk, hosiery, chemicals, and the building trade. If building holds up, there will certainly be a revival in the iron and steel industry, with consequent beneficial results on coal consumption. There are more elements of hope in the British industrial situation than there have been for some years.

GERMANY

Between July 4th and 7th representatives of the Federation of British Industries and of the National Association of German Industries met in Berlin. Their object was to discuss ways and means of removing tariff barriers to trade. They agreed to urge their governments to take up the questions of the removal of import and export prohibition, the revision and simplification of customs classifications, and the improvement of commercial statistics. They said nothing about lowering tariffs. Perhaps it was just as well they didn't. No attention would have been paid to it by the present German Government, even though it claims to be fully in accord with the decisions of the Geneva Economic Conference on the reduction of tariffs.

While the British-German conference was going on a bill was introduced in the Reichstag to prolong the tariff law of August, 1925, to January 1, 1930, and increasing the duty on sugar 50 per cent.,

that on potatoes 100 per cent., and on pork 50 per cent. It was in the nature of a gesture of protection toward the agricultural interests, and was speedily passed, thus destroying all chances of tariff reduction in the near future.

The tariff on foreign capital, however, has been removed. It was in the form of a 10 per cent. tax on the interest paid on German loans floated abroad, and had pretty effectively checked the import of capital into Germany from December, 1926, to June, 1927. But the short experience without foreign capital revealed Germany's need for such capital. Its final culmination came in the raising of the rate of the Reichsbank in June. Immediately the tax was removed, negotiations for further loans were begun, and in a few weeks it was announced that a \$15,000,000 loan of the City of Berlin would be offered in London, and the National City sold a \$30,000,000 issue of bonds of the Central Bank for Agriculture.

Up to the middle of July, the money stringency continued at Berlin, and the Reichsbank had not appreciably increased its reserve of gold or foreign exchange. Some fear was expressed that the rate might have to be raised again. Call money still rules at 7 to 8 per cent., and time loans are scarce at 8 to 9 per cent. Acceptances are on a $5\frac{7}{8}$ per cent. basis.

Though May showed another import balance, bringing the total import balance for the year to 1,513,000,000 marks, no despair was felt. Most of the imports were of raw materials or partly finished goods, and it is believed will inevitably result in exports later. Meanwhile, business in all lines except coal mining is very good in Germany, and unemployment shows a steady decrease. The number was only 486,000 on June 15.

Recent floods in Saxony destroyed property worth over 70,000,000 marks, and killed over 200 people. Though the distress of the injured sections is great, the work of reconstruction will probably



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stimulate business in the other regions of Germany more than ever.

The ministry of finance has appropriated 2,000,000 marks for temporary relief, and bankers in Dresden are collecting voluntary subscriptions, starting with 100,000,000 marks themselves.

FRANCE

Tariffs seem to be going the wrong way in France, too. On June 29th the temporary commercial agreement between France and Germany expired, and the countries returned to the maximum tariff basis. Several conferences were held in the effort to extend the agreement, but the countries were unable to get together on terms.

M. Poincaré's budget for 1928 shows estimated revenues of 42,160,682,651 francs, and estimated expenditures of 41,527,952,171 francs, with a surplus of

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INTERNATIONAL ACCEPTANCE BANK

INCORPORATED

Condensed Statement, June 30, 1927

RESOURCES

Stockholders' Uncalled Liability	\$5,000,000.00
Cash and Due from Banks	\$6,659,828.58
Bankers' Acceptances and Call Loans Secured by Acceptances....	10,629,603.88
U. S. Government, State and Municipal Bonds.....	11,645,449.54
Other Bonds and Securities	6,801,892.55
Loans and Advances	14,275,187.63
Customers' Liability a/c Acceptances and Letters of Credit.....	45,597,758.61
	<u>\$95,609,720.79</u>

LIABILITIES

Subscribed Capital and Surplus	\$15,250,000.00
Capital and Surplus paid in	\$10,250,000.00
Undivided Profits	4,200,033.30
Due to Banks and Customers	33,987,469.58
Acceptances and Letters of Credit Outstanding	46,748,897.71
Reserve for Taxes, Dividends, etc.	423,320.20
	<u>\$95,609,720.79</u>

PAUL M. WARBURG
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President

52 Cedar Street, New York

632,730,480. The budget does not, however, present a true picture. It does not include certain revenues which have been specifically appropriated for the payment of the floating debt, nor does it include the contemplated payment on the debt. Nor does it include additional appropriations for increased pay of state employes recently voted. M. Poincare realizes also, as he mentioned in his budget speech, that tax receipts are more likely to decline than increase.

May tax collections were very high. One might have expected that the business depression would by this time begin to affect the amount of taxes paid, inasmuch as the great increase in tax receipts came with the feverish business of the 1926 inflation episode. It is almost certain that this decline of business must sooner or later have its effect on government receipts.

Steel production in May indicated a possible revival of business activity at 712,000 tons compared with 680,000 tons in April, and only a little under the December, 1926, high of 741,000 tons.

Unemployment, too, is still decreasing, the number receiving state aid standing at 23,710 at the beginning of July.

Terms of the new 10,000,000,000 franc consolidation loan mentioned in these columns in July have been announced. The bonds run for fifty years, carry a 6 per cent. coupon, are redeemable at par in equal annual instalments to extinguish the entire debt by maturity. They were offered for subscription between June 27 and July 23, at 92.

If this loan is a success, the next refunding of the French Government will probably be the 8 per cent. gold loan issued in the United States in 1920 and maturing in 1945. The French Legislature has authorized the government to proceed with this consolidation whenever it deems it wise.

A year ago, when every expedient was being tried in France to stop the decline of the franc, Marshal Joffre suggested that patriotic Frenchmen contribute as many French bonds as they could spare, to be cremated. The suggestion was enthusiastically received, and

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contributions were heavy for a few months. Lately nothing has been heard of it until, on July 11, an item appeared in the newspapers telling of the solemn ceremonies which accompanied the burning of the amount of bonds collected during the first years—19,000,000 francs. Unfortunately, this is hardly a drop in the bucket compared to the total French internal debt.

ITALY

Continued protests from business interests against the revaluation of the lire have evidently had their effect. Mussolini's government has gradually changed its policy. First Finance Minister Volpi announced that the lire would be stabilized at about 5 cents until October, when the whole question of stabilization or revaluation would be considered again, and the policy outlined.

He went further on June 30. He said, "I promised to look the situation over in October. I can announce right away that nothing will happen in October. The lire will remain at its present level for a very long time."

Final announcement of stabilization came from Mussolini himself. On July 9 he announced to representatives of Italian industries that "Exchange will be firmly maintained at 90 to the pound sterling. On this point the government admits neither discussion or doubt. The producers today have stability of currency as a sure basis for their forecasts and their work.

Even on this basis, said Signor Benni, president of the Fascist Confederation of

Italian Industries in addressing a gathering of industrialists, nobody in business must expect to make any profits in Italy this year. The most that can be expected is to break even and so reorganize businesses that next year will find them able to meet foreign competition.

Interest rates were reduced by the four private banks in June by about 1 per cent. Formerly they have ranged from 8 to 9 per cent.

BELGIUM

Satisfactory business has been enjoyed in Belgium since the first of the year. It still continues. Exports for the first four months of 1925 were 65 per cent. of imports. In the same period last year they were only 50 per cent. of imports.

Stabilization of exchange with the creation of the belga has brought with it price stability. Business failures are almost 30 per cent. lower than in 1926, and car loadings show a steady increase. There is practically no unemployment—only 2 per cent. of the total number of workers are idle.

In common with all the European countries coal trade in Belgium is slow. Iron and steel finds little demand, in spite of price reductions. Textiles, leather, and automotive industries, however, are enjoying good business.

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per cent., stock exchange funds at $8\frac{1}{2}$ per cent., and commercial loans at $6\frac{1}{2}$ per cent.

SPAIN

To further encourage home production (which seems to be the present chief concern of the Spanish Government) the King has purchased for government use, 100 automobiles made by the newly established Apta Company.

A recent decree gives certain tax exemptions to Spanish companies or companies employing a proportion of Spanish materials. Another exempts from the license tax, owners of Spanish-built cars not exceeding 25,000 pesetas in value. The tax on the average American car is about \$100. In spite of which, 7300 cars are imported into Spain every year to the 2000 produced there.

Pursuing still another line, the Spanish Government has loaned 100,000,000 pesetas to the Argentine Government, with the provision that the bulk of the loan will be used for the construction of battleships in Spain. Colombia, Para-

guay and Santo Domingo promptly applied for loans, and it was said that Cuba would be the next applicant. No announcement, however has been made of further loans to Latin America. There was a considerable political as well as business element in the advance to Argentina.

SWEDEN

Flotation of a 50,000,000 crown loan in London at $4\frac{1}{2}$ per cent. in May still further stabilized and eased the financial situation in Sweden. Following this and the reduction of the rate of the Riksbank on April 22, the Swedish savings banks lowered their rate of interest on savings deposits from $4\frac{1}{2}$ per cent. to 4 per cent. It is expected that this will be followed by reductions in the rates of commercial banks.

Business is picking up. Several industrial loans have been floated recently.

FINLAND

Arrangements have been completed for the merger of the Sodra Finlands

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Bank with the Aktiebolaget Unionbanken, though the date of the merger has not yet been set. The Sodra Finlands Bank is comparatively young—it was organized in 1917—but has been very successful. Its capital is about 16,000,000 Finnish marks, and its surplus around 5,000,000 Finnish marks. The Aktiebolaget Unionbanken has a capital of 100,000,000 Finnish marks and surplus of 30,000,000 Finnish marks. There will be no increase in capital in connection with this merger.

POLAND

A partial agreement has been reached on the loan to Poland which has been under negotiation for so long. The Bankers Trust Company, the Chase Security Company, and Blair & Company, Inc., all of New York, agreed to place \$15,000,000 to the credit of Poland immediately. This was announced the first week in July.

The money will be used to stabilize the zloty, and will be followed by the long term loan of \$60,000,000 in the fall. The present advance is simply a six months credit. It was agreed upon because, according to the bankers "Poland wishes to wait to market the bond issue until the market is more favorable."

ESTONIA

Two of the measures recommended by the League of Nations for the stabiliza-

tion of the finances of Estonia (summarized in these columns in March) have been carried out. A new monetary unit, the kroon, has been established. It contains 100/248 grammes of pure gold, and is divided into 100 cents, each of them equal in value to one of the present Eesti marks. Second, Estonia has floated a foreign loan which netted the Bank of Estonia £1,350,000 in reserve of foreign currencies. The loan, which was secured by the pledge of the excise duties on tobacco, beer, and matches, was offered in both London and New York, under the auspices of the League of Nations, who will appoint the trustee for the loan.

A part of the loan will be used for the establishment of a mortgage institute, to take over the long time loans of the Bank of Estonia—another of the recommendations of the League of Nations advisers.

The complete execution of the plan may be expected soon, for the loan agreement specifies that legislation for the reform of the bank of issue, the transfer to that bank of the state bank notes, and a currency law will be passed within three months after the agreement for the flotation of the loan.

AUSTRIA

The activity of the textile industry in Austria has proved the necessary stimulus to improved business. The improvement is reflected in a decline in the re-

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Total Assets (31/12 '26) Fmk.	-	2,337,000,000

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serve of the National Bank of Austria from 58.4 per cent. in December, 1926, to 50.7 per cent. on June 7, and an increase in the note circulation. The greater activity is also shown in the price index, which has advanced from 133 in March to 137 in May and 142 in June. A considerable part of this increase is due to the advancing price of cotton and foodstuffs. Industrial articles have remained stable in price, so far.

JAPAN

In the Japanese financial crisis in April the Fifteenth Bank, where the accounts of most of the members of the upper house of Japan are kept, was forced to close. It was in much the same position as the Bank of Taiwan. The latter loaned heavily to Suzuki and Company, and Suzuki's failure pulled down the bank. Similarly, the Fifteenth Bank loaned more than it should have to the Kawasaki Dockyard Company which failed.

The Kawasaki Dockyard made enormous profits during the war boom, but paid them all out in dividends. It built up no reserves. During the last several years, most of them showing losses, it has continued to pay 10 per cent. dividends. Industrialists are inclined to feel that its failure is deserved by such bad financial policy.

The Kawasaki Dockyard owes 70,000,000 yen to the Fifteenth Bank. If the Fifteenth Bank is to re-open, 30,000,000 of these must be paid off. The dockyard, therefore, has applied to the government for an advance of 30,000,000 yen. There was a disposition on the part of the cabinet to grant the loan, but it was blocked by public criticism of a scheme to use the taxes collected from firms which have been well managed to resuscitate a firm so mismanaged as the Kawasaki.

As an alternative, it was suggested that the government purchase from the Kawasaki for 30,000,000 yen its ship-

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JAMES STEUART, Chief Manager

building plant. But this department has the largest debts and the poorest prospects of any part of Kawasaki.

The fact that almost all the peers are depositors in the Fifteenth Bank complicates matters. Otherwise the bank and dockyard company would be left to struggle out of the morass of debts as best they can. But to do so as matters stand will be to alienate the entire upper house and make the position of the present cabinet precarious. The day of reckoning has been put off for a while by simply postponing a decision.

MEXICO

A new bank, the Industrial Transport Bank, has been opened in Mexico City. It is to operate in conjunction with the Co-operative on Combustibles and Lubricants, an organization headed by ex-President Obregon for the purpose of decreasing the price of gasoline in Mexico. By this it is supposed that the bank will receive deposits from the public and will make most of its loans to the Co-operative on Combustibles. Hardly sound banking.

THE PAST MONTH IN CANADA

By J. W. TYSON

THE first half of 1927 has been marked by improved conditions throughout the country. Turning into the second half of the year the outlook is generally satisfactory for maintained or increased business, particularly if the satisfactory crop prospects are borne out. There is some unevenness in trade and indications that keen competition is affecting profits in some industries, while the changing trends in retail business continue in evidence. However, there are not in Canada indications of major factors indicating change such as are being noted in the United States, where consuming power in some sections, as in the South, appears to have been materially affected. Canada's wave of prosperity has been of much shorter duration than it has been in the United

States and, based on the agricultural industry, the pulp and paper industry and the development of natural resources, promises to continue, although it must be expected that financial and industrial changes in the United States will have some reflection in this country, particularly in regard to money supply, investment returns and the stock markets.

A new high record for the dollar value of business in Canada, indicated by the debits of the chartered banks, is one indication of the prevailing prosperity. The monthly figure has made a record for any season, with one exception, since the records were first compiled in 1924. That such a record has been made at a time of the year when business usually shows a decline, attracts particular attention. Other indicators reflecting this same con-

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dition of business prosperity are carloadings, employment, building and construction activities, pulp and paper production, export and import trade, bank deposits, iron and steel production, etc. Altogether business developments during the first half of 1927 have indicated increasing activity to what marks probably the high level in Canadian history.

NOT ALL INDUSTRIES AFFECTED

The improvement referred to has not been experienced by all industries. There is no marked change in the unsatisfactory conditions affecting the boot and shoe and the woolen industries. The flour milling industry as a whole has not operated during the last few months at more than 75 per cent. of capacity and, as the foreign markets are not taking the usual quantities of Canadian flour, little, if any, improvement can be looked for during the current season. Western mills have been relatively the more fortunate with substantial orders from the Orient.

Commercial failures are about the same in number as a year ago, with some increase in the liabilities involved. These failures are for the most part a reflection of declining commodity prices—which favor industries with big production—and the development of the chain store and mail order business. The automobile is also proving a factor in retail trade to the advantage of the larger centers at the expense of the country general store. The increased use of electric lights is also mentioned as a factor with

the automobile in drawing trade from the old four-corners stores to the commercial centers.

The midsummer crop outlook is in most respects highly satisfactory. A late spring retarded early operations on the land, and this particularly affected wheat seeding in Western Canada. However extensive rains had the effect of storing up an unusual amount of moisture and good growing weather has made up for much of the earlier delay, while larger seeding of coarse grains has helped to maintain the acreage. There is some danger of damage by early frost before the harvest, but there has been little damage from blights or insects and a continuance of favorable growing and ripening weather may see the largest grain harvest in the history of the country. Conditions in all Eastern provinces are generally satisfactory.

CONSTRUCTION SATISFACTORY

Construction in Canada for the first half of the year maintains the record volume in dollar value established here in 1926. This has been accomplished by more projects in more localities, which is regarded as better for the industry at large. More contractors are busy, more men employed, and materials orders more widely spread. Contracts awarded during the half year were valued at over \$190,000,000. Proposed work for the same period is greatly in excess of last year, indicating a good volume of work still to be undertaken. In this respect the figures are \$285,000,000 for 1927

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compared with \$304,000,000 at this time last year.

The Canadian stock markets suffered a midsummer break which was followed by a gradual recovery on a small volume of buying. The adjustment is regarded as a technical one rather than as an indication of any change in business conditions or prospects. During the last few years speculation has been very popular on the Canadian markets, and the public participation is on a big scale. Such a situation was bound to develop weakness and in the financial community the shake-up is regarded as having restored a more healthy situation by putting stocks into stronger hands. It is expected that in the future the market will become more selective as reflecting the earning power of various industries. There is plenty of money available, and with good business prospects there is no indication of the commencement of a downward trend in security values.

The marking of Canada's sixtieth anniversary this year has been made the occasion for the presentation of many statistics indicating the country's great expansion during that period. Foreign trade has become twenty times greater, in the sixty years; manufactured products twenty times as valuable; the wheat crop sixteen to twenty times as large, and the proportion of increase in other agricultural products even greater. Mining products now have a value of \$220,000,000 and foreign trade amounts to \$2,300,000,000 a year. Western Canada, practically unsettled at Confederation, has produced grain crops in recent years worth as high as \$500,000,000, as a portion of field crops for all Canada valued at more than \$1,150,000,000. Revenue from all industries is now approaching a total of \$6,000,000,000 a year.

DEBITS AND CLEARINGS

The dollar value of business in Canada, as reflected by the aggregate of checks debited to accounts at clearing house centers, was greater in May than in any other month, since the record of bank debits was first compiled in January, 1924, with one exception. This result was attained in spite of the fact that debits in May are normally only slightly greater than the monthly average for the year, while the October, November, and December totals usually range from 16 per cent. to 22 per cent. above average.

The total debits in May, as reported in the Dominion Bureau of Statistics by the Canadian Bankers' Association, were \$2,986,200,000, compared with \$2,415,300,000 in the same month last year, an increase of \$571,000,000 or 23.5 per cent. The advances over the same month in 1924 and 1925 were 30.4 per cent. and 30.7 per cent. respectively.

Bank clearings in May were \$1,716,975,000, compared with \$1,465,200,000 in May, 1926. The increase over May last year was 17 per cent. while the increase over April, after correction for seasonal variation, was 0.8 per cent.

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INTERNATIONAL BANKING NOTES

CREDIT of \$30,000,000 has been placed at the disposal of the Gold-diskontbank of Germany by a group of New York banks headed by the International Acceptance Bank, Inc. The credit, which was arranged during the recent visit of Dr. Hjalmar Schacht, president of the Reichsbank, New York, will run for an initial period of a year and be renewable after that time.

Announcement of the transaction was made in the following statement authorized by the Reichsbank:

"Referring to the reports of credit arrangements made by the Golddiskontbank, it is stated that the Golddiskontbank had in previous years made arrangements to have credits at its disposal in New York, since it did not consider it proper to be entirely dependent upon the Reichsbank. At the time of the visit of the president of the Reichsbank, Dr. Schacht, in New York, a renewal of these arrangements was suggested and accepted by the Golddiskontbank.

"Accordingly, a credit of \$30,000,000 has been arranged for the Golddiskontbank to run for an initial period of a year, in form similar to the previous credits. The credit is placed at the Golddiskontbank's disposal by

a group of banks headed by International Acceptance Bank, Inc., as was the case with the previous arrangements, and the possibility of a continuation of the credit beyond the original term has been provided for.

"It is impossible to say whether and in what degree the credit will be utilized. Previous credits held at the disposal of the Golddiskontbank were only used to a small extent immediately after being placed at the Golddiskontbank's disposal and have not been in use since."

REPORT of the directors of the Kansallis-Osake-Pankke, Helsingfors, Finland, for the year ended December 31, 1926, showed profit for the year of Fmk. 39,321,372, to which has been added Fmk. 4,125,182, brought forward from the previous year, making a total of Fmk. 43,446,554 to be disposed of as follows:

	Fmk.
To dividend of 18 per cent. on the capital of Fmk. 150,000,000	27,000,000
To transfer to special reserve fund	10,000,000
To grant to Turku Finnish University	1,000,000
To balance carried forward to next account	5,446,554

Knauth, Nachod & Kühne

Leipzig, Germany

Established 1852



*Seventy-five years of continuous
banking experience*

**Commercial and Travelers'
Credits**

Foreign Exchange

Securities

13 Rathhausring
LEIPZIG, GERMANY

Cable address
NACHOD, LEIPZIG

Paid up capital of the bank is Fmk. 150,000,000, reserve fund Fmk. 119,854,795, deposits and current accounts Fmk. 1,861,437,574, and total resources Fmk. 2,337,197,314.

THE directors of Lloyds Bank Limited, London, have declared an interim dividend for the half-year ended June 30, payable, less income tax, after July 30, of 1/8d on each "A" share. This is at the rate of 16 2/3 per cent. per annum. Interim dividend of 6d on each "B" share, or at the rate of 5 per cent. per annum, has also been declared. This distribution is the same as that of a year ago.

The directors of the bank have also announced the appointment of W. G. Johns, D. S. O., formerly assistant general manager, as general manager (administration).

STATEMENT of the American Colonial Bank of Porto Rico, as of April 30, 1927, shows paid up capital of \$1,500,000, surplus of \$1,000,000, undivided profits of \$145,897, deposits of \$11,633,206 and total resources of \$14,520,318.

The bank's head office is at San Juan, with branches at Arecibo, Ponce, Mayaguez, San-turce, Caguas and Bayamon. William Schall of New York is president of the institution.

THE Royal Bank of Canada, Montreal, in its statement of May 31, 1927, shows paid up capital of \$28,844,510, reserve fund of \$28,844,510, undivided profits of \$1,409,674, deposits of \$621,107,725 and total resources of \$780,032,735.

The bank has 873 branches, of which 759 are in Canada and Newfoundland.

THE directors of Westminster Bank Limited, London, have declared an interim dividend for the half year ended June 30 of 10 per cent on the £20 shares and the maximum of 6 1/4 per cent. on the £1 shares.

Paid up capital of the bank, as of June 30, is £9,320,157, reserve is the same amount, current accounts £272,068,407 and total resources £301,551,118.

Colonel the Hon. Sidney Cornwallis Peel, D. S. O., has been appointed a director of the institution.

STATEMENT of the National Bank of New Zealand, Limited, London, for the year ended March 31, showed net profit, after paying a bonus of £15,000 to the staff, providing for bad and doubtful debts and including £173,043 brought forward from the previous year, of £485,319. The interim dividend at the rate of 12 per cent. per annum, paid in January, absorbed £120,000; the sum of £20,000 has been placed to premises account, leaving available for distribution £345,319. This has been allocated as follows:

	£
To payment of dividend at the rate of 12 per cent. per annum for the half-year ended March 31	120,000
To payment of a bonus of 2 per cent.	40,000
To pension and gratuity funds	9,550
To balance carried forward	175,769

Agencies have been opened at Addington and Maungaturoto Railhead and the agency at Netherton has been closed.

Capital of the bank is £2,000,000, reserve is the same amount, current accounts £11,283,316 and total resources £18,701,308.

NET profits of the P. & O. Banking Corporation, London, for the year ended March 31, 1927, were £125,947, after providing for taxation, bad and doubtful debts and valuing investments at or below market prices. To this has been added £19,042 brought forward from the previous year, making a total of £144,989.

Of this the directors have placed to the contingency reserve the sum of £20,000 and out of the balance propose to pay a dividend of 5 per cent., less income tax. This will

The
Franklin
Fourth Street
National Bank

PHILADELPHIA

**offers superior service to banks, bankers,
trust companies, corporations
and individuals.**

Capital . . . \$6,000,000
Surplus and Profits over 18,750,000

Chairman of the Board
J. R. McALLISTER

President
E. F. SHANBACKER



NEW building for the South Broadway office of the Yonkers Trust Company, Yonkers, N. Y. Of renaissance design this building is constructed of cut cast granite with bronze entrance way and window grilles. It occupies a twenty-five foot frontage.

HOLMES & WINSLOW

*Specialists in Bank Architecture
and Interior Equipment Complete*

134 East 44th Street

New York

1839—1927

Banking in the Levant

THE Ionian Bank Limited since its establishment 88 years ago has always been an important factor in the economic development of the Levant.

The Organization of this British Bank is at the disposal of American Banks interested in trade and finance in the Near East.

IONIAN BANK LIMITED

HEAD OFFICE—LONDON

Total Resources over £6,500,000

GREECE

TURKEY

EGYPT

CYPRUS

Representative for the U. S. A.

R. C. CARIDIA

120 Broadway

Telephone Rector 5423

New York City

absorb £105,609, leaving £19,380 to be carried forward to the next account.

The bank's paid up capital is £2,594,160, reserve fund of £180,000, current accounts of £8,627,482 and total resources of £16,944,442.

THE Bank of Adelaide, South Australia, reported net profits for the year ended March 28, 1927, of £104,644, after making provision for bad and doubtful debts. To this has been added £24,974 brought forward from the previous year, making a total of £129,618, to be disposed of as follows:

	£
To interim dividend at the rate of 10 per cent. per annum, paid November last	43,750
To final dividend at the rate of 10 per cent. per annum for the half-year ended March 28	43,750
To dividend at the rate of 10 per cent. per annum on the instalments paid on new shares from the dates on which such amounts were payable calculated to March 28	2,291
To carry forward to next account.....	39,827

Paid up capital of the bank is £1,000,000, reserve fund £850,000, deposits £6,463,478 and total resources £8,926,355.

THE Allahabad Bank, Limited, Calcutta, an affiliation of the P. & O. Banking Corporation, showed net profits for the period ended March 31, 1927, of Rs. 9,15,393, after making allowance for taxation, depreciation and bad and doubtful debts and adding the balance from the former account. Out of this has been paid a dividend and bonus on the ordinary shares and dividend on preference shares at the rates of 18 and 16 per cent., per annum respectively, for the half year ended September 30, 1926. This absorbed Rs. 2,29,500, leaving a balance of Rs. 6,85,893. This has been disposed of as follows:

	Rs.
To payment of a dividend on preference shares for the six months ended March 31 at the rate of 6 per cent. per annum	45,000
To payment of a dividend on the ordinary shares for the six months ended March 31 at the rate of 12 per cent. per annum	1,23,000
To payment of a bonus on the ordinary shares at the rate of 6 per cent. per annum for the six months ended March 31.....	61,500
To carry forward to next account.....	4,56,393

Capital of the bank is Rs. 35,50,000, reserve fund Rs. 44,50,000, deposits Rs. 10,-



When You Think of

PORTO RICO

You Just **NATURALLY** Think of

AMERICAN COLONIAL BANK

Head Office—**SAN JUAN**

Branches

Arecibo

Mayaguez

Caguas

Ponce

Santurce

Bayamon

We Specialize on Collections

06,12,471 and total resources Rs. 11,18,13,553.

AN increase of £27,000 pounds in deposits has been made by the Midland Bank Limited, London, during the last year, according to the bank's statement of June 30, 1927, in comparison to that of a year previous. Deposits as of the last statement are £376,528,502, compared with £349,460,874 in 1926. Total resources have increased from £408,138,849 to £433,902,629, while paid up capital and reserve have remained the same, each being £12,665,798.

Advances have risen by about £11,000,000, but owing to the increase in deposits their ratio to the latter has fallen from 56.9 to 55.7 per cent. Cash is £3,500,000 lower and the ratio to deposits has fallen 2 per

cent. to 13 per cent. In common with other banks the Midland has increased the amount employed in the short loan market but, unlike them, has increased its investments and its bills. The increase in investments is over £3,500,000 and in bills over £9,000,000.

IN the May issue of THE BANKERS MAGAZINE on page 737 there appeared an item giving figures which were stated to be from the profit and loss account and the balance sheet of the Rotterdamsche Bankvereeniging, Rotterdam. The figures given in this item were those of the Nationale Bankvereeniging, an affiliation of the other institution.

The balance sheet of the Rotterdamsche Bankvereeniging as of December 31, 1926, shows capital of fl. 50,000,000, reserve fund of fl. 20,000,000, current accounts of fl. 122,198,836 and total resources of fl. 261,505,868.

BANCO ALEMAN-ANTIOQUENO

MEDELLIN, Colombia, S. A.

Established 1912

Statement of Condition as of December 31, 1926 :

Capital Fully Paid In . . .	\$2,000,000	Deposits . . .	\$10,462,800
Reserves and Undivided Profits	\$1,053,500	Total Resources	\$18,981,100

Branches: Armenia (Caldas), Barranquilla, Bogota, Bucaramanga, Cali, Honda ; Bremen (Germany).

GENERAL BANKING BUSINESS

BANKERS INVITED

FOREIGN BANKS ARE INVITED TO CORRESPOND WITH

The Central Bank of India, Limited **Bombay (India)**

OUR close contact with the commercial activities with five Offices in the City and various Branches in other parts of India, puts us in the best position to serve you.

S. N. POCHKHANAWALA, Managing Director

ENGLISH BANK MERGER PROPOSED

A PROPOSAL to absorb Equitable Bank of Halifax, by the Bank of Liverpool and Martins Limited, Liverpool, has been approved by the directors of both institutions and meetings of the stockholders of the two banks have been called to ratify the consolidation. This will be the first consolidation between two English banks since 1924.

The Equitable Bank, which the Bank of Liverpool and Martins proposes to acquire on the basis of an exchange of shares, was originally connected with the Halifax Building Society and in 1900 was established as the Halifax Equitable Bank, the name being changed to the present title in 1913. It has twenty-four branches throughout the country in addition to connections in Halifax and Bradford. Its paid-up capital is £100,000 in shares of £1, £2 and £4 nominal capital, all having £1 paid thereon. For each share, the holder will receive one fully paid £1 share in the Bank of Liverpool and Martins, with an additional cash payment of 15s. per share.

For the purpose the Bank of Liverpool and Martins will increase its capital by 500,000 new shares of £1 each, the balance of 400,000 shares remaining after the allotment to Equitable shareholders being left in reserve.

Reserve of the Equitable is £150,000

and deposits are more than £1,500,000. The Equitable deposits, added to those of the absorbing bank, will bring the deposits of the resulting institution up to more than £61,000,000.

The Bank of Liverpool and Martins is the sixth bank in size in Great Britain. It has three offices in London and 390 branches throughout the country. Its paid up capital is £2,348,890 and reserve fund is £2,000,000.

The bank was founded in 1831 as the Bank of Liverpool, the "and Martins" having been added in 1918 as the result of the taking over of Martins, one of the oldest banks of the country.

The history of the bank for the first fifty years of its existence was one of steady progress, not checked by financial panics in 1847, 1857 and 1866.

In 1883 the bank began a period of vigorous expansion. Heywood's bank was taken over in that year, as was Messrs. Wakefield, Crewdson & Co. Absorptions have followed and new offices established until at the present time the bank has over 400 branches.

At the present time plans are underway for the erection of a new head office in Liverpool, to give sufficient room for the bank's expanding requirements.

R. M. Holland-Martin, C. B., is chairman of the board of directors and A. F. Shawyer, general manager.

FIRST NATIONAL OF DETROIT COMPLETES PLANS FOR GARAGE ADDITION

PLANS have been completed for a new twenty-five-story addition to the First National Bank of Detroit, which addition will include a garage for 800 cars to enable the bank's patrons to park their cars therein while transacting their banking business. Contracts are now being let for the construction.

with entrances on all of the three streets.

It will make it possible for customers and tenants of the bank building to drive into the garage, leave their cars with attendants and pass directly into the bank's business quarters.

Nine floors of the building will contain the garage, which will be of the



First National Bank in Detroit, Mich., as it will look after the new twenty-five story addition is completed.

The plan, which is a new service for banks, was announced early this spring and was described in the March, 1927, issue of *THE BANKERS MAGAZINE*.

An addition to the bank's present building on Cadillac Square will increase the frontage on that street to 247 feet and give frontages of 66 feet on Bates street and 143 feet on Congress street,

ramp type. The First National Company of Detroit, the investment division of the group, will have its executive offices on the second floor and its general offices on the fourth floor of the Cadillac Square section, while the Central Savings Bank will continue to occupy the entire ground floor and basement, as well as similar space in the addition.



THE ANNUAL A. I. B. CONVENTION AT DETROIT

THE convention began with a sight-seeing tour of Detroit. It ended with a grand farewell ball. In between were all the essentials of a well planned convention—and some extras. It was the twenty-fifth annual convention of the American Institute of Banking. The general or business sessions and the departmental conferences (the real work of any convention) were pleasantly interspersed with numerous entertainment features—three dances, a theater party for the women, a smoker for the men, a

political caucuses. To top all this, Miss Dell Veneable of Little Rock, Ark., and William E. Pease of New Britain, Conn., who met at the Dallas convention last year, announced that they were married



P. R. WILLIAMS

Of the Bank of Italy, San Francisco, and new president of the Institute.

sail to Bob-Lo Island and back, a visit to Detroit's factories. Not properly included in either work or amusement, but of a rather hybrid nature were the debate, the public speaking contest, and the



FRANK M. TOTTON

Assistant cashier Chase National Bank of New York and vice-president the A. I. B.

during the convention. All these events fitted into the week allowed for the convention without any crowding, hurry or bustle.

Most of the 2000 bank clerks and clerkettes who are enough interested in banking to attend the convention arrived on Monday, July 11. They started right off on an automobile tour of the city. The executive committee was not so lucky. They had to hold a brief meeting first. But they made up the time lost by "taking the air" later, and seeing

Detroit from airplanes instead of from buses. After dinner there was a theater party for the women, a smoker for the men, and at 11 p. m., the annual get-together and dance.

Next day the real work began. The departmental conferences comprise the greater part of the A. I. B. conventions, for there the delegates get a chance to exchange experiences to mutual advantage. Of course, a few general sessions are held, to observe the usual formalities: the greetings from Hon. John W. Smith, mayor of Detroit; the response by P. R. Williams, vice-president of the institute; the president's address; the reading of communications; the greetings



HORACE W. RUNKLE

Member of the trust department the Security Trust & Savings Bank of Los Angeles and winner of the \$500 prize in the national oratorical contest of the A. I. B., held at Detroit during the convention.

from the parent A. B. A.; the various reports; the appointment of committees; etc. At the first general session, however, there was but one address, and that of the most general sort. It was, how-

ever, peculiarly appropriate for such a gathering. The A. I. B. is composed of ambitious bank clerks who want to educate themselves and be worthy of advancement. They were intensely and



JAMES A. BACIGALUPI

President the Bank of Italy, San Francisco, and a feature speaker at the A. I. B. convention.

personally interested, therefore, in the remarks of James A. Bacigalupi, president of the Bank of Italy National Trust and Savings Association, San Francisco, Calif., on "Building a Career."

BACIGALUPI ON "BUILDING A CAREER"

"As I view it," said Mr. Bacigalupi, "the essentials in the building of a successful banking career are very much the same as those involved in the attainment of success in any other walk of life. . . ."

"The broad base upon which every successful career must rest is a comprehensive and unprejudiced view of our status and of our obligations as members of human society.

"Success in any average career does not depend alone upon one's own in-

ternal preparation and individual attainments, but very largely upon the degree in which he or she is successful in inviting and commanding the approbation, the confidence and the co-operation



© MARCEAU

DR. STEPHEN I. MILLER

Educational director of the A. I. B.

of his or her fellows in his or her efforts to forge to the top. In other words, I do not believe that any average man or woman has ever attained the pinnacle of success without the pleasure and assistance of his or her associates, or whose frame of mind has been 'What can I get,' to the exclusion of 'What can I give.' . . .

"The greedy farmer who pursues his vocation with the thought of taking everything out of the ground and putting nothing back into it is, without exception, in the long run, the unsuccessful member of his calling; whereas, the agriculturalist who approaches his task with the spirit of 'giving' back at least a part of the soil's product, rather than of 'getting' and 'hogging' it all, finds himself steadily progressing and eminently successful.

"Upon this broad foundation—accord-

ing to my old fashioned philosophy—must be superimposed several essential qualities, if the man or woman of average intelligence, imagination, and health would build a truly successful career.

"The necessary qualifications in my opinion are *character, education, work, common sense, balance*, and an abiding *sense of humor*.

"I place character at the very head of the list of success essentials because—despite common contrary appearance—enduring success can come only to *true men and true women*. . . .

"Next in order comes *education*. In our complex and intense civilization, the necessity—if we would be truly successful—of first generally and properly de-




C. H. HANDERSON

Assistant vice-president and manager of the publicity department the Union Trust Company, Cleveland, Ohio, who spoke on the publicity or advertising value of broadcasting radio programs.

veloping our latent moral, intellectual, and physical powers; and also of mastering the theory and technique of our chosen calling, should need no argument here. . . .

OF INTEREST TO
TRAVELERS
HERE AND ABROAD



**"BETTER THAN GOLD
for TRAVEL" says
B. ALTMAN & CO.**

"We find A-B-A Certified Cheques the ideal form of travel money for our traveling representatives. They are better than gold for travel. They are convertible into cash anywhere, or they afford complete protection against loss of them."

This is the statement of Col. Michael Friedman, President of B. Altman & Company of New York.


A-B-A Cheques are the official travelers' cheques of the American Bankers' Association. They are widely used by experienced travelers and are redeemable at more than 11,000 banks.

You can cash A-B-A Certified Cheques in all civilized parts of the world. They are accepted in payment of U. S. military bills.

FREE! When you buy A-B-A Cheques you get abroad your bank with you. A complimentary copy of "All About Going Abroad," a book of complete travel information sold in bookstores for \$1.00.

Buy Them at Your Bank

A-B-A Certified CHEQUES




These cheques are issued by the BANKERS TRUST COMPANY, 16 WALL STREET, NEW YORK, N. Y.

THIS advertisement will appear during August in the Saturday Evening Post, Literary Digest, Life, Time, New Yorker, Vogue, National Geographic, Harpers, Atlantic Monthly, Review of Reviews, Asia, Travel, Country Life, American Hebrew, American Legion Monthly, and Army & Navy Journal.

It will be seen by nearly 7,000,000 families, including a large number of your depositors.

For the utmost safety and convenience in traveling advise your customers to carry A-B-A Certified Cheques. If they are going abroad, give them a complimentary copy of "All About Going Abroad" when they buy their cheques.

A-B-A Certified CHEQUES



TRAVEL MONEY

AGENTS: BANKERS TRUST COMPANY
16 WALL ST., NEW YORK

"As to the necessity of *work* in the march toward success, little, if any, proof should be required. History is replete with the romance of *achievement* under difficulties of obscure beginnings and triumphant ends; with narratives of how great men started, their struggles, their long waitings, amid want and woe, the obstacles overcome, the final triumphs; with examples which explode excuses, of men who have seized common situations and have made them great; with a myriad of citations of those of only average capacity who, with heads determined, hands of steel, and hearts of gold,



O. HOWARD WOLFE

Cashier the Philadelphia-Girard National Bank, Philadelphia, who addressed the convention on the "Analysis of Accounts and Methods of Dealing with Unprofitable Business."

have succeeded by use of ordinary means, by dint of indomitable will, inflexible purpose, and unflinching toil. . . .

"Now just a word regarding the ever present need of constantly employing *common sense* in our quest for success. Despite its name, many keen observers have been forced to conclude that noth-

ing in life is so rarely used as common sense. Without its constant employment, true success is impossible. It is the sense which urges us to use our heads, to exercise our powers of observation, to think and to plan ahead, to shun highfalutin theories, to be practical and to be useful. . . .

"In my rough recital of the qualities essential to a successful career, I have cited 'balance' and 'an abiding sense of humor' at the very end of the list. I have done so deliberately; not because I believe them or either of them more or less important than the others named, but because I wish to emphasize them. In my brief experience with men of good character, fair education, industry, and common sense, who have not attained the heights which they otherwise would have richly merited, I have invariably found them lacking in 'balance' and 'an abiding sense of humor.' Perhaps 'balance' implies and includes a proper 'sense of humor,' but here again it is my desire to emphasize by separately naming it. . . .

"If one work or play too much or too little; if one over-specialize; if one be too strong on theory and too weak on practice; if one be too forward or too timid; if one be short in patience or perseverance; in fine, if one be too long or too short in any of the essentials, he or she must inevitably grow one sided and lack the finishing punch that is necessary to floor the many remaining obstacles that still beset the path which leads to true and complete success. . . .

"The great trouble with many of us is that we take ourselves too seriously; that we over-stress the importance of irrelevant and immaterial things; that we can't bear up under reverses or disappointments; that we can't wait; that we are too sensitive and too prone to resentment and to anger, and thus to lose our heads and bearings; that we don't know how or when to relax, to smile or to laugh.

"In the nature of things it may not be given to all who are qualified and who labor, to achieve position, wealth or

The Symbol—of Forty-Seven Years
of Banking Progress



New Home of the State Bank of Chicago — now being erected at La Salle and Monroe Streets, the center of Chicago's financial district.

As Your Chicago Correspondent

this institution offers to Banks and Bankers, Trust Companies and Individuals its regular banking service, together with the facilities of its various departments—Trust, Credit, Investment, Real Estate Loans and Foreign Banking. Enquiries regarding any of the foregoing services will receive prompt attention.

HENRY A. HAUGAN
Chairman, Board of Directors

LEROY A. GODDARD
Chairman Executive Committee

OSCAR H. HAUGAN
Vice-Chairman of the Board

State Bank of Chicago

A Trust Company

LA SALLE AND
WASHINGTON STREETS

Member Federal Reserve System

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

fame, but, fortunately, worldly honors, riches, and the empty plaudits of the fickle multitude are not the measures of true and lasting success.

"Let us do our work intelligently and conscientiously, and to the best of our ability; let us be constant; let us make liberal use of our common sense; let us be brave and not shun responsibilities when they confront us; let us think and plan for tomorrow while the other fellow is playing, idling or asleep; let us preserve our sense of humor; let us continue to co-operate in further taking the 'high hat' out of American banking; and let us so live as to radiate a little sunshine and bestow a little kindness and helpfulness during each day of our pilgrimage through this vale of tears, and



OSCAR F. MEREDITH

Assistant vice-president the Bank of America, New York, who spoke to the convention on the finance company situation in general.

then rest fully and serenely confident that whatever may betide, our lives and our careers shall have been enduringly blessed and successful, for we shall have merited the highest prizes within the gift

of the world—our own self-respect and the priceless esteem of our fellow men."

Of the rest of the convention it is impossible to give any sort of comprehensive account in a brief magazine article.



HENRY H. MCKEE

President the National Capital Bank, Washington, D. C., and a speaker on the McFadden Act as it relates to the National Bank Act and the Federal Reserve Act.

The complete text of all the addresses delivered on Tuesday, Wednesday, and Thursday, at the departmental conferences would fill a good sized book. There were a half dozen each in the conference on "Audits and Accounting" (led by Joel B. Fort, Jr., managing director Nashville branch of the Federal Reserve Bank of Atlanta), in the conference on "Checks and Collections" (led by Harry Bischoff, manager transit department First National Bank in St. Louis), and in the conference on "Trust Functions" (led by Earl I. Vaughan, assistant trust officer Fidelity National Bank and Trust Company, Kansas City, Mo.) none of which it is possible to even quote here.

Extracts from some of the others are given below.

MOODY ON "SUCCESSFUL BRANCH
MANAGEMENT"

A. H. Moody, vice-president Peoples State Bank, Detroit, Mich., speaking on "Successful Branch Management" in the conference on "Bank Administration" (led by C. Fred Berger, secretary and treasurer Norristown-Penn Trust Company, Norristown, Pa.) said: "Branch banks, as neighborhood institutions, do much to win people to the idea of thrift. Their managers have almost the same status as that of country bankers. Heads of families go to them for advice and such relations are profitable both to the bank and its customers.

"Traffic in the downtown area makes the main office of a bank inconvenient to a greater portion of its customers; they are willing to go a long way to withdraw money, but hesitate to go far to deposit it. Officials as a whole have found that more and more business is leaving the main office and going to the uptown branches."

A great deal was said at the convention about advertising, at the conference on "Business Development and Advertising" led by R. Edward Chambers, vice-president National Shawmut Bank, Boston, Mass. This subject has come to occupy a prominent place in the attention of bankers of late years.

"Outdoor advertising," said Cedric A. Morris, assistant advertising manager of the Union Trust Company, Detroit, Mich., "is the medium par excellence for reaching the foreign population and inspiring them with confidence in banks. The same remarks apply to the vast number of the populace who do not read much, and who could not, therefore, be economically reached by any other medium.

"Outdoor advertising appeals to an inborn instinct in mankind to read signs.

"There has been a tremendous increase in this form of advertising in the

NEW YORK TITLE AND MORTGAGE COMPANY

Statement of
June 30, 1927, shows

Capital Funds
\$42,850,057

as follows:

Capital	\$15,000,000
Surplus	\$20,000,000
Undivided Profits	\$ 7,850,057
Total	\$42,850,057

This is the *largest guarantee fund* of its kind in the world. It assures protection to all holders of the Company's policies and guaranteed mortgages.

The two largest mortgage banks of Europe, regarded as among the safest of financial institutions, have the following total Capital Funds, December 31, 1926, expressed in dollars at the current rate of exchange:

Credit Foncier de France, Paris	\$16,509,556.00
Gemeinschaftsgruppe Deutscher Hypothekenbanken, Berlin (Association of German Mortgage Banks)	\$16,074,190.00

NEW YORK TITLE AND MORTGAGE COMPANY

Head Office:

135 Broadway, New York City

TITLE INSURANCE ANYWHERE IN
THE UNITED STATES



Secure as the Bedrock of New York

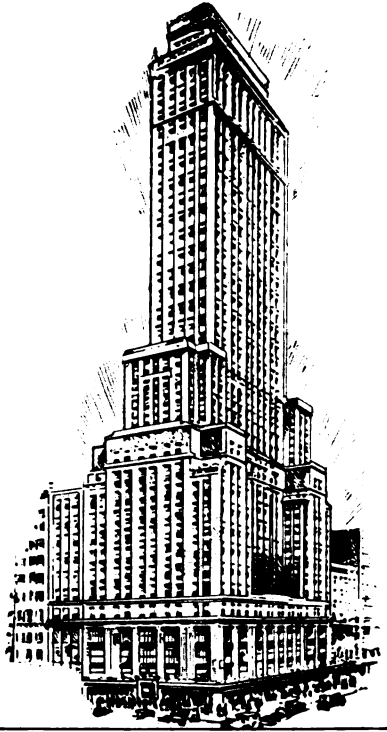


In the heart
of the
Midtown
District

Fifth Avenue
at 44th Street

**Central Mercantile Bank
and Trust Company**

MAIN OFFICE: 5th Avenue at 44th Street
Five Branch Offices



last quarter of a century, the main cause for this being the development of the automobile.

"Outdoor advertising is a medium which appeals to all classes.

"It reaches people whom no other type of advertising could reach.

"It is continuous, dominating, and impressive."

HOTZE ON "BACKING UP THE ADVERTISING OF THE BANK"

As important as the bank's advertising is "Interesting Employes in Backing up the Advertising and Development Program of the Bank," the subject chosen by R. Edward Hotze, Jr., vice-president National Service Bureau of New York. "There is really a great gulf between the officers and employes," he said, "and it is not going to be successfully bridged until the officers get it into their heads that after all they are only 'higher' employes and as such have a definite duty to perform in offering inspirational con-

duct to those who regard them with ambitious eyes. Bank employes who come in daily contact with the public are quick to notice the little differences in the attitude of their superiors to various classes of clients. . . .

"It might be well for the president of a bank to sometimes write a letter to the employes, addressed to their homes, thanking them for their whole-hearted co-operation in merchandising the bank to the public. A little praise and encouragement is appreciated by everybody, and helps considerably to create good will.

"I remember one bank, where one of the genial vice-presidents, a man of charming personality, used to make the rounds every morning greeting each teller with a cheery "good morning," a story here and there—leaving always a wake of admiring smiles, a feeling of contentment. . . . Such officers make a successful bank.

"There is much more that could be said about advertising and selling. I

have given only a brief outline. But the day is certainly approaching when all bank merchandising will be closely co-ordinated—advertising promising, and the bank force delivering.”

MEREDITH ON THE FINANCE COMPANY SITUATION

Max Steiner, vice-president Chicago Trust Company, Chicago, Ill., led the conference on “Credits.” It was in this conference that Oscar F. Meredith, assistant vice-president Bank of America, New York, N. Y., spoke on the “Finance Company Situation Generally.” In the course of his remarks, he said: “The instalment purchase plan of doing business should not be condemned as a whole. It should be judged from the standpoint of its beneficial effect on all kinds of business.

“It is true that 1926 was not a good year for finance companies, but the banks are in part to blame because they made it too easy for finance companies to obtain credit. The result was that the business became over-extended. The difficulties last year were due to too low first payments, too much reliance on dealer indorsements and too quick service for proper investigation of the applicant for credit. Conditions have changed and the business is now on a sound basis.”

BOYSEN ON FARM MORTGAGE BANKING

At the conference on “Investments and Investment Banking” (led by H. S. Yenne, trust officer Cleveland Trust Company, Cleveland, O.) Louis K. Boysen, vice-president First-Trust Joint Stock Land Bank, Chicago, Ill., spoke on “Farm Mortgage Banking under the Federal Farm Loan Act.” “Lending on excessive values and poor appraisals,” he said “are the principal contributing causes to the troubles of the one Federal and four joint stock land banks whose assets are now in a more or less frozen condition. The conservative farm mortgage man did not raise his sights during

the inflation period and is not now in trouble, even though the deflation has brought land values down considerably lower than 1916, when the inflation started.

“The Treasury Department has, during the last two years, with its limited authority, taken matters in hand and been instrumental in passing drastic rules and regulations which are now being en-



FREDERIC A. POPE

Vice-president the Chicago Trust Company and a speaker at the A. I. B. convention. Mr. Pope's subject was “Budgetary Control.”

forced and which have brought about a marked improvement in the entire system. An amendment to the act should be passed putting the power and authority of the Treasury Department directly behind the act. . . .

“The Government's relationship to both sets of banks is comparable to its relationship with national and Federal Reserve Banks. There is no instance where the Government has assumed the liabilities of a defunct national bank, although it always takes charge of its liquidation for the protection of cred-

itors. It was undoubtedly the intention of the framers of the Federal Farm Loan Act that this was also to be the Government's policy with the land banks. They had to find some way to make the bonds tax exempt, otherwise they knew the act was not practicable, so they coined the phrase 'instrumentalities of the Government' and hence all the confusion.

"I am sure that it was not the intention of the framers to in any way lean on Government aid, once the Federal Land Banks were well established and self-supporting. There is little likelihood of an occasion arising where Government aid is necessary. Congress would probably consider the Government had a financial responsibility should time prove the mutual guaranty feature of the Federal Land Banks a structural weakness of the act."

ADAMS ON "BANK AND BUILDING AND LOAN COMPETITION"

The address delivered by A. E. Adams, president First National Bank, Youngstown, O., on "Bank and Building and Loan Competition" before the conference on "Savings Banking" (led by Orrin C. Lester, vice-president Bowery Savings Bank, New York) was typical of the best the convention produced. It was so timely, so informative, so constructive, and withal so well expressed, that it is reproduced here in considerable detail:

"Probably there are no banks anywhere except a few in the largest cities which are not feeling the effects of building and loan competition. . . . Bankers generally look upon this problem as about the most complicated one with which they have ever been confronted. . . .

"Personally, I do not share this view. On the contrary, I am satisfied that, when stripped of the confusing inconsequentialities with which we customarily clothe it, it is about as simple as any problem can be. . . .

"For upward of fifty years, increases in savings handled by banks have been falling behind increases both in the total

wealth of the country and the income of the people, speaking, of course, in terms of proportion. . . .

"The answer is not far to seek. Building and loan companies, as well as many other institutions which handle savings, offer more attractive terms than banks. . . . The building and loan company has obvious and clear advantages over the bank. . . . The established practice of banks is to guarantee to pay deposit obligations either on call or upon such short notice as for all practical purposes to constitute call, while the building and loan companies do not guarantee to repay the moneys entrusted to them at any specified time. This means that while the banks must carry substantial cash reserves and substantial supplementary reserves in liquid assets, the building and loan companies can run safely with negligible cash reserve and no supplemental reserve at all. . . . All that can be said with respect to the competition between the banks and the building and loan companies is this: That so long as the banks continue to guarantee what they now guarantee and the building and loan companies continue to withhold corresponding guarantees, the banks cannot compete with building and loan companies successfully. . . .

"These are the essential facts with respect to the fundamental and controlling difference between the two classes of institutions. They are not pleasant facts for the banker to face, for they leave him but two alternatives, and neither of these alternatives is at all to his liking. He must either sit supinely by and watch the building and loan companies attain such proportions as will make them the outstanding leaders in the savings field, or he must make a radical change in his own established practice. . . .

"As to which of these courses he should pursue, there will be differences of opinion. My own opinion is that he should follow the latter, and the institution with which I am connected is expressing this opinion in acts. . . .

"On July 1, 1925, just two years ago,

BANKS in other parts of the United States, which need, from time to time, to employ the banking, trust and collection facilities of a Los Angeles institution, have learned that from Security Trust & Savings Bank they obtain a service which includes a widespread covering of the Los Angeles Metropolitan Area, through 52 Branches, a well-organized Credit Department, a strong and capable investment subsidiary (Security Company) and a Department of Research, operated by trained economists.

Resources Over \$250,000,000

**SECURITY TRUST
& SAVINGS BANK**

we opened a segregated department which we call our investment deposit department. There are no provisions in the laws of our state for such a department. But neither is there anything in these laws antagonistic to such a department. In this department we accept what we designate as 'investment savings deposits' upon what are substantially the following conditions: The depositor can withdraw at his own pleasure when and if there is cash in this segregated department available. But if no cash is available in this department, he can neither require us to transfer funds from other regular banking departments nor to pay him through any other method at any specific time. If there are no funds, the depositor must give notice, and the department must cease making loans. Then the depositor is to be paid in the order in which his notice is received, out of funds realized from the loans in this segregated department as and when the loans are liquidated. All the loans in this department are kept separate and apart

from all the other loans of the bank, and so long as the bank is solvent the depositor must be satisfied to receive payment only out of the proceeds of these segregated loans or out of moneys deposited in the department by other depositors.

"As the laws of the state now stand, if the bank were to become insolvent these investment depositors would become common creditors with all other depositors and would have the same protection from the bank's own capital which other depositors have. Thus their deposits are as safe as any others in the bank, and they have surrendered nothing except the right to withdraw at their own pleasure. In consideration of this surrender these depositors are paid 1 per cent. more interest than those who deposit in our regular savings department.

"Prior to the inauguration of this department, bankers with whom I discussed it were, in most cases, of the opinion that people would not deposit freely under this condition. Our experience has proved beyond doubt that they will. The

city in which our bank does business has a population of 150,000. This department has been in operation, as I said, just two years. Deposits in it today are close to the \$7,000,000 mark. . . .

"In other ways also, the department has more than lived up to expectations. . . . Our auditor reports that this department, in spite of the fact that it pays 1 per cent. more interest than our regular savings department, earns quite as much, if not a little more net profit in terms of percentage than our regular savings department, and this after suitable charges for overhead and all of the other usual items. . . ."

THE ANNUAL DEBATE

The annual debate, a feature of each A. I. B. convention, was on the same subject as Mr. Adams' address: "Resolved, that building and loan associations, finance corporations, and similar institutions which are virtually doing a banking business, be subjected to the same governmental regulations and restrictions as state banks in the states in which they operate." New York Chapter contended vigorously for the affirmative, but lost the decision to Detroit Chapter by a vote of 2 to 1. The New York Chapter team was composed of: George R. Guilfoyle, Dillon Read and Company; William H. Bennett, Guaranty Trust Company; Doushan Lazarovich-Hrebelianovich, Guaranty Company; and Leroy S. Clarke (alternate), Fidelity Trust Company. The victorious Detroit team was composed of: C. Bradford Hitt, Guaranty Trust Company; John M. Reichenbach, Peoples State Bank; Louis A. Komjathy, Peoples State Bank; and Clarence A. Gilbert, Guaranty Trust Company.

The public speaking contest was an innovation. Last spring A. P. Giannini, chairman of the Bank of Italy National Trust and Savings Association, San Francisco, Calif., gave the institute \$15,000, with the proviso that the interest on this amount should be awarded as prizes in

a public speaking contest held at the national convention each year. This was the first of such contests. Prior to the convention, the United States had been divided into eight districts and elimination contests held. The contestants so chosen were:

P. R. Anders, Cleveland Trust Company, Cleveland, O.

C. A. Gunderson, Merchants Trust Company, St. Paul, Minn.

Edgar L. Heaver, Alexander Brown and Sons, Baltimore, Md.

L. R. Johnson, Lincoln Bank, Tacoma, Wash.

Tilden Rudd, American Exchange National Bank, Dallas, Texas.

Horace W. Runkle, Security Trust and Savings Bank, Los Angeles, Calif.

Marion Turner, National Office of the A. I. B., New York, N. Y.

Each contestant was allowed eight minutes.

The first prize of \$500 was won by Mr. Runkle; the second prize, \$250, by Mr. Gunderson; and the third prize, \$150, by Mr. Johnson.

P. R. Williams, of Los Angeles, former vice-president, was elected president of the institute for the ensuing year. Frank M. Totton, of New York, was elected to fill the vice-presidency. There was no contest for these offices. Quite a real political battle developed, however, over the election of four new members of the executive committee. Caucuses were held, in which eloquent speeches were heard on the merits of various candidates. Finally, when the smoke cleared away, the delegates divided into chapter meetings and decided how they would vote. Even then it was no cut and dried election. It took two hours of balloting before it was announced that the following had been elected: Joel R. Parrish of Salt Lake City; C. E. Lindquist of Tacoma, Wash.; William E. Richards of Pittsburgh; and Paul R. Angell of Birmingham, Ala.

The delegates selected Philadelphia as the place for next year's convention.

ADVERTISING IN ITS RELATION TO PROFITS*

BY ALLAN B. COOK

Vice-president Guardian Trust Company, Cleveland, Ohio.

THE average industrial executive in talking to his banker about a line of credit for his company is fully prepared to answer questions as to how the borrowed money is to be spent in furthering a proposed sales campaign, for building up the production schedules to meet an anticipated demand or as regards a program of plant expansion. In addition to the presentation of facts of this character he is usually able to outline the reasons underlying each and every move his company wishes to make. While this type of discussion was relatively rare formerly, bankers during the last ten years have become more inquisitive and business men less reticent in such matters—with considerable advantage to all concerned.

Is the business man prepared to show his banker that his advertising campaign has been arranged scientifically and carefully? Can he present convincing arguments so that the banker's judgment will coincide with his that money so spent should produce a profit for him? The banker very naturally is interested in having some reasonable assurance that the business man will be able to pay back, at maturity, the money of the bank's customers which was loaned to him for the development of his business. Viewed through the eyes of the banker, therefore, the only justification for advertising is the tangible return in cold cash which it produces. The banker's interest in the advertising appropriations of the bank's customers is growing just as rapidly or with even greater speed than the steadily mounting sums his customers are spending for that purpose.

Sound advertising is designed to do one of two things or a combination of both. It affects current sales either through increasing the number of units

of merchandise sold or by reducing selling cost per unit and it stimulates the demand for goods not only immediately but also in the future by creating a reputation for them. For example—a man may not be buying paint today, but a year from now, when he needs some, he will automatically think of certain brands and in all probability ask for them.



ALLAN B. COOK

Vice-president Guardian Trust Company, Cleveland.

The banker may rightly ask the business man these five questions about his advertising campaign:

1. Who are the logical purchasers for your goods?
2. Who are the men who, in that market, control the purchasing of these goods?
3. What is the probable quantity you can sell this year, next year, and the year after that?

*From a recent address before the National Advertisers Association.

4. What are the channels through which your story should be told?

5. What kind of copy will convince the buyer that it is to his particular advantage to purchase your goods in preference to similar products sold by your competitors?

The answers given to these five questions plus the underlying reasons for each answer cannot fail to establish definitely the manner in which the business man has analyzed his market and the methods by which he plans to develop that market.

APPLYING THE TEST TO A CAMPAIGN

For a practical illustration as to the desirability of breaking down a campaign into its fundamentals the efforts of a certain manufacturer of soda fountains may be of interest. The concern in question had, as part of its program, purchased large blocks of space in the nation's leading weekly. This publication has the largest circulation of any magazine and is ideally fitted as a medium for certain types of advertising but, in spite of the fact that this manufacturer's campaign was beautifully conceived as regards layout, art and the text of the copy describing his product, its sales effectiveness was small. Unfortunately, the average reader has no desire to purchase a soda fountain nor has he or she any real interest in equipment of that character. In fact, the general public is interested only in the sodas which come out of the fountain.

Now to apply question two to this campaign. In the main, orders for soda fountains are placed by drug stores, confectioners, chain stores of the 5 and 10 cent variety, hotels, restaurants and clubs, and the sales are made directly by the manufacturers of such equipment. Obviously, then, the men directly interested in placing orders for fountains are the purchasing agents of the type of establishments mentioned and they represent but an infinitesimal part of the total

circulation of the magazine which carried this series of advertisements.

In the third place, the probable quantity of soda fountains to be sold would have to be very large, indeed, to warrant the large expense this campaign involved, for otherwise the selling cost of the manufacturer would be increased to a point where it was entirely out of proportion to similar costs for the industry as a whole.

Consider point four for a minute. Obviously, the publications in which soda fountains can be sold most readily and with the minimum of expenditure are those trade periodicals which are read by purchasing agents for the kinds of organizations mentioned, stewards of clubs, hotel managers and individual operators who need confectioner's equipment.

Now to indict that campaign on count five as well. The character of the copy used in these advertisements in this general magazine was prepared as sheer publicity to be read by Jones, Brown and Smith throughout the length and breadth of our land. Had these advertisements been written for insertion in trade periodicals instead, they would have been prepared as direct selling copy and, as such, could have been made to produce some of those results which the manufacturer desired.

CREATING TOO MUCH DEMAND

Another mistake advertisers sometimes make is the creation of a demand for their products far in excess of either their production capacity or their outlets of distribution. For example, one manufacturer of electrical equipment some years ago created a large number of potential buyers for one of his lines but unfortunately when the consumer attempted to buy the article he was seldom able to do so because of the fact that there was no dealer handling the line in the city or town in which that buyer lived. Inquiries or orders which cannot be handled by a manufacturer because his plant

THE HAMILTON NATIONAL BANK

of NEW YORK

ARCHIBALD C. EMERY, President



MAIN OFFICE - 130 WEST 42ND STREET

BRANCHES

BRONX 97 East 170th Street near Grand Concourse
QUEENS VILLAGE Jamaica Avenue at 217th Street
WASHINGTON HEIGHTS Wadsworth Avenue at 181st Street
UNIVERSITY Broadway at 110th Street

cannot handle an added burden of production or his sales organization is too small to shoulder the additional load should be classed as a distinct liability. Buyers may be disappointed in this manner once but seldom twice, so that advertising producing such results is unprofitable.

It is a far sounder piece of merchandising to understate somewhat rather than to exaggerate the merit of merchandise. An illustration of the ill effect of exaggeration is the experience of an automobile manufacturer who, some years ago, launched an impressive advertising campaign prior to the introduction of his new car. He claimed that this automobile was the marvel of the age and for several weeks before its showing throughout the country the public's imagination was intrigued by a description of the new car's beauty, the quality of materials and workmanship used in its production and its spectacular performance upon the highways and byways. At last the day dawned upon which motorists could view this super-

product. They flocked to the sales rooms of distributors and dealers—North, East, South, West—but to the surprise of the manufacturer very few sales were made. The public saw what they believed was just another ordinary car and taking a tip from ancient Rome turned down their thumbs. That car is no longer with us nor, for that matter, is the manufacturer.

DECIDING THE APPROPRIATION

Many advertising managers approach the subject of their appropriations from the viewpoint that in any given field the executive with the most money to spend has the biggest job in his respective line. With that in mind there is a tendency sometimes to ask for a certain sum which, when granted, must then be spent. The banker's conception of the successful advertising manager is one of a man who can get just as good results for \$50,000 as those attained by competitors for \$75,000 or \$100,000. To make a dollar do the work of two, it is neces-

sary for the advertising executive and his associates to set a goal to be reached within a given time. Assuming that this goal, in the case of a certain company, is an increase in sales of 25 per cent. during 1927 as compared with the volume in 1926, the next step is to determine by the use of the five questions previously set forth the manner in which this can be done. The third point to determine is the cost of stimulating consumer demand to the extent desired. If the sum total involved in the campaign is more than the manufacturer can afford to spend, the objective should be curtailed. Otherwise, the smaller sum appropriated will be spread out too thinly to permit each dollar to get its maximum in results. Sometimes it is impossible to curtail the objective and still have it as a practical goal, in which case the campaign should be dropped in its entirety and other plans drafted.

If an advertising campaign has been carefully budgeted the possibility for waste in spending the sum involved is reduced to the minimum. Each concern must, of course, settle for itself the percentages to be spent for publication advertising, direct mail letters and literature, catalogues and hand books, and the sum to be spent for outdoor displays, street car cards, motion pictures, exhibits at conventions, display models, novelties, etc. In some cases manufacturers will wish to set aside a portion of the budget to assist distributors and dealers in their local territories. There is no rule of thumb which can be set as a guide in such matters. Each manufacturer must make his plans in the light of past experience, present market conditions and potential future sales as he sees them but, in the main, it may be set forth as a general principle that the old-fashioned system of appropriating a certain percentage of sales for advertising purposes is inadequate. It is far better to resolve the problem into its fundamentals and to supply common sense answers to the five questions previously given.

Advertising should be considered not

on the basis of the next twelve months or two years but as a continuous campaign for a period of several years in which definite moves in logical sequence will be made from time to time as the desired opportunity offers. In this light, money spent for advertising may very properly be considered an investment in future sales. There should be little difficulty in selling the modern banker this conception of industrial advertising provided the estimated returns from it are limited to reasonable percentages. If you are investing your money in sound bonds, you consider 6 per cent. approximately the maximum return you can reasonably expect. If someone approaches you with securities with the claim that buyers will make 50 per cent. per annum your native caution is aroused and few sales are made. So it is with advertising. Returns of 20 per cent., 50 per cent. or some other huge percentage of increased profit cannot and should not be expected, for advertising seldom performs miracles. One large Eastern bank, when considering a loan to a customer during the period of depression five or six years ago, granted the desired line of credit because the borrower had been advertising his products nationally, at some considerable expense, for a number of years. The bankers felt that the sound investment the concern had made was bound to produce tangible results as conditions became more nearly normal. There are undoubtedly a large number of other instances where one of the deciding factors in the granting of loans was the sound and sane investment made in advertising.

It is a fact that all other things being equal it is far easier for investment bankers to sell the securities of concerns manufacturing nationally known and advertised products than the bonds and stocks of those which are known only in their own localities. And so, looking toward the future, the writer believes similar conditions will prevail quite universally when industrial concerns come



Liberty Bank of Buffalo, Buffalo, N. Y.

THE new home of the Liberty Bank of Buffalo, Buffalo, N. Y., not only furnishes the bank with modern and adequate banking quarters, but provides an excellent office building as well.

ALFRED C. BOSSOM
BANK ARCHITECT & EQUIPMENT ENGINEER
600 FIFTH AVENUE, NEW YORK



No price is high—
 No cost too much—
 For value such as this

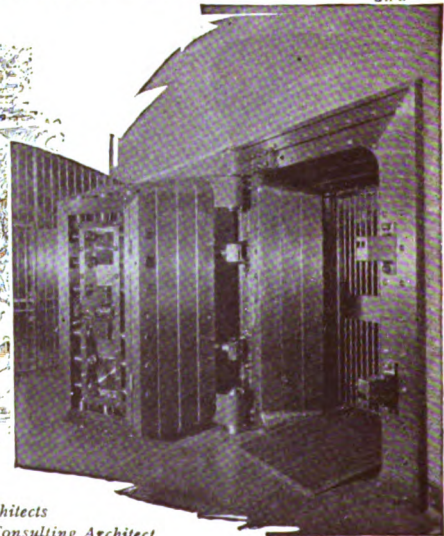
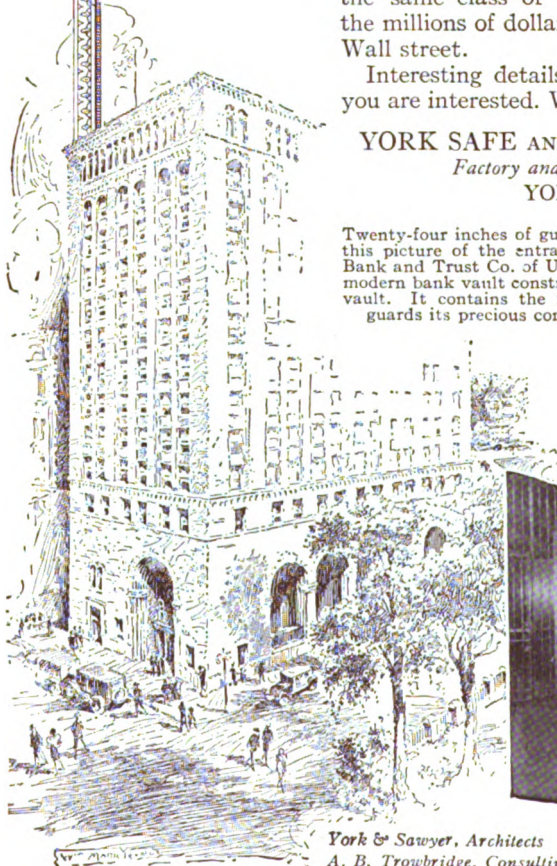
SURELY the only governing factor in the selection of bank vaults is the consideration of supreme safety. The cost becomes negligible as long as utmost safety is assured.

For over forty years York vaults have maintained supremacy over every method of attack—fire, flood and theft. The small bank which installs a York vault, gets exactly the same class of work that is guarding the millions of dollars in the York vaults on Wall street.

Interesting details will be sent to you if you are interested. Write

YORK SAFE AND LOCK COMPANY
Factory and Principal Office
 YORK, PA.

Twenty-four inches of guarded protection are shown in this picture of the entrance to the vault of the First Bank and Trust Co. of Utica, N. Y. The very finest of modern bank vault construction has been built into this vault. It contains the famous York "INFUSITE" and guards its precious contents with utmost security.



York & Sawyer, Architects
A. B. Trowbridge, Consulting Architect

into the market for short time money in the form of commercial loans made by their bankers.

The business man should put himself in the place of the banker and measure the success of his advertising program by the direct profit it is bringing him year by year. He must decide for himself

whether or not he is getting a return on his investment which he is proud to lay before his banker. If, in both cases, the answer is in the affirmative, he unquestionably is driving ahead on the right track. If the answer is negative, he should revamp his program so that it will meet this test.

FIRST NATIONAL BANK OF CHICAGO IN NEW QUARTERS

THE new executive offices of the First National Bank of Chicago at the Monroe and Clark street corner of the bank building, have been opened, thus marking the first move by the bank's official staff in more than twenty years and the second since 1882, when the bank moved from State and Washington streets to a new building at Dearborn and Monroe.

The opening of the Clark street section is the latest development in the bank's program of building, involving the expenditure of over \$7,000,000, which has been in progress since January 1, 1925.

The main banking room with an area of 52,000 square feet extends 321 feet from Clark to Dearborn street, on which the building has a frontage of 191 feet. All of the space on the first three floors is occupied by the First National and First Trust and Savings banks, with the latter's trust department on the fourth floor. New safe deposit vaults have been installed in the basement and considerable space on the upper floors is occupied by the banks.

The First National Bank of Chicago was the eighth bank chartered by the Federal Government and has been in continuous operation under that title since July 1, 1863. The bank was originally located at Lake and La Salle streets, but in 1868 moved to Washington and State. The building was restored after the fire of 1871 and occupied until the Dearborn and Monroe street building was erected in 1882. In

1900 the Union National and in 1902 the Metropolitan National Bank, both prominent institutions of their day, were consolidated with the First National Bank and in 1903 the First Trust and Savings Bank was organized. The two banks are owned by the same stockholders and on June 30, this year, had deposits of \$373,612,000 with total resources of \$451,513,000.

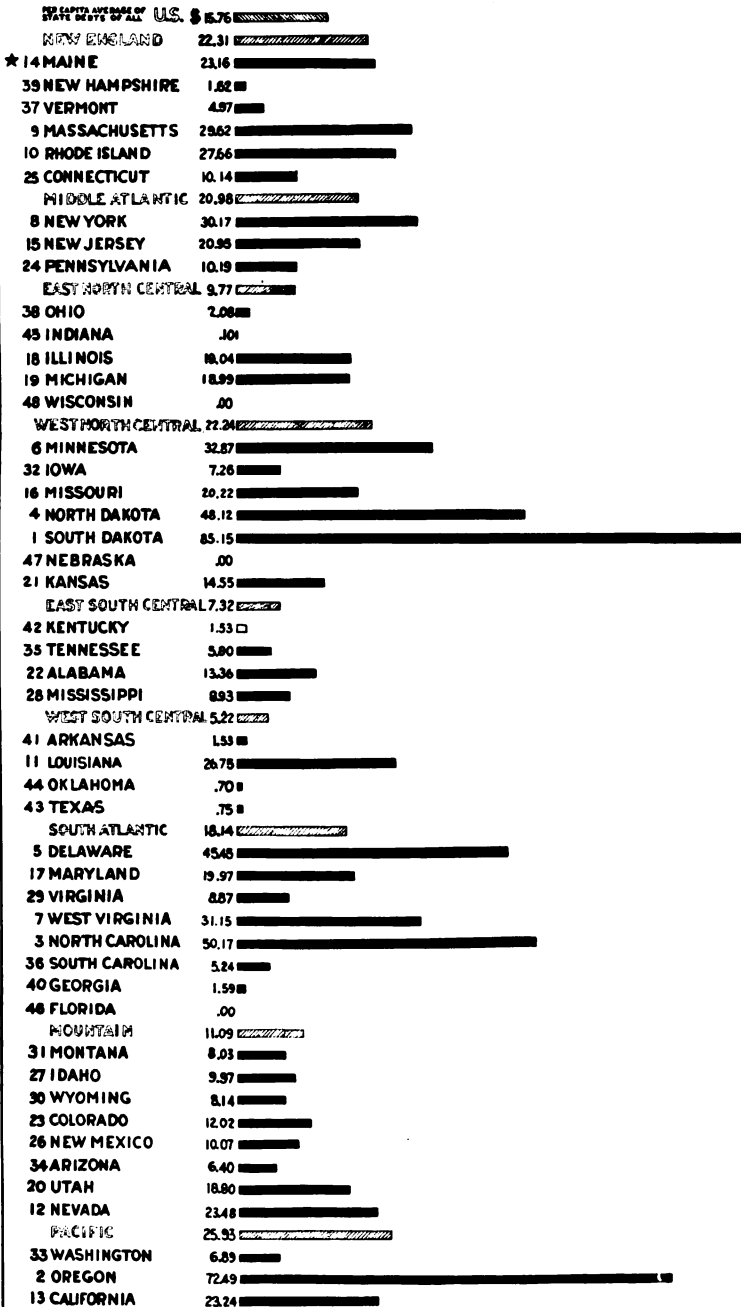
BANK OF ITALY HAS LARGE DEPOSIT GAIN

A GAIN in deposits in the last three months of more than \$31,000,000 is shown in the statement of the Bank of Italy, San Francisco, an index to the statewide prosperity of California.

Aggregate deposits of the bank are in excess of \$600,000,000, as compared with \$569,000,000 at the time of the last report, March 23. The increase, therefore, has been at the rate of more than \$2,250,000 a week for the entire period. At the same time, the number of depositors has grown from 1,065,000 to 1,140,000, easily preserving for the Bank of Italy its rank as first in the United States in point of patronage.

Resources of the bank have increased \$21,000,000 — from \$654,000,000 to \$675,000,000 — during this same period. The chief gains, in addition to deposits, are shown in the surplus and profits account, where an increase of over \$3,000,000 is shown.

PER CAPITA GROSS STATE DEBTS BY STATES AND GEOGRAPHICAL DIVISIONS



★ FIGURES AT LEFT INDICATE ORDER OF DEBT

THE BANK OF AMERICA, NEW YORK.

STATE DEBTS NEAR TWO BILLION

THE bonded debt of the state governments of the United States has increased \$287,371,144 in the last two years and every man, woman and child in the country now owes on an average of \$15.75.

These facts are brought out in a nation-wide survey just completed by the Bank of America, New York, which reveals that the state governments of the United States have a total bonded debt of \$1,846,113,577, or \$15.75 per capita.

Nearly half this huge outstanding debt has been incurred within the last five years and in the last two years alone more than \$355,000,000 in new bonds have been issued while some \$68,000,000 have been retired.

Highway and bridge construction is responsible for 45.2 per cent. of the total indebtedness, the Bank of America statisticians have found. Actually \$834,467,058 in bonds outstanding have been issued for this purpose. This is significant in view of the comparatively recent large-scale building of roads. Soldiers' bonuses account for \$271,528,000 or 14.7 per cent. of the total outstanding debt, while waterways and harbors come third in the list of purposes for bond issues with a total of \$222,508,800 or 12.1 per cent. Only 1.9 per cent. of the total debt represents expenditure for educational purposes.

New York State's debt of \$341,059,000 is the largest of any state in the Union. North Carolina ranks second with a debt of \$143,392,600 and Illinois third with \$137,212,500. Florida, Nebraska, Kentucky and Wisconsin have no bonded debt.

The highest per capita debt of any state in the Union is that of South Dakota, amounting to \$85.15 or nearly five and a half times the average for the nation. Oregon is second with \$72.49 per capita, North Carolina third with \$50.17, North Dakota fourth with \$48.12 and Delaware fifth with a per capita debt of \$45.45.

The Pacific group comprising Wash-

ington, Oregon and California has the highest per capita debt of any section, the Bank of America finds in grouping its figures according to the geographical areas of the country. Its debt per inhabitant is \$25.93, more than one and one-half times the average for the nation. At the opposite end of the country, New England ranks second, having a per capita debt of \$22.31. The West North Central division—Minnesota, Iowa, Missouri, North Dakota, South Dakota, Nebraska and Kansas—has a per capita debt of \$22.24 while the Middle and South Atlantic states have a debt per person of \$20.98 and \$18.14, respectively.

Below the average for the country as a whole are the Mountain states which have a debt of \$11.09; the East North Central, \$9.77; East South Central, \$7.32; and West South Central with \$5.22. All but two of the geographical groups increased their debts within the last two years, decreases being recorded only by the West South Central and Mountain divisions.

CLEVELAND BANK STATEMENT

STATEMENT of condition of the Central National Bank of Cleveland, Ohio, as of June 30, 1927, shows capital of \$1,800,000, surplus of \$2,200,000, undivided profits of \$1,269,113, deposits of \$48,120,710 and total resources of \$64,451,141.

CITIZENS AND SOUTHERN FINANCES TEXTILES

WHAT is considered the largest single piece of textile financing ever done in the South, and one of major importance in Georgia financial circles, was recently consummated when the Citizens and Southern Company of Atlanta brought out a \$3,000,000 first preferred cumulative 6½ per cent. stock issue for the Thomaston Cotton Mills, of Thomaston, Georgia.

A NEW PLAN FOR SMALL LOANS

THE American National Bank of Richmond, Va., after a careful investigation of the small loan departments of many national banks in some of the large cities of the United States, has designed and put into operation a plan designed to meet the needs of the small worthy borrower who must have money to meet not only the unexpected neces-

be paid in ten monthly payments. If the loan is paid in five monthly payments the rate will be \$3 per \$100 discount loan. The proceeds from a loan of \$200 to be paid \$20 per month will be \$188.

Just as with the majority of time transactions in real estate, the borrower will be required to give a series of ten or five notes maturing monthly and the bank

Form 11, No. 1-427-1M	INDUSTRIAL LOAN DEPARTMENT OF THE AMERICAN NATIONAL BANK	Series No. _____ Note No. _____
\$ RICHMOND, VA., 192		
..... after date, or order, without offset for value received, we jointly and severally promise to pay to the order of the AMERICAN NATIONAL BANK, of Richmond, Va., at its Branch in the City of Richmond, Va., the sum of Dollars		
This note is one of a series of notes of \$ each, constituting a total loan of \$ payable in instalments. If any instalment note of this series is not paid at the time and place specified thereon, the entire amount of the total loan unpaid shall be due and payable forthwith at the election of the holder of the notes.		
All parties hereto, whether makers, co-makers, endorsers, sureties, guarantors or otherwise, hereby waive protest and the benefit of any exemptions under the Homestead or Bankrupt Laws as to this debt and consent that the time for the payment of this note may be extended without notice after maturity, and agree to pay all expenses incurred in collecting the same, including fifteen per cent Attorney's fee in case this note shall not be paid at maturity.		
ADDRESS	SIGNATURE	
..... (Borrower's Wife)		
No. DUE		

Facsimile of instalment note form used by the American National Bank of Richmond, Va., in making small loans.

sities and emergencies but to secure the protection of life insurance and discounts on the winter's coal supply; and to take advantage of worth while investments, such as stock ownership in the company for which he works and other purposes.

It will enable salaried people of character to do their financing at moderate rates with a well established financial institution and secure the advantages in buying that this opportunity will give.

The cost of a loan by the plan is at the rate of \$6 per \$100 discount loan to

suggests that the borrower open a savings account and deposit in it sufficient amounts to meet the notes as they come due (which can be charged to the account by the bank) and at the same time establish a reserve for future emergencies.

Weekly deposits can be made to meet these notes if the borrower receives wages or salary by the week.

A refund of 6 per cent. will be allowed on loans paid voluntarily before maturities.

CO-MAKER'S STATEMENT—The Co-Maker must answer all of the following questions:

Name in full.....

Age..... Residence Address..... Tel.....

If in business for self, give firm name or trade style.....

Business address.....

State if sole owner, partner or employe.....

Kind of business.....

How long in present business.....

Yearly income.....

At what bank do you carry your account?..... Branch.....

How much life insurance do you carry?..... Name of company.....

How related to applicant?.....

Assessed value of real estate owned.....

Location of property.....

Mortgages on real estate owned.....

REMARKS AND REFERENCES:.....

.....

Signature of Co-Maker.....

Form 1 L No. 2, 6-27-14.

APPLICATION FOR AN AMERICAN TEN PAYMENT PLAN LOAN

To:..... 192.....

AMERICAN NATIONAL BANK
RICHMOND, VIRGINIA

I hereby apply for a loan of \$..... for a period of..... months, and offer as security therefor a series of notes signed by me and the Co-makers whose names and statements appear herein, or are attached to this application.

I agree to meet all installment notes as required by the Bank on or before the date they are due.

I hereby authorize American National Bank of Richmond, Va., to obtain any information that it requires concerning the statements in this application, the said information shall remain the property of the American National Bank of Richmond, Va., whether the loan is granted or not.

The loan is requested for the purpose stated below:

.....

I hereby certify that all the statements in this and reverse side of this sheet are true and complete, and are made for the purpose of obtaining this loan.

..... day of..... 192..... Applicant.

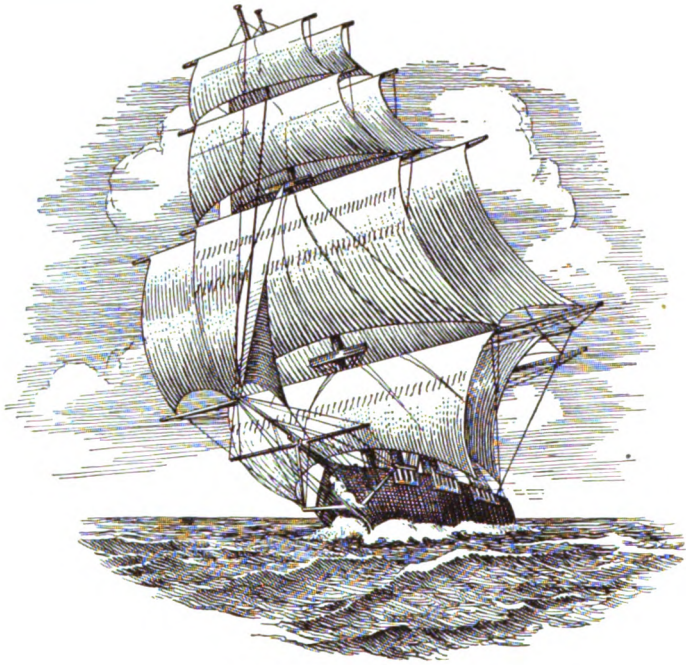
Application form used by the American National Bank of Richmond, Va., in making small loans to be repaid on the instalment plan.

The security required is the indorsement or signature of two friends or relatives of the borrower and the husband or wife if borrower is married. If marketable collateral is given as security indorsements are not required.

The plan imposes no fines or service charges, the \$6 rate per \$100 for ten payments includes all costs.

In the event of the failure of the maker to meet his notes when due, the balance of the series then unpaid may be collected by the bank either from the maker or from the indorsers or collateral.

In an interview Oliver J. Sands, president of the American, stated that this plan, adopted after much study, was offered to meet what was considered a need, not only to the borrowers of small amounts who could offer good backing or collateral but to the well established merchants of Richmond who were badly handicapped by frozen credits and with this in mind the rate has been fixed as low as is possible for the size of the transactions and the detailed work and records required to properly safeguard the interest of the bank in handling them.



ORIGINAL CHARTER 1828

A Leading New England Bank

We endeavor constantly to imbue further our every transaction with the traditional cordiality which has existed so strongly between this bank and its correspondents and clients for nearly a century.

Corporations, executives, and individuals must have a dependable banking connection for their domestic and foreign business. The Atlantic National Bank of Boston goes one step further and incorporates into the whole the true spirit of banking service.

Total Resources Over \$130,000,000

THE
ATLANTIC NATIONAL BANK
OF BOSTON

How Banks are Advertising

Special Section of The Bankers Magazine

AUGUST 1927

GETTING, keeping and developing profitable business, with emphasis on the profitable, will be the general theme of the program planned for the annual convention of the Financial Advertisers' Association, to be held in West Baden, Ind., September 12-15.

The program has been so planned that it will be, in reality, a short but intensive course of up-to-date financial promotional knowledge and experience. The theory of the business will be substan-

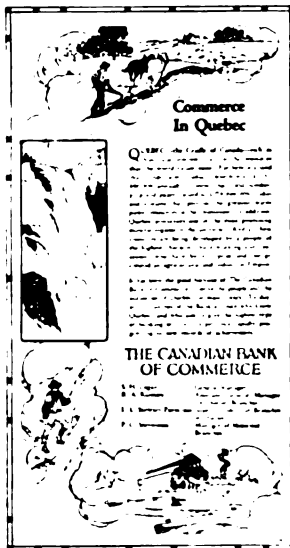
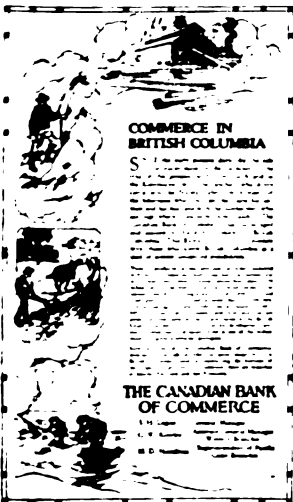
tiated by illustrations and facts.

Entire sessions will be devoted to each of the following topics: Personal selling of trusts, advertising as it applies to the commercial department of a bank, advertising as it applies to trusts, advertising as it applies to savings, investments, present day business extension plans.

In addition to these sessions devoted to specialized information, there will be a session, at the opening of the convention, with subjects of general interest, including an

address on how a financial institution in a small community may build its business. This will be followed by a similar address with reference to a medium-sized community and, for the larger cities, an analysis of how some outstanding manufacturer has succeeded. In connection with the last mentioned address, a banker will show how the same plans will fit into bank business building. A question box will be an added feature of the general session.

In addition to the regular



Three of a distinctive series of advertisements run by a Canadian bank in behalf of its seventy-seven offices. The series is intended to portray the development of Canada's resources, the part the bank has played in the expansion of Canadian business during the last sixty years, and the services which the bank's branches afford Canadian industry. Illustrations for the series were made by C. W. Jefferys, one of Canada's best known pen and ink artists.

In Nashville

The Best Bank for You

Is one with a personality—a bank that vitalizes banking transactions with the warmth that cordial human relations inspire.

The American is such a bank and, as such, invites your business.

Another reason why you should bank here

"A Greater Bank for Greater Nashville"

The American Banks

American National Bank NASHVILLE American Trust Company

American National Company AFFILIATED

One of a well presented series of institutional advertisements run by the American Banks of Nashville, Tenn.

sessions, four luncheon and dinner meetings will be addressed by leaders in industrial and civic life on questions that affect banking and business.

THE banks of Rochester, N. Y., carried out an effective piece of co-operative advertising recently when they united in urging the workers of the Eastman Kodak Company, who were receiving a wage dividend of approximately \$3,000,000, to invest it safely.

On the day on which the dividend was announced the Rochester newspapers carried full page advertisements explaining how this money

might be put to profitable use by calling the wage dividend principal and the interest on it, income. This idea was illustrated by the experience of a man and his wife who found within a few years that by protecting their principal, the principal soon began protecting them.

The copy read in part: "To the thousands of workers in the Eastman Kodak Company plants who today receive nearly \$3,000,000 as a wage dividend, we commend the plan of this man. Your wage dividends and your stock dividends are bonuses—not income—paid to you by a prosperous and constructive industry.

"If you began today to divide your money, calling one part principal and the other income; if you called your wage dividends principal, and safeguarded and protected them by investing them you would be surprised how your principal would grow, and some day take care of you.

"The only secret there is to wealth is the difference between principal and income.

"Your share of the Eastman Kodak Company wage dividends, deposited on an interest account, begins to earn for you at once. Spend the interest, if you wish, but save the principal. Kodak employes have upward of \$40,000,000 in Rochester banks."

A large amount of the wage dividend was deposited in Rochester banks, though final report on the campaign has not yet been made. The appeal was expected to go beyond the employes to whom it was addressed and increase general savings accounts, also.

IN publishing its statement of condition in folder form, the Depositors State Bank of Chicago is adding interest by including in each statement a portrait and sketch of one of the officers of the institution. This serves the double purpose of acquainting the bank's customers with the officers of the bank and of making the statement folder more attractive and readable.

DOLLAR savings accounts, opened oftentimes during campaigns for new business and a problem to most banks, are being urged upward in the Second Ward Savings Bank of Milwaukee, Wis., by the issuance of a series of folders sent out to these dollar depositors. Each presents one thought in regard to the saving of money.

"Money is the measuring stick of energy and life," says one folder.

"The wages you receive represent so many precious moments of your life. These moments pass quickly, never to return, but leave money in their place as compensation.

"When you waste money you are wasting a portion of your life. Our savings department provides a convenient place to build a substantial reserve."

AN address, "Pittsburgh—The Industrial City," delivered by William G. Clyde, president the Carnegie Steel Company, before the Association of Reserve City Bankers, has been reprinted in booklet form by the Bank of Pittsburgh, N. A.

A SERIES of unusual leaflets on the mutual savings bank is being distributed by the American Savings Bank of New York. The series is entitled the "Little Library" and covers such subjects as "A Mutual Savings Bank—How it Serves You;" "Value of Saving in a Mutual Sav-

ings Bank;" and "A Mutual Savings Bank—How It Differs from Commercial Banks."

THE First National Bank of Freeport, N. Y., has done some direct-by-mail advertising recently on the subject of will making and life insurance trusts, and suggesting that the reader send for a copy of "The First Step in Making Your Will," a booklet issued by the bank on that subject. A recent issue of

the bank's publication, *The First National Banker*, was devoted to the institution's twenty-second anniversary, and showed the growth of Freeport since the time of the bank's organization.

A PLAN whereby a fund is accumulated in the bank for payment of insurance premiums has been inaugurated by five New York City banks—American Savings Bank, Broadway Savings Bank, Bronx Savings Bank, Empire



Paraphrasing Lincoln's famous words:

The Bank of Italy is...

A bank created by the people

The Bank of Italy owes its success and magnitude to the so-called "common people"—the hundreds of thousands of men and women of moderate means who compose the very bone and sinew of our population. It is the goodwill and loyal patronage of these substantial citizens that has made California's largest bank.



A bank owned by the people

Unlike many large financial institutions, the Bank of Italy is not owned by a few wealthy persons. It belongs to nearly 15,000 people scattered throughout the state from Oregon to the Mexican line. These people are in almost every walk of life—and they include 3,500 employees of the institution itself.



A bank operated for the people

The Bank of Italy caters to the great rank and file of citizens who are making California famous as a vast empire of industry, economy and thrift. The institution believes strongly in helping those who are trying to help themselves. No deserving individual has ever been refused service or consideration by California's Bank of the People—The Bank of Italy.



Bank of Italy

National ^{Trust} Savings Association

Over 1,000,000 Depositors

Some impressive facts regarding California's largest bank. The copy is skillfully arranged in an attractive layout.



One of a striking series of advertisements of a trust company in Detroit on the value to business executives of business insurance arranged under a trust agreement administered by the company.

City Savings Bank and Excelsior Savings Bank. The plan is called the "Banker's Insured Savings Plan."

Similar to this is a plan used by one trust company

for estate building by insurance. This plan works as follows: An applicant expresses his wish to create an estate of \$12,000 and agrees to deposit for this purpose

\$100 a month for 120 consecutive months. When the first deposit is made a life insurance policy in one of several insurance companies is issued in an amount of \$12,000. This policy assures immediately an estate of that amount. The regular deposits create a cash reserve fund. After the first year's premium has been paid to the insurance company and charged against the account and when the deposit in the trust company equals \$100, the latter amount is used to purchase one of the trust company's first mortgage participation certificates drawing 5½ per cent. interest.

Upon the purchase of the first certificate the client's estate amounts to \$12,000 in life insurance and a \$100 investment. The continued monthly deposit of \$100 is

For Bigger, Better Farms

EXPERT agricultural experience allied to expert financing are the elements that make for outstanding farming success.

You have the sound, agricultural experience. The Bank of Toronto has the sound financial knowledge. Why not ally the two for bigger, better, more profitable farm development?

At this time, when farmers require loans for various purposes, the Bank of Toronto is glad to lend its best service and co-operation. Drop in on the Bank of Toronto manager to-day and discuss your farm and financial problems with him.

THE BANK OF TORONTO

Spring Financing

FARMING is one of the most diversified and "conservative" businesses in the world. And, like all businesses, it cannot progress without sound financing.

At this time farmers are confronted with many problems which the Bank of Toronto is pleased to help solve. Money will be needed for improving the herd, buying cattle, etc. Loans will be required to meet current expenses. And the Bank of Toronto will be ready to advance all this necessary financial aid to farmers of character and reputation.

THE BANK OF TORONTO

Loans for Farm Expenses

A FARMER'S "plant" comprises his stock, land, buildings and machinery. Like the manufacturer, his aim is to constantly improve and enlarge that plant, because the larger and more productive it is the greater his profits.

Providing his statement shows a reasonable surplus, a farmer of character and ability may obtain loans for expansions and improvements of his "plant" from the Bank of Toronto.

Opportunities to assist farmers in financial matters are sincerely welcomed by Bank of Toronto branch managers. They are glad at all times to offer sound advice and to give whatever financial support is possible.

THE BANK OF TORONTO

A group of advertisements of a large Canadian bank, taken from a series which sets forth very effectively the measure of the bank's co-operation and support of the farmer and farm development.

DIVERSITY OF INTEREST

The interests of The National Park Bank are diversified in every way. Its deposits are to be found in every state of the United States, and in every reputable line of work.

Loans are equally diversified—industrially and geographically. Through this wide diversity of interest there is the utmost banking strength and safety, with the accumulation of commercial enterprises that can be called upon when needed to meet any emergency.

ESTABLISHED 1854

Capital, Surplus and Undivided Profits, \$34,000,000

THE NATIONAL PARK BANK OF NEW YORK
214 BROADWAY

240 Park Avenue in 40th Street 199 Seventh Avenue at 124th Street



For the Individual

We appreciate the human factor in Personal Accounts. We realize that in the conservation and use of his income and other funds the individual requires a safe depository, frequently seeks a personal judgment, and appreciates courtesy.

Whether in the main building of The National Park Bank at 214 Broadway, or in our branch offices at 240 Park Avenue and at 199 Seventh Avenue, you will find experienced officials ready at all times to courteously devote their attention to such personal banking requirements as you may seek.

Established 1854

Capital, Surplus and Undivided Profits, \$34,000,000

THE NATIONAL PARK BANK OF NEW YORK / 214 BROADWAY

240 Park Avenue in 40th Street 199 Seventh Avenue at 124th Street



OUR GOLDEN RULE

THE Golden Rule at Our Golden Rule—to do unto others as you would they would do unto you. It is a tradition handed down for over seventy years from the founding of The National Park Bank.

Our customers know and respect this attitude. They deal with us as friends and find our friendship valuable and pleasing—valuable, because of the insurance, knowledge of commerce and industry that our officers possess and use for others, pleasantly, naturally, in any good friendship; in

ESTABLISHED 1854

Capital, Surplus and Undivided Profits, \$34,000,000

THE NATIONAL PARK BANK OF NEW YORK — 214 BROADWAY

240 Park Avenue in 40th Street 199 Seventh Avenue at 124th Street

Institutional copy that has both the qualities of impressiveness and a quiet dignity. Headline and body copy are so arranged as to bear evidence of skilled and careful attention.

used for similar investment and the final result is that at the end of 120 months the principal with interest earned gives the client \$12,000 yielding a rate of 5½ per cent. and a \$12,000 insurance policy or a total estate of \$24,000. At the completion of the fund the depositor has the option, if insurable, of purchasing approximately \$18,000 additional insurance.

“WHAT Price Instalment Buying” is the title of a folder issued by the Farmers and Mechanics Savings Bank of Minneapolis and containing a carefully compiled survey showing the cost above cash prices that a buyer must pay when he buys on the instalment plan. Examples are given, followed by suggestions as to when instalment buying is justified for the average family.

THE State Bank of Chicago has issued a series of attractive and readable booklets on saving and investing money. They are titled as follows: How to Become a Financial Success, How to Turn Home Waste into Capital, How to Make the Family Income Go Further, How to Own a Home, How to Build Your Credit, How to Get What You Want, How a Boy Can Earn Money, How to Get Your First \$1000, How to Use Your Bank for Profit, What Life Insurance Will Do for You, How to Get the Most from Your Job, How to Get an Independent Income, How a Girl Can Earn Money, How to Teach the Child Thrift, What Children Should Know About Money.

THE Central Savings Bank of Detroit operates one of the largest industrial savings

plans in existence, with approximately 100 industries, some of which have been using the plan for four years, and not one of which has discontinued it.

After selling the head of the organization on the plan, the bank discusses the matter with foremen, timekeepers and department clerks and then gives a circular letter outlining the plan, a budget sheet and an authorization card to each employe. These cards, which authorize the paymaster of the company to deduct a certain amount of the employe's salary for deposit in the bank, are collected. When the deductions have been made the originals of the deposit slips are forwarded to the bank by the company, together with the company's check for the total amount of deductions. Duplicate deposit slips are given to



The value of strategic location is emphasized in this huge billboard placed on Broadway over the building of a New York savings bank in a position that attracts the eye from blocks distant in the Herald Square district.

the employees with their pay.

Authorization cards are given to the bank with the first deposits and passbooks are returned to the employees. When duplicate slips are presented to the bank by an employe, his credits are entered in his book.

This industrial savings department at the bank is separated from the regular savings department. Accounts are kept separately and the bank can tell at any time the exact cost per account, the

balance per person and the balance per factory.

SIMILAR to the industrial savings plan operated in Detroit by the Central Savings Bank is the plan in operation in the New York Telephone Company. The company acts as an agent for the employes in opening savings accounts and deposits deductions from pay as authorized by the employes.

The plan has been in operation for six years and

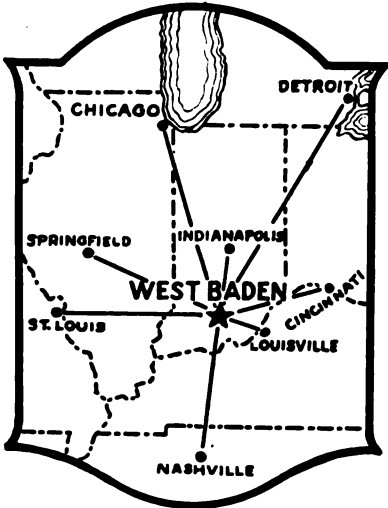
the number of accounts has grown steadily. At the present 23,000 employes out of 63,000 maintain accounts, and the total authorized payroll deduction is more than \$67,000 weekly.

The deposits are divided between six banks, accounts being assigned on a territorial basis. The banks are the Metropolitan Savings Bank, the National Savings Bank, the Onondaga County Savings Bank, the Erie County Savings Bank and the United States Savings Bank of Newark, N. J.

ITS service as manager of living trusts and as executor of estates is advertised by the Baltimore Trust Company, Baltimore, Md., in a number of booklets, two of which are reprints from publications. "What Happens—When Testator Appoints Wife or 'Trusted Friend' to Manage Estate" is reprinted from *Trust Companies* and "The Tragedy of Death Taxes" from *The Daily Record*, Baltimore.

The first shows the great amount of detail and work involved in the settling of and caring for an estate and the second with the intricacies of estate and inheritance tax laws. Both end with suggestions to discuss these problems with the institution. Other folders on the same topic are "The Modern Method of Conserving Your Property" and "Living Trust Service."

Meet Us in September
at WEST BADEN
WEST SPRINGS



Twelfth Annual Convention

West Baden Springs
INDIANA

September 12-13-14-15

*The Best
Advertising
"Buy" of the Year*

That's what this constructive, "brass-tack" Convention means to you. Come and keep up-to-date on the newest and most efficient financial advertising and new business developments. It's a clearing-house of ideas you can't afford to miss. The exhibits alone are worth the trip.

WRITE

**FINANCIAL ADVERTISERS
ASSOCIATION**

Headquarters—231 SOUTH LASALLE STREET
CHICAGO, ILL.

SAFE-GUARDING THE SIGNATURE CARD

By H. P. MARSTON

THE Commercial Trust of Springfield, Mass., believing that the pressure of modern business conditions was rapidly rendering obsolete its former methods of obtaining depositors' signatures, has recently installed a complete and, to them, a satisfactory method of handling this problem.

In brief, the method employed requires the depositor to fill out but one card, in contrast to the plan ordinarily employed, particularly where the bank may be divided into several departments, with the possible addition of one or more branches. By the use of one card, time has been saved by both bank and depositor. From this card, as many photostatic copies are made as may be required. The original card is of generous size, 4 x 6, allowing ample room for all necessary data, and the photostatic copies, reduced in size to 3 x 5, with their clean-cut detail in black and white, are installed in visible index cabinets. These cabinets are equipped with inserts

punched to denote the classification of the account. Through the opening thus afforded, the black surface of the photostatic copy is always visible, unless the copy should be removed, when the buff color of the visible index pocket indicates such removal. It is then a comparatively easy matter to replace the missing copy, or if lost to obtain a new photostat from the original.

This method, of course, enables the bank to keep its original cards both in excellent condition and in absolute security, inasmuch as the cards, properly indexed, are filed away in the vaults.

The accompanying illustrations are of interest. Plate 1 shows the original individual account card; plate 2 shows the photostatic reproduction. The following cards are also provided: Joint account, partnership, power of attorney and corporation. On the reverse side of the corporation card, space has been provided for the vote passed by the corporation authorizing the officials whose

ACCT. NO.		DATE OPENED
THE COMMERCIAL TRUST COMPANY OF SPRINGFIELD, MASS.		
<p>is hereby authorized to recognize the below signature _____ in payment of funds or transaction of any other business of said party.</p> <p>In receiving items for deposit or collection, this bank acts only as depositor's collecting agent and assumes no responsibility beyond the exercise of due care. All items are credited subject to final payment in cash or solvent credits. This bank will not be liable for default or negligence of its duly selected correspondents nor for losses in transit, and each correspondent so selected shall not be liable except for its own negligence. This bank or its correspondents may send items, directly or indirectly, to any bank including the payer, and accept its draft or credit as conditional payment in lieu of cash; it may charge back any item at any time before final payment, whether returned or not, also any item drawn on this bank not good at close of business on day deposited.</p> <p>In case the bank is requested to stop payment on a check it is expected to use all diligent care in stopping same but the bank will not be held responsible in case the check is paid through inadvertence or accident. Request for stop payment shall hold for only thirty days unless request is made in writing to continue same.</p> <p>It is agreed that fees may be charged on account of insufficient balances maintained, and for the depositor's checks returned because of insufficient funds.</p>		
SIGNATURE	<i>John Doe</i>	
SIGNATURE	<i>J. P. Doe</i>	
ST. AND NO.	<i>1020 Seymour St.</i>	
CITY	<i>Springfield, Mass.</i>	
BUSINESS	<i>Contractor</i>	
INTRODUCED BY OR REFERENCE	<i>A. B. Cushman</i>	
TM-1-38	A. E. MARTELL CO., KEENE, N. H.	INDIVIDUAL

Plate 1, showing original account card, made by the A. E. Martell Company of Keene, N. H.

ACCT. NO.	DATE OPENED
THE COMMERCIAL TRUST COMPANY OF SPRINGFIELD, MASS. is hereby authorized to recognize the below signature _____ in payment of funds or transaction of any other business of said party. In receiving items for deposit or collection, this bank acts only as depositor's collecting agent and assumes no responsibility beyond the exercise of due care. All items are credited subject to final payment in cash or solvent credits. This bank will not be liable for default or negligence of its duly selected correspondents nor for losses in transit, and each correspondent so selected shall not be liable except for its own negligence. This bank or its correspondents may send items, directly or indirectly, to any bank including the payor, and accept its draft or credit as conditional payment in lieu of cash; it may charge back any item at any time before final payment, whether returned or not, also any item drawn on this bank not good at close of business on day deposited. In case the bank is requested to stop payment on a check it is expected to use all diligent care in stopping same but the bank will not be held responsible in case the check is paid through inadvertence or accident. Request for stop payment shall hold for only thirty days unless request is made in writing to continue same. It is agreed that fees may be charged on account of insufficient balances maintained, and for the depositor's checks returned because of insufficient funds.	
SIGNATURE <i>John Doe</i>	
SIGNATURE <i>J. E. Doe</i>	
ST. AND NO. <i>1026 Seymour St.</i>	
CITY <i>Springfield, Mass.</i>	
BUSINESS <i>Contractor</i>	
INTRODUCED BY () <i>A. B. Cushman</i>	
10-128	INDIVIDUAL

Plate 2. Photostatic reproduction of the original account card.

signatures appear on the reverse side to transact all the business of the corporation which may have to do with the bank.

All of the above cards, in addition to carrying the necessary data, have embodied within the same the A. B. A. safety clause, a clause limiting the bank's liability on orders for stop payment of checks, and an agreement whereby the bank is empowered to make adequate service charges, where necessary.

In obtaining new signatures from their inactive or semi-active depositors, the Commercial Trust Company mailed to each a blank signature card, accompanied by a letter to the effect that they were installing an improved system of signature cards which required a new signature from each depositor, and requesting that the card in question be filled out and returned in the envelope which was enclosed. At the bottom of the letter was a short description of the proper method of filling in the signature card.

One of the officials of the Commercial Trust Company, in an interview, expressed much satisfaction with the results which had been obtained during

the last year. He said, "We believe that first impressions are apt to be lasting ones. Our depositors are no longer annoyed by being compelled to fill out a number of signature cards. We now require but one card for each account. From this, sufficient photostatic copies are made to meet the needs of our five ledger bookkeepers, our branch, and our paying tellers. In combination with our visible index files, the new system has been particularly helpful to our branch, located some two miles uptown, where any of our customers may be instantly identified through the complete files there accessible. Thus we are enabled to offer our customers two offices in which to do business any time during bank hours.

"While we, of course, had some difficulty in compiling a complete signature list, at the end of exactly twelve months, our records are found to be more than 95 per cent. complete, the remaining four or five per cent. consisting of depositors whom we have as yet been unable to locate. In the course of another month, photostatic copies of the signature cards of these dormant accounts will be made, completing our files."

WHAT BANKS AND BANKERS ARE DOING

GEORGE G. KLEINDINST has been elected president of the Liberty Bank of Buffalo, N. Y., to take the place of John A. Kloepfer, who died recently.

Mr. Kleindinst is the first president of the Liberty Bank to start at the bottom

ing the World War, Mr. Kleindinst was actively identified with the various Liberty Loan drives. His handling of this commission and his natural executive ability resulted in his appointment as director and vice-president and cashier of the bank in 1919.

For several years Mr. Kleindinst has been in charge of the investments of the bank and was closely associated in the operation of the bank with Mr. Kloepfer, the late president.

Mr. Kleindinst is also secretary and treasurer of the Liberty Bond and Share Corporation, and of the Liberty Safe Deposit Company. He is a member of a number of social and civic organizations.



GEORGE G. KLEINDINST
President Liberty Bank of Buffalo,
New York.

of the ladder in the bank of which he is now president. His career has been marked with rapid and sure progress and is one of the occasional romances of business.

Mr. Kleindinst was born in Buffalo in 1886 and educated in the public schools of the city, Wagner's College, Rochester, and the University of Rochester. Immediately upon leaving college, he went to the Liberty Bank, at that time the German American Bank, as a messenger. This was in 1906 and his rapid advancement through the different departments of the bank was rewarded in 1911 by his appointment as assistant cashier. Dur-



CHARLES W. COLLINS

Formerly Deputy Comptroller of the Currency, who resigned that position recently to resume the private practice of law in Washington, D. C.

GENERAL W. W. ATTERBURY, president of the Pennsylvania Railroad, has been elected a director of the Continental and Commercial National Bank of Chicago.

General Atterbury is also a director in the Franklin-Fourth Street National Bank and the Fidelity Trust Company, both of Philadelphia.

H. O. SEYMOUR, president of the First Wisconsin Trust Company, Milwaukee, Wis., died suddenly from a heart attack recently at his summer home at Lake Geneva. He was 53 years old.

Mr. Seymour was also executive vice-president of the First Wisconsin National Bank, vice-president of the First Wisconsin Company and a director in the Mechanics' National Bank, as well as in several business organizations.

BEVERLY D. HARRIS, well known banker throughout the Southwest, and a former Houston banker, has been named vice-president and a director of the Second National Bank of Houston and has returned to that city. He began his banking career with the City National Bank, Dallas, and left that bank, as cashier, to join the Commercial National Bank of Houston. He was later first vice-president and a director of the South Texas Commercial National Bank and served as chairman of the Houston currency association.

Mr. Harris left Houston to become a vice-president in the National City Bank, New York, and remained with that institution for more than seven years in charge of business in four Federal Reserve districts in the West. Later he was engaged in business.

SEABOARD VOTES LARGE STOCK DISTRIBUTION

ONE of the largest stock distributions of a financial institution on record was voted by the stockholders of the Seaboard National Bank of New York recently when they decided to sell 20,000 shares of capital stock of the institution at \$100 a share, which is \$800 a share less than the open market value of the stock. The difference between the price at which the new stock will go to the stockholders and the market price of the

bank's stock will total more than \$16,000,000.

The capital stock is being increased from \$6,000,000 to \$8,000,000, in accord with a plan announced some time ago and ratified by the stockholders recently. Even with the change, the surplus and profits of the bank, which were reported at \$11,770,000 on June 30, will be far in excess of the capital. The privilege of subscribing to the new stock is available to the shareholders of record at the close of business August 8. The right to subscribe will expire on September 9.

Dividends are expected to be maintained on the new capitalization at the rate being paid on the old stock, which is 4 per cent. quarterly or \$16 a year.

B. K. MARCUS HEADS BANK OF UNITED STATES

B. K. MARCUS has been elected president of the Bank of United States, New York,

1 8 1 2		1 9 2 7
<p>The Pennsylvania Company For Insurances on Lives and Granting Annuities</p> <p>Trust and Safe Deposit Company Packard Building S. E. Cor., 15th and Chestnut Streets Philadelphia</p> <p>Capital, Surplus and Undivided Profits - \$20,000,000</p> <p>Member Federal Reserve System Downtown Office 517 Chestnut St.</p>		

Kings County Trust Company

City of New York, Borough of Brooklyn

Capital \$500,000 Surplus \$4,500,000 Undivided Profits \$445,000

JULIAN P. FAIRCCHILD, President

WILLIAM J. WASON, JR., Vice-President

THOMAS BLAKE, Secretary

HOWARD D. JOOST, Vice-President

ALBERT I. TABOR, Assistant Secretary

J. NORMAN CARPENTER, Vice-President

CLARENCE E. TOBIAS, Assistant Secretary

ALBERT E. ECKERSON Auditor

ACCOUNTS INVITED

INTEREST ALLOWED ON DEPOSITS

to succeed his father, the late Joseph S. Marcus, founder of the bank, who died recently.

The new executive is 37 years old and has been carefully prepared for his new responsibilities by a thorough course of study and training at Columbia University, from which he was graduated in 1911. There he grounded himself in the



● BLANK-STOLLER, INC

B. K. MARCUS

Newly elected president of the Bank of United States, New York.

fundamentals of political economy, law and banking.

His practical experience with the Bank of United States under the guidance of

his father has amply fitted him to step into the latter's place and has won him recognition as among the leading younger bankers of the city. For the last seven years he has been the active executive head of the bank, which has led all other institutions of its kind in the country in the growth of its deposits without absorption or merger with another bank.

The board has also authorized the announcement that Saul Singer has been elected executive vice-president and chairman of the executive committee, and that Henry W. Pollock, former state senator and chairman of the Senate Banking Committee, has been elected to the board.

CHEMICAL 103 YEARS OLD

THE Chemical National Bank, New York, observed its 103rd anniversary this month without special ceremony, since by next year the bank expects to be able to celebrate its anniversary in its new quarters now under construction at 165 Broadway. The bank was established in 1824 as the office of discount and deposit of the New York Chemical Manufacturing Company.

PEOPLES STATE BANK

STATEMENT of condition of the Peoples State Bank of Detroit, Mich., as of June 30, 1927, shows capital of \$6,000,000, surplus of \$12,000,000, undivided profits of \$2,560,467, deposits of \$138,102,457 and total resources of \$172,484,157.

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Theodore R. N. Gerdes, M. E.

Engineer, Manufacturer, Contractor

105-107 Bank Street, New York City

Telephone Watkins 2893

LOS ANGELES BANKS TO MERGE

STATEMENT regarding a proposed consolidation of the Pacific-Southwest Trust & Savings Bank, Los Angeles, with the First National Bank of Los Angeles, has been issued by Henry M. Robinson, president of the latter institution, as follows:

"The directors of the First National Bank of Los Angeles and the Pacific-Southwest Trust & Savings Bank have approved the consolidation of the Pacific-Southwest Trust & Savings Bank with the First National Bank under the charter of the First National Bank of Los Angeles. The plan of consolidation will be submitted to the stockholders early in August and when ratified by them will be consummated shortly thereafter.

"We have had this consolidation under consideration for many months, but it was made more definitely desirable by the passage of the McFadden Act. The consolidation is subject to the approval of the Comptroller of the Currency and the Federal Reserve Board.

When the consolidation is effected, J. M. Elliott will be chairman of the board and Henry M. Robinson will be the active head of the First National Bank of Los Angeles and the First Securities Company. The official personnel will be announced at a later date.

"The First National Bank of Los Angeles has been an important factor in the business life of Southern California for almost half a century. This consolidation will place it in a position to render even better and more constructive banking service than heretofore, not only to Los Angeles but to the forty communities in Southern California in which its offices are located. There will also be important economies effected which should add to the bank's earnings.

"Under the consolidation plan it is proposed to increase the capital of the First National Bank of Los Angeles to \$12,250,000 and its surplus to \$8,000,000. There will also be an increase in the undivided profits account.

"It is also proposed to increase the assets and the authorized capital stock

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221 East 20th Street

Chicago, Ill.

of the First Securities Company to not less than \$6,000,000, the exact details of which will be submitted to the stockholders at a later date. The First Securities Company, through its increase of capital, will be able to still further augment its successful activities in the field of investment banking."

BUFFALO BANK STATEMENT

STATEMENT of condition of the Liberty Bank of Buffalo, N. Y., as of June 30, 1927, shows capital of \$3,500,000, surplus of \$5,000,000, undivided profits of \$1,040,896, deposits of \$64,490,091 and total resources of \$77,275,690.

HIBERNIA BANK IN GOOD CONDITION

THE semi-annual statement of the Hibernia Bank & Trust Company of New Orleans, as of June 30, exhibits total deposits of \$51,119,000, which, in spite of disastrous flood conditions that prevailed for three months during the planting and growing season in Louisiana and Mississippi, is an actual increase over the deposits one year ago, when they stood at \$50,700,000. The board of directors declared the usual quarterly dividend of $4\frac{1}{2}$ per cent. out of the earnings of the last quarter on the capital stock of the company, and also the usual quarterly dividend on the salaries of all employees. The capital of the bank is \$2,000,000, surplus \$2,500,000, undivided profits and other reserves \$417,000. Total resources are \$58,800,000.

The deposits of all the New Orleans banks on June 30, despite the unfavorable conditions existing in the flooded areas up the river, show a slight increase over the deposits of June 30, 1926. The figures this year total \$235,242,592, and those of last year \$235,207,660. This significant fact, plus the report from the collector of customs at New Orleans that Federal customs collections at the Port of New Orleans, for the fiscal year just ended exceeded by 18 per cent. the total collections for the fiscal year ended June 30, 1926, and were the greatest this year in the history of the port, is a tribute to the stability of the industry, commerce, and finance of New Orleans.

FIRST NATIONAL OF BOSTON SHOWS RAPID GROWTH

THE rapid growth of Boston as a financial center is shown in the most recent statement of the First National Bank of Boston. The June 30 figures of the bank show deposits of \$328,000,000, which is \$20,000,000 more than the total deposits of all Boston banks twenty years ago. This is also the highest deposit figure ever recorded by a New England bank.

Total deposits of commercial banks in Boston are now nearly four times as great as in 1907, while First National deposits have increased to nearly eight times their 1907 figure.

STATEMENT OF BUFFALO BANK

THE Manufacturers & Traders-Peoples Trust Company of Buffalo, N. Y., ac-



LITTLE FALLS NATIONAL BANK, LITTLE FALLS, N. Y.

ARCHITECTURE of the Greek Doric period, well exemplifying strength, security and permanence, lends itself admirably to bank design. A conservative banker desiring to express these characteristics in his building may safely choose this order of architecture.

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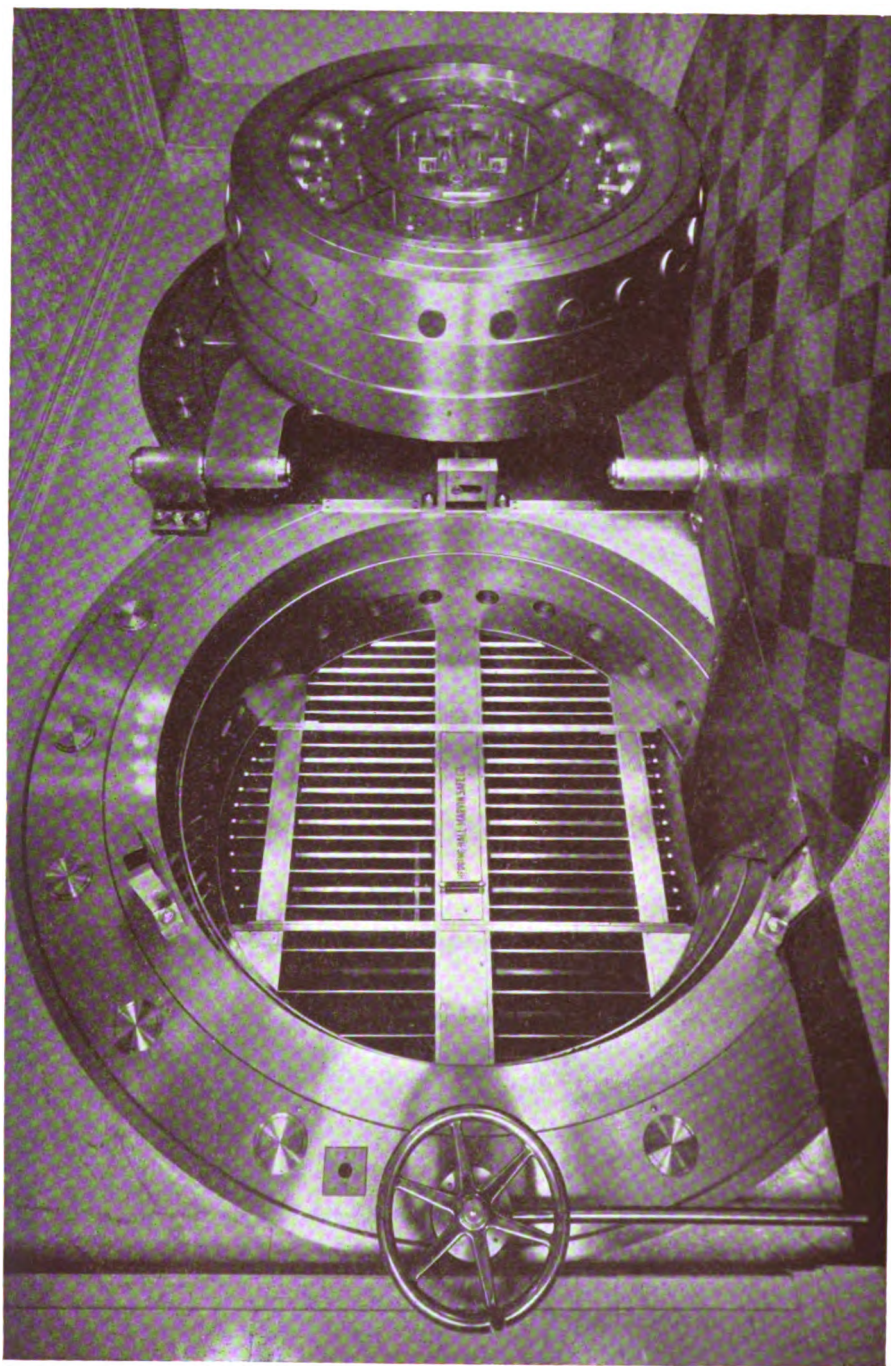
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ARCHITECTS

BANK EQUIPMENT & VAULT ENGINEERS

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NEW YORK



Entrance to the vault of the Home Bank and Trust Company, Chicago
**Designed, manufactured and installed by Herring-Hall-Marvin Safe Co., New York, Chicago, San Francisco,
Birmingham, Rochester, Boston—Factory at Hamilton, Ohio**

cording to its statement of June 30, 1927, has capital of \$4,000,000, surplus of the same amount, undivided profits of \$2,937,288, deposits of \$116,838,199 and total resources of \$133,511,153.

AMERICAN BANKS OF NASHVILLE

COMBINED statement of the American National Bank and the American Trust Company, Nashville, as of June 30, 1927, shows capital of \$2,000,000, surplus and profits of \$2,292,269, deposits of \$26,686,229 and total resources of \$32,649,013.

STATE BANK OF CHICAGO TO INCREASE CAPITAL

A RESOLUTION has been adopted by the State Bank of Chicago recommending an increase in capital stock of the bank from \$2,500,000 to \$5,000,000. A meeting of stockholders will be held August 16 to vote on the proposition. The increase will be offered to stockholders at par, if a suggestion made at the meeting is followed.

This proposed action has really been under consideration for some time but has been held in abeyance until the building program was well under way. Early in the coming year the bank expects to be in its new quarters in the building now being erected at LaSalle and Monroe streets. Anticipating, as the directors do, an expansion in business, it seems advisable to them to increase the bank's capital sufficiently to meet the requirements of its customers.

From its organization the bank has shown good earnings in excess of the dividends paid, until now it has accumulated a comparatively large surplus and undivided profits account, all earned, which it is believed warrants this increase in capital and on such terms as will mean favorable rights to the stockholders.

Under the proposed plan the bank will have a capital stock of \$5,000,000

The South Carolina National Bank Charleston, S. C.

Greenville, S. C. - Columbia, S. C.

Consolidation of

Bank of Charleston, N. B. A.

Charleston, S. C.

Norwood Nat. Bank Carolina Nat. Bank
Greenville, S. C. Columbia, S. C.

Capital _____ \$ 1,100,000.00

Surplus _____ 650,000.00

Resources _____ 25,000,000.00

and surplus and undivided profits of over \$8,000,000, besides valuable equity in its bank premises.

It is hoped to maintain on the increased capital the usual dividend of 4 per cent. quarterly or 16 per cent. per annum.

NEW YORK BANK MERGER

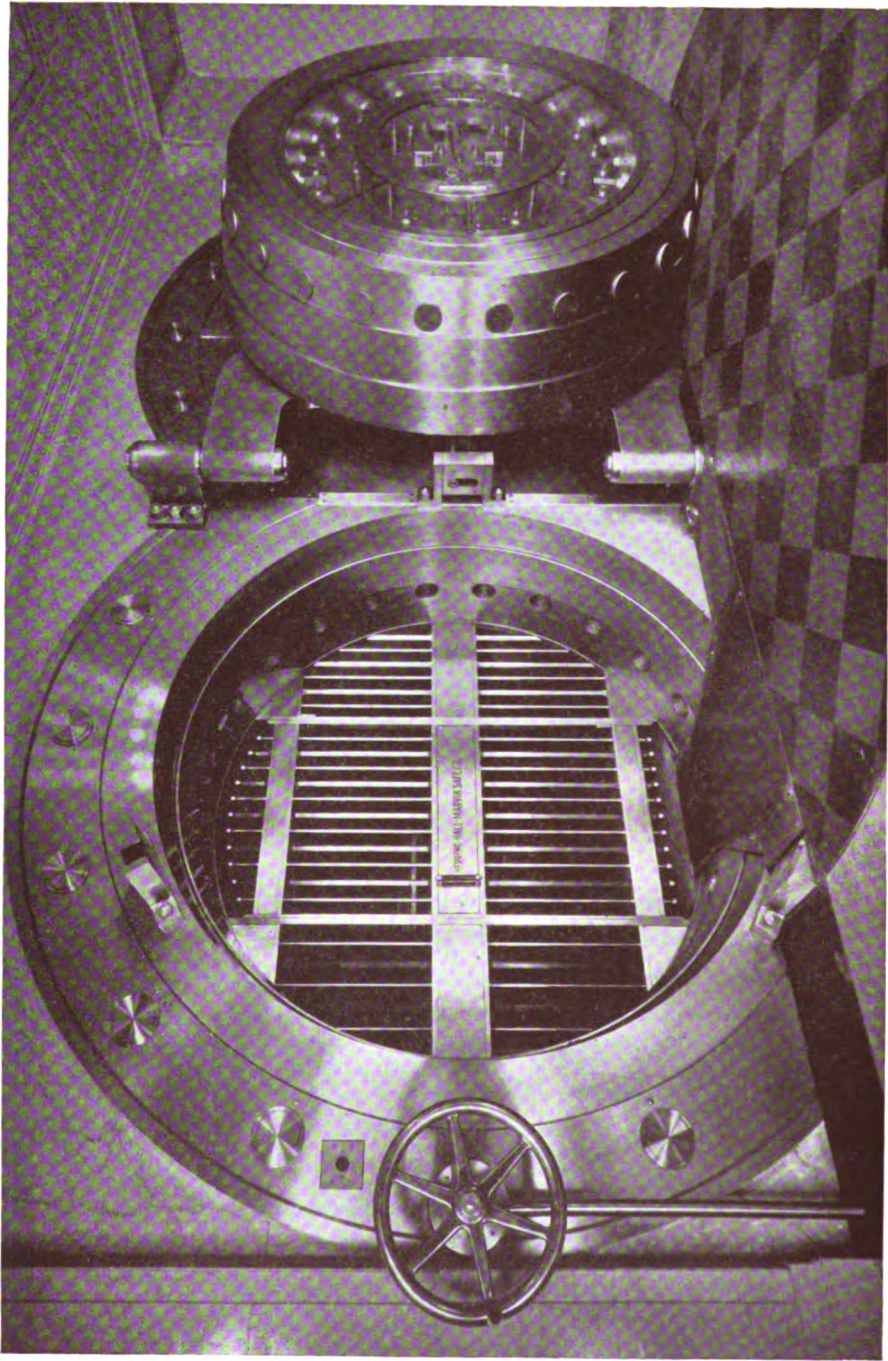
ANNOUNCEMENT has been made by Nathan S. Jonas, president of Manufacturers Trust Company, New York, of the proposed mergers of the Commonwealth Bank and the Standard Bank with the Manufacturers Trust Company.

The Commonwealth Bank has a total of five offices—three in Manhattan, one in Brooklyn and one in the Bronx—with deposits of \$22,000,000. The Standard Bank has two offices in Manhattan, with deposits of about \$10,000,000.

An increase in the capital stock of the Manufacturers Trust Company, prior to these mergers, is also being contemplated.

A letter of announcement to the stockholders says: "Before these mergers become effective, our present stockholders will be offered the right to subscribe at \$450 a share for a new issue of our stock amounting to a total of 25,000 shares, in the ratio of one share of new stock for each four shares now owned.

"When the stock increase for these purposes has been completed, our com-



Entrance to the vault of the Home Bank and Trust Company, Chicago

Designed, manufactured and installed by Herring-Hall-Marvin Safe Co., New York, Chicago, San Francisco, Birmingham, Rochester, Boston—Factory at Hamilton, Ohio

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Surplus	650,000.00
Resources	25,000,000.00

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SAMUEL P. YEO
 President and Inventor

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pany will have a capital of \$15,250,000 and a surplus of upward of \$27,500,000, or a book value of \$280 a share as against a present book value of \$267 a share, with substantial reserves in addition, and the deposits after combining the above institutions will be over \$235,000,000. Our resources will exceed \$275,000,000."

BANK OF ITALY TO ADD NEW OFFICES

THE Bank of Italy and the Bancitaly Corporation, San Francisco, have announced plans for the establishment of offices in New York, Chicago and London, thus approaching for the West a



L. V. BELDEN

Vice-president the Bank of Italy, San Francisco, who will supervise the establishment of the bank's offices in New York, Chicago and London.

financial parity with New York and Europe.

The New York representative has already been selected in the person of J. C. Ernst, who has been elevated to the vice-presidency of both the bank and the

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DESIGNERS OF MODERN BANKS OF DISTINCTION

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BOSTON-MASS

corporation. He went to the bank in 1919 and for the last five years has been an assistant manager of its bond department. He is one of the best known of the younger investment bankers in California.

The plan calls for offices in the heart of the New York financial district with the eventual acquisition of a building on Wall street by the two Western enterprises. In London and Chicago, Leo V. Belden, vice-president of the bank, will establish an office set-up for the two institutions which will approach the New York representation in importance. Mr. Belden will also have charge of all of the inaugural plans in New York, actively supervising the establishment of the joint offices there.

MARINE TRUST'S STATEMENT

THE Marine Trust Company of Buffalo, N. Y., reports capital of \$10,000,000, surplus of \$10,000,000, undivided profits of \$6,451,270, deposits of \$206,002,056 and total resources of \$237,694,911, in its statement of condition as of June 30, 1927.

MINNEAPOLIS BANK MERGER

THE Minneapolis Trust Company has recently merged with the Hennepin County Savings Bank, also of Minneapolis, under the name of the First Minneapolis Trust Company.

Of the ten trustees of the Hennepin bank, five were already directors of the Minneapolis Trust Company. These will remain and the other five have been added to the board of the new bank, With the exception of Vincent McLane, who has been elected assistant cashier of the First National Bank of Minneapolis, the entire personnel of both banks will continue with the new company. Robert

W. Webb, formerly president of the Minneapolis Trust, is the head of the new institution.

The consolidation gives the First Minneapolis Trust Company a capital and surplus of \$2,200,000 with deposits totaling over \$25,000,000. In making this announcement Mr. Webb says:

"The union of Minneapolis Trust Company and the Hennepin County Savings Bank is a source of real satisfaction to the officers and directors of both institutions. It will mean more complete and efficient service for our customers and more economical administration of the affairs of the company. The joint ownership of the stock of the consolidating banks and their contiguous loca-

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tion have brought about a friendly spirit of co-operation which will make the consolidation easy of accomplishment and which will work to the advantage of depositors. Only the banking department operated by Minneapolis



ROBERT W. WEBB

President the First Minneapolis Trust Company.

Trust Company will be moved into the quarters of the former Hennepin County Savings Bank at 511 Marquette avenue, and all other departments of the organization will remain at 115 South Fifth street."

ROCHESTER BANK STATEMENT

STATEMENT of condition of the Lincoln-Alliance Bank of Rochester, N. Y., as of June 30, 1927, showed capital of \$2,000,000, surplus of \$2,000,000, undivided profits of \$1,494,915, deposits of \$55,277,105 and total resources of \$64,080,033.

GUARANTY APPOINTMENTS

HORTON P. Kennedy has been appointed acting assistant secretary at the London office of the Guaranty Trust Company of New York and Wildred G. Soltau has been named acting assistant secretary of the company's office in Havre, France.

Appointments in this country include the promotion of F. P. Fiske, formerly assistant vice-president, to vice-president; Karl Weisheit, manager of the foreign division; F. P. Shepard, manager of the industrial division; J. N. Land, manager of the public utility division; Raleigh Rife, economist of the company.

The Alexander W. Watjen Bank Agency has been appointed to represent the Guaranty Trust Company and the Guaranty Company in Berlin. Mr. Watjen has been associated since 1903 with various financial institutions in Europe and the United States.

MOVES TO LARGER QUARTERS

THE Lincoln office of the American Exchange Irving Trust Co., New York, was transferred August 1, according to announcement by the company, from its

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former office at 60 East 42nd street to larger quarters in the Pershing Square building, 42nd street and Park avenue.

The official staff of the Lincoln office includes Charles Elliott Warren and Claude V. Allnutt, vice-presidents; Carl A. Miller, assistant vice-president; Edward L. Bishop, Allen R. Cobb and Henry E. Stubing, assistant secretaries.

SPRINGFIELD BANK STATEMENT

STATEMENT of the Third National Bank and Trust Company, Springfield, Mass., as of June 30, 1927, shows capital of \$1,420,000, surplus of \$1,500,000, undivided profits of \$1,466,598, deposits of \$30,405,271 and total resources of \$36,523,713. Frederic M. Jones is president of the bank.

SHAWMUT CORPORATION INCREASES CAPITAL

AN increase in capital from \$1,000,000 to \$1,500,000 has been made by the Shawmut Corporation of Boston, according to a recent announcement, in order to take care of its steadily growing business.

The Shawmut Corporation of Boston is one of the largest dealers in the world in bankers' acceptances, and transacts a complete investment business. It participates in underwritings and offerings of the larger issues of railroad, public utility, industrial and foreign securities and also specializes in United States Government obligations.

The Shawmut Corporation's main of-

fice is in the Shawmut Bank building at 40 Water street, Boston, and it maintains branch offices in the Park Square building, Boston; at 120 Broadway, New York City; the Packard building, Philadelphia; and in the Rookery building, Chicago. All of these offices are interconnected by a private wire system which makes it possible for investors to obtain instant execution of orders in the markets of any of these cities.

A central statistical organization is maintained in Boston for the benefit of its clients in all cities.

NATIONAL PARK BANK

THE statement of condition of the National Park Bank of New York, as of June 30, 1927, shows capital of \$10,000,000, surplus and undivided profits of \$24,517,744, deposits of \$163,580,861 and total resources of \$211,777,993.

MONTANA BANKERS HOLD ANNUAL CONVENTION

THE twenty-fourth annual convention of the Montana Bankers Association was held in Helena July 21-23, with a large number of bankers present from all parts of the state. An instructive program was arranged.

GEORGIA BANK STATEMENTS

STATEMENT of the Atlanta and Lowry National Bank as of June 30, 1927, shows capital of \$4,000,000, surplus of \$2,500,000, undivided profits of \$1,354,-

International Securities Corporation of America

Second International Securities Corporation

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891, deposits of \$50,012,986 and total resources of \$59,410,375.

The Trust Company of Georgia, the stock of which is owned by the other institution, shows capital of \$2,000,000, surplus of \$1,000,000, undivided profits of \$1,050,276, deposits of \$5,865,883 and total resources of \$11,523,130. Combined capital, surplus and undivided profits of the two institutions are \$11,905,167.

U. S. MORTGAGE AND TRUST

STATEMENT of the United States Mortgage & Trust Company, New York, as of June 30, 1927, shows capital of \$3,000,000, surplus of \$4,500,000, undivided profits of \$505,113, deposits of \$74,839,882 and total resources of \$85,222,196.



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EUROPEAN PLAN
William P. Lyle, Manager

SYRACUSE TRUST COMPANY

CAPITAL of the Syracuse Trust Company, Syracuse, N. Y., is \$1,500,000, according to statement of June 30, 1927. Surplus account is \$750,000, undivided profits \$740,273, deposits \$38,811,295 and total resources \$42,148,644.

MOVES TO NEW QUARTERS

THE First Wisconsin Trust Company, Milwaukee, Wis., has moved from the Trust Company building to its new quarters in the First Wisconsin National Bank building.

BALTIMORE TRUST

DEPOSITS of \$52,473,663, capital of \$3,500,000, surplus and undivided profits of \$4,201,086 and total resources of \$65,880,373, feature the statement of the Baltimore Trust Company, Baltimore, Md., as of June 30, 1927.

BANCITALY PROFITS

PROFITS of the Bancitaly Corporation, San Francisco, for the period from February 8 to July 22, 1927, were \$8,133,370, more than three times the dividend paid for April and July, totaling \$2,633,902.

The invested capital was then \$217,377,813 as a result of the increase in the number of issued shares on July 2, from 2,250,000 to 3,150,000. On July 29,

(Continued on page 251)

EXAMPLES OF RECENT BANK BUILDING OPERATIONS



Mural painting in the new building of the Seamen's Bank for Savings, New York. The painting depicts the landing of Washington, following his election as president, at the foot of Wall street, near the present site of the bank.



The Monongahela National Bank, Brownsville, Pa., is a thoroughly modern bank building with a front sixty-four feet wide of Concord granite, which returns down the side. Four massive Ionic columns, thirty-five feet long, surmounted by a proper entablature and parapet, are the main architectural feature. The entrance to the bank and the offices above is at the center front. There is an ample vestibule, with marble floor and wainscot, from which an open marble and iron stairway leads directly to the offices on an upper floor. The building was designed by and erected under the supervision of Morgan, French & Company, architects and engineers, New York.



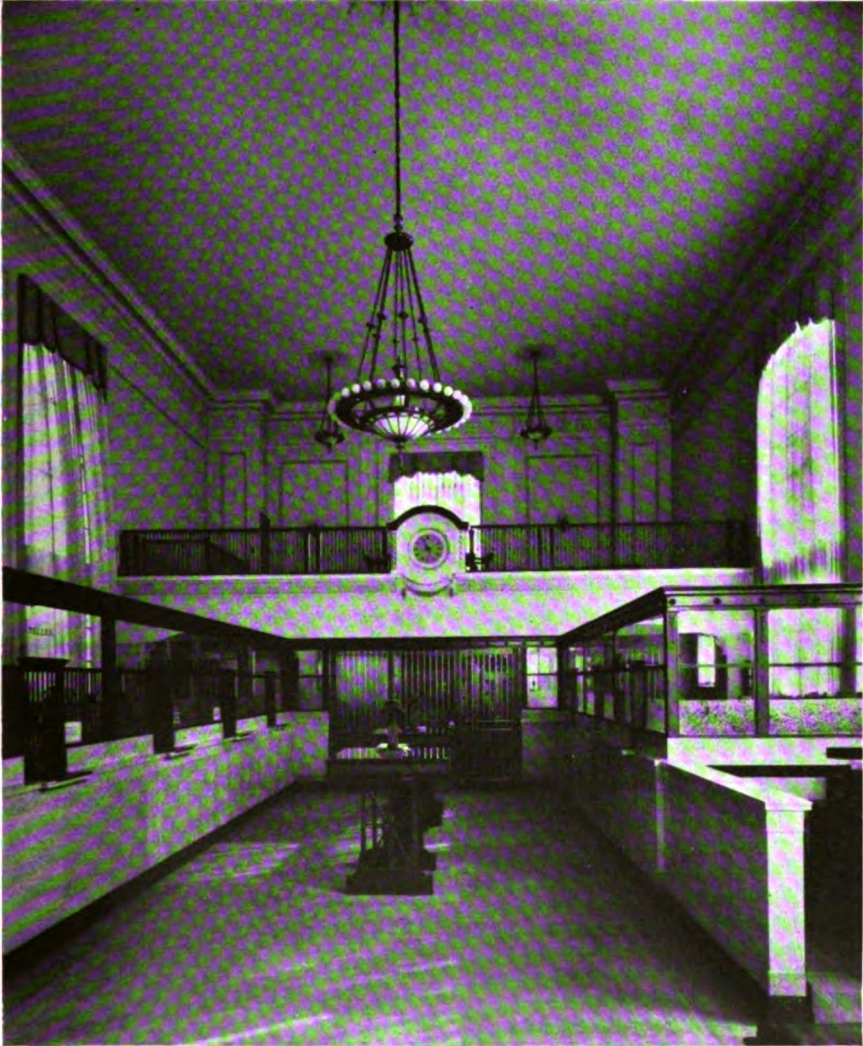
Interior of the main banking room of the Monongahela National Bank, Brownsville, Pa. Officers' space is at the left of the entrance and ladies' rest room at the right. The counterscreen is of rose Tavernelle marble with bronze wickets, while the walls are finished with a stone treatment. The floor is of pink Tennessee marble. The building was designed by Morgan, French & Company, bank architects and engineers, New York.



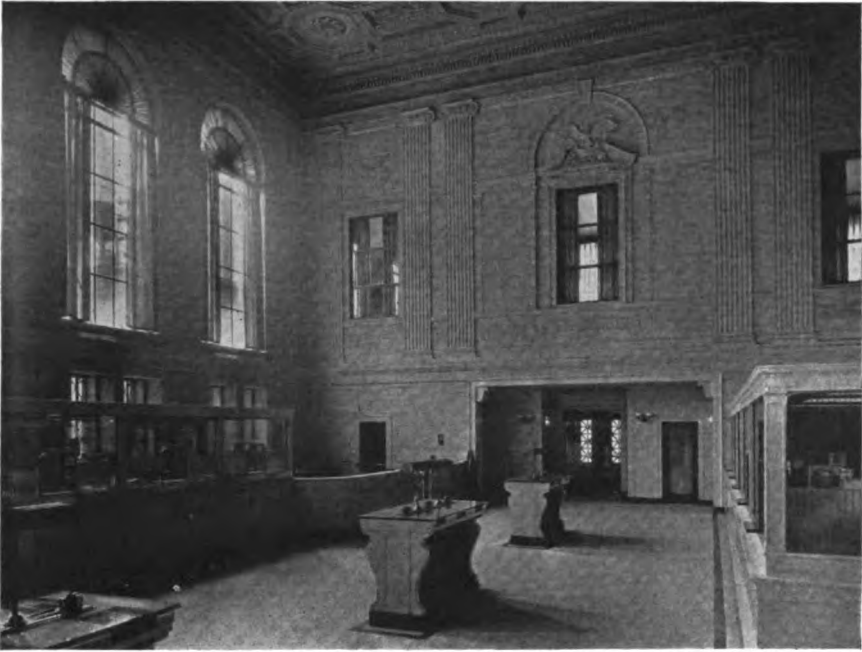
Entrance to the new vaults of the State Bank of Chicago. The vault door alone weighs more than 125,000 pounds. It was installed by the Mosler Safe Company, Hamilton, Ohio.



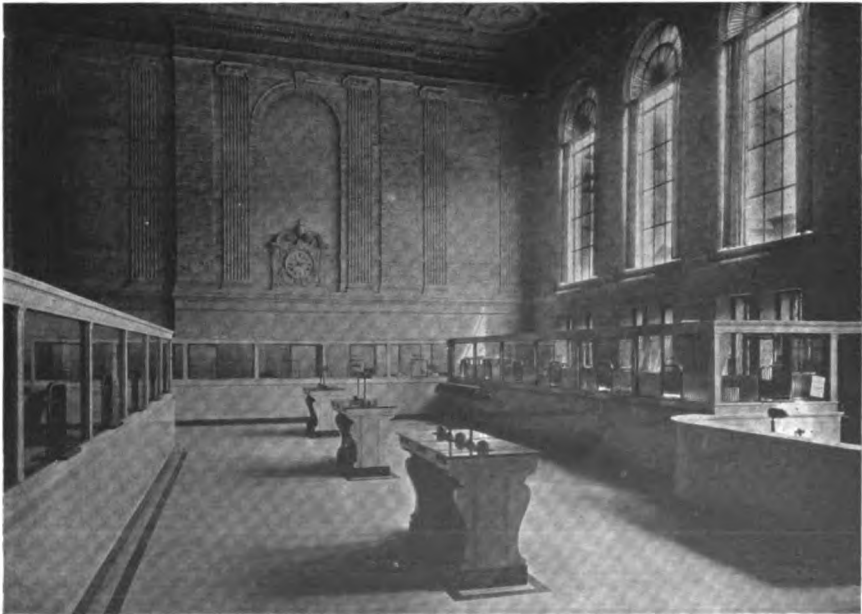
Indiana limestone again proves its excellence in the quiet dignity of the Swarthmore National Bank, Swarthmore, Pa., designed, constructed and furnished by the Tilghman Moyer Company, Allentown, Pa. The windows are of a special design executed in steel.



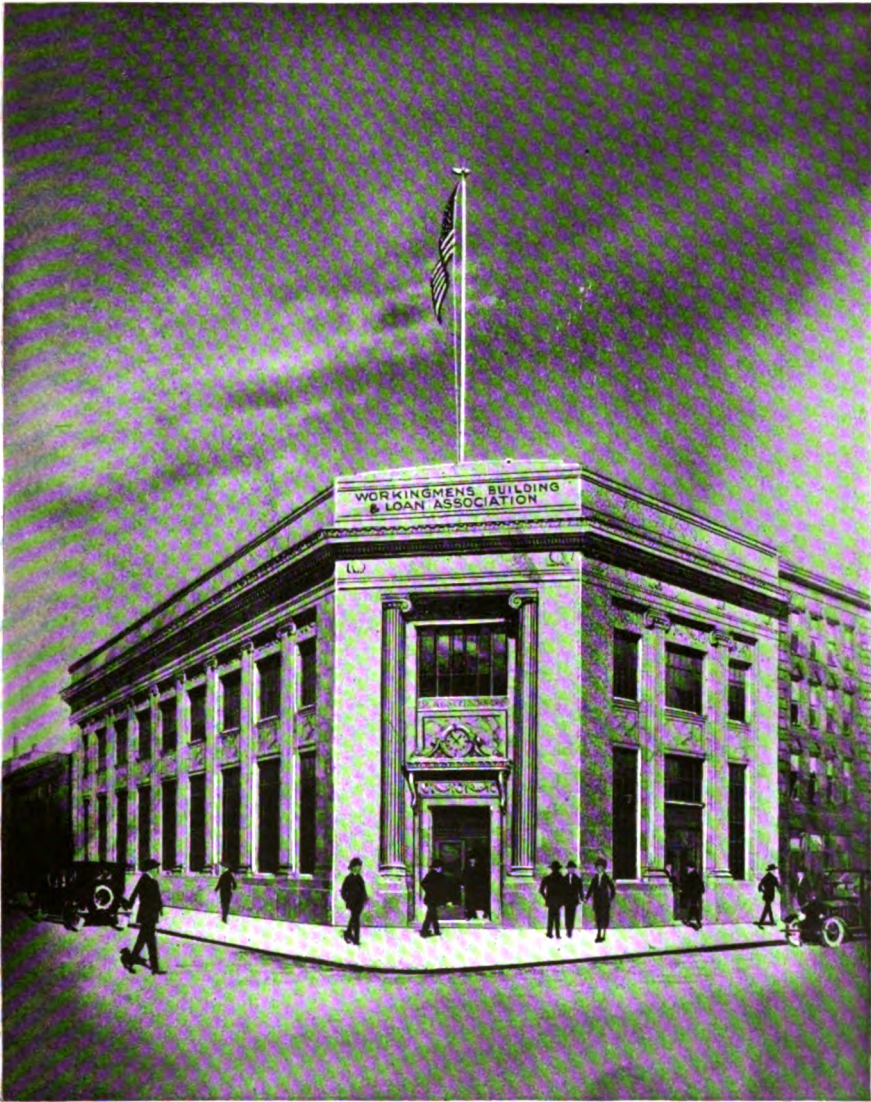
Officers accessible at the right, adequate facilities for safe deposit patrons immediately beyond the grille, and simplicity throughout, mark the modern policy of the Swarthmore National Bank, Swarthmore, Pa., in its new building. Tilghman Moyer Company of Allentown, Pa., were the architects.



Interior of the new building of the Lincoln Trust Company, Jersey City, N. J.



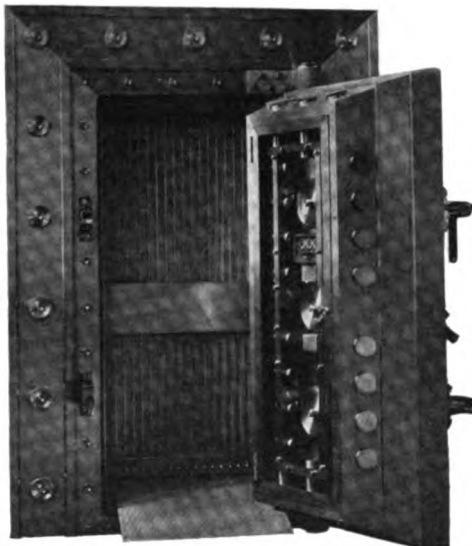
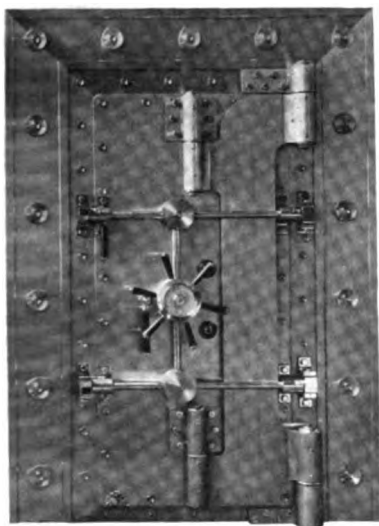
Counterscreens, check desks and floor of the new home of the Lincoln Trust Company, Jersey City, N. J., are of marble. The walls are of travertine and the coffered ceiling in soft polychrome. An unusually spacious safe deposit department is located in the rear and at the left of the main banking room, over which are provided accounting rooms. The president's office, consultation and ladies' rooms are located at the front of the main banking room, a library and directors' room on the mezzanine above. The building was designed and erected under the supervision of Uffinger, Foster & Bookwalter, Inc., New York.



New building for the Workingmens Building & Loan Association, Newark, N. J.,
Holmes & Winslow, New York, architects.



The new building for the Grand Central Branch of the Corn Exchange Bank, New York, was opened on July 18. A feature of the new building is the women's department, just a step from Fifth avenue on 43rd street, where three special tellers have been assigned to care for the needs of the bank's women customers. Another feature is the new night depository system by means of which, irrespective of banking hours, customers can give late cash receipts bank protection overnight.



Two views of the main entrance to the safe deposit vaults of the Corn Exchange Bank, Grand Central branch, New York, which held the formal opening of its new building recently. The vault was manufactured and installed by the York Safe and Lock Company, York, Pa.

(Continued from page 242)

payment of 40 per cent. stock dividend increased the issued shares to 4,410,000 and in addition there are 140,000 shares of treasury stock, including the present 100,000 and the 40,000 that have been added through the stock dividend.

TROY BANKS MAY MERGE

BOARDS of directors of the Manufacturers' National Bank and the National State Bank, both of Troy, N. Y., have voted to consolidate the two institutions, under the name of the former, with the latter operating as a branch. A meeting of stockholders has been called to vote on the proposed merger.

STATEMENT OF RICHMOND BANK

THE First and Merchants National Bank, Richmond, Va., in its statement of condition of June 30, 1927, showed capital of \$3,000,000, surplus and un-

divided profits of \$3,494,415, deposits of \$43,618,838 and total resources of \$50,626,526.

NATIONAL CITY BANK TO HAVE YORKVILLE BRANCH

THE National City Bank of New York has bought a four-story apartment house at 123 East 86th street on a plot 30 by 100 feet and plans to begin work immediately on razing the building so that the site may be used for the erection of a two-story bank building exclusively for its own use.

DETROIT TRUST COMPANY'S INTERIOR VIEW

IN the June issue of THE BANKERS MAGAZINE, on page 917, an interior view of a bank was printed as belonging to the Fidelity Trust Company of Detroit. The interior is, instead, that of the Detroit Trust Company, of the same city, an article concerning which was published on page 912 of the same issue.

Bring the Family
to
ATLANTIC CITY
and
HOTEL MORTON
It Does Make a Difference!

Catering to a discriminating family
patronage for over thirty years incurs an
obligation on our part, which is your ins-
urance policy for a carefree vacation

Booklet & Rates on Request
Bells & Cope

M

DORLAND

COMING BANKERS' CONVENTIONS

AMERICAN BANKERS ASSOCIATION, Houston, Texas, week of October 24. Executive manager, F. N. Shepherd, 110 East Forty-second street, New York City.

ARIZONA BANKERS ASSOCIATION, Flagstaff, October 13-14. Secretary, Morris Goldwater, Prescott.

CANADIAN BANKERS ASSOCIATION, Montreal, November 11. Secretary, Henry T. Ross, Dominion Express Building, Montreal, Quebec.

DELAWARE BANKERS ASSOCIATION, Rehoboth, September 1. Secretary, Warren K. Ayres, assistant treasurer Wilmington Trust Company, Wilmington.

FINANCIAL ADVERTISERS' ASSOCIATION, West Baden, Ind., September 12-15. Executive secretary, Preston E. Reed, 231 South LaSalle street, Chicago.

ILLINOIS BANKERS ASSOCIATION, Rock Island, June 20-22. Secretary, M. A.

Graettinger, 208 South LaSalle street, Chicago.

INDIANA BANKERS ASSOCIATION, Indianapolis, September 21-22. Secretary, Miss Forba McDaniel, 310 Odd Fellow building, Indianapolis.

MASSACHUSETTS SAVINGS BANKS ASSOCIATION, New Bedford, September 15-17. Headquarters, New Bedford Hotel. Executive manager, D. S. Sylvester, 80 Federal street, Boston.

NEBRASKA BANKERS ASSOCIATION, Omaha, October 19-20. Secretary, William B. Hughes, 908 Woodman building, Omaha.

NEW MEXICO BANKERS ASSOCIATION, Deming, October 20-22. Secretary, M. F. Barnes, First National Bank Building, Albuquerque.

WYOMING BANKERS ASSOCIATION, Thermopolis, August 26-27. Secretary, Harry R. Henderson, First Joint Stock Land Bank, Cheyenne.

BOOKS FOR BANKERS

Special Section of The Bankers Magazine

AUGUST 1927

QUESTIONS FOR BANKERS—AND AN ANSWER BOOK

Three years were spent by Glenn G. Munn in compiling the information given in the *Encyclopedia of Banking and Finance* (Bankers Publishing Company, \$10). The book, though it contains 600 pages, is concise for all that, containing, as it does, 3000 terms relating to money, credit, banking practice, history, law, accounting and organization, foreign exchange, trusts, investments, speculation, markets and brokerage, in addition to the full text of important banking legislation.

SINCE bankers are really human after all, they must have spent some time after hours in a bewildering attempt to remember when Napoleon was born, or the name of the first white child born in America. They may even have whispered from cage to cage to find out if anyone in the whole institution knows the names of the United States Cabinet members. Such is the popularity of questions and answers.

But now they can combine business and pleasure for here is a list of questions compiled especially for bankers and on subjects which come up every day:

1. Are guaranteed bonds the same as assumed bonds?
2. What stocks can a national bank hold?
3. What loans can national banks make to a single customer without limit?
4. Can a national bank have a "savings department?"
5. Is real estate bequeathed or devised?
6. Can any national bank have a trust department?
7. How long does it take a dollar to double itself at compound interest at a given rate?
8. What is the difference between a mortgage, pledge and lien?
9. What is the difference between a devisee and a legatee?
10. What is the difference between registerable bonds and interchangeable bonds?

No prize is offered to the person who answers all the questions correctly, but those who find they do not know all the answers and would like to know them may send for a copy of the *Encyclopedia of Banking and Finance* by Glenn G. Munn. It contains the answers to these ten and to hundreds of questions which may have been puzzling since messenger boy days.

In addition to the complete explanation of 3000 terms and phrases relating to banking and finance, all of which are cross referenced to give a unified explanation of the subject under inquiry, the book includes bibliographies where necessary; full text of such important legislation as the Federal Reserve Act, Federal Reserve Board Rules and Regulations, Federal Farm Loan Act, Federal Farm Loan Board Rules and Regulations, Agricultural Credits Act of 1923, Negotiable Instruments Law, National Bankruptcy Act, Bill of Lading Act and Cotton Futures Act; 300 banking and finance abbreviations that are familiar to some persons and unfamiliar to others; explanations of index numbers, curves in charts and of a bank statement; interest, bond and annuity tables; and lists, tables, forms and maps to illustrate various points throughout the volume.

In order to appreciate the vast amount of valuable information contained in this volume it should be thoroughly inspected. It may be had for five days' examination by banks or bankers.

Books for Bankers

BETTY ETTER, *Editor*

Monthly Book Section

THE BANKERS MAGAZINE

71-73 Murray St., New York

AUGUST 1927

SHOP TALK

BRUCE Barton, who has personally written all the advertising copy of the Alexander Hamilton Institute, says that even if the men who buy the institute's books never open them, they will have received their money's worth out of the mere fact of admitting to themselves that there is room for them to improve.

If you are sure you know everything there is to know about banking, you do not need the *Encyclopedia of Banking and Finance*, by Glenn G. Munn (Bankers Publishing Company, \$10). But if you admit that you could use more knowledge of banking, this book will give you much valuable information. We are glad to send it for five days' examination by banks or bankers, and we are sure it will not remain unopened, once you have examined it.



IN completing its banking library, the Banco de Mexico, Mexico City, requested from us a list of important books on American banking methods and legislation and on other phases of finance and economics. A list of forty-five books was compiled and sent to the bank. We will be glad to send a copy of this list to any other banks or individuals who desire a brief catalogue of important banking publications.



PROFESSOR William Z. Ripley has received the 1926 Harmon Foundation-Survey Award of \$500 for his article, "From Main Street to Wall Street," which appeared in *The Atlantic Monthly* and was subsequently incorporated in

book form, *Main Street and Wall Street*. A review of the book appeared in *BOOK TALKS* in April.

The award was given to Professor Ripley as "the author of the article appearing in 1926 in any American newspaper or periodical which, in the opinion of the judges, made the most distinctive contribution of the year to social or industrial welfare in the United States."



WITH the coming of cooler weather (at least it's cooler as we write this) bankers are laying aside their light vacation literature for the more serious subjects of business. Witness the increased orders for bankers' books which have come in during the last few weeks. The books listed and described on page 7 of *Books for Bankers* will give suggestions for reading on any phase of banking. If you wish additional suggestions, we will be glad to send them to you.



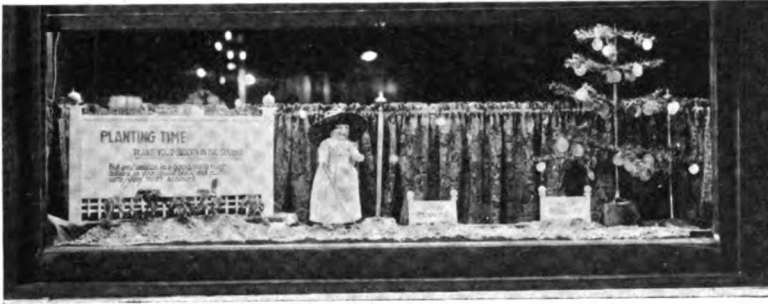
IN mentioning last month William H. Kniffin, Jr.'s *The Practical Work of a Bank* and *The Savings Bank and Its Practical Work*, revised editions of both of which are now being prepared, we forgot to mention Kniffin's *Commercial Paper*, which has also been revised. More material has been added to the various sections, particularly to that on bank acceptances, since their use in the United States has grown considerably in the last few years. More analyzed statements in which the item "reserve for taxes" appears have also been added since this item has become necessary since the war.



LADIES PREFER BONDS

When I was three I hungered for
Maurice, the child of a candy store.
When I was five I cried all day
For Malcolm, who gave gum away.
At ten I made the wise decision
To marry Pete for long division.
When I was twelve I loved a lad
Who gave me all the stamps he had.
In the glad days of Springfield High,
Ed drove me home. I loved the guy.
Now in the yellow leaf and sere
About ten thousand bucks a year
Will do me nicely
Thank you, Dear.

—Elsbeth.



101 WINDOW DISPLAYS

Bank and Investment

By M. E. CHASE

BANKS all over the country are waking up to the tremendous possibilities of window displays, and over two hundred large and small financial institutions were interviewed in gathering material for this book. Window architects, electricians, window dressers, color experts, show card writers and those making mechanical displays were also consulted and the information put into shape for practical use in every bank by M. E. Chase, who for

fifteen years has been a specialist in bank and investment advertising and publicity.

In these suggestions every branch of banking is included. The small town has not been disregarded, for most of the properties necessary for these displays may be obtained in a town of five thousand. The contents given below will give a good idea of what the book covers, and many new ideas will be suggested by those that are described.

CONTENTS

Why and How of Window Advertising

I.—Window Advertising Pays—Tests which banks have made.

II.—Capitalize Your Windows—Your windows may be cold empty glass—or “glad hands” beckoning prospects in—Windows display a super-picture—In tune with the community—Don’t over-do your attention getter—One idea at a time—Avoid monotony—Balance and Harmony—Change often—Tie up with your windows.

III.—Making Window Display Cards—Relative size of cards to display—Making your own cards—Pen and paints—Frame them.

IV.—Proper Construction of Windows—Height of window—Background—Depth of window—Panelled background—Parquetry flooring—Your name—Electric floor connections—Lighting—Colored lighting.

V.—Motion Displays Gain Attention—What large banks are using—How small banks are doing it—Mechanical devices.

What is being done in Window Displays

I.—By Financial Institutions of the East—National City Bank of New York—Union Trust Co. of Cleveland—Five Cent Savings Bank, Lynn, Mass., and others.

II.—By Financial Institutions of the Mid-West—First Wisconsin Trust Co., Milwaukee—American Bond & Mortgage Co., Chicago—First National Bank of Detroit—Morris F. Fox, Milwaukee—State Bank of Chicago, and others.

III.—By Financial Institutions of the West—Wells-Dickey Co., Minneapolis—Security Trust and Savings Bank, Los Angeles—

United States National Bank, Denver—San Diego Savings Bank, and others.

IV.—By Financial Institutions of the South—First National Bank, El Paso—First National Bank, Pratt, Kan.—Chattanooga Savings Bank, Chattanooga, and others.

What Can Be Done in Window Displays

I.—Savings Displays—Pay days in cold storage—Armistice day—During the Auto Show—Evolution—Savings plus insurance—In and out banking—Tied to your job?

II.—Investment—To get a mailing list—Interest and shoes—Play Santa Claus with bonds—Bonds on instalment—If he can, so can you—To retire at 60—Buying bubbles or bonds—Invest for children—Pyramid with coupons, and others.

III.—Trust—Save your widow from shyster—Stop and read the law—Yesterday you lunched together—Her income is regular—Watch it operate—Say it with a Will!

IV.—Checking—Carry a checkbook—Know! Who should write checks—Travels of a check, and others.

V.—Farm Banking—Build farm credit now—Better herds—County Fair—Bank by mail—Dead farming methods, and others.

VI.—Safe Deposit—If you have a new nest of boxes—For vacation times—Community strong box, and others.

VII.—Foreign Exchange—Take travelers checks—Like a checkbook—If you sell S. S. tickets, and others.

VIII.—Miscellaneous—Life Insurance—Bank at your mail box—Flower contest—Who minds growing older—Trade at home—Growing up financially, and others.

BANKERS PUBLISHING COMPANY

\$5.00

71-73 Murray Street, New York

\$5.00

BOOK REVIEWS AND NEW BOOKS

Recent Announcements of Other Publishers

THE MATHEMATICS OF BUSINESS. By W. V. Lovitt and H. F. Holtzclaw. New York: D. Appleton & Co. \$3.00.

ALL that a business man should know about mathematics is contained in this practical and simply phrased handbook, of which a mathematician and an economist are co-authors. It illustrates every type of problem involved in present-day business, whether of accountancy, investments, banking, or insurance, and actually works it out by the most efficient method in current practice. There is a chapter on short methods of computation for use in business calculations, and the book carries a full complement of interest, bond value, mortality, and other tables with instructions for their use.

NEW BUSINESS FOR BANKS. By Frederick Kerman and Bryant W. Griffin. New York: Prentice-Hall, Inc. \$5.15.

IN considering new business for banks the authors have first taken up bank administration, which covers the organization of a bank for the purpose of getting new business; then considered methods, including personal solicitation, letters, publicity, newspaper and magazine advertising, novelties, radio and movies, and employe contests; third, discussed the savings department, covering industrial savings, Christmas clubs, methods of getting savings accounts and the writing of savings copy; and, fourth, taken up other departments of a bank, including trust, bond sales, collection and exchange and safe deposit.

The volume is profusely illustrated with reproductions of advertisements and other pieces of publicity used by banks throughout the country in an effort to get new business. It is also extremely readable.

The authors are both engaged directly in the business of which they write,

one as assistant vice-president of the Bank of Italy, San Francisco, and the other as manager of the business extension department of the National Newark & Essex Banking Company of Newark, N. J. "One speaks for an Eastern banking institution, a bank of tradition," says the preface, "the silk stocking bank, one with no branches; the other for a Western institution, established just a century later, but whose branches cover California. . . . Whether yours is a large or a small bank, one with or without branches, a trust company, a mutual savings bank, a state or a national bank, your interests are discussed."

COMMUNITY ADVERTISING. By Don E. Mowry. Madison, Wis.: Cantwell Press. \$4.40.

HOW to capitalize the assets of the community in which you live and correct and eliminate its liabilities is shown in this volume, one of the first on the subject of community advertising, which has in the last few years become of importance to every community.

The volume is divided into six parts: Community Advertising Fundamentals, Community Advertising Objectives, Community Advertising Machinery, Community Advertising Mediums, Community Advertising Technique and Community Advertising Accomplishments.

Chapter headings are community building, campaign circles, listing assets, correcting liabilities, developing personality, value of research, securing funds, economic foundations, prestige and good will, conventions and publicity, tourist business, town and country, residents and settlers, business promotion, the advertising agency, chamber of commerce, schools and churches, women voters and civic clubs, railroads, financial institutions, real estate dealers, public utilities, insurance companies, other agencies, di-

rect mail, radio—silver screen, newspapers, technical journals, farm publications, exhibits and expositions, posters—outdoor displays, national magazine advertising, the budget analysis, research and market studies, an advertising plan, influence of art, literature, operation of the campaign, city accomplishments, town and country accomplishments, state accomplishments.

The author is secretary-treasurer of the American Community Advertising Association, one of the departments of the International Advertising Association.

OFFICE MANAGEMENT. By John H. MacDonald, M. C. S. New York: Prentice-Hall, Inc. \$5.15.

THE most recent developments and methods in office management, based on present-day practices in offices of varying sizes and kinds are given in this volume, the author of which is assistant professor of management, New York University School of Commerce, Accounts and Finance, and co-author, with Professor W. B. Cornell, of "Fundamentals of Business Organization and Management."

Among the organizations whose methods of office management are described are R. H. Macy & Co., Liggett Drug Co., S. W. Straus & Co., Eastman Kodak Co., Federal Reserve Bank of New York, Metropolitan Life Insurance Co., Yale & Towne Mfg. Co., and Westinghouse Mfg. Co.

The book explains how to lay out an office; how to handle incoming and outgoing correspondence; what equipment and appliances will increase office efficiency. It shows and explains filing systems that are practically error-proof, gives pointers and suggestions on the issuance of office appliances, telephone service, sales reports, advertising records, purchasing requisitions and credit information. Several chapters are given to the importance of office costs and budgets and the payment of employes.

Bank Credit Methods and Practice

By T. P. Kavanaugh

AN accurate description of the operation of the credit department of the modern bank, showing how credits are passed upon by the bank executive and how essential information should be kept on file, is given in this book.

It should therefore be a right-hand companion for the organizer and head of the credit department, and of particular interest to the banking student. The author has been able to write with both viewpoints in mind as he is a vice-president and credit manager of a large St. Louis bank, and also a lecturer on credits at St. Louis University.

In addition to the explanation of the workings of the credit department, Federal Reserve System, foreign credits, commercial paper, acceptances, analysis of statements, etc., as outlined below in the contents, the necessary records for the credit department, with illustrations of the forms in use in up-to-date banks are shown and carefully explained.

CONTENTS

Theory of Credit
Essentials of a Credit Risk
Foreign Credits
Commercial Paper and Trade Acceptances
Bankers' Acceptances
Commercial Lines of Credit. Reciprocal Relations
Federal Reserve System
Theory of Statement Analysis
Importance of Statement Analysis
Analyzing a Financial Statement
Credit Department Methods and Organization
Investigation and Compiling Information

Order on 5 days' approval from the

Bankers Publishing Co.
\$2.50 71 Murray St., N. Y. \$2.50

Bank Credit Investigator

By Russell F. Prudden

"THE Bank Credit Investigator" was written primarily for the young man who is just starting in at bank credit investigation work. It is designed to give him an understanding of the importance of this branch of bank work, an appreciation of the necessity for tact and diplomacy, and by concrete examples to explain the various steps in the scientific investigation and analysis of a credit risk.

BUT it is not only for the beginner. It contains much valuable information for the bank officer in credit work, especially executives in smaller banks that have not yet had the opportunity to establish up-to-date credit departments.

CREDIT managers will find it of the greatest usefulness in training the members of their staff. It will help them to avoid errors that come from inexperience.

CONTENTS

Development of Bank Credit Work
Organization of the Credit Department
Credit Department Filing Systems
Agency Reports
Elements of Accounting
Statement Analysis
Interviewing Commercial Paper Brokers
Interviewing the Banker
Interviewing Trade Houses
Summarizing the Investigation

Order on 5 days' approval from the

Bankers Publishing Co.

\$1.50 71 Murray St., Y. Y. \$1.50

POLLACK PRIZE ESSAYS

THE Pollack Foundation has published in book form "The Pollack Prize Essays," the four essays ranked by the judges in a competition held for a \$5000 prize for the best adverse criticism of *Profits*, a book by William Trufant Foster and Waddill Catchings. A preface includes the comments of the two authors on the critical essays.

The winning essay is by R. W. Souter, Dunedin, New Zealand; second place was taken by Frederick Law Olmsted, Brookline, Mass. The other two essays are by C. F. Bickerdike, London, England, and Victor Valentinovitch Novogilov, Leningrad, Russia.

Judges of the contest were Owen D. Young of the General Electric Company; Allyn A. Young of Harvard University; and Wesley C. Mitchell of Columbia University.

The book contains 132 pages and may be secured from the Pollack Foundation, Newton 58, Mass., for \$1.00.

WHAT NOT TO DO

PERSONAL contact, correspondence and the telephone are *The Three Points of Contact*, and what should *not* be done in making them is told in clever and amusing fashion by Kenneth A. Millican in a sixteen-page pamphlet for bankers. The booklet is a reprint of a convention speech. It may be obtained from the publisher, the Bankers Printing Company, 836 Montgomery street, San Francisco, Calif. The price is 25 cents.

BOOK OF WASHINGTON

A SHORT history of the District of Columbia Bankers' Association is contained in a recent publication, *The Book of Washington*. The book is expected to be a future reference to the activities of the business and financial houses of that city and is being supported by the Washington Board of Trade. It will also include general information about the capital.

Are these Books in your banking library?



Recollections of a Busy Life

By JAMES B. FORGAN

The life story of one of America's bankers. A limited number of copies available of an edition, autographed and bound in leather. \$6.00

101 Window Displays

By M. E. CHASE

A book of suggestions for window displays in which every branch of banking is included. The properties necessary may be obtained in towns as small as 5000. \$5.00

Clearing and Collection of Checks

By WALTER E. SPAHR, Ph.D.

A treatise on the development of the present clearing and collection system. \$7.50

Encyclopedia of Banking and Finance

By GLENN G. MUNN

Every term, expression or phrase used in banking and finance, and in commercial contacts with banking is listed in this book; not a dictionary definition but an adequate explanation. \$10.00

Bank Agricultural Department

By R. A. WARD

Shows the bank in an agricultural district how to serve the farming interests of the community. \$1.25

The Women's Department

By ANNE SEWARD

This book is a necessity to banks that are contemplating organization of this department, and is full of ideas for those already organized. \$1.25

Elements of Foreign Exchange

By FRANKLIN ESCHER

A good working knowledge of the subject can be gained in a few hours from this little book. \$1.60



The Bank Credit Investigator

By RUSSELL F. PRUDEN

Tells in as concise a manner as possible what problems the young man will meet in a bank credit department. Advice as to steps to be taken in a credit investigation and analyzation of a credit risk. \$1.50



The Paying Teller's Department

By GLENN G. MUNN

Presents the functions of the paying teller and related departments in every phase—whether in a city or country bank, the East or West. A reference book on checks and disposition of money. \$1.25

Bank Credit Methods and Practice

By T. J. KAVANAUGH

Description of the operation of a credit department, useful not only to the banker but also to the business executive in learning the banker's attitude on credit risks. \$2.50



Commercial Paper Acceptances and Analysis of Credit Statements

By WM. H. KNIFFIN

Of the few books entirely devoted to this subject, this is a safe investment; 205 pages, with 100 pages of actual statements completely analyzed on facing pages. \$2.50

New Business Department

By T. D. MACGREGOR

As a complete description of how to conduct a publicity and new business department in any bank, large or small, this book serves as an excellent guide. \$1.25

Cause and Prevention of Bank Defalcations

By M. K. FOWLER

Written to point out to bank directors and officers their responsibility for the prevention of defalcations. \$1.50

Bankers Publishing Co.

71 Murray St., New York

How Many Times

have you been "stung" because you didn't know printing?

have you had to re-order cuts cause you hadn't marked them correctly the first time?

have you lost valuable proofs and records because you didn't know and hadn't time to figure out for yourself any system of filing them?

The answer to all these is

Bank Advertising Production

written by an Advertising Production Man and containing a complete explanation of the production side of bank advertising—Printing, Engraving, Art Work and Effective Methods of Handling.

Order on 5 days' approval from the

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NEW BOOKS

- MONEY.** By William Trufant Foster and Waddill Catchings. Third edition, revised. Boston: Houghton. \$2.15.
- THE PUBLIC DEBT.** By Laurits Vilhelm Birck. New York: Dial Press. \$4.15.
- PRINCIPLES OF EFFECTIVE LETTER WRITING.** By L. C. Lockley. New York: McGraw-Hill. \$3.15.
- THIS AMERICAN ASCENDENCY.** By Glen Buck. Chicago: A. Kroch & Co. \$1.15.
- THE HISTORY OF REPARATIONS.** By Carl Bergmann. Boston: Houghton. \$6.15.
- THE BUSINESS INVESTOR'S LIBRARY.** New York: Magazine of Wall Street. \$10.05.
- PRACTICAL BUSINESS FORECASTING.** By David Francis Jordan. New York: Prentice-Hall. \$5.15.
- PRINCIPLES OF MONEY AND BANKING.** By Russell Donald Kilborne. Chicago: A. W. Shaw. \$6.15.
- THE FOREIGN EXPANSION OF AMERICAN BANKS; American Branch Banking Abroad.** By Clyde William Phelps. New York: Ronald Press. \$4.15.
- NUNTIVS: ADVERTISING AND ITS FUTURE.** By Gilbert Russell. N. Y.: E. P. Dutton & Co. \$1.15 postpaid.
- FORECASTING BUSINESS CONDITIONS.** By C. A. Hardy and G. V. Cox. Macmillan & Co., N. Y. \$3.00.
- AMERICAN BUSINESS LAW.** By J. J. Sullivan. Appleton & Co., N. Y. \$2.50.
- PRINCIPLES OF EMPLOYMENT PSYCHOLOGY.** By H. E. Burt. Houghton, Mifflin Co., Boston, Mass. \$4.00.
- COMPOUND INTEREST AND ANNUITY TABLES.** By F. C. and M. E. Kent. McGraw-Hill. \$4.
- HOW BANKS INCREASE THEIR BUSINESS.** By G. P. Knapp. Rand, McNally. \$5.
- CORPORATION SECRETARY'S GUIDE.** By W. H. Crow. Prentice-Hall. \$10.

MEN ARE SO UNRESOURCEFUL

Hub—I can't raise \$60—that's all there is to it. I received a notice from my bank this morning about being overdrawn.

Wife—Well, try some other bank. They can't all be overdrawn.—*Boston Transcript.*

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VOLUME CXV

SEPTEMBER, 1927

NO. 3

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Service

THE service rendered by a financial institution is the chief factor in retaining customers.

In both our Banking and Trust Departments we are still serving many of the grandchildren and great-grandchildren of those who originally opened deposit or fiduciary accounts with us.

Experience—Fidelity—Permanence

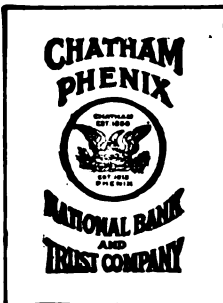


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The Publisher's Page

IN an article, "Ethics of the Safe Deposit Business," which will appear in the October number, the author, H. T. MAGRUDER, says: "Those who operate safe deposit vaults have always at hand means of carefully sorting out and declining the patronage of undesirables. It becomes a duty, not only to the institution but also to those whose patronage is valued, to require complete and satisfactory introduction or personal identification of all prospective box renters, as a preliminary to accepting their business. Right here is an opportunity to adopt a safeguard of tremendous importance. The general understanding and assurance that every box renter is personally vouched for by some responsible person in the community, is of inestimable value to the safe deposit company, and a source of great comfort to those whom it serves. Of course it may be argued that the most promising recommendations are not always fulfilled. Disaster comes to old established and well esteemed houses and individuals but experienced bankers agree that the percentage of such misfortunes is unquestionably lower among those who present credentials of a high order. Let there be no doubt then, in the reader's mind, that thorough identification of all box renters is a wise prerequisite." Mr. Magruder is secretary and general manager of the Hanover Safe Deposit Company, New York, and president of the New York State Safe Deposit Association.

In an article entitled "Wall Street, the Ever Changing" by JOHN WALKER HARRINGTON, which will appear in the October number, the author says: "One who knew the Wall Street of old New York would feel that it were touched by the wand of wizardry, so much tearing down and rebuilding has there been in the last few decades. The Bankers Trust building with its pyramid top looms over the squat Sub-Treasury building. A second home of the New York branch of the Bank of the United States, after serving as an assay office, was taken down and transported to Central Park where it was built into the American Wing of the Metropolitan Museum of Art. Then there was the Mechanics Bank, so long at the northern side of the street, later the Mechanics & Metals, which took unto itself several institutions and last year was merged with the Chase National. On the site to which it journeyed years ago at Nassau and Pine is being reared a towering thirty-eight-story building for the Chase National Bank. The Bank of America only a few months since completed at Wall and William streets its com-

[Continued on page xiv]

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"We recommend that you transfer your funds into American Express or other Travelers Cheques. You can buy them at 22,000 banks and express offices."

A writer in the Standard Oil Company's magazine says:—

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American Express Travelers Cheques

[Continued from page xi]

bined counting house and office building. The Seamens Bank for Savings, founded in 1829 and so long at 56 Wall street, has embarked on a new career in an impressive new building at 74 Wall street under the presidency of Herbert K. Twitchell. On the south side of the street, where the old Knickerbockers so long withstood the onslaughts of the pioneers of finance, looms the vast gray pile of the National City Bank, to which that institution emigrated when it left its narrow shell near the Bank of New York. Rivaling in height the cloud piercing towers of Manhattan is the Equitable Trust Company's huge new building with its 37 Wall street frontage, and covering the area where once the Mills building stood with all its seeming defiance to the powers of change. Its fabric of steel surrounds the splendid abiding place of J. P. Morgan & Co., and even bridges over that creation of Tennessee marble. How this old thoroughfare of bankers does consume the 'last words' in construction! Time was when men looked on the Drexel building as an eternal monument and were bewildered to see it go to make room for that stronghold which now so solidly stands at the north-east corner of Broad and Wall."

"The most dangerous element in banking," says PAUL M. ATKINS, in an article to appear in the October number of THE BANKERS MAGAZINE, "is the constant drain of credit losses. This is especially true when the heavy burden of recurring small losses is still further increased by the failure of some important plan or the going bad of selected securities. While heavy losses are a serious drain upon the income of a bank, very low losses often indicate a timidity and over conservativeness in making loans which usually results in the loss of much desirable new business. Somewhere between the two is the golden mean which will bring in the maximum of net profits to the bank. For the majority of banks, the loans and discounts form the most important part of the income, yet in many banks, especially those whose deposits are made up to a considerable extent of savings deposits, the securities which are purchased for investment produce not a little of the income. The rate of loss on securities is particularly significant when it is considered that during the last year the general trend of bond prices has been upward. It is essential, therefore, for a bank executive to establish sound credit policies not only in regard to loans made to clients but also in respect to securities purchased for investment. The essential principles involved are the same in both cases, securities being simply a step further removed from the immediate knowledge of the banker than are his loans." Mr. Atkins is vice-president of a well-known firm of bank consultants in Chicago.

THE BANKERS MAGAZINE

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Editorial Comment

THE BANKERS' CONVENTION AT HOUSTON

MEMBERS of the American Bankers Association who attend the annual convention to be held at Houston during the week of October 24 will have an opportunity of observing at first hand the remarkable development of Texas within recent years. While the growth of our largest state has been really phenomenal, it has not been accompanied by any undue trumpeting of the fact. For its size and what it has achieved, Texas is really a very modest community. It is hoped that the bankers who attend the convention will take advantage of the opportunity of visiting all sections of the state, for there is much to see and learn everywhere. Houston and the entire state may be depended on to give a hearty welcome to the bankers of the country.

On account of the importance of agriculture in the State of Texas, and in that section of the country generally, it would be expected that farming interests should receive special attention at the Houston convention. There is a widespread belief that farming is not only less prosperous than manufacturing, but that in some way it is not receiving in legislation the consideration that its importance deserves. The bankers of the country may well give to this matter their most earnest attention, in order that they may help in reaching a wise solution of what is called "the farm problem." Probably it will be found that in Texas the local feeling among bankers and the people generally is rather conservative in regard to this question.

The convention will find a fruitful

theme of discussion also in our whole policy toward foreign investing. "Better banking" should not be overlooked in arranging the program.

It is hoped that the attendance at Houston will be large. The convention itself should be interesting; the visit to Texas is bound to be so.

ENLIGHTENED CONCEPTION OF INTERNATIONAL TRADE

ACCCEPTING the presidency of the International Chamber of Commerce, at the Stockholm meeting, Dr. Pirelli, the new president, said:

"Trade is not war. It is an exchange of goods and services. Enlightened self-interest should prompt the business men of all countries to desire prosperity for their customers."

This enlightened view of trade has already made considerable headway so far as relates to domestic trade. Generally, in any particular nation, the manufacturers and merchants understand quite well that if they are to prosper those to whom their wares are to be sold must prosper also. The same view extends also to different classes. Here in the United States, good crops that can be sold at a fair profit are indispensable to generally prosperous conditions. So that the manufacturer and the merchant eagerly scan the crop reports and agricultural market conditions as a barometer of prosperity. It is idle to claim that the East—where manufacturing pre-

dominates—is indifferent to the South and West—where agriculture is predominant.

But when we come into the domain of international trade, a different view seems to prevail. Yet one can hardly understand how we are to sell abroad unless the foreign customer is able to buy. It is vital to us that his prosperity be maintained. And there is nothing more destructive to his prosperity than war. Furthermore, international trade rivalries are now looked on as one of the most potent causes of war. Ineed, it is quite customary to regard trade of this character as in itself a kind of war. But is it not a false conception of international trade?

A nation will sell goods to other countries in proportion to the energy and skill of its inhabitants in utilizing and adapting its natural resources to the needs of other lands. If one country lags behind another in supplying these needs, the remedy is not war, but a searching examination of its own shortcomings. Is labor efficient? Are the manufacturers and traders sufficiently skilful and energetic? Are the goods produced such as other peoples need and are willing and able to pay for?

Few countries in the world are less dependent upon international trade than ourselves. A few commodities excepted, we could bar our gates against the world and still continue to have the things essential to our economic well-being. Nevertheless, we are profoundly interested in developing trade with the world, and we shall become increasingly so as time goes on. It could therefore be wished, for the sake of our own welfare and that of the world at large, that the enlightened conception of international trade as set forth by Dr. Pirelli should generally prevail. Such a conception would not diminish trade between nations but would greatly increase it, because it would help in destroying the belief that trade itself is war either of a commercial or military nature. Once this

more enlightened view prevails, and statesmen and peoples put forth their utmost energies in enlarging the world's exchange of goods and services, a new era of prosperity will dawn for the human race.

ANOTHER BILLION-DOLLAR BANK

RECENTLY the total resources of the Chase National Bank of New York have passed the billion dollar mark, a distinction previously held by the National City Bank of New York only, whose balance sheet now shows an aggregate of more than \$1,537,000,000. Both banks have been rapidly growing of late, as have a number of others, both in New York and other large financial centers.

Banking growth in general has been due to the growth of the country's business. Individual banks have increased in size chiefly for this reason, and for the further reason that they have displayed exceptional skill in their management. They have been farsighted in discerning the tendencies of the times and in making adequate provision for meeting them.

One does not need a very long memory to recall a time when the aggregate resources of the New York Clearing House banks were less than those of either of the two institutions mentioned above. This fact makes these figures all the more impressive, emphasizing the strides we are making in banking development.

Large as are the resources of these two New York banks, the Midland Bank of London is far in the lead of both. The aggregate of its balance sheet on June 30 was £433,902,629, or about \$2,000,000,000.

In making this comparison, however, it must be borne in mind that the Midland Bank has a very large number of branches, while the Chase National and National City have only a few branches.

Perhaps, as the branches of national banks tend to increase under the new law, our banks will approach the figures of the big London banks, though the American banks have not the same latitude in establishing branches as the English banks have.

INTERNATIONAL FINANCIAL CO-OPERATION

THE disturbances lately caused by the operations of the Bank of France in making foreign gold purchases have directed attention once more to the need for closer co-operation between the world's leading money centers. Practical recognition of this need was given by the conference in New York of leading foreign banking authorities with the Federal Reserve Bank of that city. In the still unsettled condition of the monetary situation in a number of countries such co-operation is essential if plans already formed are not to be upset. However desirous any country may be, either to effect a stabilization of its currency, or to make a direct return to the gold standard, reforms of this character will be very difficult to carry out without a large measure of sympathy and help from countries where the monetary situation is more fortunate. A policy of international financial co-operation within safe limits is dictated by self-interest if from no other motives. For in the long run measures that are taken without due regard for the situation as a whole are likely to react unfavorably even upon the country where they may originate.

The action of the Bank of France has been criticised, but perhaps what it did served to call attention to the urgency for wider co-operation between the great banks of the world than has recently existed. One may reasonably entertain the hope that this lesson may not be without its effect on all concerned.

Our Federal Reserve Banks as the cus-

todians of an enormous gold fund have an important part to play under present conditions. It is believed that they are not unmindful of their responsibilities. The recent meeting of financial authorities in New York is a further evidence of the important position occupied by this country in world finance.

USES FOR AMERICAN CAPITAL AT HOME

IN our newly-acquired taste for foreign investing we are likely to overlook the favorable opportunities that exist for the employment of American capital at home. Speaking before the annual convention of the National Electric Light Association, Charles E. Mitchell, president of the National City Bank of New York, pointed out this tendency. Mr. Mitchell did not oppose the investment of American capital abroad, but merely showed that there are some good uses for capital at home of which full advantage is not being taken. He referred particularly to the railroads, many of which are in need of block signal systems, improved rolling stock and better terminal facilities. He said, in substance, that with an abundance of funds available for investment, now was a favorable time for the railways to begin to make provision for the growth of business which is bound to come in the near future. Mr. Mitchell went on to say that with conditions increasingly favorable to stock financing only three railroads had availed themselves of these conditions in the last five years. He was not unmindful that the attitude of the Interstate Commerce Commission toward railway financing hindered the roads from taking full advantage of their opportunities, and expressed the hope for a more co-operative attitude on the part of this body.

It would be deplorable, five or ten years from now, if the railways of the United States should find themselves in need of greatly enlarged facilities— as is

reasonably certain to be the case—and could not readily and easily procure the funds needed to provide them, and largely because our lending capacity had been exhausted by foreign loans.

Mr. Mitchell's admonition to the railroads is timely, and should be heeded. This is also true of his suggestion to the Interstate Commerce Commission.

IMPROVED CONDITIONS IN IOWA

AS one of the leading farming states of the Union it would naturally be expected, if agricultural conditions are as bad as they are customarily painted, that this situation would be reflected in Iowa if anywhere in the country. And yet, if one may trust the evidence given at the recent convention of the Iowa Bankers Association, things are not so bad out that way. Here are some things the bankers of the state say:

"We record with satisfaction the continuous progress made by the great State of Iowa toward completion of the post-war readjustment. The results of seven years of thrift, economy and hard work are reflected in greatly decreased indebtedness, increasing bank deposits and buying power, and renewed investment in Iowa farms at satisfactory prices.

"Iowa is coming into her own again. The high level of the intelligence of her people applied to the great fertility of her soil has brought increased income from the farms, while the production of her factories has steadily advanced.

"We believe Iowa is entering a new era. The underlying value of her productive soil has never been questioned. With renewed confidence in her resources, her institutions and the qualities of her men and women, Iowa looks forward, and is moving forward, with courage and an abiding confidence.

"We believe in the greater diversification of industry in Iowa. We have seen the value of such policy as applied to in-

dividual farms. A broader diversification with the state as a unit will prove equally beneficial to the whole people. We favor the fullest encouragement to the scientific development of all the by-products of agriculture, and we pledge our earnest co-operation in the furtherance of both these policies.

"We recognize that a vastly improved standard of banking obtains in our state and for their assistance along these lines we tender our commendations to the superintendent of banking and banking board.

"With the return of improved conditions we may expect a return of the glib salesman of speculative and worthless securities. Iowa lost \$200,000,000 in 1918 in 'blue sky' investments. We believe every banker in Iowa will cheerfully give financial counsel to his customers. We urge upon the people of the state that they investigate before they invest."

From the ending of this cheerful statement it might be inferred that the people of Iowa are somewhat unsophisticated in the matter of making investments, but it would probably be found on investigation that in proportion to the amounts invested their losses are no greater, if so great, as in states where the people are supposedly wiser in making investments. New York and Boston have been among the most fertile fields for the operations of get-rich-quick promoters.

But, however this may be, it is gratifying to note that Iowa is prospering; also that the bankers of the state are alive to the importance of sound banking as well as safe investing.

INSURANCE THAT DID NOT INSURE

KANSAS is one of the latest states to announce a failure of the scheme for the guaranty of deposits in failed banks. It is stated that the fund likely to be available for pay-

ment of losses to depositors in failed banks is some \$5,000,000 short of the amount required to meet such losses.

Manifestly, a guaranty fund that fails of its object is a form of deception that is very much to be condemned. The very word "insurance" has come to have, and justly so, almost a sacred significance. It may be said that our great insurance companies, whether fire or life, have made a record that warrants the confidence our people have in insurance. It has come to be a form of protection on which reliance may be placed.

But it is a palpable misuse of the term "insurance" to apply the word to a scheme for "insuring" bank deposits, when this insurance turns out to be illusory.

Doubtless some form of deposit guaranty could be invented that would

prove effective, although the repeated failures of state deposit-guaranty schemes do not afford much ground for this belief. If the state is to guarantee deposits, it would have to exercise a much more rigid scrutiny over the organization and management of banks than now exists. Nor is it certain that this would answer. Bankers themselves might afford something approaching nearer to an effective guaranty, but to do this they would have virtually to control the management of the banks whose deposits they guaranteed. Clearing-house supervision of banks, where efficiently exercised, is about the nearest approximation to the insurance of deposits that has yet been devised. It is not, in fact, an insurance of deposits, but a reasonable assurance of sound banking.

THE VALUE OF A PROMISE

BY RICHARD W. SAUNDERS

LONG before the days of Damon and Pythias, the value of keeping a promise was understood and emphasized over and over again by the ancient moralists. It dates from primeval times, even before the art of writing, when often the promise was linked with a religious oath, administered in some manner ordained by custom. And when men began to live in communities where the reciprocal relations with each other became more numerous, the promise became an essential. With the advance of civilization it has entered more and more into business and social life and has come down the centuries as one of the vital links binding mankind together.

With the art of writing, promises, especially those of importance, began to be so evidenced. It was inevitable that disputes would arise as to whether or not a promise was actually made or as

to its exact terms. One of the important laws of England recited certain promises which, to be legally enforced, must be written and nearly all of our states have re-enacted this law, in whole or in part. This is the legal side. The extent to which there may be a moral obligation depends on the individual. It often happens that men relieved of their debts (which are promises) by bankruptcy, will later pay them off in full.

There is no stronger indication of the honesty and trustworthiness of a person than the manner in which he keeps his word, even in what might be termed trifling matters. To agree to be at a certain place at a set time does not seem to be a difficult agreement to keep. Yet thousands of people break such appointments daily. This is especially inexcusable in this day of telephones and other means of notifying the other party in time. A simple explanation of the delay

or a request for a later appointment are usually all that is necessary and show a proper regard for the other man. Disregard in small things is a sure indication that in larger matters the promise will also be broken. The man who fails to pay the borrowed ten dollars will certainly fail to pay the thousand or will do so only after protracted delays or legal threats.

Even if the promisor is honest and eventually takes care of his obligations, what an amount of annoyance he may cause. A check may be drawn relying upon the promise, and in passing it may be said that the man who draws a check against funds promised until they are actually in hand is inviting trouble. No person has the right to subject others to such mortification. As a rule, the option of making an agreement to do or not to do a certain thing is in the hands of the one making it, and it would be far better not to make the agreement at all if it cannot be lived up to. If a dispute should arise, the fair thing is to get together and settle the difficulty.

Fortunately for mankind, most men keep their word. But for this, business would be almost impossible. No matter what collateral is taken or devices made to insure the word being kept, the actual reliance is upon the integrity of the promisor. Should there be a breach, he may suffer severe penalties, even to bankruptcy. But one of the chief penalties is through the impairment or destruction of his credit. His acquaintances soon know his failing and refuse to accept his word.

The amazing thing is that with a knowledge of these facts and an understanding that one's reputation is at stake, so many keep on stultifying their word. Whether one admits it or not, everyone likes to have the confidence and respect of his fellows. The reason successful men keep their appointments to the letter is not far to seek, for it is one reason

why they are successes. They have gained the confidence of others. People find that they do what they say they will. They are trusted more and more and with larger responsibilities. True judgment and other qualities play their part, but the confidence the persons have instilled through strict adherence to their word, has a great deal to do with their progress.

It is better to promise less and do more than to promise more and do less. Any creditor will give a man time who pays something regularly and promptly. The man who arrives on time is welcome to his hostess. And throughout all life's dealings the punctual man, the one who has regard for the time and feelings of others, the man of his word, has a far more comfortable life than he who fails to cultivate that quality. It is a habit easily acquired and when once formed is rarely lost and is of incalculable benefit in making easier one's pathway through life.

DIVIDEND BY CHICAGO BANK

AT the merger of the National City Bank of Chicago with the National Bank of the Republic, of the same city, each of the consolidating banks retained certain excess assets not necessary to make up the capital stock of the consolidated bank. These assets have been held by trustees, and as the assets are liquidated, the proceeds are paid out as special dividends to the old stockholders of the respective banks.

At a meeting recently, the trustees of the National Bank of the Republic of Chicago declared a payment of \$2.50 a share, which was paid August 15, 1927. This is the fifth distribution made by the "Republic" trustees, and brings the total of the special dividends so far declared up to \$27.50 a share.



WHY BANKS HAVE BEEN INCREASING THEIR BOND ACCOUNTS

BY EUGENE M. STEVENS

The following article was prepared for THE BANKERS MAGAZINE by a man who is president of one of Chicago's largest banks, the Illinois Merchants Trust Company, and who has had a broad experience as an investment as well as a commercial banker. Prior to his entry into the commercial banking field with the old Merchants Loan and Trust Company of Chicago, Mr. Stevens organized the investment banking house of Eugene M. Stevens & Co., later Stevens, Chapman & Co. Mr. Stevens is one of the founders of the Investment Bankers Association of America and is a past president of the Bankers Club of Chicago.

IT does not seem remarkable that the investment accounts of all the member banks of the Federal Reserve System should have grown in the last decade from a figure less than two billion dollars to approximately six billion dollars, when it is remembered that the income of their depositors, the American people, has jumped in that period from thirty-four billion dollars, in round figures, to sixty-six billion dollars, and their net annual savings have shown an increase from three and one-half billions to nine billions. Many might not believe, however, that even within the last year, the bond accounts of banks as a whole have not only continued to increase, but have been doing so even faster than the banks' loans and discounts to their customers (excluding loans secured by stocks and bonds). That this is the case is evidenced by the latest report of the Federal Reserve Board, which shows that

the investment accounts of all the 668 reporting member banks jumped roughly \$340,000,000 from the total of \$5,704,645,000 a year ago, whereas the loans increased only \$250,000,000 from a previous total of \$8,408,432,000.



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E. M. STEVENS
President Illinois Merchants Trust
Company, Chicago, Ill.

It is true that the tremendous increase in bank deposits since the war would not, ipso facto, argue that any or all of this increase would be allocated to the bond accounts of banks. In fact, the elemental conception of banking, i. e., the acceptance of deposits, the repayment of money to customers on demand, and loaning of surplus funds to customers,

would not include the purchase of bonds. The fact remains, however, that over 70 per cent. of the banks in the Middle West now purchase bonds for their secondary reserve, if the recent questionnaire sent out to over a thousand banks can be accepted as a criterion.

The reasons for the change since the

war are obvious. Liberty loans commenced the education of the public as well as of many bankers. An attractive rate of interest, combined with excellent security, was obtainable from bonds issued by the largest industrials, railroads, and public utilities, and tempted the investment committees of the banks; then followed municipal improvements and municipal bonds; foreign government loans, payable in dollars, made their appearance on the New York Stock Exchange; as interest rates gradually declined and conditions improved, refinancing through call prior to redemption came in vogue—and still is.

To meet the popular demand, more bond departments were opened by banks, who obtained the service of experienced bond men; frequently these men not only helped to purchase securities for resale to customers, but also advocated and helped in buying bonds for the banks' own accounts. Newspaper publicity, magazine articles, "investors' guides," etc., carried on the education. The consequent increased public interest and participation increased the trading and activity of bonds, thus giving many bonds one of the essentially desirable features for bank investment, that is, a high degree of marketability. Whereas, in 1917 the total volume of trading in bonds listed on the New York Stock Exchange was \$742,387,900, in 1926 it amounted to \$2,864,811,000.

The deflation that occurred in 1921, together with the difficulties encountered by some of the banks whose assets were, to a large extent, invested in "frozen" farm loans, served to emphasize the desirability of bonds for bank investment because the banks could obtain a diversification of assets otherwise impossible. A small country bank could not, if it wished, lend \$5000 directly to the United States Steel Corporation or the American Telephone and Telegraph Company, but it could purchase their bonds with the knowledge that it could realize on them in twenty-four hours

time, or less. Thus the bond accounts grew.

But, for other reasons, different and less obvious, large city banks, long familiar with bonds, have been increasing their purchases within the last year or so. The explanation lies in the change that has been taking place in the ratio between money on deposit and the demand for credit on the part of the banks' borrowing customers. So many changes in the way of doing business are quietly taking place, that it is interesting to analyze some of the reasons why the borrowing demand has not kept pace with growth of deposits, thus forcing banks further into the bond market to find a profitable employment for their funds.

LINKING RAILROAD SERVICE WITH BANK'S BOND ACCOUNT

It would seem a far cry to link the present efficient operation of railroad freight service with the bond accounts of banks, but a recent advertisement of the Pennsylvania Railroad shows clearly the connection: "Freight distances are now measured in hours instead of days. The Pennsylvania's flying freights move with the speed and precision of fast passenger trains. Freight movements are definitely scheduled. This expeditious handling of freight has benefited all America. Factories can now count on scheduled deliveries of raw materials and keep inventories down. Retailers, sure of quick replenishment of supplies, can carry smaller stocks." Naturally, lower inventories require less working capital to carry, which in turn means less demand for credit from banks.

The installation of costly labor-saving machinery is also having its effect, in that raw materials become finished products in less time, which again shortens the period that money is tied up in working processes. In many instances, the high cost of installing this machinery has resulted in public finan-

cing of long term borrowing, which is tantamount to a substitution of borrowing from investors instead of banks.

The Department of Labor recently issued a study showing the gains in labor productivity through index figures cover-

some of our largest corporations, not to mention numerous smaller companies as well. The following table shows the surplus working capital of a few of the typical large companies, with assets invested outside of their business.

Name of company	Date of annual report	Holdings	
		United States Government	Other marketable securities
Eastman Kodak	12/31/26	\$24,459,991	*\$4,132,148
Du Pont	12/31/26	18,364,816	
General Motors	12/31/26	12,840,580	4,732,433
Quaker Oats	12/31/26	9,139,166	505,036
Pullman	7/31/26	19,112,802	3,889,427
U. S. Steel	12/31/26	Incl. U. S. Gov't	72,615,282

*Call loans, \$5,000,000 in addition.

None of the above has any bank indebtedness.

ing the output per man-hour in the eleven principal lines of manufacturing from 1914-1926. The average increase was 59 per cent. In the tire industry, the increase per man-hour was as high as 211 per cent., and in automobiles, 172 per cent. The indirect effect of this on banks is obviously the same as that of labor saving machinery.

Even the banks themselves have helped speed up industry. Through the Federal Reserve System, it has been possible to lower the time required for collection of checks and drafts. Whereas it used to require up to several months in certain instances for clearing, the maximum time now required is nine days.

The downward trend in commodity prices is another factor in decreasing the demand for capital. According to Professor Irving Fisher's index numbers, the average price as expressed in percentage of pre-war base has decreased from 247, the peak in May, 1920, to 152 a year ago, and to 140 this year in the month of May. The decrease this last year may appear small as given above, but if it were computed in inventory values, the figure would run into millions of dollars.

CONSERVATIVE POLICY OF CORPORATIONS ALSO FACTOR

Another influencing factor is the ultra-conservative financial policy of

The typical American company learned a valuable lesson in 1921, and is taking advantage of every opportunity to put itself in an invulnerable financial condition by retaining a large fraction of its earnings in the business. A few days ago, one of the Chicago banks was asked to send an officer to a meeting of a company that was earning almost \$5,000,000 and paying dividends of \$500,000. The problem to be discussed was whether it would be safe to increase the dividends to \$1,000,000; the company's president decided to recommend an increase to only \$600,000 to be on the safe side. Thus many American companies that have been recently enjoying good earnings are putting themselves in a position almost independent of their banks, in fact, a study of the balance sheets of some of these companies reveals that instead of being borrowers, they are lenders of their surplus working capital inasmuch as they are purchasers of bonds.

The very fact that there has been a large amount of new bond offerings (the total to date this year is in excess of \$3,360,836,285) is an indication to some extent that bank loans are being shifted to long term loans, for in the prospectus of most of the new issues it will be discovered that, among other reasons, the purpose of the issue is "for general pur-

poses," or in other words, to increase working capital and reduce bank loans. There have been recently a number of bond offerings of oil companies. Under normal conditions, these companies would have looked to their banks to carry them through a temporary slump in oil prices; when it became apparent that the slump was more than seasonal, long term bor-

rowing was naturally resorted to, with a consequent reduction in bank loans.

No one of the above mentioned reasons would in itself be sufficient to account for any effect of consequence on bank loans and bank bond accounts, but it appears that they do when the cumulative effect of all the factors comes into play.

SECRETARY MELLON'S REFUNDING POLICY

BY ELISHA M. FRIEDMAN

The author of this article is an investment banker, lecturer on finance at New York University and at the New School for Social Research, author of *International Finance and Its Reorganization* and other works on international economics. He was formerly vice-president Overseas Securities Corporation, and on the staff of the U. S. Treasury.

SECRETARY Mellon has manifested financial statesmanship in an act which will ease the burden of the national debt on this generation, and probably more so on the next. He has offered to the holders of the Second $4\frac{1}{4}$ per cent. Liberty bonds, which are callable in whole or in part on and after November 15, 1927, the right to exchange these bonds for $3\frac{1}{2}$ per cent. notes due on March 15, 1932, but callable on March 15, 1930. The Second $4\frac{1}{4}$ s outstanding at the end of last year amounted to over \$3,000,000,000, so that the saving of three-fourths of 1 per cent. in interest is about \$23,000,000 annually, or about 25 cents for every man, woman and child in the United States and, say, \$1.25 per family.

This policy applied to the additional approximately \$15,000,000,000 of the national debt callable in the next six years, should result in a saving of almost \$100,000,000 a year. Even for a country as colossal as the United States, this should substantially lower the cost of government, lower the tax level, and increase the funds available for business. If in 1933 the yield on Government bonds should fall below a $3\frac{1}{2}$ per cent. basis, then every additional half of 1 per cent.

saved on the debt of \$18,000,000,000, will mean another approximately \$90,000,000. This is a large percentage of our pre-war budget, and not an insignificant part, even, of our present budget.

This piece of financial statesmanship deserves more than passing comment. Indeed, it is a new policy, for in 1922 the Treasury issued about \$750,000,000 of $4\frac{1}{4}$ per cent. bonds due in 1952, but non-callable for twenty-five years, or until 1947. In 1924 there were issued more than a \$1,000,000,000 of 4s due in 1954, non-callable for twenty years, or until 1944. In 1926, were issued \$500,000,000 of $3\frac{3}{4}$ s due in 1956, non-callable for twenty years, or until 1946. In other words, the old policy, confined to about \$2,000,000,000, or about 10 per cent. of the total debt, meant that the Government forfeited the right to redeem its own bonds for a period of twenty years or more, in spite of the fact that it was highly probable that its credit might be very considerably improved within that period. These bonds, as the writer then predicted, are all now selling at substantial premiums of about 13 points, 8 points and 5 points, respectively.

In 1923 the writer sent one of the salesmen of his company to a client, a large life insurance company, that carried over \$20,000,000 of Second Liberty 4 $\frac{1}{4}$ s, to suggest that the company sell this issue and buy Treasury 4 $\frac{1}{4}$ s of 1947/52, which were then selling at about the same price, near par. The table of bond yields indicated that when United States Government bonds sold on a 3 $\frac{1}{2}$ per cent. basis, the former bonds would never rise much above par on account of the early call feature, whereas the latter should go to 113, the writer assumed, before five years would elapse. This forecast was conservative, being realized in a shorter period. This company lost over \$2,000,000 on one issue due to the inertia of its bond department. As United States Government bond yields decline further, these bonds, so called "Mellons," with many years to the optional call date, should sell much higher. A yield of 3 per cent. in 1930 would make a price of 116 $\frac{1}{2}$. A yield of 2 $\frac{1}{2}$ per cent. in 1933 would make a price of 120 $\frac{1}{2}$. Here is a cue for the farsighted bond buyers of insurance companies who would take advantage of the probable appreciation.

LONG REDEMPTION PERIOD NOT IN FAVOR

No great power, to the writer's knowledge, has done any post-war refunding on the principle of a long redemption period.

Of the thirteen British internal loans issued from 1919 to 1926 and totaling about £2,500,000,000, two were made redeemable in 1927, three in 1929, two in 1930, one in 1931 and one in 1934. These optional redemption dates ranged from three to ten years after date of issue. Of four Dutch internal loans issued from 1919 to 1924 and totaling about 750,000,000 guilder, two were redeemable in 1928, one in 1933 and one in 1934. The Dutch external loan of \$38,000,000 was redeemable in five years. As the credit improved, the op-

tional redemption dates were reduced from fifteen years after date of issue, to five years. Of six Swiss internal loans totaling about 900,000,000 francs, one each was redeemable in five years, eight years, ten years, eleven years and fifteen years, and one was non-callable. The three Swiss external loans totaling \$85,000,000 were all redeemable at the option of the government in ten years.

Our Government is now paying about 3 $\frac{1}{2}$ per cent. for its money. The Treasury 4 $\frac{1}{4}$ s, non-callable for twenty years, now cost the Government three-fourths of 1 per cent. more per year, or \$5,625,000. The Treasury 4s, non-callable for seventeen years, cost the Government one-half of 1 per cent. more per year, or \$5,000,000. The Treasury 3 $\frac{3}{4}$ s, non-callable for nineteen years, cost the Government one-fourth of 1 per cent. more per year, or \$1,250,000. In total, the Government will pay for at least seventeen years some \$12,000,000 per annum more than if the Government had reserved an early redemption right. The amount of \$12,000,000 per annum compounded at 4 per cent. for seventeen years equals about \$274,000,000 and its present value is about \$145,000,000. Should the Government credit improve to a 2 $\frac{1}{2}$ per cent. basis by 1933, then this additional cost to the Government will be about \$578,000,000, and the present value of this sum would be about \$250,000,000—large figures even for a gargantuan country like ours.

This policy probably cannot be undone by legislation of the Government. It might be possible for Congress to authorize the Treasury to buy in the bonds at more than par. In this event, when the 4 $\frac{1}{4}$ per cent. bonds sell at about 113, or a 3 $\frac{1}{2}$ per cent. basis, the Treasury can probably retire a large percentage by purchase in the open market and refund on a short term and lower coupon. The present loss of a few points may be offset by saving a rising percentage annually for 17, 19 and 20 years in the issues redeemable in 1944, 1946 and 1947.

PRESENT POLICY IS SOUND PRACTICE

The present policy of the Secretary of refunding the old issues with bonds callable at an early date, is in line with the soundest practice. Of a hundred or more foreign bonds which have been issued in the United States, there are hardly a half dozen which are non-callable. True, the German Government 7s are non-callable as a whole, but are callable for sinking fund at 105. They are now selling at 107 and better, whereas unsecured callable bonds of German cities like Hamburg, are selling near par on a 6 per cent. coupon. Some months before the German loan was issued, one of the representatives of the German Government in the United States requested suggestions as to terms of the contemplated issue and the writer's reply included an attractive high coupon rate coupled with an early callable date. The 8 per cent. bonds of Norway, Denmark and of their cities and of the Swiss cities have been refunded. Others are soon to be refunded. And from Antioquia to Yokohama, the foreign bonds listed on the New York Stock Exchange show redemption dates most of which run from five to ten years, even though the due date on the bonds may be considerably longer.

Even the governments whose credit was not of the highest insisted on early optional redemption dates in their obligations. The State of Santa Catharina 8s, issued in 1922 and now in default, the Serb, Croats and Slovenes 7s issued in 1927, the Poland 6s issued in 1920, and the Esthonia 7s issued in 1927 were made callable in ten years after date of issue. The Porto Alegre 8s issued in 1921, the San Paulo 6s of 1919 and the Hungarian Consolidated Municipal 7s, covering thirty-two small municipalities too small to borrow themselves, were made redeemable at any time. And similar early optional redemption dates were demanded and obtained by Antioquia, Caldas, Callao, Cordoba, Duisburg,

Duesseldorf, Graz, Mendoza and Styria, to mention only a few, geographically far flung, of the credit risks less good than the United States Government. Some small communities have already exercised the privilege of early redemption and refunding.

Of 133 foreign bonds listed on the New York Stock Exchange, about sixty-three issues or 48 per cent. are callable at any time; 53 per cent. before 1929; 69 per cent. before 1932; 82 per cent. before 1935; 90 per cent. before 1937. The remaining 10 per cent. are callable before 1945 (except one issue) and consist chiefly of low coupon bonds of British colonials.

Not only is the Secretary's present policy in line with the universal practice embodied in recent foreign financing in America, but it is in line with American and European principles of war finance. The First Liberty Loan, due in thirty years, was callable in fifteen years, in 1932. The Second Liberty Loan, due in twenty-five years, was callable in ten years, or 1927. The Third Liberty Loan was a straight ten-year loan due in 1928, and the Fourth Liberty Loan, due in twenty years, was callable in fifteen years, or 1933. The Victory Loans were very short, maturing in 1923 but callable in 1922, and since retired.

Similarly, the great European powers reserved the option of early retirement. The British war loans were either relatively short or had an early redemption date. The first loan of 1915 was callable in 1925. The second loan of 1915 was callable in 1925. The third loan of 1917 was callable in 1929. The fourth loan was due in 1927, and so on down to the seventh loan of 1920, callable in 1925.

Even France, in her financial straits, reserved the right of early redemption. The first war loan of 1915, the second loan of 1916 and the sixth loan of 1920 were redeemable in 1931. The third and fourth loans of 1917 and 1918 were irredeemable until 1943. But at that

time France seemed to have been too involved fiscally to insist on the early redemption date. The nine German imperial war loans issued from 1914 to 1918 were all redeemable in or shortly after 1924.

The present policy of the Secretary is in line not only with the present and war-time financing of both the United States and foreign countries, but it is in line with the sound historic financial policy of both Great Britain and the United States for over 100 years.

After the Napoleonic wars, a series of refunding operations in Great Britain reduced the yield on Consols from 4.2 per cent. to 2.6 per cent. and increased their quotation from 70 to 106. The largest of the refunding operations was handled by Mr. Goschen in 1888 when the equivalent of \$2,500,000,000 of various issues was refunded on a $2\frac{3}{4}$ per cent. basis and further to a $2\frac{1}{2}$ per cent. basis in 1903.

CIVIL WAR REFUNDING

Similarly in our own country, the several bonds issued during and after the Civil War were reduced from an interest rate of $7\frac{3}{4}$ per cent. in 1869 to $6\frac{3}{4}$ per cent. in 1870; $5\frac{3}{4}$ per cent. in 1877; 4 per cent. in 1879; and $3\frac{1}{4}$ per cent. in 1880. The American policy was to set an early optional call date, thus permitting a reduction in the interest charge and in the tax burden. The Louisiana debt of 1803 was redeemable within fifteen years; the war loans of 1812 were redeemable within twelve years; and Secretary Chase in financing the Civil War insisted on an optional redemption date of five or ten years. The House of Representatives in the '70's insisted on a thirty year life and surrender of an optional earlier redemption right for the 4 per cent. bonds. The ineptness of such financing was indicated in the fact that the 4s due in 1907 sold between 121 and 130 from 1885 to 1890 to

yield 2.6 to 2.1 per cent., a damaging proof of the un wisdom of their non-callable feature. Long before the expiration of these bonds, the Government was able to borrow on a $2\frac{1}{2}$ per cent. coupon rate. Owing to the failure of the refunding bill of 1881 Secretary Windom offered holders of 5 per cent. and 6 per cent. bonds the option of taking cash or of "continuing" their bonds at $3\frac{1}{2}$ per cent. without a maturity date but subject to redemption by the Treasury. The refunding was successful. As the Government revenues increased, the so-called "continued" bonds were either paid off or again refunded in 1883 into 3 per cent. bonds which in turn were paid off by 1887. In 1891 a 4 per cent. issue was redeemable and was either paid off or "continued" at 2 per cent. interest.

Concerning the Treasury bonds now outstanding, the $3\frac{3}{4}$ s, the 4s and the $4\frac{1}{4}$ s, non-callable until 1946, 1944 and 1947 respectively, these bonds will all rise substantially above their present levels. The $4\frac{1}{4}$ s, callable in 1947, will in 1930 have seventeen years to run, and if the Government credit should then be on a 3 per cent. basis, the bonds should rise to 116.5 per cent., and if the Government credit should improve to a $2\frac{1}{2}$ per cent. basis the bonds should rise to 124.1. Similarly the 4s should sell at 111.3 and 117.6 respectively and the $3\frac{3}{4}$ s should sell at 115.52 and 114.7. That this price level is probable is indicated in the striking improvement in the Government's credit in the last few years. At the end of 1924, the Government bonds were selling on about a 4.46 per cent. basis and today they are selling at almost a full per cent. lower.

MELLON'S POLICY WILL BE FOLLOWED IN FUTURE

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The policy set by Secretary Mellon in this refinancing will undoubtedly be followed by future Secretaries of the Treas-

ury. An early redemption date does not require an early maturity date. A life of ten, fifteen or twenty years coupled with a five, seven or ten year option of redemption might even be preferable. The advantages of having bonds with an early optional maturity date is obvious. The failure to follow this policy means that a reduction in the interest item of the Federal budget is made impossible and the American tax payer is unnecessarily heavily burdened. Government credit will probably continue to improve further for several reasons. Primarily a decreased supply of bonds will result from their continuous retirement both by sinking fund and by payments on the interallied debt. Again, there seems to be a prospect of lowering interest rates in the United States over a long period. Finally, as the super-taxes are diminished tax-exempt bonds become relatively less desirable than United States Gov-

ernment bonds, which thereupon should appreciate.

It will probably be possible for the Government to refinance on a steadily lower basis until the pre-war rate of about 2½ per cent. is reached. The refinancing policy of the United States, therefore, needs to be shaped to give the Government, and through it, the taxpayer, the benefit of these lower rates. Of the many skilful pieces of fiscal administration with which Secretary Mellon will be credited in history, not the least will be his refunding of a large issue of bonds at their call date at a substantial saving in interest by another issue with an early optional redemption date. He has not tied the hands of his successors for twenty years. They will be free to lighten the burden on the public. Credit for this policy an appreciative generation will ungrudgingly grant.



Officers of the Franklin Trust Company, Philadelphia, dressed in overalls and straw hats at an outing held at the close of a successful drive for new business which netted almost \$2,000,000. C. Addison Harris, Jr., president of the Franklin Trust, is seventh from the left of the picture.



PROBLEMS OF ORGANIZATION AND MANAGEMENT IN THE SAFE DEPOSIT BUSINESS

BY WALTER C. REID

This article is the sixth of a series now running in *THE BANKERS MAGAZINE* on various phases of the safe deposit business. The author is vice-president and general manager of the Lincoln Safe Deposit Company, New York.

THE safe deposit vault today is deemed a necessary adjunct to every bank and branch bank, every trust company and branch, and the savings banks now also consider the safe deposit vault a necessary addition to their equipment. Whether or no the vault will be a source of direct profit is not the question. If a competitor be equipped with a vault, then it becomes a case of "we must have one," and perhaps one a little better. It has come to be generally believed that in order to hold the bank's patrons a safe deposit vault must be a part of the bank's equipment.

The cost of the present day vault necessitates the reaching out for other than the business of the bank's own customers, and to secure this additional business a superior service is required. With the keen competition existing in many communities, the annual safe rental charge has been kept down so low that at times boxes are rented at a loss. When the safe deposit business was first established the minimum annual charge was \$10. This charge largely prevails in Boston today. At such a price adequate safeguards can be placed around the deposit to the satisfaction of both the depositor and the depository. In some other large cities safes may be rented as low as \$3 per year.

Several years ago, the manager of one of the larger vaults in a large Western city made a careful study of costs and reported that the cost to his company

averaged more than \$3 per safe and by far the larger part of his safes were rented at \$3 per year. When business is being done at little or no profit, the natural tendency is to economize to the point of danger and even beyond.

A DANGER POINT IN THE BANK'S EQUIPMENT

It has been frequently stated that the safe deposit vault is a danger point in a bank's equipment. In all other departments the banker knows the extent of his liability. The figures are open to him. He does not know the extent of his liability in the safe deposit vault, as he has no knowledge of the contents of the safes in his care. A safe may, and often does, contain money and negotiable securities of great value. The laws affecting such deposits differ from the banking laws to which the banker is accustomed, and able counsel, unfamiliar with the business, at times makes strange errors.

In some states, the contracts covering such deposits have been considered as made between landlord and tenant, a rental contract. In others, the contract is considered one of bailment, and in the *Stead* case, an Illinois tax case, the United States Supreme Court considered such a deposit as a bailment. But whatever the liability, it is up to the depository to see that the deposit is surrounded by every safeguard to avoid litigation and prevent any possible loss.

Of course it is not possible to prevent claims for loss, often fictitious, but sometimes with the honest belief of the complainant, that he has suffered a loss at the hands of the depositary. The management must, therefore, be in a position to successfully refute any such claims, and if necessary, be able to prove conclusively to a jury that the loss, if any, was not due to any lack of diligence on the part of the management or of its employes.

Now, what is lack of diligence or what is due diligence, depends on the judgment of a jury in each particular case. What might be considered lack of diligence in a large city might be considered due diligence in a small community. The surrounding conditions have a bearing. Special features, slight laxities, might decide an important case disastrously, not only to the particular depositary immediately affected, but to the entire industry. The depositary is required to take as great care of the property of his depositors as a prudent man would of his own property. Those managing large vaults in the large cities, doing a large business, are constantly on their guard. They have the advantage of large experience. They can afford to employ help of greater intelligence than can the small vault.

THE SMALL VAULT

The small vault, with perhaps one or two thousand safes, must rely on intelligent help performing other duties in the bank for its brain work, but should have an intelligent, reliable attendant always on the job to handle the regular line of business, who when a situation arises out of the ordinary can refer to his superior for instructions. To give the management of a vault over to one who has outlived his usefulness in another department of a bank is not safe. To put it in the hands of a young, inexperienced person is equally unsafe. There must be at least one intelligent thoughtful

head always on guard or trouble may come when least expected.

The custodian, irrespective of his ability, should be under constant supervision of a superior, not only for the protection of the vault, but for his own protection from designing customers, so that his integrity may be unquestioned. If a vault contains 1000 safes with contents of an average value of but \$500, the total value would be \$500,000, and one man should not be placed in a position to be entirely accountable for this.

Of course, the bank's interests should be of the first consideration to the custodian, and he should understand that any departure from a strict line of conduct to help out a favored depositor may cause untold trouble to the depositary. While it is well for the custodian to be on friendly terms with the depositor, these terms should not be allowed by him to become intimate, and he should have nothing to do with the contents of a depositor's safe. For his own protection, he should call on someone from outside of his vault. Overconfidence of the depositor in the custodian has been a cause of temptation to the custodian, and he must guard against too intimate friendship of the depositor, male or female. When contents of a box are missed, friendship ceases and suspicion takes its place.

VALUE OF SAFE DEPOSIT ASSOCIATIONS

Even with the intelligent supervision of a superior officer, a vault is not safe unless legal counsel may be readily called upon to decide knotty problems, and counsel may not be altogether familiar with similar situations. It is here that the various safe deposit associations have been found of great value to members. The depositary is entitled to a reasonable time to decide whether he will give access or not, or a lock may be conveniently out of order to necessitate the cutting open of a safe, for which a future appointment will be necessary. Through

the secretary of the association, the views of men of experience may be obtained and a line of action decided upon. New England is covered by the Massachusetts association, and by the Connecticut association. New York State, with its five branches, is well covered, and has an associate membership all over the United States. There are also associations in New Jersey, Pennsylvania, Ohio, Illinois, Missouri, Louisiana, Michigan, Wisconsin, Oregon and California.

Some of these associations issue interesting printed bulletins from time to time; the New York association monthly. This association also has a printed service for its members, entitled "Safe Deposit Decisions and Practice," giving recent legal decisions, laws, methods of practice, and matters of special importance to its members.

SHOULD VAULT BE SEPARATE ORGANIZATION?

Should the safe deposit vault be established as a separate organization or should it be held as a department of the bank? While it is not probable, yet it is possible that a loss might occur in the operation of a safe deposit vault, that would seriously jeopardize the resources of a bank, if the business were carried on as a department of the bank. Were the vault operated as a separate institution, the liability in such a situation would be limited to the amount of the capitalization of the vault, or as in New York and perhaps other states, to twice the amount of the capitalization, the stockholders being held for the additional shortage up to 100 per cent. additional to the par value of the capital stock.

The erection of a safe deposit vault having been decided upon, its location and size remain to be determined. Having little use for the basement for other purposes, the inclination seems to be to place it there. As here there is plenty of room, the vault may be of considerable size. Where a vault is placed away

from other departments, it cannot have such close supervision as it would have on the main floor, and is likely to cost more to operate, as more help will be required to supervise and safeguard it. Without knowledge of the future possibilities of earning power, a vault will be constructed with a large open central space, which it is hoped subsequently to fill with safes. It may be years before such hopes are realized and the interest charge and the depreciation charge are going along all the time, whether the vault be filled or not. Then the high estimated cost may tempt skimping on its security. Every inch of waste space is costing just as much as that portion filled with safes. Would it not seem wise, therefore, to construct the vault with the least possible waste space, maintaining the highest degree of security, and plan for a possible future increase by a future addition to the vault? A vault with the least waste space is one arranged with a single aisle down the middle, with a nest of safes on each side, with a main door at one end and a safety door at the other, to guard against possible lockouts. Such a vault could readily be extended either lengthwise or sidewise, should future demands require.

PLANNING QUANTITY AND SIZES OF BOXES

Should the services of a vault engineer be necessary? The cost of the services of such a person might add slightly to the expense of construction, but his knowledge and previous experience might conceivably cut the manufacturer's costs more than the charge for the services of such engineer. In laying out a new vault it is difficult to determine the quantity and sizes of safes that may be required. The vault engineer would be of service in this connection. If but one side of a vault be filled, as business develops experience should indicate the required sizes.

Most of the vaults constructed today

are equipped with safes of polished steel. These require constant rubbing with oil to keep down the rust, with the result that if the oil is not carefully removed, the doors become sticky and disagreeable to the touch. Modern safes are now being constructed of stainless steel at a slight additional cost, which will obviate the use of oily cloths.

THE QUESTIONS OF LOCKS AND KEYS

The question of what locks to use is of importance. Shall they be single nose locks or double nose locks? Shall they be interchangeable locks or permanent tumblers? With the single nose lock, the guard key is first turned in the lock and removed before the depositor's key will open the safe. The guard key must be used again when the depositor returns his tin to the safe. Depositors will sometimes forget or lose their keys. Some are of the opinion that the guard key will open the safe. For this reason some believe the double nose lock is preferable, as it can then be demonstrated that the keyhole for the guard key is separate and distinct from the keyhole of the depositor, and that the guard key merely unlocks the mechanism, that the depositor's key may operate. The double nose lock of today is so arranged that the guard key cannot be removed till the depositor has removed his key.

The care of keys is an important item in the handling of a vault. The custodian should not touch these keys, and modern lock makers are now delivering keys in sealed envelopes, the depositor being the first to handle such keys. This is an argument for the interchangeable lock. With these when the safe is rented the custodian permits the depositor to select a key. He then prepares the lock, that the selected key may be inserted, and from then on only the selected key of the depositor will fit such safe. When the safe is given up, the tumblers of the lock are thrown, so that the lock may be used for a future depositor.

A prominent lock maker has recently invented a lock which has a guard key and a depositor's key that will unlock any of the unrented safes in the vault. When a safe is rented, a small screw is removed and a disc drops, showing a number. A sealed key envelope bearing the same number is then handed the depositor and that key only fits the depositor's lock thereafter. The only difficulty with this is that on the surrender of the safe, the lock must be returned to the lock maker for readjustment. A number of locks could be returned at one time. Locks being returned in this way, of course, permit of their being constantly kept in working order.

As stated above, the care of keys is an important matter. Keys that are sent in by mail or are dropped should go at once to some officer, who has no direct connection with the vault, and no officer should for a moment accept the custody of a depositor's keys. There have been known cases where keys have been left with a cashier or official, who has been unable to resist the temptation of removing valuable property from the safe for his own use. It has also happened that in renting safes but one of the two keys for each lock was delivered to the depositor, the other being thoughtlessly retained by the bank, the bank officer not realizing that he was assuming a liability by holding such key.

THE SAFE DEPOSIT CONTRACT

The vault being now ready for business, the safe rented with the handing over of the rental fee, comes the signing of the contract. The contract of some depositaries is quite voluminous, and seeks to cover every possible contingency, with a view possibly of heading off claims. It is desirable that these contracts be as simple as possible, indicating the date of rental, the rental charge, the acknowledgment of the receipt of the two keys to the safe, a description of the

depositor, whether one or more persons or a corporation, are the renters, whether a deputy is to be appointed, and in those states where there is no law covering the opening of safes when the rent is unpaid, some provision to cover this point.

Where the safe is rented to but one person, the depository usually has less trouble than when rented to two or more. When a depositor dies, the transfer tax laws tie up the safe until the executor or administrator is appointed. Where the safe is held by two or more, the death of one may delay necessary access to the survivors, and may require proof for the tax authorities as to the ownership of the contents. When renting to one depositor a deputy may be appointed to have access to a depositor, but his authority ceases with the death of his principal. When a box is rented to a corporation, there should be a resolution of the board of directors of the corporation filed, indicating who is to have authority to go to the safe. When a safe is rented to a trustee, the title of the trust should be known, and a copy of the trust deed filed. Safes should not be rented to a trustee or an agent without the depository knowing the conditions of the trust or agency. Safes should not be rented to minors, though a minor may act as deputy.

Should a depositor be asked to leave a deposit for safe keys? Some vaults make a charge of \$1 for the two safe keys, this to be returned when safe is surrendered. It is claimed that this secures a prompt return of the keys and saves the cost of cutting open safes on which the rent is overdue. When renting a safe it is always advisable to obtain from the depositor the name and address of some near friend, that may be communicated with in the event of an emergency, and when rent is paid by check, a record should be taken of the name of the bank upon which it is drawn.

THE QUESTION OF ACCESS

Now that the safe is rented, comes the matter of access. Should the depositor be allowed to come and go without recording his comings and goings? Years ago it was customary for the custodians in some vaults to keep a record of this in a book but, at times, with a number of accesses at one time, there was no certainty that all were recorded and consequently the record was worthless. This system was abandoned in most cases. In recent years two systems of keeping this record have been adopted. In one the depositor, on entrance, is called upon to sign a slip, bearing the date of access and a time clock indicates the time of arrival and departure. This system requires the filing of these slips daily, that the record may be readily available at any time.

With the other system, the contract card is of good size, and on the reverse side are a series of ruled lines, between which are written the date, time of arrival and departure, and the depositor's signature. This system requires that the contract card be gotten out at every access, the correctness of the signature may thus be noted, and if there are any restrictive clauses on the contract, or if the rent is overdue, signals will indicate this to the custodian. The accesses appear at once on the card and in the event of claim for missing contents, the depositor may be reminded of some occurrence that he had forgotten.

As to missing contents, care should always be taken to examine coupon rooms immediately after departure of depositor, as valuable property is often left by the absent minded depositor. An instance is known of an absent minded depositor, called to the telephone, walking out, leaving his tin box and entire contents in a coupon room. Some coupon rooms are now fitted with sockets to which may be attached a portable telephone that a depositor may use without

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The writer has long been of the opinion that co-operative advertising among the various vaults of a community, through the press, not advertising any particular depository, but impressing upon the public the need for a place of perfect safety for its valuables, allowing the prospective depositor to select the vault most convenient to him, would produce satisfactory results without much cost to each separate depository. This would be the application locally of a plan adopted nationally by the paint and varnish trade, the florists, lumber companies, etc. The electric and other companies have also tried this plan locally.

The writer has attempted to give a slight idea as to the operation of a safe deposit vault, more particularly a small vault, with the belief that such a vault, properly managed, will add to the prestige of the bank operating it. A small vault, well built, well protected, and intelligently handled, should be successful, and if safes are not rented at too low a figure, should be operated at a profit, slight perhaps, but it will be a means of holding customers to the bank and perhaps of bringing others as new depositors.

FORT WORTH BANK STATEMENT

THE Fort Worth National Bank, Fort Worth, Texas, in its statement of condition of June 30, 1927, showed capital of \$2,000,000, surplus of \$1,000,000, undivided profits of \$570,381, deposits of \$30,985,485, and total resources of \$36,743,212.

SPECIAL TRAVEL PLANS FOR AMERICAN BANKERS ASSOCIATION CONVENTION

DETAILS as to reduced railroad fares, hotel reservations and other arrangements for the American Bankers Association convention to be held at Houston, Texas, October 24 to 27, have been announced by W. G. Fitzwilson, secretary of the association, as follows:

"Round trip tickets on the identification certificate plan will be sold at one and one-half fare to delegates to American Bankers Association convention and immediate members of their families. Tickets will be good only via the same route in both directions. Stop-over privileges will be allowed going and returning, or both. The name of the person to whom the certificate is issued, also the names of the dependent members of immediate family, if more than one ticket is purchased, should be filled in before the identification certificate is presented and surrendered to the ticket agent.

"Non-members of the association will not be entitled to the privilege of these reduced fares. Reduced fares will not be granted unless members present their identification certificates to ticket agents when purchasing their tickets. Round trip tickets require validation by ticket agents of the terminal lines at Houston on any date to and including final return limit, but passengers must arrive at original starting point prior to midnight of the final limit. An identification certificate will be sent to each member of the American Bankers Association in full time. If more than one person attends from a member bank, additional certificates will be required. These will be furnished upon application to W. G. Fitzwilson, secretary American Bankers Association, 110 East 42nd street, New York City.

"The passenger associations granting reduced rates and the dates of sale of tickets are as follows:

"Chicago and East Thereof: From the territories of the Trunk Line Association, the New England Passenger Association, the Canadian Passenger Association, Eastern lines, tickets will be sold from October 19 to October 25 for going trip with final return limit to original starting point not later than midnight of November 2. From the Central Passenger Association, tickets will be sold for going trip from October 19 to October 25, except in the State of Illinois, where the dates are October 20 to October 26. In both cases the final return limit is midnight, November 2. From the Southeastern Passenger Association, the tickets will be sold October 20 to October 26 for going trip, to return to original starting point prior to November 2.

"West of Chicago: From the territories of the Trans-Continental Passenger Association and the Western Passenger Association, the following applies: Colorado, Arizona, Illinois, Kansas, Missouri, New Mexico and Utah—dates of sale, October 20 to October 26; return limit, midnight November 2. Iowa, Idaho (Oregon Short Line), Minnesota, Montana, Nebraska, northern Michigan, North Dakota, South Dakota, Wisconsin and Wyoming—dates of sale, October 19 to October 25; return limit November 3. British Columbia, California, Idaho (except Oregon Short Line), Nevada, Oregon and Washington—dates of sale, October 17 to October 22; return limit November 7. For those attending from the territories of the Trans-Continental Passenger Association and the Western Passenger Association, the same routes must be used in both directions, except that from stations in Arizona, California, Nevada, Oregon, Washington and British Columbia the usual diverse routes west of Chicago, St. Louis, Memphis, Vicksburg and New Orleans will apply."



WHY CAN'T A LAWYER BORROW MONEY AT A BANK?

BY GEORGE S. SILZER

The author of this article is peculiarly well equipped to discuss his subject. He knows from a wide first-hand experience both sides of the problem presented in the following pages. He has had a distinguished record as a member of the New Jersey Bar, a prosecuting attorney, a circuit judge, as governor of New Jersey, and, finally, as president of a large and rapidly expanding New York bank, the Interstate Trust Company.

THAT lawyers are poor business men is a remark the writer heard many times during the years in which he practiced law. In many cases it was true, and in others quite the contrary. It is, of course, true that law is a profession and not a business, and it necessarily follows that one gets neither the business training nor the business experience of those who are employed from day to day in commercial transactions. Whatever business experience a lawyer gets must be merely incidental to the law itself. It is also true that many a good lawyer is so carried away by and interested in his profession that he instinctively avoids the commercial side. By a "good" lawyer the writer means a profound lawyer—one who loves the law, who enjoys the mental stimulation, the theory, the history and the literature of the law. Many such lawyers enjoy the practice more than the emoluments, often being content with small fees, and



CHAMPLAIN STUDIOS

GEORGE S. SILZER

President the Interstate Trust Company of New York and former governor of New Jersey.

a return meagre compared with what they might have, if they were more avaricious and less intellectual. It must, however, be pointed out that it is not necessary for a good lawyer to be so absorbed in his work as to be entirely indifferent to and oblivious of what is going on about him, or to close his eyes to the business side when advising his clients. There is a happy medium in this as in all things. It is quite noticeable, particularly in the large cities, that the lawyer who is indifferent to the business side of law is the exception rather than the rule. The reason for this is quite apparent. He has changed with the times. We have passed the pioneer stage and are a great commercial nation; our industries are developing, our commerce is expanding, and business and commerce are the paramount activities of our daily life as a nation.

More and more lawyers are drawn

into this commercial vortex; not only to adjust such differences as may arise, but at the very inception to give sound and practical advice before an enterprise is started.

The creation of great corporations, and their complicated activities after they are under way, call for the best legal ability, and the questions involved are not always purely legal.

By reason of his association with big commercial interests and business activities, the lawyer is often given an opportunity to share in the enterprise, or he may seek such participation in order to increase what might otherwise be a comparatively meagre income from the law.

When he does this, however, he finds that he needs capital, for otherwise he cannot pay for his share or make his investment, and so get his return. At this stage he often discovers that he has neglected an important thing during his years of practice—he has not given thought to where he could get capital if he needed it.

WHEN THE LAWYER TURNS TO THE BANK

At this juncture, he naturally turns to a bank and seeks a loan. He knows that he has worked hard, that he is honest, that he has put a little aside, and that he has faith in the enterprise he expects to invest in; and so he is much surprised when the bank hesitates to give him immediately what he asks for.

He does not realize that he has no commercial rating; that Dun and Bradstreet do not even recognize that he exists; although a little, inconspicuous, more or less worthless business man around the corner is carefully listed and financially analyzed.

He cannot give the bank a financial statement of his business assets, because they consist mainly of honesty and brains, and incidentally of law books which would bring little on the market.

He must then fall back on such col-

lateral as he may have, usually in the form of investments made out of his savings.

Here again he may meet with disappointment, for his collateral may be such that a bank cannot legally loan on it; or it may not be desirable, because it is not "liquid" or readily salable.

But even if all these objections are non-existent, he may fail to get what he needs and desires, because he is unknown at the bank or because he has not or cannot offer to them a deposit or balance to compensate it for making him a loan. Naturally, banks loan their funds to those who deposit with them, in preference to those who do not.

It is only at this inconvenient juncture that the lawyer begins to think seriously of his interest in banks and banking. Before that time, he cared very little where he banked his money or the funds entrusted to him by his clients. He probably felt that one bank was as good to him as another; that they all looked alike to him, and after all what did he care—he was a lawyer and made his living practising law.

WHAT THE LAWYER OVERLOOKED

Sometimes his choice of a bank was merely one of convenience in making the deposits; at other times he left the choice to someone else, because he really didn't care, and didn't see that it made any difference to him.

He never took the trouble to go to the bank himself and get acquainted with its officers, for bank officers all looked alike to him; to him they were just a class or group.

It never occurred to him that in advising clients as to wills, executorships or trusteeships, he might get help for himself and his client, by talking matters over with the trust officer of a good bank, who, because of his experience, had become a specialist in this kind of work.

It never occurred to him to go personally and size up the man or men who

would administer the estate or trust which he was establishing for his client.

It never occurred to him to talk with the trust officer or the bank attorney to see what his own status would be when the executor or trustee began his work. It never occurred to him to offer to the trust company the benefit of his own services and his special and intimate knowledge of the client's affairs, so that the company might associate him with that attorney when the client's estate was to be administered.

Out of the writer's years of experience at the bar and his contact with banking, has come the belief that the lawyer ought to take a more active and intimate interest in banking; that he ought to make a more careful and thoughtful choice of "his" bank; that he ought to make himself known to the officers of the bank and establish a friendly relationship with them, and that he

should consult them frequently in matters in which they are specialists.

The writer would suggest that he build up, as he goes along, a good will, which will be to some extent, a substitute for the merchant's "goods and merchandise," that he consult his banker as to what investments to make and which to avoid; that by a closer contact with the bank officers, he become personally known to them and that thereby they may learn that he is a depositor in the bank, as well as a man of good moral standing.

In this way does the thoughtful and farsighted lawyer prepare himself for the day, which inevitably comes sooner or later, when he has an opportunity to supplement his income. But whether this day comes to him or not, it is quite to the interest of the lawyer and his client, the banker, and of the public as well, that this closer contact be made.

THE PASSING OF A DOOR

INANIMATE objects are like animate ones in that, every so often, one of them achieves the unusual. There are millions of doors in this world and a door, in itself, rarely attains any great place in human affairs. Yet, now and then, a door becomes truly famous, even though the service it performs may be of small moment.

The oldest doors in existence, those of the temple at Balawat, are now preserved in the British Museum. These famous doors were made with tenons sheathed in bronze. The door of the Church of the Nativity, at Jerusalem, which dates from the sixth century, is covered with bronze plates. Probably the most famous doors in ancient Rome are those in the Lateran Basilica while the doors of the Pantheon date from the second century.

An interesting American door has just passed from active service in the National Bank of Fredericksburg, Va.

The door guarded the entrance to a vault of this long established institution when its first banking home was built in 1810, the door having been wrought by a blacksmith, who made it a splendid example of the forging facilities of that time.

The door has been in continuous use for 117 years, having been replaced this year by a vault door built by the York Safe and Lock Company, of York, Pa. The door was in the bank when the battle of Fredericksburg was fought, with the bank building in the center of the fire of both armies.

It is also a veteran of the war of 1812, as well as the Spanish, and the World wars. The National Bank of Fredericksburg has weathered all the varying vicissitudes of financial storm and stress ushered in by the aftermaths of these wars, and has always emerged, "Safe, Strong and Secure."

The bank opened as a state bank in



Historical vault door of the National Bank of Fredericksburg, Va.

in 1812, becoming a national bank when the act of Congress creating national banks was passed. Dr. J. G. Wallace, who was elected president in 1840, was the grandfather of H. Lewis Wallace, who is president of the bank today, thereby following in the footsteps of his father and several of his uncles.

Both the interior and exterior of the bank are typical of the uncompromising craftsmanship of the Colonial era, when hand-made woodwork and painstaking labor added so much of enduring charm. While the old vault door may be described as its prize possession, the bank has been an appreciative guardian of many other relics which have played their part in the upbuilding of the institution. These include scales for weighing gold, used in 1812, grandfather's clock, old letter presses, and hand-riveted iron boxes which were used for strong boxes, before the advent of safes and vaults.

Inspection of the old vault door discloses many interesting details. The

plates were rolled from wrought iron, which was probably carburized. The strap hinges have every indication of having been forged, while the keys were forged and welded. The rivets were either hand-made or forged in a rude die. The nuts were hand-made, the punching and threading indicating that they were turned out in the blacksmith shop.

The old door is being replaced by the latest type of vault entrance, as is shown by the accompanying picture of the York vault. Comparison of these pictures discloses the tremendous strides that have been made in vault construction during the last century. The bank burglars of a hundred years ago would certainly have become discouraged had they encountered such protection as is now available.

The management of the bank is maintaining the "Wallace tradition," with H. Lewis Wallace as president, Hugh D. Scott, cashier; and George A. Scott, assistant cashier; with the added efforts and applied ability of such directors as Judge A. W. Wallace, S. G. Wallace, A. H. Wallace, Hugh D. Scott, George A. Scott, Dr. J. P. Stiff, and Judge H. Lewis Wallace.



New vault door which this year replaced the 117-year old door in the National Bank of Fredericksburg, Va.



A PLAN FOR SPENDING \$10,000 IN TRUST NEW BUSINESS EFFORT

BY THEODORE TEFFT WELDON

The following article is one of a series which the author is writing for *THE BANKERS MAGAZINE* on various phases of selling trust company services. Mr. Weldon was formerly advertising manager of the Northern Trust Company of Chicago and is now vice-president of a well known Chicago financial advertising concern.

THERE is probably no more inviolable tenet of intelligent merchandising than the plan of laying out the complete program in advance. When the whole effort is put down, graphed and scheduled, the mind can view it with a clearer perspective. Its flaws become apparent. Its weaknesses often suggest their own remedies. How each step dovetails into the scheme and how all the phases of the selling task cohere and hold together and unite into a single well directed drive for business without interruption, break or change of aim can be weighed before the plan is put into operation.

Although the excellence of any merchandising plan cannot rise above the experience and skill of the mind that creates it, and although the degree of success or failure realized from its operation must ever be in direct proportion to the quality of the elements which go to make it up, still any new business effort, good or bad, enhances its chances of success if charted in its entirety and studied in advance.

The technique of planning a campaign for increased business must of course differ between wide limits depending upon the article or the service to be sold. Among successful trust companies there is a uniformity in this regard, the broad discrepancies relating principally to the extent to which personal solicitation and selling is stressed.

THE TASK DEFINED

The problem, first of all, is to increase public understanding of the trust company and its function in the community; to emphasize the principles of trusteeship for which the company stands, and the wide experience it possesses in the practice of trusteeship; to show the application of trust service as it must appeal to the very selfish and personal interests of the men and women in the community; to impress each service upon the field of its most logical users; to secure the co-operation of lawyers and life insurance people; to thus stimulate interest and inquiry among logical prospects; to ripen such prospects for action; to secure trust appointments.

This calls for the setting down and following through of a constructive sales and advertising policy—a program of defined objectives, definitely expressed.

THE MARKET

Possibly the first thing to analyze is the market—its geographical boundaries, its population, its wealth, what it thinks of the trust company, what it knows about trusteeship, what special conditions will have to be met. A study of the market will determine the densest sphere of influence upon which to concentrate. Generally speaking this will be within the county. The character of the community must be considered, whether agricultural, manufacturing,

The **FIRST**
NATIONAL BANK of
BOSTON

1784 :: :: 1927

54% of the New England banks have selected us as their Boston depository. This intimate contact with every community of commercial importance in this section insures the best direct collection service available. We shall be glad to handle your items.

Capital and Surplus \$40,000,000

Foreign Branches

BUENOS AIRES, ARGENTINA

HAVANA, CUBA

European Representatives

LONDON, PARIS, BERLIN

commercial, etc. We shall endeavor to gauge the progressive tendency of the people, their financial sophistication, their reading and buying habits. We shall take note of the competition.

From the population of the market there can be culled as prospects and as those who influence prospects, the following: Attorneys, city and county judges, and court officers; insurance agents, city and county elected officials; directors and executives of corporations; property owners, and registered mortgage owners; stock and bond traders; members of exclusive clubs; life insurance policy holders over \$20,000; safe deposit box renters, individual bank customers as selected; influential persons such as clergymen, professors, school authorities; professional men of standing, women of property.

These are the people to go after directly with the advertising and selling effort.

MEDIA

Having analyzed and studied the market, the next step is to weigh the advantages of the various avenues of attack, and to employ each in such a manner as to best support the others.

1. Newspaper

Possibly the first and most obvious channel for the trust appeal is newspaper space. A survey might be made of local newspapers and publications to determine the quality of the readers, the reader interest, the cost, and to weigh the ratio of effective to waste circulation. From this information will come the decision on the number of publications to use and the extent of the advertising in each.

From what has been learned up to this point, a decision can be reached as to whether to carry advertisements regularly, to run insertions in spurts, or to lay out a seemingly disjointed schedule anticipating appearance at psychological times and at uneven intervals.

2. Direct Mail

Direct mail is the essential multiplication of the institution's personality to carry its selling into the home and the office, to do the work of a thousand salesmen, to refine and particularize the message carried in the press. Advertising science seems willing to concede that direct mail, correctly conceived and intelligently carried on, is the force which undoubtedly yields the greatest result per dollar spent, and most particularly so in trust advertising.

By this means and by this means only, the circulation of the message can be definitely controlled, given great emphasis and placed exactly where it will reap the maximum return. It permits of the solicitation of various types of trust business among only the most logical prospects. In addition to selling the broad general functions of the trust department, it will be found the most potent vehicle in paving the way for intensive selling.

3. Bill Boards and Car Cards

These media should be given consideration on the basis of the advisability of stressing merely the name, the trade mark, the location, or some other pivot-thought concerning the institution. They can, by their physical limitations, contain no argument for trusteeship, and trust appointments in the main spring from argument and reason why.

4. Interior Signs and Window Display

This form of publicity is effective in impressing the present client and the passer-by with the trust services of the institution. It points out the convenience of the bank and does so at a time and place when it is easy and quick to get more information, ask for a leaflet, sit down and talk it over.

5. Letters

Intelligent use of the foregoing media should result in a volume of trust ap-



COPYRIGHTED

Widely recognized emblems
of St. Louis' Largest Bank,
which identify financial ser-
vice of a distinctive character.

FIRST NATIONAL BANK IN ST. LOUIS

CAPITAL AND SURPLUS \$15,000,000.00

pointments. It will also result in a great deal larger volume of interest in trusteeship which requires more concentrated selling to turn it into business.

As inquiries pile in, as people disclose themselves as prospects through requesting more information, through speaking to tellers and employes, or in more round about ways, their names should form a special prospect list.

These prospects offer a prolific field for business if handled systematically and individually. A series of letters which might number thirty or more can be prepared in advance. These letters can cover the various phases of trusteeship and the multitude of questions which arise concerning it. Each of these preferred prospects, then may be ripened for action by a careful selection of from four to seven of these letters, each moving him tactfully but none the less directly toward the trust officer's desk for a conference.

The value of preparing these letters with the greatest care cannot be over estimated, nor can the value of having them carefully and individually typed and personally signed. The more usual method of dictating a reply to each response from the advertising misses one of the most important links in the merchandising chain. Some such letters may be good. But they should all be excellent. They should be even more powerful and contain a greater sales impetus than the advertising of which they are born, for they form, in a way, the close. Their potency will determine to a large degree the success of the campaign.

6. *Personal Solicitation*

Finally, then, we must capitalize on all that has been done. The advertising has educated, informed, created interest and desire. It has, perhaps, made many sales. It has brought many others to a point where they have disclosed their desire to know more. These last have been written and many have come in

to discuss their problems with the trust officer.

Now comes a time when many prospects need the impetus of a personal call to get their business. They are too busy or too forgetful or too timid to come in. Or perhaps they are discussing an arrangement with a competitor, or considering naming an individual. But they have been discovered. From the whole field they have been gradually culled out, and they are not so numerous but that officers can find time to call upon them. From then on, procedure will be intelligently planned on the information uncovered by the call.

Thus we have developed a merchandising plan. The seed is planted, it is cultivated, dead ones are cut out, and as each prospect ripens he is treated to fit his exact degree of interest in the subject. Some will ripen soon; some slowly; some never.

The least expensive work per prospect is in the general advertising. The most costly is in personal call. The efficacy and economy of any merchandising plan therefore must lie in getting a just balance all the way down the scale beginning with the mass appeal and reserving the individual work for those who can be made to act.

7. *Outside Assistance*

No trust department can even approach its possible growth without the help of attorneys and life insurance people.

The lawyers must be included in the picture. They should know the excellence of the service rendered and the kind of treatment estates will receive. They are primarily interested in the welfare of their clients, and the trust company that works with them upon this premise will get and keep their confidence and receive much of the business they influence.

It is well to write the lawyers; invite them to come in and learn how trusts are handled; offer them assistance in

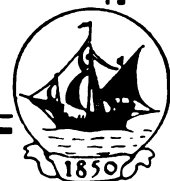


Why
**The Marine Knows
Buffalo**

Because every major
line of business in
Buffalo, and virtually
every minor line, is
represented on the
books of The Marine.

**THE MARINE
TRUST COMPANY**
OF BUFFALO

Resources more than \$200,000,000



planning wills of an unusual or complicated nature; look over wills they have drawn and report to them confidentially if the provisions are apt to work out well in actual practice; supply them with tax data; send them forms of wills and insurance trust agreements as guides to save their time and effort; refrain from drawing wills and agreements within the institution; employ them to handle the legal details of appointments they influence.

When insurance solicitors fully understand the greater possibilities in their own sales from co-operation with a trust company, this enlightened self-interest turns them into active trust salesmen. They can be shown that when a prospect starts looking at trusts he begins to figure not principal but income. Once on this footing he does not stop buying insurance at some arbitrary figure which he has set up in his mind as "enough." He goes on and gets himself adequately covered. And no one can convince him as thoroughly of his need for life insurance as the trust officer with whom he is discussing the provision he wants to make for the future of those nearest his heart.

The cultivation of insurance men has an important place in the merchandising plan of a trust company.

8. Interior Assistance

Stockholders, directors, officers and the whole banking family of employes should be co-ordinated into an effective selling force. Their principal value is in alertly watching the effect of the effort and in giving clues to the whereabouts of new business. A teller who will report that John Smith spoke about the ad in the morning paper and seemed interested, is giving information which will in many cases lead quickly and surely to a big estate. A director who will tip off the department that several of his friends got to discussing executorship as outlined in the last leaflet which went out, and that two of them are thinking of taking

action, is the kind of directors one dreams about more often than one meets.

It is a difficult piece of work to put a bank's personnel in the frame of mind to scent out business and then to promptly report the trail, but it is being done every day and is resulting in making the merchandising effort an assured and gratifying success.

EXAMPLE

To draw something tangible from this outline, let us look at an example of the budget for a trust new business campaign in a city of 200,000 population. It can be modified or amplified to fit any trust company, and it gains effectiveness and ease of operation from its extreme simplicity and concentration of effort.

DIRECT MAIL

Since it is felt that the sale of trust functions depends in the main upon the education of the community along trust lines, the basis of the campaign takes the form of direct mail. The messages have a big task to perform. Their attention value, rapid movement, sustained interest and strength of handling are matters of prime importance. They should be in no sense of the word, ordinary bits of advertising. They should form a clear and vital exposition of the pivot-points upon which trusteeship rests.

The mailing lists are as follows:

List A—3000 names. Persons of present means.

List B—500 names. Persons whom it is felt would be factors in directing business to the trust company.

List C—1500 names. Younger executives whose present means are not large, but whose incomes are ample and whose futures are promising.

The subject matter in the messages to be sent these lists is:

January. Lists A and B—3500 names. Concerning wills and the provision for the future protection of dependents.

February. Lists A and B—3500 names. Concerning agency and safekeeping services for travelers, also mentioning the broader service of living trusts.

March. Lists A, B and C—5000 names. Concerning the simplicity and the benefits of leaving life insurance in trust.

April. Lists A, B and C—5000 names. Concerning the various methods of leaving life insurance with a discussion of the benefits of each.

May. Lists A and B—3500 names.

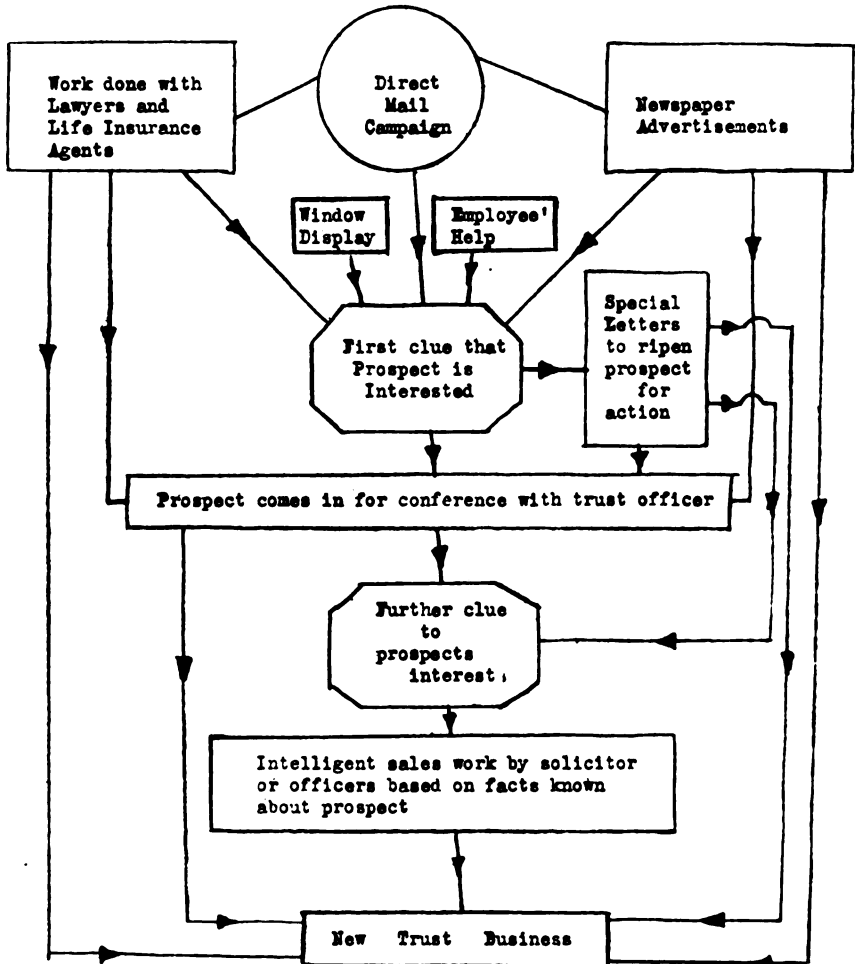
Concerning the scope of the executor's task.

June. Lists A, B and C—5000 names. Concerning the immediate creation of an estate through life insurance.

July. Lists A and B—3500 names. Concerning the principles and practice governing the management of estates

August. Lists A, B and C—5000 names. Concerning life insurance in its relation to the shrinkage of estates at death.

September. Lists A, B and C—5000



Graph showing correlation of various units in a completed plan for trust new business effort.

*At this great bank
28,000 Eastman Kodak dividend
checks were amount written by
the Super-Speed Protectograph
in 30 hours—70 per cent less time
than the fastest previous method*

ONE of the many large banking institutions using the Todd Super-Speed Protectograph to save time and labor in preparing checks, and to protect the funds of their customers, is the Lincoln Alliance Bank of Rochester, New York.

Recently this bank had, as a routine business duty, 28,000 dividend checks to prepare for its client, the Eastman Kodak Company. It was a necessary precaution that they be provided with the utmost protection and that as a matter of business economy the time in preparing them be kept to a minimum.

A minimum of 100 hours by previous methods had been found necessary for this operation. But by using the Todd Super-Speed Protectograph this bank was able to reduce the time required for writing the amount lines to thirty hours—less than a third of the shortest previous record.

The Super-Speed shreds the amount line into the very fiber of the paper in two colors of indelible ink. The imprint is easily legible and provides protection by defying the operations of the check tamperer. The Super-Speed writes amounts on checks at the phenomenal rate of 1200 an hour, speeding business routine and provid-

ing checks with a dignified means of protection.

Banks, business houses and industries everywhere endorse the Super-Speed Protectograph as a most essential accessory to modern business practice. It introduces economy and speed in the important routine of preparing your business checks. Its use provides all-important protection.

Have a Todd representative demonstrate the simplicity, speed and the economical use of the Super-Speed Protectograph. Or mail the coupon for complete information on the Todd System. The Todd Company, *Protectograph Division*. (Est. 1899.) Rochester, N. Y. *Sole makers of the Protectograph, Super-Safety Checks and Todd Greenbac Checks.*

TODD SYSTEM OF CHECK PROTECTION

THE TODD COMPANY 9-27

Protectograph Division
1139 University Ave., Rochester, N. Y.

Gentlemen: Send me complete information on the Super-Speed Protectograph and the Todd System.

Name _____

Business _____

Address _____



The Golden Age of the American Merchant Marine began about 1785, when the group of famous Salem owners and merchants first sent their ships to China, India, and St. Petersburg

New England & Foreign Trade

NEW England comes naturally by her maritime prestige. Her ports on the Atlantic are very fortunately situated. As compared with others, they are hundreds of miles nearer Europe. Their harbors could comfortably shelter the world's fleets, and their wharves are favored by direct rail communication to all inland centers. In all respects they are natural gateways for foreign trade.

Industries throughout the country desiring to benefit by the advantages of New England seaports will find the OLD COLONY TRUST COMPANY equipped with exceptional facilities for remitting funds by cable . . . issuing commercial credits, financing exports and imports, furnishing foreign credit data, and locating markets for goods throughout the world.

OLD COLONY TRUST COMPANY

17 COURT STREET, BOSTON, MASSACHUSETTS

names. Concerning the need of ready cash to protect estates at death.

October. Lists A and B—3500 names. Concerning trusts for daughters.

November. Lists A and B—3500 names. Concerning trusts for sons.

December. Lists A, B and C—5000 names. Concerning the structure of an inheritance, comprising both life insurance and property under will.

Five thousand each of six different messages and 3500 each of six different messages. Total of 51,000 messages together with envelopes at an average estimated cost complete of \$70 per thousand, \$3570; 51,000 2 cent stamps, \$1020, or a total of \$4590.

NEWSPAPER

There are but two newspapers which need be used to cover the field in this city, and a schedule is to be carried in each.

Newspaper copy will follow the theme of the direct mail campaign from month to month. It will back it up, reinforce it, invite a request for it, carry the influence of the campaign beyond the limitations of the mailing list and create public acceptance of this company as the trust authority of the city.

Schedule for paper A (the leading sheet):

2 advertisements 1000 lines each.....	2000 lines
12 advertisements 420 lines each.....	5040 lines
10 advertisements 300 lines each.....	3000 lines
<hr/>	
24 advertisements (2 each month).....	10,040 lines

Two advertisements 1000 lines each, 2000 lines; twelve advertisements 420 lines each, 5040 lines; ten advertisements 300 lines each, 3000 lines; twenty-four advertisements (2 each month) 10,040 lines at 26 cents per line, \$2610.

Schedule for paper B:

12 advertisements (1 each month)	
420 lines each	5040 lines

Cost of newspaper schedules:

10,040 lines at 26 cents per line.....	\$2610
5040 lines at 17 cents per line.....	857
Mechanical cost of composition, etc.....	500

\$3967

INCIDENTAL SALES PRINTING

Blanks and forms for the information and assistance of prospects, lawyers and insurance agents will be needed. Some of these may be prepared by the trust department and some purchased:

1. Forms of insurance trust agreements.
 2. Outlines to assist in framing insurance trust provisions.
 3. Forms of will.
 4. A guide to will making.
 5. Tax books.
 6. Miscellaneous.
- Estimated cost, \$500.

FOLLOW-UP LETTERS

A series of letters will be prepared to follow up each prospect along the lines suggested by his individual inquiry. The purpose of these letters is to ripen each prospect for action, and it is hoped they will result (a) in bringing him into the bank, or (b) in enabling the trust officer to arrange an appointment to call upon him, and (c) in learning when and along what lines to lay siege to his business, or (d) in eliminating him from further consideration.

A second series of letters will be prepared to aid in cultivating the co-operation of the life insurance people.

A third series of letters to lawyers will be prepared.

Estimated cost of this effort, \$500.

WINDOW DISPLAY

Twelve window displays following the subjects covered in the direct mail campaign are planned for the year.

Estimated cost \$40 each, \$480.

Total appropriation, \$10,037.

CHICAGO TRUST'S STATEMENT

DEPOSITS of \$27,813,550, total resources of \$33,558,203, capital of \$2,000,000, surplus of \$1,000,000 and undivided profits of \$873,711 feature the June 30 statement of the Chicago Trust Company.

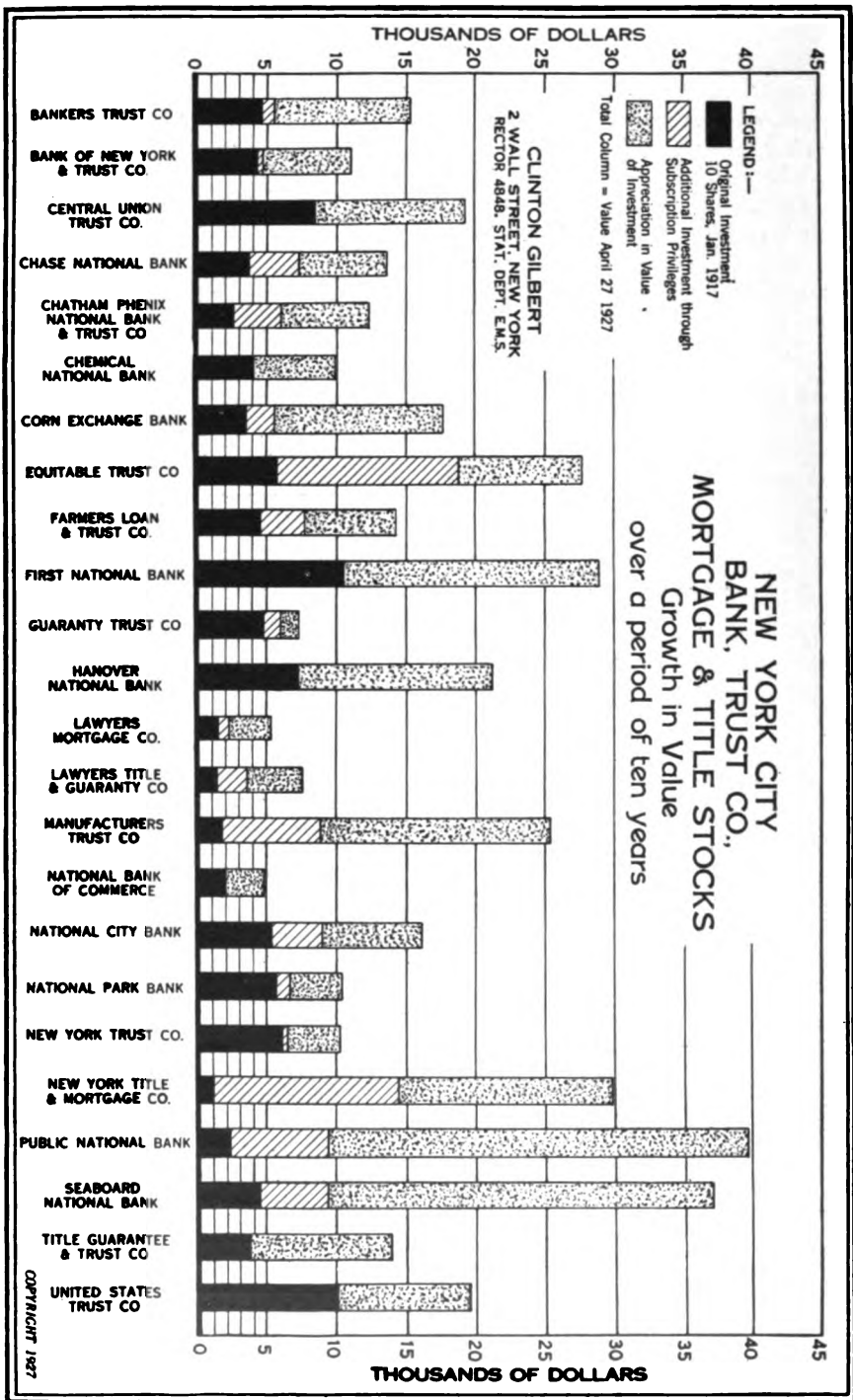
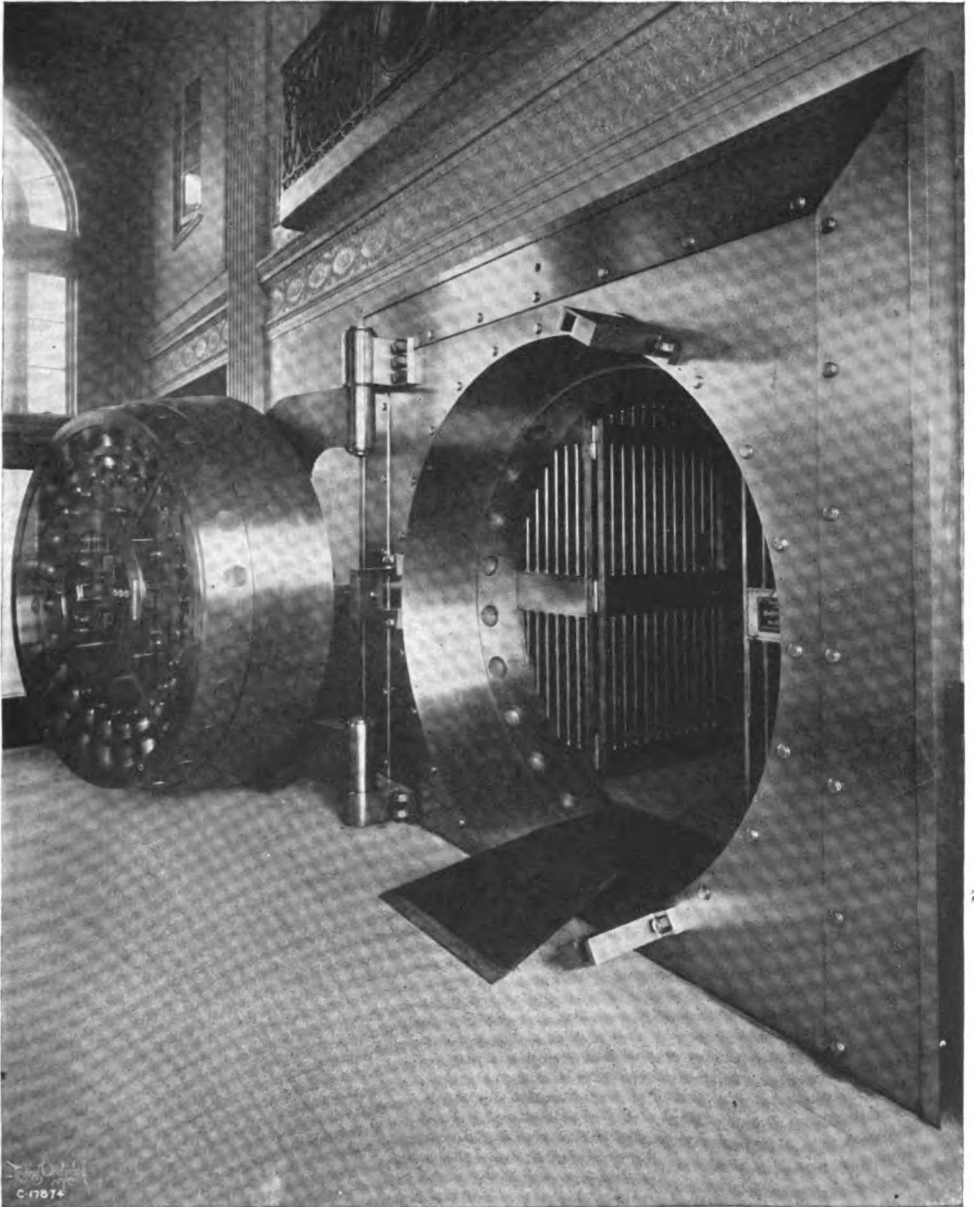


Chart showing growth of New York City bank, trust company and mortgage and title stocks over a period of ten years. Prepared by Clinton Gilbert, New York.



Entrance to Safe Deposit Vault, Bank of Nutley, Nutley, New Jersey

Designed, manufactured and installed by
Herring-Hall-Marvin Safe Co.

Factory—Hamilton, Ohio

New York Chicago San Francisco Birmingham Rochester Boston

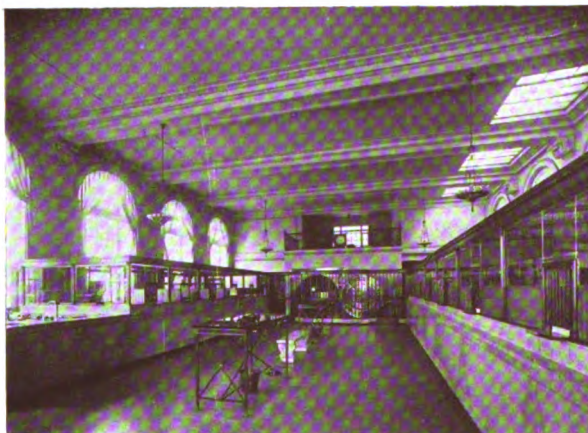
Cable Address "Fireproof" New York

*The Herring-Hall-Marvin Safe Co. for nearly a century, has built and will
always continue to build the same undeviating quality into its product.*



THE Bay Ridge branch of the Mechanics Bank, Fourth Avenue at 51st Street, Brooklyn, N. Y., is of light buff brick of a rough texture, with cast iron trim. The bank occupies the ground floor, the upper floor being rented.

A FEATURE of the interior of this bank is the ample natural lighting facilities, flooding the working quarters and public space. Safe deposit facilities for the bank's own use and for that of its customers are installed in the rear of the public space.



THE Mechanics Bank of Brooklyn is serving the Bay Ridge section with the beautifully equipped branch illustrated above. This branch is so arranged as to give to its patrons the highest type of modern banking service.

HOLMES & WINSLOW

*Specialists in Bank Architecture
and Interior Equipment Complete*

134 East 44th Street

New York



CANADA, SIXTY YEARS AFTER CONFEDERATION

As this year marks the Diamond Jubilee of Canada's Confederation it is particularly appropriate to present the following authoritative review, prepared by the Royal Bank of Canada, of the growth and development of that great country during the last sixty years.

MANY parts of the world with rich stores of undeveloped resources are looking eagerly to the foreign investor to furnish the capital with which to prospect mining areas, build manufacturing plants and establish new industries in order to develop the great commerce which will enrich their country and add untold amounts to world wealth. The investor who recognizes the opportunities thus presented to him often has his first enthusiasm dampened by the realization of the long wait and the immense amount of preliminary work which will be necessary before he may reap the profits which accrue to the pioneer. Roads, railroads and telegraph lines must be built, harbors improved and shipping lines established. Confronted by many uncertainties he frequently turns to a field nearer home where projects seem less spectacular and more certain.

A quicker return and a high yield is obtained by the investor who can find a field where a large part of the preliminary work has been completed, but where industry has not yet grown to a point that permits it to make adequate use of the natural resources available. Such, in short, is the situation in Canada today. To appreciate the facts in this statement, it is necessary to realize the progress already made and then estimate the value of the potential resources which are now ready for development.

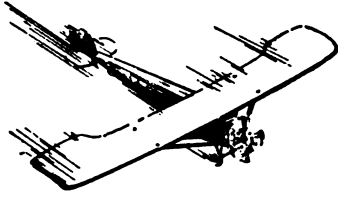
In July, 1927, Canada celebrated the sixtieth anniversary of confederation, and it is appropriate at this time to review the general development of the country. The importance of Canadian

wheat has received wide recognition; dairy products have a value of \$250,000,000 a year; the newsprint industry leads the world. Canada stands first in the production of asbestos, nickel and cobalt; third, in gold and silver, and her known coal reserves are exceeded only by those of the United States and China. The country stands sixth among the great nations in total value of both imports and exports, and is excelled only by New Zealand in per capita foreign trade. Three great transcontinental railways and shipping lines, which sail all seas, transport her produce. At no time in Canadian history has the record of achievement been more convincing and at no time in the past have the auguries of the future been more favorable than in 1927, the sixtieth anniversary of Canadian confederation.

It is wise to pause long enough to secure perspective of past accomplishment before attempting to summarize the present. Sixty years ago, Canada had a population of 3,000,000; foreign trade amounted to \$132,000,000; the annual value of mineral production as late as 1886 amounted to only \$10,000,000, and during the first ten years of Canada's life as a nation the wheat crop did not exceed 25,000,000 bushels. At that time annual imports of wheat and flour exceeded exports by nearly 9,000,000 bushels.

CANADIAN FOREIGN TRADE

Today, Canadian foreign trade is twenty times as large as at the time of confederation; manufactured products



A Bank *for* *the Nation's Banks.*

THE INTERSTATE makes a special point of serving banks situated in all parts of the country. Every facility is placed at their disposal and the service itself is prompt and thorough.

If you have any banking requirements in this territory you have merely to refer them to us and we shall be pleased to meet them without delay.

Our location only one block away from the Federal Reserve Building places us in the heart of the financial district, while our branch offices—one on Franklin Street, the other at Lexington Avenue and Sixtieth Street—make us desirably accessible to other parts of town.

You are most cordially invited to make the Interstate your New York headquarters and to call on its officers for any service whether little or large. We have the strength, spirit and facilities to act for you in any banking capacity.

"A Bank of Personal Contact"



twenty times as valuable; the wheat crop sixteen to twenty times as large, and the ratio of increase in other agricultural products even greater. Mining products now have a value of \$225,000,000 and foreign trade amounts to more than \$2,300,000,000 a year. Many of the older people now living throughout the country have vivid remembrances connected with their share in this rapid growth. In the West, the settlers' hardships in new territory now bear fruit in such items as the \$500,000,000 grain crop of 1925, or perhaps a better figure would be the total value of the field crops which amounted to more than \$1,150,000,000 in that year.

The following tables make a comparison in terms of dollar value between conditions now and then:

made that since Canadian imports from the United States exceed exports to that country by \$221,000,000 a year, there will eventually be some readjustment in this balance of trade, tending to permit a larger volume of Canadian goods to enter the United States. It is anticipated that the growing need for foodstuffs in the United States will eventually take care of this discrepancy.

Great Britain is second only to the United States in imports from and exports to Canada. During the last twelve months, Canadian imports from Great Britain had a value of \$164,000,000 and exports amounted to \$447,000,000. It may be noted that the excess of exports to Great Britain is slightly larger than the excess of imports from the United States.

-----Manufacture-----			
	Capital	Gross value of products	Foreign trade
1870	\$ 78,000,000	\$ 222,000,000	\$ 132,000,000
1900	447,000,000	481,000,000	356,000,000
1924	3,539,000,000	2,695,000,000	1,952,000,000
1927			2,298,000,000
	Value of forest products (including pulp and paper)	Value of agricultural products	Value of mining products
1886			\$ 10,250,000
1900		\$ 364,000,000	
1901	\$ 51,000,000		
1924	423,000,000		
1925		1,716,000,000	224,846,000

When the comparison is made between the foreign trade of Canada during the last three years and the status of that trade in some of the earlier years mentioned above, the growing importance of Canada's share in world trade becomes evident. In the twelve months ending April 30, 1925, total value of imports and exports amounted to \$1,865,000,000, in the corresponding period of 1925-26 to \$2,251,000,000, and in 1926-27 to almost \$2,300,000,000.

Canada is the most important export market of the United States, taking 17 per cent. of the total exports of that country; and the United States, in turn, is the largest market for Canadian goods, taking 28 per cent. of the total exports of Canada. The suggestion has been

EXPORTS TO ORIENT INCREASING

Possibly the most striking new element in Canada's commerce is the increasing volume of exports to the Orient. In the fiscal year of 1921, Canada sold \$413,000 worth of goods to China and \$387,000 to Japan; in 1926, the exports to China amounted to \$24,473,000 and the growth of trade with Japan during the last few years has been even more remarkable. When the disturbed conditions prevailing in the Orient are considered, it is not surprising that there has been a marked falling off during the last twelve months, but in spite of financial troubles in Japan a satisfactory volume of trade has been maintained. The industrial revolution in the East will



"Time Out" for Business

An important telegram for an official of a bank in the Northwest came to the Union Trust Company—its Chicago correspondent. We were requested to make every effort to forward and deliver it to the banker who had passed through Chicago en route to a southern city.

In 10 minutes, via our private wire to New Orleans, we traced the bank official to a Gulf Coast golf course, located a private telephone wire direct to the club house, and delivered the message on the fifth green. On his return through Chicago, he again called at the Bank to express his gratitude.



FREDERICK H. RAWSON
Chairman of the Board

HARRY A. WHEELER
President

CRAIG D. HAZLEWOOD
Vice-President

**UNION TRUST
COMPANY
CHICAGO**

A Thoroughly Satisfactory Chicago Correspondent

eventually mean greater buying power for hundreds of millions of people, a higher standard of living, and a marked increase in the demand for the food-stuffs, lumber and other products which Canada can supply.

Exports to Japan have grown from \$6,414,000 in 1921 to \$14,831,000 in 1922; \$14,560,000 in 1923; \$26,992,000 in 1924; \$22,046,000 in 1925; and \$34,694,000 in 1926. At the same time the value of wheat exported to Japan has grown from nothing in 1921 to \$3,116,000 in 1922; \$3,311,000 in 1923; \$7,561,000 in 1924; \$6,735,000 in 1925; and \$16,361,000 in 1926.

As an example of Canada's trade with the Orient, the following items of export to Japan during the eleven months ending February 28, 1927, are of interest: Lumber, timber, planks and boards, \$3,693,000; wood pulp \$2,004,000; lead \$3,273,000; zinc spelter \$1,800,000; aluminum \$1,040,000; fish \$1,000,000; besides several hundred thousand dollars worth each of flour, rubber tires, hides and skins, beef, butter, condensed milk, paper, automobiles, asbestos and fertilizer.

AGRICULTURE

Within the thirty-seven years between 1890 and 1927, the acreage devoted to wheat crops in Canada has quadrupled. In 1870, the wheat crop amounted to 20,000,000 bushels, in 1900 to 55,500,000, and now the average annual crop amounts to more than 400,000,000 bushels. The growth in the production of oats is proportional to that attained in wheat, and the annual barley crop is now about 100,000,000 bushels. Improvement has taken place in methods of farming as well as in acreage and value of production.

In 1903, the central division of the experimental farm produced a new variety of wheat called "Marquis," which largely superseded other varieties. The advantages of "Marquis" included com-

parative freedom from rust, length of straw, excellent color, heavy weight per bushel and the fact that it ripened more quickly than other kinds. More recently, a new type called "Garnet" has come into prominence; it ripens even more quickly than "Marquis."

Throughout the farming communities more and more attention is being devoted to dairy products. In 1925, the value of these products amounted to \$250,000,000, an amount which constitutes a substantial proportion of the country's annual income. Important items accounting for part of this total were the 169,000,000 pounds of butter and the 177,000,000 pounds of cheese produced in that year. While Ontario and Quebec are the most important dairying provinces, there has been a strong tendency to increase production in the prairie provinces. Between 1922 and 1924, butter production in Alberta, Manitoba and Saskatchewan increased from 20,000,000 pounds to 27,000,000 pounds. In 1924, production in Ontario amounted to 60,000,000 pounds and in Quebec to 66,000,000 pounds.

There are three areas in Canada where fruit growing is of prime importance—the Okanagan Valley in British Columbia, the Niagara Peninsula in Ontario, and the Annapolis Valley in Nova Scotia. Several varieties of Canadian apples have repeatedly won prizes in imperial apple shows in England.

The exploitation of Canada's forest wealth was one of the primary industries in the country and has been carried on for several hundred years. As the great forest reserves of the United States and northern Europe diminished, these large consumers looked more and more to Canada for their supply of lumber and pulpwood. Markets for Canadian lumber at confederation were largely confined to the United States and Great Britain. They now cover all the more important countries of the world, having extended to a surprising degree into the Orient during recent years. It



SEND FOR BOOKLET DESCRIBING NEW BANK BUILDING

An illustrated booklet describing this twenty-five story office building—the new home of INDUSTRIAL TRUST COMPANY will be sent you on request. The building which will be the tallest in Providence and located at the centre of civic activity will be ready for occupancy during the summer of 1928.

The modern pyramid style of architecture has been adopted to allow adequate daylight in all offices. Vaults and banking rooms of INDUSTRIAL TRUST COMPANY will occupy the first three floors and two mezzanines.

Office space reserved in advance may be arranged to suit the desires of tenants. For literature address G. L. & H. J. Gross, Agents, Providence, R. I.

INDUSTRIAL TRUST COMPANY

Resources More Than \$100,000,000

Member of Federal Reserve System

Five PROVIDENCE offices

49 Westminster St. 63 Westminster St.
1515 Broad St. 220 Atwells Ave.
602 Elmwood Ave.

E. PROVIDENCE BRISTOL
WOONSOCKET WARREN
PASCOAG NEWPORT
PAWTUCKET WESTERLY
WICKFORD

is estimated that the primary forest production today involves the cutting of over 2,500,000,000 cubic feet of standing timber, annually.

The most outstanding development of the forest industry is the rapid growth and present dominance of Canada in the all-important pulp and paper industry. Canada now produces one-third of the total world's newsprint and one-half of the pulp entering into newsprint production.

MANUFACTURING

At the time of confederation, Canada was just entering a period of industrial expansion with the introduction of power-driven machinery, concentrated or factory production and the establishment of large industrial centers. According to the first Dominion census in 1870, manufactured products were valued at \$221,000,000. In 1878, a general policy of protection was established, followed by a steady industrial expansion. At the end of the nineteenth century, manufactured products were valued at \$481,000,000. The growth of the automobile and pulp and paper and electric power industries have been responsible for the remarkable expansion in manufactured products during the present century, the value of manufactured products reaching a peak of \$3,772,000,000 in 1920. Industrial activity during 1927 is at the highest level recorded since that date, and many industries are finding it necessary to extend their plants in order to meet the demand for their products.

At the time of confederation, the main object of Canadian manufacturers was to supply home markets. Gradually, the territory served by Canadian manufacturers has expanded, until today a large volume of foreign business is being done not only in countries granting a preferential duty on Canadian-made goods, but in all countries where international competition is met. Since the beginning of the present century, the exports of

manufactured goods have increased from \$99,000,000 to \$695,000,000.

The advantages derived from the bountiful supply of raw materials, a tariff which affords a reasonable protection, and a preferential duty granted on Canadian-made goods in various British colonial possessions, as well as in a number of foreign countries, have so stimulated manufacturing in Canada that today she may be classed high among industrialized countries.

CANADIAN BANKING

Under the provisions of the British North America Act which created the Dominion of Canada, exclusive authority in matters connected with banking was conferred upon Parliament. At that time there were eighteen banks in Ontario and Quebec, five in Nova Scotia, four in New Brunswick, and one which operated in all the provinces. Their combined capital amounted to \$31,000,000, their total loans to \$54,000,000, and their total assets to \$78,000,000. In 1870, total assets had risen to \$100,000,000, in 1901 to \$500,000,000, but it was not until 1909 that this total amounted to \$1,000,000,000 as compared with the \$3,000,000,000 of assets at present. Capital and reserve funds of today amount to three times as much as the total assets at the time of confederation.

In early days, the traditions of Scottish banking methods had a strong influence in shaping the banking legislation of Canada. The present well-established branch banking system of the country was largely due to this tradition. Another influence of importance was furnished by the charter of the First Bank of the United States, which was written by Alexander Hamilton. The foresight of that great financier may be seen in the provision which prohibited loans on real estate, a type of loan which would be highly speculative in an undeveloped country. The type of bank which evolved as a result of the inter-play of



The Bell System “handles” more than 53,000,000 telephone conversations daily

HALF again as many as there are letters written daily; more than seventy-five times as many as daily telegrams. As long as people talk, the volume of business of the Bell System is secure. ¶ It's a service utilizing the work of more than 300,000 men and women and physical properties valued at \$3,000,000,000.

For investors: Vital facts about the A. T. & T.

Its management is recognized as far-sighted, conservative and yet progressive. ¶ Its endeavors to perfect service through extensive and exhaustive research and development are unceasing. ¶ It owns 91.65% of the combined common stocks of the operating companies of the Bell System. ¶ The plant investment in these companies is greater than that of the largest railroad system in the country. ¶ It—and its predecessor—have paid dividends regularly for 47 years. ¶ Its stock can be bought in the open market to secure a good return.

Write for booklet “Some Financial Facts.”

BELL TELEPHONE SECURITIES CO. *Inc.*

195 Broadway



NEW YORK

these various influences was one which would readily extend its services to new communities, show initiative in fostering new industries and adapt itself to the ever changing needs of a growing country. At the present time, the eleven chartered banks have 4015 branches, of which more than 3800 are scattered throughout Canada, providing a branch for every 2500 inhabitants.

For Canada the branch banking system is ideal, since it combines a close understanding of local conditions with expert general supervision. For the conduct of a banking business something more than local knowledge is required—executive officers of business experience must keep in touch with the general trends of world business. A large measure of decentralization and local autonomy has been granted to the executive officials in control of each district and it is well known that the banks of Canada have a persistent, intimate and sympathetic interest in the development of each part of the country.

Another pronounced banking tendency is seen in the spread of the branches of Canadian banks to other countries; this movement began toward the close of the last century and Canadian banks now have branches in Great Britain, France and Spain, the United States, the West Indies and in all of the principal commercial countries of Latin America. The spread of these branches has done much to promote Canadian foreign trade. It is a significant fact that 90 per cent. of Canada's foreign trade is carried on with countries in which there are branches of the great banking institutions of Canada.

SUMMARY

Within the last three years, good crops have been sold at prices which have enabled the farmer to liquidate a large portion of the debt incurred during the post-war agricultural deflation. Farm prices and industrial wages are high, insuring well distributed buying power.

Employment throughout industry is at new high levels and immigration shows improvement. Recent finds in the mining areas of northern Ontario and Quebec and the encouraging discoveries of oil in the West give promise that the most interesting developments of the immediate future will take place in the mining industry. All basic indexes point to the present as a time of sound development and suggest that during the next few years Canadian industry will pass through new stages which will make a comparison between conditions at the time of the one-hundredth anniversary and those of 1927 at least as interesting as the contrast between the present and the time of confederation.

BANK RESOURCES PASS \$26,000,000,000

RESOURCES of all national banks in the United States, Alaska and Hawaii, passed the \$26,000,000,000 mark on June 30, according to announcement by the Comptroller of the Currency.

Resources of the 7796 reporting banks aggregated \$26,581,943,000, as compared with \$25,699,147,000 on March 23, 1927, the date of the previous call, and \$25,315,624,000 on June 30, 1926, or an increase for the year of \$1,266,319,000.

Loans and discounts, including rediscounts, amounted to \$13,955,596,000, an increase of \$308,056,000 over March 23, and greater by \$538,022,000 than the figure reported a year ago.

United States Government securities owned totaled \$2,596,178,000, which is a decrease of \$56,189,000 since March 23, but an increase of \$126,910,000 in the year. Holdings of other miscellaneous bonds and securities amounted to \$3,797,040,000 which were \$125,727,000 and \$424,055,000, respectively, more than on March of this year and June of the year previous.



Straight to the Heart of the East... North Africa

Glamour...old sorceries of the east...haunting exotic fragrances...weird calling cadences of hidden music...the fierce, wild throb of the tom-toms! Enchantment...lithe dancing girls and close-veiled women...dream-dim gardens, towers and palaces! Mystery...the desert and night swift-shadowed on the billowing tents...the moon dipping low where the caravans wind!

Kairouan... Biskra... Timimoun... Marrakech... names of utter romance! Far-spread cities of delight linked together with the modern magic of swift motor cars and miles of smooth roads. And the forty-one famous Trans-

atlantic hotels...marvels of Parisian luxury in the very midst of age-old splendours. ∞ 57 days...a de luxe itinerary...including all expenses...Mediterranean crossing... hotels... private automobile... \$1750. ∞ Of course, shorter trips, too...perhaps a 10-day tour for \$200.

First—six enchanting days crossing the Atlantic... all the way, the sparkling, joyous Parisian atmosphere...that perfect French cuisine and service...calling first at Plymouth, England...then Le Havre de Paris... three hours to Paris... Overnight the Riviera. ∞ A day across the Mediterranean...the mosques and minarets of North Africa.

French Line

Information from any French Line Agent or Tourist Office, or write direct to 19 State Street, New York City



Large production plowing with a fleet of tractors.

PROBLEMS OF THE NEW FARMING

BY ARCHER P. WHALLON

FARMING is truly the basic industry, and with a depressed and backward agriculture any prosperity enjoyed by manufacturing and commercial interests must be precarious. To put it mildly, the ability of the farmer to purchase manufactured products is worth conserving. American faith in the power of law is strong, though prosperity by legislation may well prove to be as difficult of achievement as is morality by the same means—it may prove to be as difficult to make all farmers rich by Congressional enactment as it is to keep all men sober by Constitutional amendment.

It would seem that one of the more serious difficulties of farm relief legislation is that of making a law that is flexible enough to adapt itself automatically to an industry that is passing through a transition period of readjustment and rebirth. Of course events march in all industries, but no one who is at all in touch with farming today can doubt that the pace of the farmer in his endeavor to catch up with other industries in productive efficiency, is relatively faster than that of the man of most other callings. The fact is, that

farming in production methods, working efficiency, and business organization has lagged about fifty years behind the times and is only just now beginning to catch up. That is just what the increasing use of mechanical power in agriculture means.

AUTOMOTIVE POWER IN AGRICULTURE

The farm tractor, least spectacular of automotives, in real service to the welfare of man, will prove to be the most far-reaching force in changing the living conditions of mankind of all the mechanical inventions of the times. Altogether too much time and ink have been spent in congratulatory contrasting of the conditions of the machine-using farmers of today and of the recent past with the lives of our flail and cradle-swinging forefathers or the drudging man-with-the-hoe peasants of other and more backward lands, forgetful of the fact that the horse-drawn plow, the mower and the grain binder, are but puny and inefficient tools in comparison with the mighty machines of manufacturing and commerce—and that they are now being displaced by the automotive machine.



A horse-drawn combined harvester.

Getting a bad start in the hectic days of the war when nearly 500 concerns proposed the manufacture of tractors in the United States alone, and retarded by the following hard times of agricultural depression, the tractor industry is now well into the days of a healthy prosperity. It is not merely that the automotive machine enables the farmer to do more and better work and to do it on time, but through the use of mechanical power he can supersede manual labor with machinery in a way that is otherwise impossible. All this serves to eliminate waste and risk in farming, and the reduction in the number of draft animals necessary for farm power means that more cattle, sheep, and hogs can be raised, that more territory can be used in growing crops for human consumption, and that even the design of farm buildings and the layout of the farmstead will be changed.

Following the evolution of the tractor the outstanding innovation in farming methods is the rapid development of the combined harvester-thresher and its adoption over a wide territory—a development in grain production that promises

changes of a basic nature more far-reaching than those occasioned by the supersession of the cradle by the grain binder. In all probability, the binder, long acclaimed as typical of the best in the mechanics of farming, will be reduced to a minor position, if it is not superseded, by the combine, and “bringing in the sheaves” will be but a song of antiquity. Tying grain up in bundles is but nonsense anyway and the nation’s binder twine bill but an economic waste. The modern small combined harvester operated by but one or two men and powered by a small tractor promises to make a complete conquest of the harvest fields of the world, and it may not be a vain prediction to say that in two decades where the combine cannot be used, grain will not be grown.

Co-ordinate with the evolution of the tractor and the grain combine comes the development of other single operation harvesting machines, the sugar cane harvester, the bean combine, mechanical cotton picker, sugar beet harvester, flax puller, potato digger and picker, the field corn picker and husker, the ensilage harvester, and now an automotive combina-

tion corn husker and stalk shredder called into existence by the exigency of the European corn borer menace.

PROBLEMS ACCOMPANYING USE OF FARM MACHINERY

The development of this new, more efficient, but of necessity much more costly farm machinery simplifies some of the problems of farm management, but it also introduces new complications. It brings into relief the conflicting tendencies of agricultural specialization and diversification and the demand for increased farm capitalization. In addition to the natural crop specialization of soil and climate the high cost of modern power driven farm machinery introduces the element of equipment specialization and standardized production. The farm of 80 or even 160 acres harvesting wheat with a binder cannot compete with a farm of five times its size that can make use of a combine. Specialized machinery and mass production are coming to have the same advantages on the farm that they have in the factory. This may well mean that if not the one-crop farming, at least the specialized production of a few crops of exceptional climatic and

soil adaption, considered over a five year average, will show itself a much sounder practice than a jack-of-all-trades excessive diversification. It is not at all improbable that the slogan—"the cow, the sow, the hen—and a little of everything"—lauded as the basis of a permanent agriculture, will seem ridiculous and puerile to the specialized big farmer of the future. Certainly the little farm well tilled must give way to the big farm better tilled, and when one farm laborer has the productive efficiency of from three to ten of his fellows today the farmer population of the country will be still further relatively reduced.

Another phase is the increasing development of diversified fruit, vegetable, and luxury crop farming. If the tendency of farm machine evolution is to drive the small farmer out of grain, staple crop, and live stock production, it tends to enlarge the field of opportunity in fruit, canning crop, and market vegetable growing. The market gardener who a few years ago could care for an acre or two of onions using hand tools can now raise ten through the use of the garden tractor. The grain farm of thousands of acres and the market garden of hundreds—a general enlargement of the



A tractor-drawn harvester thresher at work.



Operating the farm tractor at night.

unit of farming operations, is the promise of power in agriculture.

INCREASED STABILITY IN FARMING

All this makes for stability in farming and for regulation of crop production. With an increased capital requirement to meet it will be increasingly difficult either to get into or out of farming, or even to plunge from one crop or one type of farming to another. The very fact that farming has been an industry in which it has been possible for a man with but little capital to start in business for himself has been at once one of its greatest attractions and most serious handicaps. It has certainly increased the risks in a business already too much a matter of gambler's chances with soil, weather, and market. A good example is shown in the production and marketing of potatoes, a crop subject to excessive price fluctuations. About half the crop is grown by specializing farmers who make it a main crop and who are equipped with efficient machinery, planters, sprayers and diggers. The other half is grown by diversified farmers who grow

but a few acres each as a side line, whose crop is often planted by hand and dug with a fork. The production of this latter class is an uncertain element, but one that may produce a crop surplus and spoil the market. The same is true to a greater or less extent of corn and cotton and of every crop for the production of which the capital requirement is low. It is obvious that increased productive efficiency may mean either a surplus crop or the economical production of a crop that approximates the normal demand. It would seem that measures to aid the farmer in his endeavor to attain the one and to avoid the other would be a sounder governmental practice than paternalistic surplus crop marketing schemes. It may not be amiss to point out that there are forces other than political that in time will take care of crop surplus problems. With the coming of a more stable and less fluctuating and speculative type of farming—with more efficient production methods and a reduced weather risk, greater accuracy in crop prediction and a closer approximation of production to demand will be possible. The working out of efficient co-ordination between

operating and mechanical specialization, the regional specialization of soil, climate and market conditions, and a well balanced diversification essential to a permanent and prosperous agriculture constitutes the most attractive field for future business adventure.

It is really a financial problem, for one thing is certain, the new farming is going to take more money. The power machinery of today costs almost as much more in proportion as did the horse-drawn implements in contrast with the crude tools they displaced. A garden tractor at \$200 costs ten times as much as a hand wheel hoe, and a tractor and combined harvester combination at \$4000, ten times the price of a team and grain binder. This class of machinery may cause no little increase in farm indebtedness, not that there is anything objectionable in that, provided it serves to advance agricultural welfare. It should be understood that while this increase of capital requirement is for things of a perishable nature, machinery subject to rapid depreciation and not of itself particularly good loan collateral, it does tend to increase the income from and the value of the land upon which it is used. The most serious financial ill of farming for many years has been that so many farmers had all their cash and credit tied up in land that could not be developed or efficiently worked for lack of working capital. Possibly this condition is a survival of the pioneer's land hunger and an almost childish fear of loss assuaged by the thought that land could neither die, wear out, burn up, run away, nor be stolen.

But the day of the new industrialized farming is here, and the danger is that so many farmers as well as their political spokesmen fail to recognize the day of their visitation. They stand too close to their job to see it in perspective—they do not understand the period of transition through which the industry is passing, and they plan for farming as it

is, or has been, and not as it will be. Paradoxically, farming the oldest of great industries, through the innovations of agricultural engineering, is today the youngest, an infant industry that may outgrow its legislative garments before it has a chance to wear them.

NEWSPAPER SERVICE ESTABLISHED TO BUILD LATIN-AMERICAN TRADE

WITH a view toward promoting Latin-American trade by bringing about closer contact and a better understanding between the peoples of the three Americas, the Pan-American Information Service has been established in New York City, with offices at 81-83 Fulton street.

According to C. C. Martin, its director-treasurer, the service is non-political and non-profit making, and is in no sense a vehicle for free advertising or publicity for American enterprises.

Newspaper articles relating to progress and development in the United States, written in Spanish and Portuguese, will be disseminated to the press of Latin-America. The items will cover educational, scientific, agricultural, banking, trade and other subjects. Articles covering Latin-American subjects of similar nature will be sent to the press of the United States.

"The organization expects," said Mr. Martin, "to be of definite value as a vehicle for giving expression to the views of prominent men on non-political matters relating to the three Americas, and it offers its services freely to all nations of the Western hemisphere.

"Particularly in the matter of trade information, it is expected that constructive work will be accomplished by the service. Every effort will be made to provide the citizens of Latin-America with information regarding trade outlets in this country, and American exporters will be advised fully of opportunities in the southern countries."

PROBLEMS IN BANK CREDIT

BY M. E. ROBERTSON

THE BANKERS MAGAZINE has secured the services of a capable credit man to answer the inquiries of readers on current problems of the credit manager. Questions of general interest to credit men and bankers will be answered and only the initials of the persons asking the question will be used. In case the question is not one of particular interest to bank credit men as a whole or is one which has been answered before, a reply will be made by mail.

In order that all questions may be answered intelligently, it is requested that they be direct and to the point, but that sufficient necessary detail be included to enable the editor to draw the proper conclusion. Inquiries should be addressed to the Editor, Bank Credit Problems, THE BANKERS MAGAZINE, 71-73 Murray Street, New York.

QUESTION: We recently saw a statement of a company which had passed its preferred dividend for some time. The preferred stock was 7 per cent. cumulative and the company had missed paying it several times in succession. In the statement no liability was set up to cover these cumulative dividends which would have amounted to considerable. Is this the correct procedure?
E. M. W.

ANSWER: Technically a company has no liability on account of dividends until such dividends have been declared by the board of directors. Even though the dividends may be cumulative there is no liability until they are declared and profits have been made out of which they can be paid. When the profits have been made and the company intends, at its next meeting, to declare such dividends it is good practice to show the liability in the balance sheet. When cumulative dividends are in arrears and it is not the intention of the management to pay them in the near future, the amount of such arrears should be shown as a footnote on the statement. Therefore, in either case the item should appear on the statement, i. e.:

1. When to be paid—as a current liability.

2. When not to be paid in the near future—as a footnote.

QUESTION: We would appreciate any information you could give us regarding the distinction between a consolidation and a merger. The two terms are used a great deal and appear often to have the same sense.
R. E. R.

ANSWER: A consolidation is a fusion of two or more companies where the identity of each is lost. A new company is formed, the old stock of various units called in, and new stock issued. The individual units are dissolved and thereby cease to exist. In the case of a merger, one or more companies are merged with an existing company. It is really a form of consolidation, but rather than a fusion, there is an absorption by one company of the other units. To these companies thus merged, is issued stock of the existing corporation absorbing them. While there is this technical distinction, the terms are very often used with the same meaning intended.

QUESTION: Are there not certain acts which a merchant can perform for which he can be put into bankruptcy or is it necessary to prove his inability to pay?
C. L.

ANSWER: A merchant may perform certain legal acts for which he can be thrown into bankruptcy. The following is a list of such legal acts:—

(a) To convey, conceal, assign, trans-

fer or remove, or to cause or permit to be conveyed, concealed, assigned, transferred or removed, any assets, such conveying or removing being done with the intent to fraud creditors.

(b) To make a general assignment for the benefit of creditors, or being insolvent to apply for a trustee as receiver of the assets.

(c) To make a formal admission in writing of his inability to take care of his indebtedness and expressing in such admission the willingness to be adjudged a bankrupt on that basis.

(d) To give preference to any creditor or creditors by a transfer of assets while in an insolvent condition.

(e) While in an insolvent condition, permit a creditor or creditors to become preferred by means of legal proceedings and fail to have such preference removed five days before the disposition to sale of such assets so affected by the preference.

equal, that the question could be raised as to the writing up of merchandise. You are, no doubt, aware that gross profit is figured in the following manner:

Net sales .....	.....
Less cost of goods sold:	
Mdse. at beginning .....	.....
Plus purchases .....	.....
	<hr/>
Less inventory at close .....	.....
	<hr/>
Cost of goods .....	.....
Deduct cost of goods from sales .....	.....
	<hr/>
Gross profit .....	.....

You realize, of course, that while there are actual bookkeeping entries to show sales and cost of goods sold, the opening and closing inventory is dependent upon a physical survey. In other words, in the arriving at the inventory figure there is much more chance of error. The sales for a period or the goods purchased during that period can be readily checked from the books at any time. The auditor does it when he comes in a month or so after closing date to do his work. However the only time the inventory can be checked is on the date of closing and in a large business, the matter of taking inventory is not a simple one. A large group is required to do the physical work of counting and if fair market prices are not used in figuring the value of goods on hand, the inventory figure could be far off. The pricing should be that of cost or market, whichever is lower. An accurate physical count should be made and the value carefully arrived at by using the prices of cost or market, whichever is lower on inventory date.

QUESTION: Often we hear of inventory being inflated or written up during a period. If a profit and loss statement were obtained, wouldn't it show the write up in figuring the profit for the period?
O. E. C.

ANSWER: You have probably misstated your question, for the point involved is merely a simple matter of accounting. The profit and loss statement would not reveal the write up, except insofar as the gross profits test might be applied to it. If profit and loss statements were in your possession for several similar periods, you could figure in each instance, the percentage of gross profits on sales. You could also figure the merchandise turnover to sales. If the normal gross profit on sales was 30 per cent., the normal turnover of merchandise four times, and the present statement showed a gross profit of 40 per cent. and a merchandise turnover of three times, it might be a fair deduction, other things being

QUESTION: Should funds held in escrow be considered a quick asset?
T. O. K.

ANSWER: Yes, when the liability against the funds held is considered as a quick liability. We recently discussed a question of this nature.

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BANKING AND COMMERCIAL LAW

Important Decisions of Current Interest Handed Down by State and Federal Courts Upon Questions of the Law of Banking and Negotiable Instruments

INSURANCE POLICY COVERING "LOSS" THROUGH "MISPLACEMENT" DOES NOT COVER LOSS RESULTING FROM TEMPORARY MISPLACEMENT

Manufacturers' Nat. Bank of Troy v. United States Fidelity & Guaranty Co., Court of Appeals of New York, 156 N. E. Rep. 94.

THE defendant guaranty company issued a policy insuring the plaintiff bank against loss of money, securities, etc. through "theft, holdup, misplacement," etc. The plaintiff bank misplaced a subscription warrant belonging to one of its customers, which entitled the customers to subscribe to certain convertible debenture bonds. The warrant was not found again until after it was too late for the customer to secure his subscription rights. The bank made good the loss to the customer and brought this action under its insurance policy. It was held that the policy did not cover this loss because the misplacement did not result in a loss of the warrant.

Action by the Manufacturers' National Bank of Troy against the United States Fidelity & Guaranty Company. From a judgment of the Appellate Division (218 App. Div. 455, 218 N. Y. S. 332), affirming a judgment in favor of plaintiff, defendant appeals. Reversed, and complaint dismissed.

CRANE, J. Through the forgetfulness of the plaintiff's officer, a customer's securities were misplaced, resulting in a financial loss. The bank made good the loss, and in this action seeks to recover the amount thereof under an insurance policy issued by the defendant. Do the words of the policy cover such a case?

Have the parties contracted for insurance against such an event? This appeal involves solely the meaning of the policy and an application of the clauses to the subsequent facts.

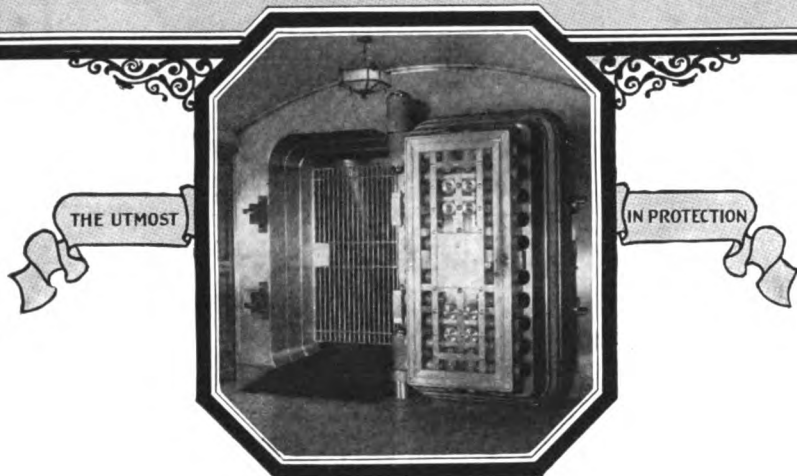
Before taking up these clauses of the policy, let us have the facts clearly before us. The bank's customer, Edward Murphy, had a subscription warrant entitling him to subscribe by reason of his stock ownership to a certain number of convertible debenture bonds. The warrant contained this provision:

"A stockholder desiring to exercise his right to subscribe, represented by a full warrant, should sign one of the forms of subscription on the reverse side thereof, and return the same, so indorsed, to the said National City Bank of New York, transfer department, No. 60 Wall street, Borough of Manhattan, City of New York, not later than 3 o'clock p. m., January 15, 1926. * * *

"No subscription will be accepted unless the same shall have been received by the said bank at or before 3 o'clock p. m., on January 15, 1926, nor unless at least 40 per cent. of the subscription be paid at such time."

In the early part of January, Murphy took the warrant, properly indorsed, to the Manufacturers' National Bank of Troy, and gave it to Mr. Delaney, the assistant cashier, with instructions to forward it in accordance with the above requirements. The custom of the bank was to place such subscription warrants in certain compartments under certain dates, so that they would be taken out in time to be sent to the proper place. It was apparently Delaney's duty, or practice, in other words, to put this warrant where it would not be forgotten or overlooked. To classify these papers and securities in compartments was merely a method to prevent their being over-

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looked, a sort of reminder. Delaney put the warrant on his desk and forgot it. It subsequently was put in the drawer of his desk and overlooked until it was too late to secure for Murphy his subscription rights. He lost thereby about \$1400, which the bank has made good.

In so far as the subscription warrant was not put in the compartment which the practice of the bank required, it was misplaced; that is, it was put in the wrong place. In no sense, however, was it lost, for the reason that as soon as Delaney's attention was called to it, he made a search and found it in five minutes. He looked on the file, and then in his drawer. Delaney lost recollection of the transaction, but neither he nor the bank lost the warrant. There was a loss to the bank through the forgetfulness or carelessness of Delaney. There was no loss resulting from a lost security or warrant. More will be said by me on this point after we have consulted the wording of the policy. That reads, so far as material:

"The underwriter hereby undertakes and agrees to indemnify the insured and hold it harmless from and against any loss, to an amount not exceeding \$25,000, of money, currency, bullion, bonds, debentures, scrip, certificates, warrants, transfers, coupons, bills of exchange, promissory notes, checks, or other similar securities, in which the insured has a pecuniary interest, or held by the insured as collateral, or as bailee, trustee, or agent, and whether or not the insured is liable therefor (all of such money, currency, bullion, bonds, debentures, scrip, certificates, warrants, transfers, coupons, bills of exchange, promissory notes, checks, or other similar securities being hereinafter referred to as property), sustained by the insured subsequent to noon of the date hereof and while this bond is in force and discovered by the insured subsequent to noon of the date hereof and prior to the expiration of twelve months after the

termination of this bond as provided in condition 11. * * *

"(B) Through robbery, larceny (whether common-law or statutory), burglary, theft, holdup, misplacement, or destruction, whether effected with or without violence, or with or without negligence on the part of any of the employes while the property is actually within any of the insured's offices covered hereunder. * * *

"5. The value of any securities for the loss of which claim shall be made hereunder shall be determined by the average market value of such securities on the day preceding the discovery of such loss. If such securities have no quoted market value, their value shall be determined by agreement or by arbitration."

What is it that is covered by this policy? It is the loss of a warrant; it is not a loss occurring through any or everything that may happen to a warrant. The warrant must be lost. The words are plain and cannot be read otherwise. The underwriter undertakes to indemnify against any loss of warrants. The warrant must be lost. This loss must occur, also in certain ways, provided in clause B, by robbery, larceny, burglary, theft, holdup, destruction, or misplacement.

The defendant therefore contracted to insure against a loss caused by the loss of a warrant through misplacement; it did not contract to insure against a loss occasioned by misplacement. Misplacement alone was not sufficient to bring the loss or damage within the policy. The misplacement must result in a loss of the warrant; it is the loss of a warrant through misplacement which is the risk insured against.

What do these two words mean, therefore, if they must be coupled together, "loss" and "misplacement?" It is apparent at once that the loss of a warrant carries the idea of a permanent disappearance or destruction of it; of having



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gone for good from the possession of the holder, or at least beyond recovery after careful search. Such a loss may occur through misplacement or through theft. Robbery, larceny, burglary, theft, and holdup indicate a loss occasioned intentionally; misplacement and destruction may indicate an unintentional act, but the result, nevertheless, must be a loss of the instrument.

On the other hand, we find "misplacement" defined by the dictionaries as meaning to "put a thing in the wrong place, or to locate unsuitably."

This policy did not cover losses occasioned by putting a thing in the wrong place, or locating unsuitably. Something more was necessary to bring the facts within the contract; putting the warrant in the wrong place must have resulted in its loss, not merely in damage.

Applying these clauses of the policy to the acts of Delaney, we find that a loss to the bank was occasioned by Delaney's putting the warrant in the wrong place; putting it in his drawer instead of on the files or in the compartments, and then forgetting it. The warrant was misplaced; it was never lost; the loss to the bank was occasioned by a misplacement, but not by the loss of the warrant through misplacement. There is a vast difference.

Take the case of a customer who has left stock with the bank as collateral security. By reason of market conditions, he wants it at once, and demands it of the bank, paying his loan. It would be the duty of the bank to get it for him at once. The stock is in the vault, but there is some delay in finding it, due to improper filing or recording. The stock has been put in the wrong place, according to the regulations of the bank, and cannot be immediately procured. When it is found, some time later, the price of the stock has dropped; the customer has suffered a loss for which the bank may be liable. The bank has suffered a loss through the misplacement of the stock, but the stock was never

lost; it was with the bank among its securities, and required merely diligence and care in the search for it. This policy in question clearly would not cover such a loss, and yet the construction put upon it by the courts below would give it that effect. The policy was never intended to cover losses occasioned by forgetfulness or neglect of employes in temporarily misplacing securities.

A security may be lost through misplacement, when after careful and diligent search it cannot be found. A lost instrument is described as a paper which has been so mislaid that it cannot be found after diligent search. Bouvier's Law Dictionary, vol. 2, p. 2051. There is a great difference between a thing being mislaid which a diligent search will discover, and a thing being gone where ordinary vigilance will not regain it. *State Savings Bank v. Buhl*, 129 Mich. 193, 88 N. W. 471, 56 L. R. A. 944. We are quite familiar with the actions which have been brought upon lost instruments; also the rule which permits secondary evidence in the case of lost documents. Vigilant and reasonable search must be proved in order to establish the loss. The rule is that, in establishing a lost instrument and seeking recovery thereon, the plaintiff must show that he has in good faith exhausted in a reasonable degree all the sources of information and means of discovery which the nature of the case would naturally suggest, and which were accessible to him. *Rogers v. Durant*, 106 U. S. 644, 646, 1 S. Ct. 623, 27 L. Ed. 303; *Simpson & Co. v. Dall*, 3 Wall. (70 U. S.) 460, 18 L. Ed. 265; *Minor v. Tillotson*, 7 Pet. (32 U. S.) 99, 8 L. Ed. 621.

Under section 75 of the Stock Corporation Law (Cons. Laws, c. 59), an application may be made to the court for the issue of a new certificate of stock to replace one that is lost or destroyed. Proof has always been required of the loss, or that after due diligence it could not be found. *Matter of Biglin v. Friendship Ass'n*, 46 Hun, 223.

If, after careful, vigilant, and reasonable search, the warrant in this case could not have been found, there might have been a loss from misplacement within the terms of this policy. The first search, however, revealed its whereabouts. There was consequently no loss.

We think, therefore, that this money loss of the bank was not occasioned by any act covered by the policy, and that the complaint should have been dismissed.

The judgments below should be reversed, and the complaint dismissed, with costs in all courts.

POUND, J. (dissenting). I dissent on the ground that the warrant, at the time it should have been sent to New York, was lost by misplacement within the meaning of the policy.

Cardozo, C. J., and Andrews and Lehman, J.J., concur with Crane, J.; Pound, J., dissents in memorandum; O'Brien, J., dissents on opinion of Van Kirk, J., below; Kellogg, J., not sitting. Judgment accordingly.

BANK DIRECTOR AND "OFFICER" WITHIN MEANING OF OFFER OF REWARD

United States Fidelity & Guaranty Co. v. Henderson, Court of Civil Appeals of Texas, 293 S. W. Rep. 339.

The defendant surety company insured the Security State Bank of Ore City, Texas, against loss by robbery and offered a reward of \$1000 to any officer or employe of the bank who captured "dead or alive one or more persons undertaking to rob." The bank was robbed and the robbers were captured by the plaintiffs, who were directors of the bank. The company refused to pay the reward on the ground that the plaintiffs were neither officers nor employes of the bank. The court held that the plaintiffs, as directors, were officers within

the meaning of the defendant's offer and that they were entitled to the reward.

Appeal from District Court, Upshur County; J. R. Warren, Judge.

Suit by W. C. Henderson and others against the United States Fidelity & Guaranty Company. Judgment for plaintiffs, and defendant appeals. Reversed and rendered.

June 7, 1926, the Security State Bank of Ore City was robbed of \$2,367.10 by a man named Blasingame. At that time the bank was insured by appellant against loss by robbery, and appellant was offering a reward of \$1000 to any officer or employe of the bank who captured, "dead or alive (quoting) one or more persons undertaking to rob" the bank while it was so insured. Claiming that they captured Blasingame and were entitled to the reward, appellees W. C. Henderson and G. W. De Berry, who were directors of the bank, and appellee S. M. Berry, who was its cashier, brought this suit against appellant, and recovered a judgment against it for the amount of the reward offered.

At the trial, which was before the court without a jury, appellant insisted, and insists here, that it was not liable as claimed against it, because it appeared from the testimony, it says, (1) that appellees were not officers or employes of the bank within the meaning of the offer; (2) that Blasingame was not captured while he was "undertaking" to rob the bank, but after the robbery thereof had been fully accomplished; (3) that appellees were not induced by reliance upon the reward to undertake to capture Blasingame; and (4) that the capture of Blasingame by appellees was unlawful.

According to testimony of Miss Mabel Williamson, assistant cashier of the bank, the robbery occurred between 2 and 3 o'clock in the afternoon. Miss Williamson and her aunt, Mrs. C. E. Williamson, were the only persons in the bank when Blasingame appeared at a teller's window therein and said he

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wanted a check cashed. Miss William-son directed him to the cashier's window, where he at once confronted her with a pistol in his hand and demanded that she turn the bank's money over to him. When she gave him the \$2,367.10 he ran to an automobile he had left standing (with engine running) in front of the bank and drove away in it. A man named Blevens, who was near the bank when Blasingame entered it, discovered it was being robbed and gave an alarm which attracted the attention of appellees. According to testimony of the latter, they were then sitting together on a bench in front of a drug store about 300 feet from the bank building, looking at a land map. Appellee Berry at once, when the alarm was given, ran to the bank, and appellees Henderson and De Berry ran to automobiles in which they drove after Blasingame. As Henderson passed the bank, Berry got into the automobile he (Henderson) was driving, and they followed Blasingame about eight miles, when he (Blasingame) left the

car in which he was riding and took to the woods, and appellees for a while lost sight of him. Berry then separated from Henderson and went to town in another automobile to telephone for dogs to use in trailing Blasingame. Henderson and De Berry continued their pursuit of Blasingame, and captured him a short distance from the place where he abandoned the automobile he was driving. Neither the pistol Blasingame had at the bank nor the money he took therefrom was found on him when he was captured, but the money was found several days later hidden in the woods where he was captured.

WILLSON, C. J. (after stating the facts as above). It was not disputed that appellees Henderson and De Berry, who captured Blasingame, were directors of the bank. Nevertheless appellant insists they were neither "officers" nor "employees" thereof, and were not entitled to claim the reward because the offer was only to such officers and em-

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ployes. No doubt it is true that directors of a bank are not "employes" thereof, and in a sense (7 C. J. 545), are not "officers" thereof; but, in another and more general sense, we think they are such officers (In re Peninsula Cut Stone Co., 9 Del. Ch. 348, 82 A. 689; 7 C. J. 523; 3 R. C. L. 438), and that in this case Henderson and De Berry should be held to have been such officers within the contemplation of appellant when it offered the reward; or evidently its purpose in making the offer was to induce persons actively connected with the operation of the bank (and the directors were, to some extent at least) to resist attempts made to rob it, and in that way defeat or discourage such attempts and avoid liability it would be under in the event such an attempt was successful.

Another contention urged by appellant is that appellees were not entitled to claim the reward because it was offered for the capture of "a person *undertaking* to rob the bank" and not for the

capture of a person who *had* robbed it. It is argued that the word "undertaking" in the offer is used in the sense of "attempting," and that Blasingame was not attempting but had completed, the robbery at the time he was captured. On the facts of the case we think the contention should be sustained; for, construing the offer as one for the capture of a person after he succeeded in robbing the bank and when he was miles away from the scene of the robbery, we see no good reason why it should not have been made to the general public instead of to the officers and employes of the bank alone. Certainly appellant should not be held to have offered a reward, the effect of which might be to induce officers and employes of the bank to abandon it and chase one an unlimited distance who had succeeded in robbing it.

The other contentions presented in appellant's brief are (1) that it appeared that appellees did not have the offer of a reward in mind when they captured Blasingame, and hence were not induced

by the offer to capture him; and (2) that it appeared the act of appellees in capturing Blasingame was illegal, because they were not present when the robbery was committed and were without a warrant authorizing them to arrest him at the time they captured him.

The one first mentioned of the two contentions is overruled. It appeared that appellees knew appellant was offering the reward, and we think the trial court had a right to infer the offer was an inducement to them to act as they did, notwithstanding they testified they did not have the offer in mind all the time they were pursuing Blasingame, and would have pursued and captured him as they did had there been no offer of a reward for capturing him.

As to the other one of the two contentions, we think it must be said that appellees had a right to capture Blasingame as they did only in the event the robbery of the bank by him was committed in their presence or within their view. Article 212, C. C. T. of 1925. It appeared without dispute in the testimony that the robbery was committed inside the bank building, that at the time it was committed appellees were sitting on a bench in front of a drug store situated on the same street and same side of the street as the bank building and about 300 feet from it, and that appellees did not see and could not see what occurred in the bank while Blasingame was in it. The testimony being as stated, can it be said that the robbery occurred in either the "presence" or "view" of appellees? We think not. Construing the statute (now article 212, C. C. P. of 1925, referred to above) authorizing any person to arrest one who commits an offense classed as a felony in his presence or within his view, the Court of Criminal Appeals held it meant in such person's actual presence or within his actual view. *Russell v. State*, 37 Tex. Cr. R. 314, 39 S. W. 674. The same ruling, in effect, was made in *Brown v.*

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Wallis (Tex. Civ. App.) 101 S. W. 1068, 1070, when the court said:

"It is not sufficient [quoting] that the officer is within seeing or hearing distance of the criminal act and thereby obtains knowledge of the fact, but he must also be able to 'detect it by sight or hearing as the act of the accused.'"

And so in *State v. Pluth*, 157 Mill. 145, 195 N. W. 789, the Supreme Court of Minnesota said (quoting):

"Where the officer could not observe nor become cognizant of the act constituting the offense by the use of his senses, it could not be committed in his presence so as to authorize an arrest without a warrant."

And see *Williams v. State*, 64 Tex. Cr. R. 491, 142 S. W. 899; *Lacy v. States*, 7 Tex. Civ. App. 403; *Gilbert v. State*, 78 Tex. Cr. R. 441, 181 S. W.

200; *People v. Esposito*, 118 Misc. Rep. 867, 194 N. Y. S. 326; *Keith v. State* (Okl. Cr. App.) 235 P. 631; 23 Cyc. 41; 31 C. J. 361.

If, as we think appeared to be the case, appellees were not authorized by law to arrest Blasingame, then their taking him into their custody as they did was an unlawful act (5 C. J. 395 et seq.) and the fact that the act was unlawful would forbid a recovery by them of a reward for doing it. *Morris v. Kasling*, 79 Tex. 141, 15 S. W. 226, 11 L. R. A. 398.

That being true, this court can pursue no other course than to reverse the judgment. And, doing that, it becomes its duty, on the record before it to here render the judgment the court below should have rendered, to wit, a judgment that appellees take nothing by their suit and in favor of appellant for costs.

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THE FINANCIAL AND ECONOMIC SITUATION ABROAD

By WILLIAM HAYES

Under this heading each month current political, financial and economic events abroad are summarized for the benefit of the busy bank executive who would keep himself informed about foreign affairs without the expenditure of time necessary to examine the data from which these articles are prepared.

FROM the first of the year till about the first of May there were nineteen reductions in the rediscount rates of central banks of Europe, covering twelve countries in all. The reduction of the Bank of England's rate in April was about the last.

Then the movement reversed itself. The Reichsbank rate was advanced in June from 5 to 6 per cent. In July the National Bank of Austria followed suit by an increase from 6 to 7 per cent. In Switzerland and Holland open market rates are already slightly above the rediscount rate of the central bank. This must certainly result in time in an increase in their rates. The situation in France is artificial in that the bank rate is so far above the open market rate as to be ineffective. The open market rate, too, is artificial, for export of capital from France is still prohibited.

The revival of business in Germany, Holland and Switzerland, along with the large number of foreign loans which have been coming into the latter markets, is credited for the advance. Business is also better in Sweden and Belgium, but the ease which accompanied the recent stabilization and repatriation of foreign capital in these markets continues for the time being.

This situation is in sharp contrast to the announcement of recent reductions in the rates of most of the Federal Reserve banks. It is looked upon hopefully by some as the beginning of the flow of gold back to Europe from the United States. Whether or not that be a true prediction, the transfer of money from the United States to these high rate foreign countries for profitable lending is

a foregone conclusion. In France there is already talk of the repeal of the law prohibiting the export of capital. This, while it would certainly end the dulness and apathy of the French money market, would interfere too much with the stabilization of the franc to be at all likely.

GREAT BRITAIN

Trade continues at a fair pace in Great Britain, though with a tendency to slow down—a tendency that has been evident for some months. It is most marked in the coal industry and in the unemployment situation. During recent weeks Germany has been importing more English coal, but unemployment is still high. In one week in June it fell below 1,000,000, but there have been slight increases almost every week since that time, until on July 18 there were 1,048,000 men out of work.

New capital issues, which fell off markedly in June to £19,965,221, picked up to a more normal figure of £33,800,000 for July. The foreign bond market in New York gave signs of saturation, and many such loans were diverted to London. Not all of them were successful there. For example, the £7,000,000 loan of the Commonwealth of Australia was only 10 per cent. subscribed, which would seem to indicate that the London market, too, is saturated. Yet at the end of July there were under consideration Greek, Polish, Rumanian and Bulgarian loans. Some observers expressed the fear that unless some of these loans were held up, it might be necessary to again impose an embargo on foreign loans.

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For London has been greatly troubled over the actual and threatened loss of more gold. It was barely avoided in June by the earmarking of gold bought by the New York Federal Reserve bank and left on deposit in London. The German mark also continues to advance in London, and £500,000 of gold has already gone in that direction.

For this reason, the reduction of the discount rate of the Federal Reserve Bank of New York in the first week in August was viewed with great satisfaction in London. It had been feared that a raise in the Bank of England's rate would be necessary to right the situation, but this action will serve the same purpose.

Dividends of the ten London clearing banks for the first half of 1927 are the same as last year, namely:

Bank of Liverpools and Martins, 8 per cent.; Barclays Bank—A stock, 5

per cent.; Barclays Bank—B stock, 7 per cent.; District Bank, 9-1/6 per cent.; Lloyds Bank—A stock, 8-1/3 per cent.; Lloyds Bank—B stock, 2 1/2 per cent.; Midland Bank, 9 per cent.; Munster and Leinster Bank, 9 per cent.; National Bank, 7 per cent.; National Provincial Bank, 9 per cent.; Provincial Bank of Ireland, 7 1/4 per cent.; Westminster Bank—partly paid stock, 10 per cent.; Westminster Bank—fully paid stock, 6 1/4 per cent.; Williams Deacon's Bank—A stock, 6 7/8 per cent.; Williams Deacon's Bank—B stock, 6 1/4 per cent.

The case against the Midland Bank to decide whether the "chequelets" introduced by that bank were subject to the stamp tax, has been decided as expected. The judge ruled that since the receipts (the chequelets) were designed to serve the purpose of checks, being in themselves documents entitling a person to a payment by another person, they were proper subjects for the tax.

The hope has been expressed that in spite of the decision the bank will continue the use of the chequelets. They are designed to increase the banking habit, and it seems likely that they would, if their use is continued. Britain has much to gain by such a development, more, some observers say, than would be lost through a cancelation of the duty on checks under \$10.

GERMANY

Improvement in trade in Germany continues and is reflected in the increasing pressure on the Reichsbank for loans. The steel boom, it is true, is not so great as it was in June, but the Machine Manufacturers Association reports further improvement. The labor market has so much improved that demands for wage increases are becoming insistent.

Already important as a factor opposed to further activity, and likely to become more important as time goes on, is the shortage of capital. For all the five months of 1927 for which trade re-

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turns are available, Germany has had an import balance. The foreign exchange reserve of the Reichsbank has been reduced almost to zero. "Where, then, is the foreign exchange going to come from for reparation payments?" asks Dr. Schacht, enemy of further foreign loans. More borrowing means only a postponement of the day of reckoning and larger payments later.

He evidently is going to be prepared. While he was in the United States at the bankers' conference he arranged for a credit of \$25,000,000 by a syndicate headed by the International Acceptance Bank, Inc., New York, to be held at the disposal of the Reichsbank for a year. It is evidently to be used only in case of necessity, to protect mark exchange.

In spite of Dr. Schacht's opposition, however, many German loans are being prepared for the New York market, which is in a receptive mood toward them.

One German correspondent thinks that Germany can produce an export surplus as soon as her farmers are assured of liberal treatment. The tariff bill reported in these columns last month seems to be aimed in that direction. It now remains to be seen if it will produce the result desired.

It is obviously foolish, however, for Germany to grant credits to Russia, when she is suffering from a shortage of

capital and opposition to further foreign loans. Accordingly the provision for guaranteeing payments on exports to Russia (the 300,000,000 mark credit arranged last year) has been discontinued.

The report of the commissioner of the Reichsbank published recently describes the introduction of a system of telegraphic transfer of funds in Germany through the Reichsbank, and then continues:

"Another measure to facilitate payments in the *international giro system* introduced on the initiative of the Reichsbank between a number of central banks. This has made it possible to utilize the existing clearing systems of the various banks concerned for purposes of international payments.

"A beginning was made on January 3, 1927, between the Reichsbank on the one hand and the Austrian, Hungarian, Czecho-Slovakian, Swiss and Danzig banks of issue on the other. The banks of issue of Netherlands, Norway and Sweden joined on February 28, 1927, Denmark on March 7, 1927, Latvia on April 8, 1927, England on May 4, 1927, and Esthonia on June 1, 1927.

"The transfers are only forwarded by the Reichsbank by letter, and not by telegraph, to the above mentioned banks of issue.

"On May 24, 1927, the *giro system* was also introduced with the Federal Re-

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serve Bank of New York. As telegraphic transfers are the rule in overseas business, owing to the length of time required for postal communications, the Reichsbank allows transfers from Berlin to New York by cable letter or wireless letter. The telegraphic fee for such letters has been fixed for the time being at ten reichsmarks.

"The international giro system is a step in the direction of co-operation between the banks of issue."

FRANCE

Figures of French foreign trade for the first half of 1927 show import balances in four of the six months, the import balance for the period amounting to 166,000,000 francs. The figures for June give further evidence of trade recession, with less imported raw materials and less exported manufactures.

However, due partly to the tourist season and partly to the agricultural activity of harvesting the crops, unemployment shows no increase. On the contrary, there are only about 18,000 unemployed. In fact, compared to the situation at this time last year conditions are distinctly good.

Revenues still hold to their high figures, the total income for the first half of the year amounting to 17,941,000,000 francs, or over 4,449,000,000 above the total for the first half of 1926. These high returns are not so surprising when it is realized that almost everything in France pays a tax. Every paper sign,

even, posted upon a fence or a building, bears its revenue stamp.

The Bank of France is still trying to stop speculative dealings in francs, its latest manouver being to raise its selling rate slightly above its buying rate. And the amount of exchange it is asked to purchase is gradually dying away like a fountain which has been shut off.

There seems to be no relief possible for the banks. How they are to make profits with the money rate at $1\frac{7}{8}$ per cent. on the Bourse no one knows. It is not likely that the government will grant their request that the embargo on the export of capital be lifted. As a substitute, it has been suggested that the banks be allowed to buy exchange from the Bank of France, giving the latter the privilege of buying it back at the same price at the end of a specified period. The bank funds now on deposit with the treasury drew 1.64 per cent. interest up to the first of August, when that was reduced to 1.26 per cent.

This latter action is further evidence of the fact that the banks now hold the power to embarrass the government by withdrawing their deposits there. The conversion loan, which was intended to take up this slack, closed its books with 3,000,000,000 francs, evidently not enough to ease the position of the treasury, which is reported to have over 10,000,000,000 francs of such deposits.

Finally, the discounts of the Bank of France stand at their lowest. And right next door is Germany, with the Reichsbank struggling to keep its discounts

from increasing further. France has a plethora of money and Germany a famine of it. If they could only get together both would benefit. Yet they must wait for the legal stabilization of the franc, when this condition will probably have passed.

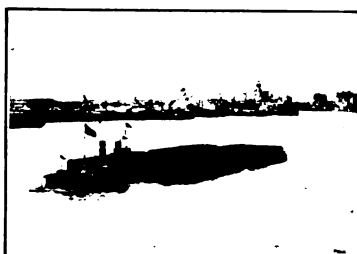
ITALY

There are no new developments in Italy. The budget for the fiscal year ending June 30 closed with a surplus of 405,000,000 lire. This was expected, for revenues have been exceeding expenditures for some months.

On this solid foundation, following the example of the United States, Count Volpi, minister of finance, has proposed and the cabinet has adopted tax reductions for next year amounting to 1,135,000,000 lire. Evidently this will necessitate further economies in government administration to make up the difference between this amount and the surplus for 1926-27. It would seem to indicate also that the internal debt will be reduced at a slower rate in the future, and that the cash balance of the treasury, which stood at 1,143,000,000 lire on June 30, will be drawn down. The reduction of the national debt in 1926-27 amounted to almost 1,700,000,000 lire.

The lire still holds at about 5 cents, as promised by the government. Its continued stability is restoring a modicum of confidence to Italian merchants and business men. Activity is reported, for example, in the artificial silk, road building machine, and hydro-electric equipment industries. However, Italy's most important industry—the tourists—has been hard hit by the present comparatively high rate of lire exchange.

Some efforts are being made to readjust this situation by reduction of internal prices. The Italian Hotel Keepers' Association announced early in August that the price of rooms costing more than 10 lire a day had been reduced 10 per cent. This is in addition to the 10 per cent. reduction announced in



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XXVIII

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these columns a few months since. Restaurants, also, which reduced their prices in May, have made further reductions. Even the prices of wines and liquors, not reduced before, have come down about 10 per cent.

AUSTRIA

For eight long years Austria has suffered under a business depression. Bankruptcies have increased almost constantly—from 110 in 1923, to 448 in 1924, to 681 in 1925, dropping a little to 634 in 1926, and running at a rate at present that will bring the 1927 total over 700. Unemployment has steadily mounted along with business failures. The number receiving relief in February of each year since 1922 has been as follows:

In 1922, 33,000; 1923, 167,000; 1925, 193,000; 1926, 231,000; and 1927, 244,000.

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With a population of only 5,500,000 this is an unemployment ratio of 5 per cent.

During these years Austria has been unable to check the import balance of trade. It, too, has steadily grown larger until the present year, when some signs of reductions are visible, due more, however, to curtailment of imports than to an increase of exports.

This record is unique in view of the fact that currency inflation was checked five years ago. Since that time the schilling has remained stable in spite of the adverse trade balance, the economic depression, and other events calculated to shake the stability of any currency. In 1924 a balanced budget was attained, and since then revenues have exceeded expenditures each year.

But in spite of all this, living costs are still high. This, perhaps, is the explanation. So long as prices hold at the levels of an inflated currency, the currency being now stabilized, business awaits the necessary readjustment before proceeding with any confidence. It is still impossible for any political party in Austria to consider the modification or repeal of the rent laws, lest prices advance even further.

This condition is the fundamental cause of the riots in Vienna in the middle of July. The socialists, particularly strong in Austria, have been accustomed to show their power from time to time by calling short general strikes. By this means they have gained almost complete control over the City of Vienna. They now aim at a similar control of the national government.

The riots in July occurred when one of these demonstrations got out of hand. The parade of the workers began in orderly fashion. But the communists had been at work and the orderly demonstration soon became indiscriminate lawlessness. When the mob tried to enter the Parliament building, and was prevented by the police, it proceeded to protest by setting fire to the police station and the

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Palace of Justice, fighting off the police with pistols and bludgeons, and hanging one policeman to a lamp post.

The communists who led the rioting did not number over 500 or 600 but they gained a small army of recruits from the 12,000 demonstrating socialists. Five hours of street fighting followed, with 100 killed and about 700 injured. The strike lasted three days, with no transport or postal services, no newspapers, in fact, a complete stoppage. Then life in Vienna returned to normal, as if nothing had happened, except for the fact that 15,000 troops patrolled the streets for a few days.

The chief demand of the rioters was for the resignation of Chancellor Seipel. He stood firm, however, and considerably strengthened his position by doing so.

During the riots the socialists loyally supported the government and the pol-

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icy of law and order. They organized their own police force, armed the men, and co-operated with the municipal police. Since then, however, the inter-allied military control commission has protested against this special constabulary as a violation of the disarmament clause of the peace treaty, and it was disbanded in August.

American tourists in Vienna during the riots tried to leave by every available means—railroads, airplanes, motor cars—but most of them were forced to stay until calm was restored. They were not molested. The demonstrations were purely internal.

The economic loss to the country is difficult to measure. The three-day tie up is said to have cost the Austrian railways \$2,000,000. A week later the Bank of Austria raised its discount rate from 6 to 7 per cent. Due probably chiefly to the general rise of money rates in Europe, this action was hastened by the economic destruction of the riots and the strike, according to Dr. Victor Kienboeck, the finance minister. It is probable that the strike also checked the incipient revival in textiles appearing in the last few months.

WHAT GREECE HAS DONE

Last month in these columns the report of the commission of experts on Greek finances was summarized. It is now possible to tell what has actually been accomplished toward financial reform, as given in the budget speech of Finance Minister G. Kafandaris.

First of all, Greece has funded her war debt to Great Britain, paving the way for an external loan.

Revenue has been increased 300,000,000 drachmas by tariff reform, while 100,000,000 drachmas have been saved by discontinuing the conversion of surplus revenues for the sinking fund into gold.

The budget for 1927-28 almost balances. The deficit amounts to but 49,000,000 drachmas. It is expected that the budget for 1929-30 will actually balance, the expenditures for refugee settlements up to that time being a considerable obstruction.

The Assembly has passed a bill ratifying an agreement for yearly repayment by the government of its debt to the National Bank; and another authorizing administrative reforms to reduce expenditures.

After a consultation with the finance committee of the League of Nations, the League has agreed to recommend a loan of about \$50,000,000 to Greece for the stabilization of the drachma. Prior to this loan, the National Bank of Greece is to be converted into a modern independent bank of issue, with the sole right of note issue, limitation of the business to self liquidating commercial paper, with occasional advances to the state and a fixed reserve. The bank will employ an expert adviser for at least eighteen months, and probably three years, and will submit quarterly, independent reports to the league.

About \$16,000,000 of the new loan will be used to meet budget deficits, a



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like amount for refugee settlements, and the balance for the repayment of the government's debt to the bank, thus increasing its reserve against outstanding currency.

The plan does not envisage the creation of a new currency unit. The present devaluation of the drachma will simply be sanctioned by law, though the exact rate at which it will be stabilized has not yet been decided upon.

One item is conspicuously absent from this program. No mention is made of the funding of Greece's debt to the United States. Nor does the budget contain any provision for the payment of interest or amortization of this debt.

PROFESSOR KEMMERER'S ADVICE TO ECUADOR

Ecuador has taken the dose prescribed for her by "the money doctor." She has enacted into law most of the recommendations of Professor Kemmerer and his corps of financial experts, who devote al-

most their whole time these days to teaching financially infantile nations to walk.

The sucre, which formerly contained .7315 grams of gold and was worth about $48\frac{1}{2}$ cents, is to contain, under the new law, .0300933 grams and is to be worth 20 cents. The old currency was based on the pound sterling, being one-tenth. The new is based on the dollar, being one-fifth.

The Banco Central del Ecuador, which will be the bank of issue for the country, follows closely the organization of the Federal Reserve System. It will be governed by a board of nine members: two appointed by the government, three elected by the shareholders, and four representatives of commerce, industry and agriculture. Every commercial bank in Ecuador will be required to subscribe 15 per cent. of its capital and surplus to the stock of the Banco Central, which will total 10,000,000 sucres. Branches of foreign banks must also subscribe 15 per cent. of the capital and surplus assigned

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to them. There are also Class B shares to be subscribed for by the public. As has been mentioned before in these columns, the public subscriptions to stock of the bank have been disappointingly small.

The reserve of the bank, which must amount to 50 per cent. of its combined note and deposit liabilities, may consist of gold in its own vaults, of gold held in banks of recognized standing located in foreign countries, or in deposits in banks of high standing in New York or London, which deposits must be payable in gold on demand or on three days' notice. A progressive tax is imposed whenever the reserve falls below 50 per cent.

Advances to the government are limited to short time loans in anticipation of revenue receipts. Other loans are to be made against short-time, self liquidating commercial paper.

THE NETHERLANDS

Reference has been made above to the effect of the advancing money rates on the Amsterdam money market. New capital flotations there have been large this year. For the first five months they amounted to 211,865,000 guilders, as compared to 147,811,000 guilders for the same period in 1926 and 92,610,000 guilders for the first five months in 1925.

The advance in the rediscount rate of

the Reichsbank in June, however, caused large withdrawals from Amsterdam for investment in Berlin. The Bank of Amsterdam sold exchange freely to prevent the export of gold but was not entirely successful.

Money still rules, in spite of these events at about 4 per cent. and bond prices are holding steady or advancing.

In spite of slowly declining commodity prices, business conditions are fairly satisfactory. Heavy rains and cold weather in June were hard on the crops, but that condition is now past. Due to an increase in exports in recent months the adverse trade balance has been considerably reduced.

DENMARK

The National City Bank of New York has opened a one-year revolving credit for the Government of Denmark. The money is to be used in the reorganization of the Danske Landmandsbank Hypothekog-Vekselbank of Copenhagen, mentioned in these columns a few months ago. It is hoped to have the affairs of that bank settled by that time.

The present credit is distinct from and should not be confused with the \$40,000,000 credit opened in 1923 for the stabilization of the currency and renewed until 1926 when, stabilization having become a fact, it was allowed to expire.

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POLAND

Foreign trade figures for Poland still show the effect of the poor grain crop of last year, which made the import of grain for food imperative. Instead of an export balance of 183,234,000 zlotys as in 1926, the first five months of 1927 yielded an import balance of 65,347,000 zlotys.

This evidently included also the import of some capital for bank deposits of all kinds in Poland have substantially increased, easing the credit situation. The Ministers of Justice and of Finance have promulgated a decree making a discount rate of over 12 per cent. illegal. All loans, whenever contracted, bear this rate, or a lower one, since July 15.

The Bank of Poland has voted to increase its capital from 100,000,000 zlotys to 150,000,000 zlotys.

The government has established a general fund for unemployment assistance, which will make loans to public authorities, social institutions, co-operative building societies, etc., for periods up to

six years, at 6 per cent., provided the undertakings employ at least seventy-five workers and agree to increase the number of workers by at least 25 per cent. and provided the amount of the loan does not exceed the amount of unemployment benefits the workers concerned would have drawn during the period for which employment is provided. While this is by no means a satisfactory method of relieving unemployment, it is better than paying doles to idle men.

AUSTRALIA

No more has been heard of the miners' strike in New South Wales, and it is therefore assumed that it has been settled. Another strike, this time of the metal trade workers, is reported in the same region.

The wheat forecast looks bad, by reason of insufficient rain. Business is seasonally dull. Money continues to be tight, due in part to the large number of loans being floated.

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CHINA

Currency unification, the cardinal monetary need in China, seems to be making some progress. Several years ago the Yuan or Republican dollar was introduced. Information recently received is that in spite of sporadic issues of this Republican dollar by provincial mints in debased form, it has almost completely displaced the dragon and Mexican dollars. There have even been efforts made to centralize the issues of the Republican dollar in Shanghai. But it seems that there must be more political unity in China before complete currency unification can be accomplished, desirable though it may be.

JAPAN

Government aid to the Kawasaki Dockyard Company and to the Fifteenth Bank, both of which failed, as readers will recall, in the spring panic, has been indefinitely postponed. Further liabilities of the Kawasaki Company have come to light, making its re-organization more difficult. The political issue connected with aid for the Fifteenth Bank still acts as a stumbling block.

An Associated Press dispatch says that the Kawasaki Bank and the One Hundredth Bank have merged in the expectation that with their combined strength they can write off their bad debts and resume business. One wonders if the "Kawasaki Bank" referred to in this dispatch is not the Fifteenth Bank which was controlled by the Kawasaki Dock-

yard Company. If so, the merger solves one of the toughest problems confronting the Japanese government today.

Business in Japan is very dull. Some revival is hoped for in September. Prospects for the rice crop have improved with recent heavy rains.

INDIA

The government of India has issued a ten-year 4 per cent. rupee loan at 94½ in India and London. The bonds are callable at par, on three months' notice beginning August 1, 1934. The loan is principally a refunding operation, to take up the Indian Five Year bonds of 1927 and the War Loan bonds of 1928. These bonds were receivable in payment for subscriptions.

SOUTH AMERICA

Some months ago these columns carried a description of the new Central Bank of Chile, organized according to the recommendations of the Kemmerer commission. The bank has now completed a year of operation. In his annual message to the Chilean Congress, President Ibanez made the following report on the operation of the bank:

"On the one hand, the Central Bank has succeeded in maintaining the stability of the currency within the limits of the importation and exportation of gold, which is to say that the gold standard has been maintained in very satisfactory condition.

On the other hand, the Central Bank,

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with regard to rediscount, has allowed the interest on money to be lowered, thus considering the necessities of industry, production and trade. From an initial rate of 10 per cent. the Central Bank has been able to reduce rediscount successively to 9, 8, 7½ and 7 per cent., which last value has been maintained up to the present.

“According to the last weekly balance sheet, the circulation of notes amounted to 356,000,000 pesos, or less than the amount in circulation when the bank was founded. Deposits have, however, increased considerably.

“The obligatory cash reserve of the bank, including gold deposited abroad at 30 days, reaches 110 per cent., a percentage unsurpassed by any central bank in any country.

“However, the stability of the Central Bank and of our currency depends less on the gold reserve than on the balancing of the budgets and of payments to and from foreign countries.

“In fact, the experience of all countries has shown that no central bank is stable unless the government maintains finances in a healthy state, so that there is no necessity to violate the bank’s statute by issuing paper money in order to cover fiscal deficits.

“In the same way, if the balance of payments for exports and imports, in-

cluding those which are invisible, is unfavorable to us, there will begin to be a drain on the Central Bank’s reserve of gold, its obligatory cash reserve will diminish, and finally it will tamper with its money standard.

“For this reason, the government proposes to submit to your consideration a series of measures for the encouraging of national production. Among them is the foundation of an Institute of Industrial Credit which will offer to our industrialists the credit facilities necessary to the expansion of their business, facilities which are now obtainable only to a limited degree from the banks of the country. The government proposes in this matter to grant to industry the same facilities as those which, by the medium of mortgage credit are now open to agriculture.”

The record of business failures in Rio de Janeiro and Sao Paulo, Brazil, for 1926 is believed to be the largest in their history, and they continue at almost that rate this year. Foreign trade, too, is at record low figures. Payments abroad are being made only by means of foreign loans. The effect of a good coffee crop is negated by a slump in coffee prices. Finally, the budget for 1928 shows a deficit of almost \$5,000,000. Clearly conditions in Brazil are almost as bad as in Ecuador, and no relief is in sight in either country.

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Aghios Nicolaos (Castri, Ky- nosaras)	Carlovassi	Florina	Potamos	Xirochorion (Istiaea)
Agrinion	Carpenissi	Gargaliani	Preveza	Zante
Aliverion	Carystos	Grovena	Pyrros	
Amaliss	Castoria	Gythion	Rethymo	<u>EGYPT</u>
Amphissa	Castro	Hydra	Salonica	Alexandria
Argos	Cavalla	Ithaca	Samos Vathy	Cairo
Argostoli	Chalcis	Jannina	Sorovitch	Port Said
Arta	Chio	Kiato	Sparta	
Astacos	Comocini	Kyprissea	Soufli	<u>CYPRUS</u>
Calamata	Corfu	Lamia	Syra	Limassol
Calavryta	Corinth	Larissa	Thebes	Nicosia
	Coumi	Levadia	Trikkala	
	Cozani	Limni	Tripolitza	<u>ALBANIA</u>
	Dadi	Megalopoli	Tsotyllon	Durazzo
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THE PAST MONTH IN CANADA

By J. W. TYSON

THE second half of the year is being marked by a well maintained volume of business and increased industrial activity. With splendid crop prospects and the advance payment of a substantial portion of anticipated income by the Western wheat pools, buying power in the agricultural community has been materially increased, and has been reflected in the purchase of agricultural implements, automobiles and general merchandise. The increased employment of industrial workers and the wide construction activity, together with the demand for harvest hands, has changed the employment problem from an over-supply to a shortage. Altogether Canada is enjoying a full measure of prosperity, with the exception of some industries, like lumbering and pulp and paper, where overproduction is curtailing profits

despite the large volume of business being done, while in some of the commercial fields changed methods of distribution are having unsatisfactory consequences.

The increased volume of business being transacted is indicated by the fact that the dollar volume as reflected by the aggregate of checks debited to bank accounts at the clearing house centers, has been about 7 per cent. greater than during the summer months last year. The lack of unemployment is indicated by the index number of the Dominion Bureau of Statistics reported at 108.4 compared with 103.7 last year and 96.8 in 1925.

Industry generally is being stabilized by comparatively steady commodity prices, which promote confidence in carriers of stock and encourage buying for normal requirements. Cotton mills are

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busy working well up to capacity, and find a full demand for their production. Iron and steel industries are moderately active under conditions of keen competition and close selling. The newsprint industry is maintaining its output, but the percentage to total capacity is being reduced. The boot and shoe trade reports a moderate movement from unsatisfactory conditions, but the woollen industry reports continued depression, as the result of foreign competition.

CARLOADINGS INCREASE

In view of the further expansion in industrial production and commodity distribution, the revenue carloadings during the first six months of 1927 showed considerable increase over the corresponding periods of 1925 and 1926. The loadings in the first six months of 1927 were 1,559,592 cars, compared with 1,465,862 and 1,315,759 cars in the first half of 1926 and 1925. The increase over 1925 was 18.5 per cent., while the

high level of the first half of 1926 was exceeded by 6.4 per cent. As a result of the heavy movement of freight, the gross revenue of the railways showed a substantial gain during the first six months of 1927. The gross revenues on the Canadian lines of the two great railways were \$192,133,000 in the first six months of 1927, compared with \$186,374,000 in 1926 and \$162,607,000 in 1925, representing increases of 18 per cent. and 3 per cent. over 1925 and 1926 respectively.

The value of awarded contracts during the first six months of 1927 was \$191,300,000, compared with \$194,500,000 in the first half of 1926, a decline of \$3,200,000 or 1.6 per cent. As the cost of building materials was somewhat less in the present year, the decrease in the volume of building was even less than indicated by the value statistics. The figures for 1926 included a number of large contracts, while in 1927 a greater distribution of smaller projects was in evidence.

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The country's favorable trade balance continues to decline. For the twelve months ending with June it was only \$22,000,000 with over \$37,000,000 for the preceding twelve months. The favorable trade balance for June was about \$4,500,000. It is being pointed out, however, that the decline is more apparent than real, as it can be largely attributed to a decrease in exports of agricultural products rather than of manufactured products. At the same time the prosperity in the country and increased industrial activity is resulting in larger imports of raw materials and partly manufactured merchandise. The fact that there is a substantial increase in the total volume of trade for the year is regarded with considerable satisfaction.

RETAIL PROBLEMS

Problems of the retailer and the distributing trades have been receiving con-

siderable attention. Retailers are finding that despite increased volume of business competition as the result of chain stores and mail order merchandising has reduced profits to a narrow margin. Retailers therefore through their national organization have set down the following principles: (1) That retailers will not sell goods whose manufacturers do not protect them for a fair margin of profit; (2) retailers will have to have community buying; (3) retailers must get away from the overhead cost of wholesalers' service and credit charges; (4) the public must be educated as to the unfair position of the retailers today and be directed to patronize those retailers who are giving the greatest service to the community, or the government will be required to make a study of distribution problems so that trade may be directed through the most economical channels in the best interest of all concerned.

Experiments which have been conducted this summer in Western Canada with a new type of reaper-thresher which threshes the grain as it cuts it, have proved so successful that the invention is nothing short of a boon to the prairie provinces. It is said to solve the problem of producing wheat at a cost that will leave the farmer a substantial profit on his year's operations even in seasons of comparatively low yield. If by using the new machine the farmer can reduce his production costs, just as costs have been reduced in the manufacturing industries by the adoption of modern machinery, it is felt that agriculture will take an important step forward, to the benefit of the whole community.

CANADIAN BANK AMALGAMATIONS

In an article on Canadian banking in the Canada Jubilee Number of the London Times, C. E. Neill, president of the Canadian Bankers Association, asserts positively that the process of bank consolidation did not come about as the result of any settled policy on the part of the chartered banks. It is purely a

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result of natural economic forces, working in favor of a broader financial unit than the small local banks could provide; but it has been materially quickened by the pressure of local taxation, "which had the effect of reducing the earnings of a large number of the smaller branches to a marginal basis and adding to the number of those which were unprofitably operated in the public service." In such circumstances consolidation provided a much needed means of eliminating duplicate offices without serious loss of business.

SIXTY YEARS' GROWTH OF BANKS

The little brown tea-pot on a shelf, the old stocking tucked away in a matress, had long ceased to be the only popular banks when this Dominion was formed. They had never contained very much, for money was scarce in pioneer days. The farmers, who were the bulk of the population, exchanged their produce direct for the goods they needed.

And the banks, from the time when they were established—the Bank of Montreal was the first, in 1817—won the confidence of the people who had money to deposit. That confidence was generally deserved and, though a number of banks have failed, the nature of the Canadian banking system and the increasing precautions imposed by law have given the public a high degree of security.

The first bank act passed by the Dominion government, in 1871, provided for a limitation of dividends until a reasonably large reserve fund had been accumulated, and decreed that at least one-third of the cash reserve must be in Dominion government notes. That proportion was raised to 4 per cent. in 1881; then, also, the holder of a bank note was given first claim on the assets of the issuing bank. Such notes of \$5 and upward form the bulk of the money used. Dominion government notes of various denominations up to \$50,000 are issued, but the large denominations are rarely seen except in bank and govern-

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ment vaults. Government notes are redeemable in gold. This law was suspended during the war, but on July 1, 1926, gold payments were resumed.

The Bank Act of 1891 established a bank note redemption fund, by which all banks were liable, in proportion to their own note circulation, to make up the deficiency of any bank unable to redeem its notes. Since then no bank failure has caused the loss of a dollar to any note holder.

Between 1881 and 1926 the number of banks has been reduced from 36 to 11, by the weeding out of the weaker or their amalgamation with stronger banks. This has increased the security given by the banks as a whole, without reducing the banking facilities available to the public through the branch bank system.

The number of bank branches in Canada has risen from 123 at confederation to 1145 in 1905, 3198 in 1916, and 3784

in 1927. Every branch is backed by the whole resources of the parent bank.

The bank notes in circulation have increased between 1867 and 1926 from \$9,346,086 to \$168,885,995, and bank assets from \$78,294,770 to \$2,864,019,213.

The deposits in Canadian banks in 1927 amounted to \$31,375,316. On December 31, 1926, they stood at \$1,981,652,000 with an additional \$334,458,000 in branches alone.

The volume of business done in Canada through the banks as shown by checks paid, amounted last year to \$30,358,000,000.

BANK CLEARINGS AND DEBITS

The dollar value of business in Canada, as reflected by the aggregate of checks debited to bank accounts at the clearing house centers, was 7 per cent. greater in June than in the same month of last year and, after correction for seasonal tendencies, the increase over the preceding month was 1.5 per cent. The total debits in June, as reported to the Dominion bureau of statistics by the Canadian Bankers' Association, were \$2,880,000,000, compared with \$2,684,000,000 in June, 1926, and \$2,986,000,000 in May last.

Bank clearings in June were \$1,655,000,000 compared with \$1,469,000,000 in June, 1926, and \$1,717,000,000 in May last. The increase over June last year was 13 per cent. while the advance over May, after correction for seasonal variation, was 1.5 per cent. The misleading nature of bank clearing statistics for long-term comparison is demonstrated by the fact that though in the first six months of the present year the increase in the clearings over the corresponding period of 1926 was 10.5 per cent., as compared with an increase of 10.2 per cent. in debits, the increase in clearings over 1925 was only 21.5 per cent. compared with 25 per cent. in debits, and over 1924 only 18.1 per cent. compared

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S. N. POCHKHANAWALA, Managing Director

with 29 per cent. in debits. The longer the period chosen for comparison, the greater the variation in the results. Owing to bank amalgamations, clearings include a decreasing proportion of the dollar value of business from one year to

another. The total debits during the first half of 1927 were \$16,018,000,000 compared with \$14,541,000,000 in the corresponding period of 1926. This is an increase of \$1,477,000,000 or 10.2 per cent.

INTERNATIONAL BANKING NOTES

LLOYDS Bank Limited, London, announces that Sydney Parkes, joint manager of the city office, has been appointed an assistant general manager of the bank and that G. L. Potter, of Bradford, has been made joint manager of the city office to take the place of Mr. Parkes.

THE Banco Central del Ecuador began business Wednesday, August 17, according to a cable received by its New York correspondent, the National Bank of Commerce in New York.

This new central bank was created by an executive law dated March 4, 1927, as a result of the recommendation of the mission of financial experts, headed by Professor E. W. Kemmerer of Princeton University, whom the Ecuadorian Government invited to make a study of the financial and banking situation. It is expected to have a stabilizing effect on the economic situation in Ecuador. The management of the bank is made up of the following officers: President, Neptali Bonifaz, Quito; vice-president, Dr. N. Clemente Ponce, Quito; manager of the bank in Quito, Alberto Bustamante, who was formerly manager of the central office of issue; manager of the bank in Guayaquil, Enrique Cueva, formerly manager of the Guayaquil branch of the Anglo-South American Bank.

The authorized capital of the Banco Central del Ecuador is 10,000,000 sucres, which may be increased to 20,000,000 sucres by action of the board of directors and with the

approval of the president of the republic. The shares are divided into two classes: Class A subscribed by commercial banks, and Class B, shares subscribed by the public. The board of directors consists of nine members. Two of them are appointed by the president of the republic, two are elected by the commercial banks and one represents the Class B shareholders. The remaining four directors represent the Chamber of Commerce in Guayaquil, the Chamber of Commerce in Quito, the National Society of Agriculture and the labor organizations, respectively.

STATEMENT of the Imperial Bank of India, Bombay, for the half-year ended June 30, 1927, shows net profits for the period of Rs. 76,15,229, which, with Rs. 9,49,601 brought forward from the previous half-year, makes a total of Rs. 85,64,831 to be disposed of as follows:

	Rs.
To payment of a dividend to stockholders at the rate of 16 per cent. per annum free of income tax	45,00,000
To transfer to reserve fund	7,50,000
To transfer to pension funds	3,00,000
To carry forward to next account.	30,14,831

Paid up capital of the bank is Rs. 5,62,50,000, reserve Rs. 5,07,50,000, public deposits Rs. 10,04,43,927, other deposits Rs. 73,17,24,712 and total resources Rs. 94,29,74,110.

THE Banco de Descuento, Guayaquil, has issued a booklet, "Why Not Securities from



When You Think of

PORTO RICO

You Just **NATURALLY** Think of

AMERICAN COLONIAL BANK

Head Office—**SAN JUAN**

Branches

Arecibo

Mayaguez

Caguas

Ponce

Santurce

Bayamon

We Specialize on Collections

Ecuador?" which gives a description and statistics of conditions and urges the purchase of securities in that country from the Banco de Descuento. The fact that the bank has no securities for sale and buys them for customers on the open market is emphasized as showing the impartiality of the bank's opinion on the investments. Suggestions are given for diversified investments, for small, medium sized and large investors.

AN increase of deposits amounting to £27,000,000 has been made by the Midland Bank Limited, London, during the last year, according to the bank's statement of June 30, 1927, instead of £27,000 as was stated, in error, in the August number of *THE BANKERS MAGAZINE*. Deposits are £376,528,502, as compared with £349,460,874 as of the 1926 statement. Capital and reserve have remained the same, each being £12,665,798.

GERMAN BORROWINGS GO TO PAY FOR EXCESS IMPORTS

SINCE 1924 Germany has borrowed about \$3,850,000,000 from abroad, of which 85 per cent. came from the United States, according to *The Index* published by the New York Trust Company. A large part of these loans has been used as a method of paying for the excess of German imports.

The recent industrial recovery in Germany has called for an increased importation of raw materials, particularly in the last year. Exports, on the other hand, have not increased in proportion, and the result has been a large unfavorable balance of trade. This has chiefly been paid for by drawing upon foreign loans. The adverse balance of trade for the last two months of 1926 and the first four months of 1927 was almost equal to the total long-term foreign loans placed during the year 1926.

The New York Trust Company points out that, while these loans have largely made possible the transfer of reparation payments, too much reliance has been placed upon them as a method of paying for the increased German imports. The Reichsbank, therefore, has discouraged foreign borrowing as long as the German money market has been able to take care of the needs of German industries. The Reichsbank would prefer to see that the raw materials imported into Germany should go out again in the form of finished exports, thus paying for the imports.

"The problem is complicated by the fact that, while on the one hand it would appear to be desirable to use the available foreign capital for accelerating economic reconstruction in Germany," states *The Index*, "this would stimulate a surplus of

BANCO ALEMAN-ANTIOQUENO

MEDELLIN, Colombia, S. A.

Established 1912

Statement of Condition as of December 31, 1926 :

Capital Fully Paid In	\$2,000,000	Deposits	\$10,462,800
Reserves and Undivided Profits	\$1,053,500	Total Resources	\$18,981,100

Branches: Armenia (Caldas), Barranquilla, Bogota, Bucaramanga, Cali, Honda ; Bremen (Germany).

GENERAL BANKING BUSINESS

imports over exports, and an increase of exports over imports is necessary if the reparation payments are to be transferred."



INTERNATIONAL NEWSREEL PHOTO

Martin Place, Sydney, Australia, showing the Commonwealth Bank on the left and the Commercial Bank of Sydney at the end of the street, facing into the camera. The general post-office, with its clock tower, is shown in the background.

Call it your
DEPARTMENT
of
PUBLIC
RELATIONS

←—————→
If you are a Graves client you have already learned to call your advertising department by its right name—it is the Department of Public Relations
 ←—————→

WHEN thus properly defined, this department begins to take on a measure of its real importance and the Banker employing Graves Service finds himself thinking of the advertising budget as an investment; an investment that should not only pay a fair dividend this year but should keep on paying dividends for years to come.

Even one year's well directed advertising has often been known to do that. However, since "public relations" are always with us—we wish to make them highly profitable. And that means a clearly defined advertising policy extending over a long enough period to do a real educational job in the bank's behalf.

Advertising thus regarded is now seen to be the bank's interpreter to the public—and we demand better things of it. Since it is spokesman for the officers and directors of the institution, it must fittingly represent them in physical appearance and in message content. It is then fair to expect lasting results from the investment.

But—this kind of advertising can be created only in the seasoned, matured thought of men who know banking and its problems; who know people and their problems and out of that experience are able to interpret the bank and the citizen to each other with all the skilled selling power of advertising craftsmanship.

GRAVES SERVICE

←—————→
 GRAVES SERVICE would be glad to discuss ways and means with you for making your PUBLIC RELATIONS DEPARTMENT more profitable and resultful during the next twelve months. A conference into which you may enter without obligation will be cheerfully arranged with your officers or directors on request. Your correspondence is invited
 ←—————→

WM. ELLIOTT GRAVES, INC. • Financial Advertising • CHICAGO

How Banks are Advertising

Special Section of The Bankers Magazine

SEPTEMBER 1927

SENIOR OFFICERS INVITED TO FINANCIAL ADVERTISERS' CONVENTION; PROMINENT SPEAKERS ON PROGRAM

BANK advertising managers and new business managers who are planning to attend the twelfth annual convention of the Financial Advertisers' Association in West Baden, Ind., September 12-17, have received from association headquarters the call to "Bring your senior officer, so that he may see at first hand what financial advertising can do for your institution."

All attendance records in

the history of the association will be broken, if the reservations which have already

veloping Profitable Business" is one of vital interest to every financial advertising man and seems to have taken hold of the entire membership. C. H. Wetterau, vice-president American National Bank, Nashville, Tenn., is chairman of the program committee.

The program committee has developed not only a decidedly interesting but an educational program. There will be several departmental sessions, covering personal selling of trusts, advertising



C. H. HANDERSON

President Financial Advertisers' Association and assistant vice-president Union Trust Company, Cleveland, Ohio.

reached the central office in Chicago are an indication.

One of the reasons for the large number of reservations probably is the convenient location of the place of meeting which is only a few miles from the center of population of the United States.

The splendid program built around the theme of "Getting, Keeping and De-



H. G. HODAPP

National City Bank of New York; first vice-president F. A. A.



C. H. WETTERAU

Chairman F. A. A. program committee; third vice-president F. A. A.; vice-president American National Bank, Nashville, Tenn.

of trusts, advertising of the commercial and savings departments and investments. Addresses will be made on how financial institutions in small, medium size and large cities build up business.

More than thirty financial institutions have already entered exhibits for a gallery method in advertising study. Virgil D. Allen, assistant vice-president First Bank and Trust Company, Utica, N. Y., heads the exhibit committee.

Although a "brass tack" business program has been prepared, the entertainment of the delegates has not been neglected.

The various sports and entertainment committees have provided recreation for every idle hour and special ar-

rangements have been made for the entertainment of wives of delegates.

The program of the convention follows:



● HARRIS & EWING

JOHN POOLE

President Federal-American National Bank, Washington, D. C., who will address both the commercial and the business extension departmentals.

GENERAL SESSION

Tuesday morning.

Chairman: H. G. Hodapp, National City Bank, New York.

9.00: Singing of America.

9.05: Invocation. Convention called to order by President C. H. Handerson.

9.15: Address of welcome, C. O. Holmes, president South Side Trust and Savings Bank, Gary, Ind.

9.20: Response to welcome, President C. H. Handerson.

9.25: "How to Get the Most out of our Associa-

tion," Preston E. Reed, executive secretary.

9.30: "What Business is Profitable," Walter S. Greenough, assistant to president Fletcher Savings & Trust Co., Indianapolis.

9.50: Discussion.

10.00: "Building Business in Towns Less Than Five Thousand," John M. Jackson, cashier Brownsville Bank, Brownsville, Tenn.

10.10: "Building Business in Towns Five to Ten Thousand," C. W. Bailey, president First National Bank, Clarksville, Tenn.

10.20: "Building Business in Towns Ten to Twenty-five Thousand." (Speaker not announced to date.)

10.30: Discussion.

10.40: "How a Successful Manufacturer Plans his Advertising," representative J.



WALTER S. GREENOUGH

Assistant to president Fletcher Savings and Trust Company, Indianapolis, Ind., who will address the opening session of the convention on the subject "What is Profitable Business?"



JULIAN CASE

Manager business extension department Dime Savings Bank, Detroit, Mich.; chairman F. A. A. advertising committee.

Walter Thompson Co., Maxwell House Coffee Agency.

11.00 Discussion.

11.10: "How a Successful



B. W. GRIFFIN

Advertising manager National Newark and Essex Banking Company, Newark, N. J.; chairman business extension departmental.

Financial Institution Plans its Advertising," A. Douglas Oliver, Provident Trust Company of Philadelphia.

11.30: Discussion.

11.40: "How to Sell Your Advertising Program," C. H. McMahon, director of advertising First National Bank, Detroit.

12.00: Discussion.

12.15: Adjournment.

COMMERCIAL DEPARTMENTAL

Tuesday afternoon.

Chairman: S. A. Linnekin, advertising manager Central National Bank and Trust Company, St. Petersburg, Florida.

2.00: Meeting called to order and announcements.

"How to Advertise the Service Charge," Don W. Switzer, Third National Bank and Trust Company, Dayton, Ohio. Discussion.

"How a Bank Can Help Its Community and Its Resultant Benefit to the Bank," C. C. Hall, First National Bank, Houston, Texas. Discussion.

"Newspaper Co-operation," Owen Connor, financial editor Philadelphia Public Ledger, Philadelphia, Pa. Discussion.

"Contrasted Functions of Advertising and Publicity," I. I. Sperling, Cleveland Trust Company, Cleveland, Ohio. Discussion.

"Bank Slogans and their Appropriateness," John Poole, president Federal-



DALE GRAHAM

Advertising manager Mississippi Valley Trust Company, St. Louis, Mo.; chairman savings departmental.

American National Bank, Washington, D. C.

"Institutional vs. Departmental Advertising," G. V.



● BACHRACH

C. H. MCMAHON

Director of advertising First National Bank of Detroit, Detroit, Mich., who will address the opening session of the convention on the subject "How to Sell Your Advertising Program."

Kenton, National Bank of Commerce, St. Louis, Mo.

"Institutional vs. Departmental Advertising," W. E. Brockman, Minnesota Loan and Trust Company, Minneapolis, Minn. Discussion.

Address (subject not yet announced), Felix McWhorter, Peoples State Bank, Indianapolis, Ind.

"How a Bank May Analyze Its Profitable Market," Virgil D. Allen, Jr., First Bank and Trust Company, Utica, N. Y. Discussion.

Announcements.

5.00: Adjournment.

WAYNE COUNTY AND HOME SAVINGS BANK

MEMORANDA

TO BE

MEMORIZED

A deposit in bank Gives standing and rank.

Waste & Want are Still in partnership.

A BANK OFTEN LEADS TO A BRICK BLOCK

He who has silver ahead Will not fear silver hairs.

Wayne County Savings Bank Well Considered Safe Bestowed.

52 banking offices, 56 years of service, 125 millions of resources. Includes an illustration of a building.

With the opening of our New Branch at Trumbull & Labrosse

The Wayne County and Home Savings Bank now maintains more than half a hundred branch banking offices for the convenience of Depositors in its many numerous branches. Two hundred and twenty thousand Depositors have expressed a preference for the safety and conservatism of this one year old savings and commercial bank...

Small text box with details.

Wayne County And Home Savings Bank

Table with 4 columns: Branches, The following are Capital, Local Bank in Branch, and Officers and Clerks.

Changes that thirty-six years have wrought in the advertising of the Wayne County and Home Savings Bank of Detroit, Mich. At the left an advertisement run by the bank in 1891; at right, an advertisement run in 1927.

INVESTMENT DEPARTMENTAL

Tuesday afternoon. Chairman: C. S. Yarnell, Jr., Lane, Piper & Jaffray, Minneapolis. Address, "Who Pays for Advertising?" Rhey Snodgrass, Minneapolis Journal. Discussion, "How to Reduce the Increasing Cost of Selling Securities."

SAVINGS DEPARTMENTAL

Wednesday morning. Chairman: Dale Graham, Mississippi Valley Trust Company, St. Louis, Mo.

9.00: Meeting called to order and announcements. Discussion, "Can the Savings Department Continue to Thrive without Modifying its Operations and Advertising Appeal Better to Suit Present Day Conditions?" "Efficient and Economical Means of Securing Savings Accounts," Wayne Hummer, president the La Salle National Bank, La Salle, Ill. Discussion, "Building Decreasing Balances." Discussion, "Have We Been Oversold on Educational Endeavors as Opposed to Selling Profitable Savings?"

TRUST SALES DEPARTMENTAL

Wednesday morning. Chairman: Samuel Marsh, First Trust & Savings Bank, Chicago. 9.00: Opening remarks, C. H. Handerson, assistant vice-president Union Trust Company, Cleveland; president Financial Advertisers' Association. Introductory remarks, Oliver J. Neibel, special representative Commerce Trust Company, Kansas City; chairman trust development division. "The Trust Development

Representative, His Qualifications, Training and Function," A. F. Young, vice-president Guardian Trust Company, Cleveland. Discussion.

"Co-ordinating the Work of Trust Representatives With Trust Advertising," Samuel Marsh, special representative First Trust & Savings Bank, Chicago. Discussion.

Pep session led by J. E. Drew, assistant vice-president American Trust Company, San Francisco, Calif.

"Successful Methods of

Obtaining the Co-operation of Directors, Officers, Employees, and Stockholders," H. W. Kitchell, secretary Illinois Merchants Trust Company, Chicago. Discussion.

"Effective Means for Obtaining the Co-operation of Organized Bodies," A. Douglas Oliver, advertising manager Provident Trust Company of Philadelphia. Discussion.

"Some Fundamentals in the Problem of Trust Solicitation," Walter Tresckow, Detroit Trust Company, Detroit. Discussion.

Educational committee report, R. S. Racey, general manager new business department Equitable Trust Company, New York.

12.25: Announcements.

TRUST ADVERTISING SESSION

Wednesday afternoon.

Chairman: C. Delano Ames, director of publicity Maryland Trust Company, Baltimore.

Conductor of discussions: G. W. Wickland, advertising manager Wells Fargo Bank & Union Trust Company, San Francisco.



A display of the Cleveland Trust Company at the Cleveland Industrial Exposition, Cleveland, Ohio. The center piece of the display is an illuminated map showing the distribution of the bank's branches. In the foreground is a large gear wheel representing the Cleveland Trust Company. This wheel meshes with and turns four smaller gear wheels representing four of Cleveland's largest industries—steel, auto parts, paints and electrical appliances.

Channels of Canadian Commerce

At 10 o'clock each morning the doors of our 550 branches open. Through these 550 channels a great share of the business of Canada is conducted.

These branches of The Canadian Bank of Commerce are links that bind East to West. They form a mighty chain that unifies the country into one commercial whole and that links the buyer with the seller, even though the whole width of a continent intervene. They thus create a vast commercial arena where all classes mingle to transact business—the farmer in the West with the grain dealer in the East—the manufacturer in Ontario with the merchant in British Columbia.

To assist in the development of Canada's business with other countries, branches and connections of this Bank have been established abroad. Each branch of The Canadian Bank of Commerce is a national clearing house for Canadian business.

THE CANADIAN BANK OF COMMERCE

Capital Paid Up \$20,000,000 Reserve Fund \$20,000,000

An example of the modern style of advertising being done by a large Canadian bank. Since the above advertisement was published the bank has added to its branches, which now number more than 560.

"Co-ordinating Advertising with Personal Selling," J. M. Rountree, First National Bank of Tampa, Fla.

"How to Gain the Attention of Big Business," J. A. Price, Bank of Pittsburgh, Pittsburgh, Pa.

"Do Employes' Contests Really Pay?" Roger Steffan, National City Bank of New York.

"How to Build and Work a Prospect List," E. V. Newton, Cleveland Trust Company, Cleveland, Ohio.

"Getting Work out of Directors," John Poole, president the Federal-American National Bank of Washington, D. C.

2.00: Meeting called to order and announcements.

"Advertising in the Development of the Trust Department—What it can and cannot be expected to do," Charles R. Holden, vice-president and general counsel Union Trust Company, Chicago. Discussion.

"Trust Advertising in a Community of Forty Thousand," G. Fred Berger, secretary-treasurer Norristown-Penn Trust Company, Norristown, Pa. Discussion.

"Advertising the Life Insurance Trust," John A.

Reynolds, assistant vice-president Union Trust Company, Detroit. Discussion.

"How to Advertise for Profitable Trusts," E. Fred Johnson, special representative Exchange Trust Company, Tulsa. Discussion.

4.30. Meeting adjourned.

BUSINESS EXTENSION
DEPARTMENTAL

Wednesday afternoon.
Chairman: B. W. Griffin, National Newark & Essex Banking Company, Newark, New Jersey.



A New Water Gateway to America

PORT NEWARK

Port Newark, with its growth and industrial expansion, is the most important harbor on the New York Bay. It is the largest and most modern harbor in the world. It is the largest and most modern harbor in the world. It is the largest and most modern harbor in the world.

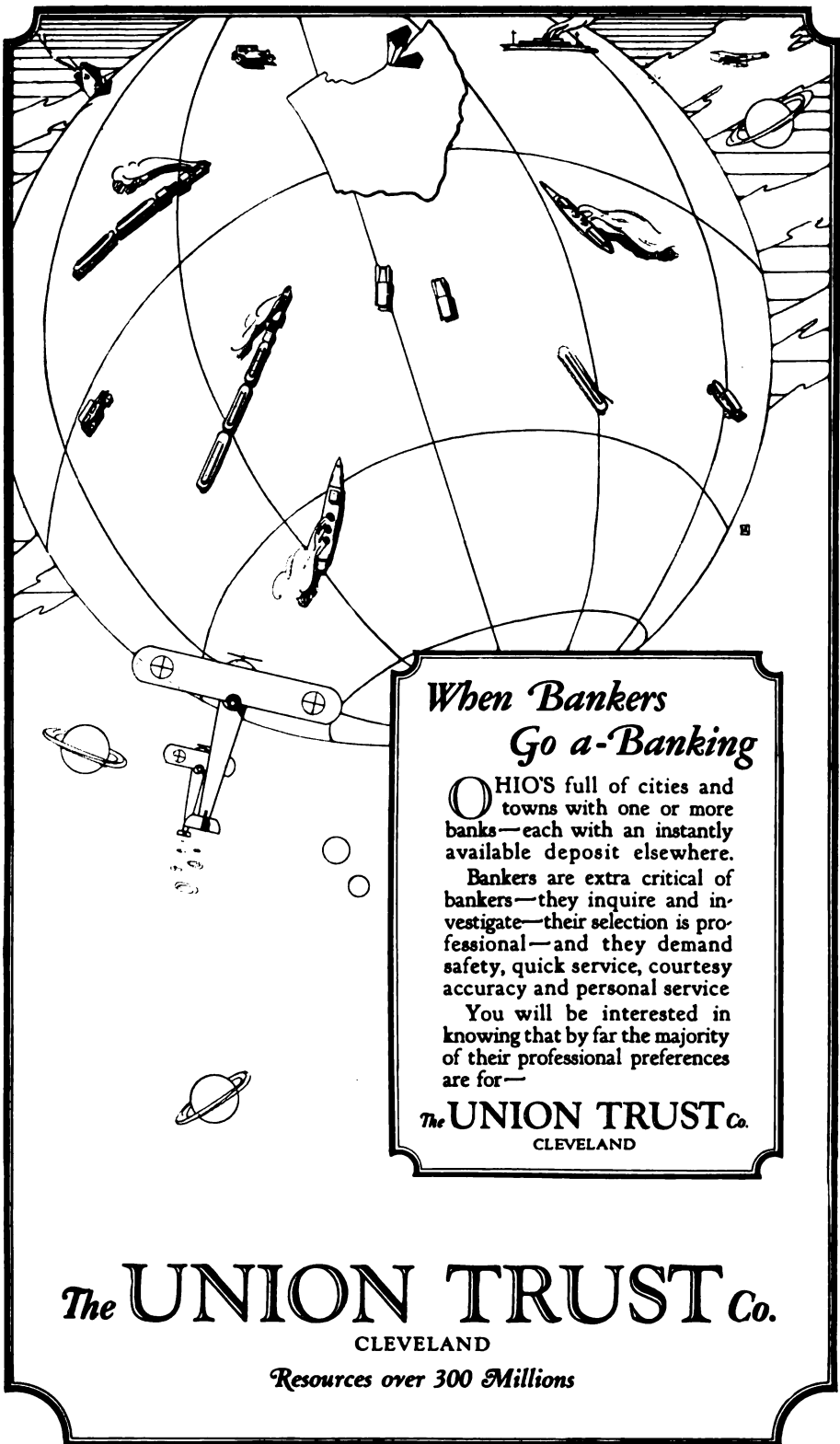
Ample Harbor Facilities—The port is the largest and most modern harbor in the world. It is the largest and most modern harbor in the world. It is the largest and most modern harbor in the world.

Good Highways—The port is the largest and most modern harbor in the world. It is the largest and most modern harbor in the world. It is the largest and most modern harbor in the world.

Rapid Growth—The port is the largest and most modern harbor in the world. It is the largest and most modern harbor in the world. It is the largest and most modern harbor in the world.

Fidelity Union Trust Company
Member Federal Reserve System
Newark, New Jersey
at Board and Bank

A Newark bank furthers its own interests indirectly by directing attention to Port Newark, one of the most important developments in a rapidly expanding port and manufacturing center.



When Bankers Go a-Banking

OHIO'S full of cities and towns with one or more banks—each with an instantly available deposit elsewhere.

Bankers are extra critical of bankers—they inquire and investigate—their selection is professional—and they demand safety, quick service, courtesy accuracy and personal service

You will be interested in knowing that by far the majority of their professional preferences are for—

The UNION TRUST Co.
CLEVELAND

The UNION TRUST Co.

CLEVELAND

Resources over 300 Millions



Downtown district of Houston.

HOUSTON PLANS WARM WELCOME TO BANKERS OF COUNTRY

WHEN the nation's bankers gather in Houston for the annual convention of the American Bankers Association, October 24-27, they will be extended not only the welcome of one city but of a great section of the country—the new Southwest.

Houston, in preparing for the gathering of the bank clans, has looked beyond her own doors and seen in the convention an opportunity to display the industries, resources and opportunities of an entire region—one which has gripped the attention of the country by its fast, firm growth.

Side trips will carry visiting delegates from Dallas, to the north, down into the far-famed Rio Grande Valley and along the border where the songs of Mexican vaqueros blend with the hubbub of modern industry.

But in Houston, itself, it is expected that the bankers will find the most to interest them. In spite of wide spread publicity, few seem to realize that Houston, an inland city, is one of the leading

ports of the country. Only eight years ago the first export cargo was shipped down the channel to the Gulf of Mexico, yet last year the total reached more than 10,500,000 tons. In this period many great industries have sprung up along the ship channel: Iron and steel works, cotton compresses, oil refineries, flour mills, cotton mills, grain elevators, chemical factories and scores of other activities.

Sixty-five steamship lines serve the port and are fed the products of the Southwest over nineteen railroads which center in the metropolis.

Indeed, few signs of the old Southwest of song and story will be evident to the visitors when they step from train, boat or airplane in October. Only an occasional "five gallon" hat livens the scene on Main boulevard, and no cowpunchers will be discovered cavorting through the lobbies of the hotels on wild cayuses—in spite of the expectations of some recent visitors that such conditions still exist.

True, the delegate who ventures out into the country for rare hunting or fishing will find traces of the old days. Mighty herds of cattle still constitute a large part of Texas' wealth, and picturesque cowboys lope the plains and yip defiance at the encroachments of city and factory.

If the visitor is keenly observing, though, he will still sense that same, progressive, daring, pioneer spirit which imbued the first settlers who dared Indians and Mexicans to settle the Lone Star State.

Only today that spirit is evidenced in the accomplishments of industry; in the carving of a mighty port fifty miles from

the sea, in the rearing of great factories and towering office buildings; in the creating of a metropolis where only a few years ago was a cross-roads trading post.

According to local bankers, delegates to this year's A. B. A. convention are going to serve a double purpose by visiting Houston. As usual there will be the personal contacts, new associations, new friends and the wealth of information and ideas that can be gathered from the addresses and business meetings. Added to these will be the opportunity of viewing and studying at first hand the new industrial empire which is being established at startling speed in the Southwest.

The local committees of the Associated



Rice Hotel, headquarters of the American Bankers Association convention.

MUNICIPAL BONDS

FOR MORE than 30 years we have been supplying Municipal Securities to banks and for bankers' clients.

Ask for List and Concessions

THE BROWN-CRUMMER COMPANY
WICHITA KANSAS
 ESTABLISHED 1897

Banks of Houston are organizing their forces and planning to make this convention live in the minds of the visiting delegates as the most hospitable, entertaining and instructive meeting they have ever attended.

More than 3000 hotel rooms have been set aside for the convention dates; city clubs, country clubs, golf courses, hunting clubs, and the polo club will throw open their doors; the entire population of more than 250,000 people will lay aside their ordinary activities to play host; the Texas sun will warm the October days and entice many to bay and gulf beaches for refreshing swims; and even, it is rumored, the millions of ducks in northern lakes are already ruffling their feathers and making ready for their annual flight to the salt marshes and rice fields about Houston so that after bankers have conventioned and toured and inspected, they can slip out of town for a few days of the finest bird shooting still to be found in the United States.



A herd of cattle a few miles from Houston.

THE DEVELOPMENT OF HOUSTON BANKING

By F. M. LAW

RECENTLY a prominent eastern financier visited Houston. He was shown the ship channel and the inland harbor of Port Houston crowded with craft from all over the world; he inspected the building activity, examined the many new industries. Finally he turned to his hosts.

"What I have seen has amazed me," he said. "The evidences of growth, expansion and sound prosperity are everywhere. Now, if I might see a statement of the capital, surplus and undivided profits, the deposits and resources of your banks for the last ten or fifteen years I could probably visualize the situation here and gauge the future possibilities much more accurately."

His remark bears out what many bankers believe: That there is no more accurate barometer of the growth and business conditions of a city than its banks' statements. Granting this, a study of the growth and expansion of Houston's banks, as shown by their statements, is convincing evidence of the sound, swift growth of the City of Houston and the territory it serves.

Turning back the pages to 1900 one finds that the total capital, surplus, and undivided profits of the city's banks was only \$1,952,087. At the close of the fiscal year of 1926 these figures had swelled to \$18,233,385—an increase of more than 900 per cent.

The increase of deposits for the same period is even more impressive. In 1900 there was \$6,580,000 on deposit. At the close of business in 1926 the total deposits were \$147,682,000—a 2300 per cent. growth.

The increase of the total resources of Houston's banking institutions for the same period was nearly as great—from \$8,889,000 to \$176,535,000—a 2000 per cent. gain.

The clearings of the member banks of the Houston Clearing House Association for the eleven-year period 1915-26 showed an increase of more than 400 per cent.—from \$451,537,076 to \$1,881,073,784.

Behind these cold figures lies a truly



F. M. LAW
Vice-president the First National Bank
of Houston.

romantic story of daring, vision and energy—the spirit of the pioneers and their successors which has reared a great city on the gulf coast plains where not long ago were only thousands of long-horned Texas steers tended by picturesque cowboys; and has carved one of the leading ports of the nation with only a small bayou—a sleepy, moss fringed southern stream—to build from.

For years the little trading settlement, the early Houston, followed the course of most frontier places. It served the

needs of the surrounding ranches; became a limited center for the desultory trading between the vast hinterland and the coast country.

Gradually it grew in importance. A few barges slowly pushed their way up the bayou—fifty miles from the gulf—with trade goods brought by boat from eastern harbors.

It was not until the advent of the railroads that Houston began to assume the important position that now attaches to its name.

Logically, it became the rail center for the Texas gulf coast region. New roads pushed their rails from all directions to the growing city and today there are nineteen lines serving the modern metropolis.

With the establishment of Houston, the rail center, men with vision turned their attention to the possibilities of creating Houston, the seaport. As is the lot with most pioneers they were at first ridiculed. Houston lay fifty miles inland from the gulf. Only a narrow, shallow stream led from the city to Galveston Bay. "How," the crowd asked, "will you ever bring great ocean lines across the prairies to Houston?"

The answer of the leaders was to work the harder for the realization of their "mad" dream. Gradually the Government was interested, public opinion slowly awakened and lined up with the visionaries. After long years of increasing effort funds were obtained for the start and finally, in 1919, the first foreign export cargo moved from Port Houston to the sea. In the eight years since then the export tonnage of the port has grown tremendously, reaching a total of more than 10,500,000 tons for 1926 and placing Houston high on the list of the country's leading ports.

With the establishment of the port, industries found a new incentive to locate in Houston. Vast manufacturing enterprises are turning to the new metropolis of the Southwest to establish

branches, or to move to bodily. Mighty oil refineries, vast cotton warehouses, and compresses, iron and steel works, flour mills, chemical factories and scores of other enterprises now line the ship channel banks—yet there is room for hundreds more along the deep waterway.

During the period of commercial and industrial expansion, the city itself has naturally grown correspondingly. Today the business district is a high piled reflection of the general prosperity of the community, and tens of thousands of new homes have been built for miles in all directions.

And it is during this period—since 1900—that the banks have likewise grown and expanded.

In 1866 the first national bank was established. Today there are twenty-one national and state institutions in Houston. As the city has grown, so have they, accurately reflecting the prosperity of business and people.

All signs point to a continuance, and an increase, in the rate of growth of the past.

Vast national resources are being opened, new industries establishing, old ones expanding, new steamship lines coming in, new rail lines being planned. The energetic driving spirit of the Southwest is surely and swiftly being translated into terms of industrial and commercial prosperity, and it is in Houston, more than any other place in the Southwest or along the gulf coast, that the writer believes the new order is being manifested.

It is this new Houston, the metropolis of the Southwest, that the thousands of delegates to the American Bankers Association convention, October 24-27, will see; and not only the bankers but all the people of Houston and of Texas, are preparing to extend a welcome which will assure this year's meeting of being one of the most instructive and pleasant conventions ever attended by the nation's bankers.

Guaranteed First Mortgages and Certificates

Offered to yield 5½ per cent

Legal for investment by banks,
trust companies, insurance com-
panies, savings institutions and
trustees.

Title Insurance anywhere in the United States and Canada

PROMPT AND SATISFACTORY SERVICE

Details will be gladly sent upon request

North American Title Guaranty Company



HEAD OFFICE

8 West 40th Street
New York City

White Plains Office
199-201 Main Street

Brooklyn Office
26 Court Street



No "Seasonal" Sale

—but fine furs priced
at all times too low to
permit reduction

WE SUGGEST that you compare any fur, for sale at however "reduced" a price, with a similar quality of Shayne fur at its regular price.

You will find, in virtually every case, that the Shayne fur, although never offered at so-called "sales" or "cut prices", costs no more—and usually less—than the "sale" garment.

Shayne furs for fall and winter (at prices based on summer labor) include the most brilliant collection of fine skins and advance, Paris-inspired modes that we have ever shown.

*Should you be unable to secure a perfect fit in any Shayne model, our custom department will duplicate the model for you, in your exact measurements, at no extra cost.

C. C. SHAYNE & CO.

STRICTLY RELIABLE FURS

126 WEST 42nd STREET
NEW YORK

Telephone 4360 Wisconsin



The Niels Esperson building, Houston, Texas, home of the Guardian Trust Company.

GUARDIAN TRUST COMPANY OF HOUSTON, TEXAS

INCORPORATED on February 15, 1917, and opened for business the same year, the Guardian Trust Company of Houston, Texas, celebrated the tenth anniversary of its founding this year. Its growth during the ten years of its existence has been remarkable.

Starting with a capital of \$200,000 and a surplus of \$50,000, with two of-

fices occupying approximately 400 feet of floor space on the fifth floor of the Commercial National Bank building, and with an office force of two, the bank has increased its capital to \$600,000, its surplus to \$600,000 and undivided profits to \$300,000; it occupies 23,000 square feet of floor space, located on the first three floors of the Niels Esperson



Main banking room, showing the mezzanine at the farther end of the room.



Officers' quarters on the main floor of the building.

building. Active officers and employees number eighty-one.

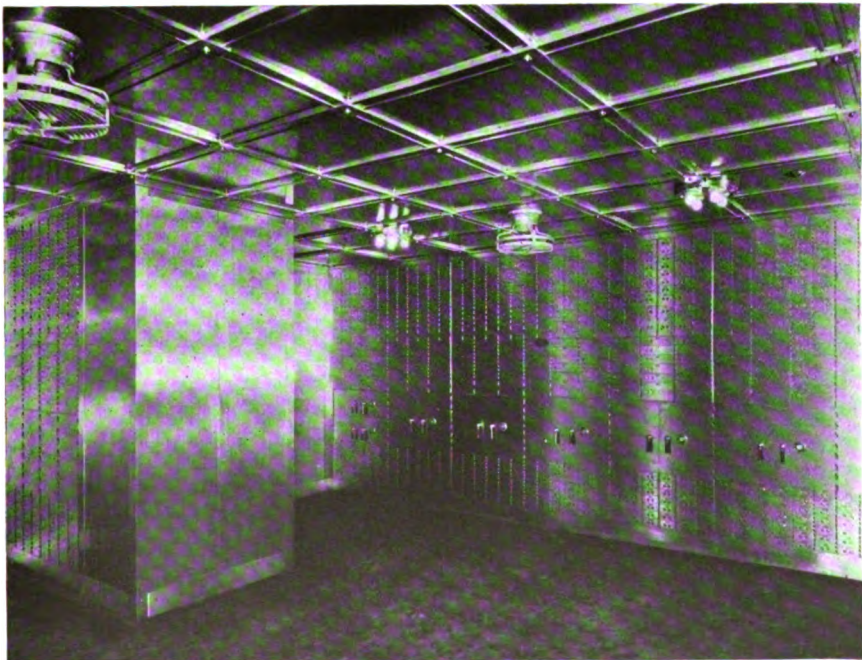
The Niels Esperson building, in which the bank is fittingly located—since Mr. Esperson was one of the original directors of the institution—was completed after Mr. Esperson's death in 1922 by his widow, Mrs. Mellie Esperson Stewart and thus perpetuates his career as a business man and a developer of Houston. It towers 410 feet above ground, is unusual in design and excellently appointed and constructed.

The bank's business is divided into six departments. Five are under the management of vice-presidents, as follows: Banking, T. P. Priddie, Jr.; bond, L. B. Duquette; real estate loan, Ira F. Reed; trust, W. Browne Baker; safety deposit vaults and real estate mortgage, Norman Sterling. C. E. Malone is manager of the real estate department.

These departments are under the general supervision of Captain James A. Baker, president; C. M. Malone, vice-

president and manager; and Ennis Cargill, vice-president. Other officers include Edwin B. Parker, first vice-president; F. A. Heitmann, vice-president; Norman Sterling, treasurer; L. A. Dowlen, assistant treasurer; Raymond Neilson, assistant secretary; Lee M. Duggan, assistant secretary.

Directors include M. D. Anderson, Anderson, Clayton and Company, cotton; James A. Baker, Baker, Botts, Parker and Garwood, counsel for the bank, and chairman of the board the South Texas Commercial National Bank; James A. Baker, Jr., Baker, Botts, Parker and Garwood; R. E. Brooks, director Union National Bank; R. L. Blaffer, treasurer Humble Oil and Refining Company; Ennis Cargill, vice-president; W. T. Carter, Jr., W. T. Carter Lumber and Building Company; E. L. Crain, president Houston Investment Co.; K. S. Dargan, vice-president American Provident Life Insurance Co.; J. M. Dorrance, cotton and vice-president



Interior of the safety deposit vault.



Entrance to the safety deposit vault, with a view of the massive burglar-proof door.

South Texas Commercial National Bank; Thomas Flaxman, president Flaxman Dry Goods Company; M. M. Graves, president M. M. Graves Company, Inc., and director South Texas Commercial National Bank; F. A. Heitmann, president F. W. Heitmann Company and vice-president South Texas Commercial National Bank; James P. Houston, Houston and Tyler; G. A. Kelley, Carter-Kelley Lumber Company and director the Union National Bank; S. P. Farish, president Navarro Oil Company; C. M. Malone, vice-president and man-

ager; W. A. Parish, Baker, Botts, Parker and Garwood; Edwin B. Parker, tripartite claims commission United States, Austria and Hungary, mixed claims commission United States and Germany; John S. Radford, president Oriental textile mills; W. M. Rice, capitalist and director Union National Bank; Simon Sakowitz, Sakowitz Brothers; H. C. Schuhmacher, president Schuhmacher Grocery Company; R. A. Welch, secretary and treasurer James Bute Company; and Walter H. Walne, Baker, Botts, Parker and Garwood.

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for
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today

Let Title Insurance Protect Your Mortgage Loans

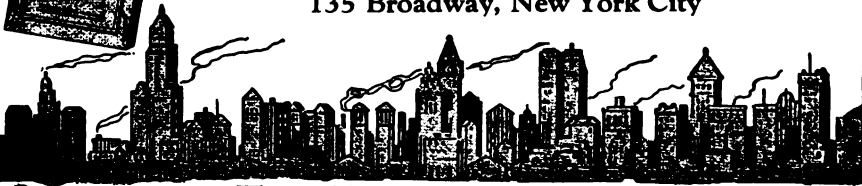
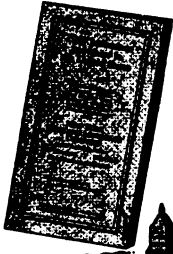
The condition of a title is a matter of opinion; title flaws may develop at any time. Title insurance is the modern way to protect loans made on bond and mortgage.

We insure titles anywhere in the United States

NEW YORK TITLE AND MORTGAGE COMPANY

Capital Funds over \$42,000,000

135 Broadway, New York City



SECURE AS THE BEDROCK OF NEW YORK

THE BANKER'S PART IN INSTALMENT BUYING

BY FRANK C. MORTIMER

INSTALMENT buying — deferred payment plans—plans for payments out of future income—all have their place in the present credit structure. There is nothing reprehensible about contracting debts today to be paid out of future earnings. It is an old-established practice, emphasized in present-day discussions by economists and bankers because of a fear that many merchants and finance companies are granting credit too freely for the purchase of luxuries by those who can ill afford them. There is no doubt that some people have gone the limit. There is a feeling that the "stall" in instalment may become too pronounced.

The proper use of credit is essential to the success of governments, corpora-

tions, and individuals. It may take the form of bonds, debentures, notes, charge accounts, or instalment contracts. Large and small enterprises thrive upon credit. We rely upon it for profit. The increase in our national annual income to an amount estimated at \$90,000,000,000, with an average income of about \$2000, has likewise brought an increase in the volume of instalment purchases. The amount of instalment contracts outstanding at any one time has been variously estimated by economists and other experts. It appears from the several analyses that the amount of these various estimates is not out of proportion to our national wealth and our average and collective annual income.

It is the individual instances and the

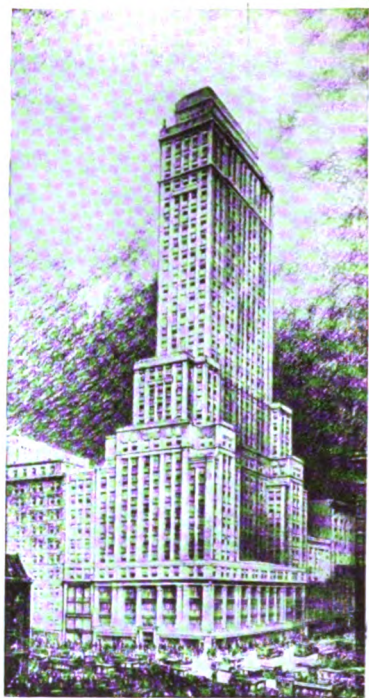


In the heart
of the
Midtown
District

Fifth Avenue
at 44th Street

Central Mercantile Bank and Trust Company

MAIN OFFICE: 5th Avenue at 44th Street
Five Branch Offices



FRANK C. MORTIMER

Vice-president the Citizens National
Bank and Citizens Trust and Savings
Bank, Los Angeles.

occasional evidence of poor judgment in extending credit that require attention. Inexperience on the part of some small dealers and small finance companies in granting credit, the necessity of meeting competition, and a desire to accelerate sales may cause losses to show here and there. We should bear in mind, however, that some instalment contracts are taking the place of charge accounts, in the same relative manner that trade acceptances are taking the place of some book accounts among the merchant class. A good volume of business now included in instalment sale totals might have been included in open book accounts. Here is a startling fact in which instalment buying has played a prominent part: From 1915 to 1925 home building shows an increase of 455 per cent.

THE BANKER'S PART

The banker's part is to work closely with his customers who are granting

BANKS in other parts of the United States, which need, from time to time, to employ the banking, trust and collection facilities of a Los Angeles institution, have learned that from Security Trust & Savings Bank they obtain a service which includes a widespread covering of the Los Angeles Metropolitan Area, through 52 Branches, a well-organized Credit Department, a strong and capable investment subsidiary (Security Company) and a Department of Research, operated by trained economists.

Resources Over \$250,000,000

**SECURITY TRUST
& SAVINGS BANK**

credit in this form—to guide and advise and to curtail the supply of credit to those who use it too freely for financing long-term purchases of luxuries—in short to draw in on lines of credit when, in the banker's judgment, the limit has been reached in individual cases.

The banker is a public trustee and in this capacity it is necessary for him to be keenly responsive to changes in general and community conditions, no matter how quickly they may come nor how far-reaching they may appear. The present situation, taken as a whole, is reassuring and full of elements of stability. We have certain assurances to cling to. We know that there is at present a mechanism furnishing a responsive, elastic currency and that because of this we can go forward with confidence, tempered with caution. We know, too, that bankers realize the vital relation that their activity bears to the vast world of trade and commerce and know how each constituent element of

this system aids in their broader vision in finance.

Keeping in mind the above causes and effects, the banker can play an important part in holding instalment credit within its proper limitations.

BANK DIVIDEND UNCLAIMED FOR 102 YEARS

ACCUMULATED dividends on an investment in two \$50 shares of stock of the Bank of the Manhattan Company, New York, now total \$515.99 and are waiting at the offices of that institution to be claimed by the heirs of Johanna Murphy.

This pioneer woman investor bought her two shares in 1825 and is entitled therefore to the unbroken series of 127 dividends that have been paid by the bank to its stockholders in the last 102 years. The claim was revealed by an advertisement recently published by the bank in accordance with the banking laws of the state.

WHAT BANKS AND BANKERS ARE DOING

HARRISON B. GRIMM, for many years in charge of advertising, publicity and new business at the Security Trust Company of Detroit, assumed similar duties September 1 with the new Guardian group—the Guardian Bank, Guardian Trust Company and Guardian Detroit Company—of Detroit.

Mr. Grimm has been active as a worker and a speaker in the Financial Advertisers' Association. His financial experience has been extensive and has included executive positions with institutions in Chattanooga, Cleveland, Elkhart and Detroit.



W. IRVING GRANVILLE

Cashier Liberty National Bank in New York, who has recently been elected a director of the North American Title Guaranty Company of New York.

HUGH McCLOSKEY, for more than a third of a century closely associated with the Hibernia Bank & Trust Company of New Orleans and for the last nine years chairman of its board, died suddenly August 20 on his way home from Atlan-

tic City, where he had been spending his vacation.

Mr. McCloskey was a native of Londonderry, Ireland, and came to this country in 1871, making his residence in New Orleans, where he has since lived, and where he became one of the city's most prominent citizens. He was the leader years ago in the reorganization of the port facilities of New Orleans, which resulted in the creation of the present New Orleans Dock board, of which for twelve years he served as president. He was for five years president of the New Orleans Railway and Light Company, and for six years president of the American Cities Company.

Mr. McCloskey was one of the organizers of the New Orleans Produce Exchange, and the New Orleans Board of Trade, and for a number of years has been a director and first vice-president of D. H. Holmes Co., Ltd., and Charles A. Kaufman Co., Ltd., two of New Orleans' largest department stores. He founded the wholesale grocery house of McCloskey Bros., of which he was the head, and in the early days was intimately affiliated with the late Philip D. Armour of Chicago, for whom Mr. McCloskey acted as southern representative.

NELSON B. PHILLIPS has become associated with the Manufacturers Trust Company of New York in its investment department.

HERBERT E. JOHNSON of Kalamazoo, Mich., has become a special representative of the Union Trust Company of Detroit, according to announcement by Charles H. Adams, vice-president in charge of the bond department. His headquarters will be in Grand Rapids.

Mr. Johnson has had more than twenty years' banking experience, including state and national bank examiner work.

THE HAMILTON NATIONAL BANK

of NEW YORK

ARCHIBALD C. EMERY, President



MAIN OFFICE · 130 WEST 42ND STREET

BRANCHES

BRONX	· · ·	97 East 170th Street near Grand Concourse
QUEENS VILLAGE	· · ·	Jamaica Avenue at 217th Street
WASHINGTON HEIGHTS	· · ·	Wadsworth Avenue at 181st Street
UNIVERSITY	· · ·	Broadway at 110th Street

For several years he has been president of the Kalamazoo City Savings Bank and occupied that position until recently. He is well known in Michigan banking circles and for many years has been active in the Michigan Bankers Association. He was also active in the Bankers Club of southwestern Michigan, which later became Group Eight of the state association.

LEWIS E. VAN AUSDOL, vice-president the Fifth-Third-Union Trust Company of Cincinnati, Ohio, died last month. He had been in the service of the bank and its predecessors continuously for fifty-seven years.

Mr. Van Ausdol was born in Cincinnati in 1850 and started work with the old Third National as a messenger in 1870. He was an assistant cashier of that institution in 1908 when the bank was merged with the Fifth National. He continued to hold that position until 1920 when he was elected vice-president.

He continued in this capacity after the Fifth-Third was combined with the Union Trust Company. He was active in the affairs of the Cincinnati chapter, American Institute of Banking, and served as president of the organization.

CHARLES S. MACFERRAN, cashier of the National Bank of the Republic, Chicago, was elected vice-president of the bank, in addition to the cashiership, at a recent meeting of the board of directors. H. A. McCreight, assistant national bank examiner in the Chicago territory, was also elected a vice-president.

Mr. McCreight is well known in financial circles, having been connected with the national bank examiner's staff for many years. He has also served as an officer of banks in both small and large centers; has an intimate knowledge of banking practice, and is looked upon as an expert in credit matters. He began his new duties September 1.

STABILITY



The National Bank of Commerce is the Bankers' Bank, centrally located in the United States, and serving for seventy years now an ever-increasing number of correspondents.

An Advertising Service Department available without cost and helpful cooperation from all divisions of our bank for correspondents. If your bank does not have these facilities write us for free descriptive booklet.

The National Bank of Commerce

with which is affiliated the
Federal Commerce Trust Company
Investments



in Saint Louis
Commercial, Savings, Trust, Foreign,
Safe Deposits

BROADWAY OLIVE TO PINE

HENRY L. NICHOLS and Andrew J. Ryder, assistant cashiers of the First National Bank of Brooklyn, have been made assistant vice-presidents of the same institution, with which they have been associated for one year. Mr. Ryder was formerly connected with the Nassau National Bank, Brooklyn, and Mr. Nichols came to the First National from the Chase National Bank, New York.

BANK OF AMERICA IS 115 YEARS OLD

THE Bank of America, New York, celebrated its 115th anniversary recently with an informal luncheon in the office of the president. The bank's first ledger, in which are the names of John Jacob Astor and other prominent men of New York history, was inspected. The last statement of the bank shows assets of more than \$171,000,000 and capital, surplus and undivided profits of \$12,000,-

000. Since 1812 the bank has paid dividends in excess of \$32,000,000.

CHEMICAL TO OPEN BROOKLYN BRANCH

THE Chemical National Bank of New York will establish its first office in Brooklyn next month in the present headquarters of the Nassau National Bank of Brooklyn in Court street. It will be under the management of Charles Meek, vice-president, and Albert Quackenbush, assistant cashier.

The new branch will be the sixth office maintained by the Chemical and the fifth opened this year.

SALEM BANK ELECTS OFFICERS

HARRY P. Gifford, formerly treasurer, was elected president of the Salem Five Cents Savings Bank, Salem, Mass., at a recent meeting of the trustees. Mr. Gifford takes the place of Col. Henry A. Hale, who died recently. Orlando S.

Leighton, formerly assistant treasurer, was elected treasurer and W. Warren Stocker was made assistant treasurer.

Total assets of the bank are now more than \$21,000,000, the number of depositors nearly 30,000.

O. B. McCLINTOCK OPENS BRANCH OFFICE

THE O. B. McClintock Company has opened a branch sales and service office at 1105 Widener building, Chestnut and Juniper streets, Philadelphia, to take care of the company's business in that district.

In addition to the Philadelphia office, branch offices are also located in New York City, Pittsburgh, San Francisco, and Los Angeles, and service stations are maintained at twenty-eight other central points throughout the United States.

The O. B. McClintock Company has been building and installing electrical burglar alarm systems in banks throughout the United States and Canada for more than twenty-five years and has grown to be one of the largest organizations of its kind in the business. It is said that the company now has more than 6000 banks under its protection.

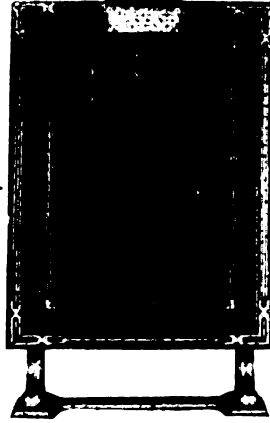
It also manufactures after hour depositories, vault ventilators, and electrical chime and clock systems.

BRANCH FOR NATIONAL BANK OF COMMERCE

THE National Bank of Commerce, New York, opened its first branch September 6 at 269 Madison avenue, after conducting its business under one roof for eighty-eight years. The new office is managed by J. S. Alexander, Jr., second vice-president, assisted by Ernest M. Schneider, assistant cashier. The bank has resources of \$655,000,000, with capital, surplus and undivided profits of \$68,000,000.

NEW BANK ORGANIZED

THE International Germanic Trust Company, an institution to provide an inter-



A WEEKLY SAVINGS REMINDER

"Why is it," the question is asked, "that folks come in and open accounts—and then forget us?"

Lots of savings accounts don't get a fair start in their early days. On the impulse of a timely thrift suggestion an account is opened—two or three deposits made; then interest wanes.

N. S. B. posters in your window will supply new inspiration, fresh incentives. N. S. B. posters reduce "fatalities".

Ask us about them.

NATIONAL SERVICE BUREAU

of New York, Inc.

80 John Street, New York

The Christmas Spirit—

Put it in your bank with our *Christmas Club Display Material*.

Very colorful—Very necessary—Not expensive.

Ask for Circular and Prices.

OUTCAULT ADVERTISING COMPANY

221 East 20th Street

Chicago, Ill.

national service for large groups in this country and Germany, as well as other European countries, will open for business in the new Standard Oil building, 26 Broadway, New York. The company will have a capital of \$3,000,000 and surplus of \$2,000,000.

The incorporators, according to the list given out by the banking department, are Harold G. Aron, an officer of the National American Company; Charles E. Akbright, Marcus Daly, J. Taylor Foster, E. Roland Harriman, William O. C. Kiene, Theodore H. Lamprecht, Jeremiah D. Maguire, Kenneth O'Brien, Rudolf Pagenstecher, Franklin D. Roosevelt, Wollsey A. Shepard and William L. Wirbelauer.

BOWERY EAST RIVER TO INCREASE CAPITAL

STOCKHOLDERS of the Bowery and East River National Bank, New York, have approved an increase in the bank's capital from \$3,000,000 to \$4,000,000. The issuance of 10,000 additional shares of stock of the institution at a price of \$450 was also authorized. Stockholders of record August 25 will be given the right to subscribe any time up to October 1, at the rate of one share for each three shares of stock held. The proceeds from the sale of this stock will be used in the \$1,000,000 capital increase, and in adding \$3,500,000 to surplus and undivided profits account. As of June 30, the combined surplus and undivided profits of the bank totaled \$3,757,600. The pro-

posed increase will raise the item to approximately \$7,257,600.

BANK FOR SAVINGS TO OPEN BRANCH

THE Bank for Savings in the City of New York will open a branch in the new building of the Lincoln Safe Deposit Company, Third avenue at 70th street. It is expected to be open for business some time before January 1 of next year.

RICHMOND BANK INSTALLS CAGELESS COUNTERS

THE American National Bank of Richmond, Va., opened a new building September 1 for its Northside office, which was established in 1922 and the patronage of which has justified the erection of an up-to-date office building. One of the features of the new equipment in this building is its cageless counters, which have become the feature in many of the most progressive banks in the United States. H. C. Binford has been the manager of this branch of the American since its organization.

Established in 1899, the growth of the American has been unusually great. It now has six branches covering the north, east, south, west, mercantile and business sections of the city—two of its buildings being skyscrapers. All branches are housed in buildings of their own with the exception of the Southside branch opened on June 11, 1927.

The American is one of the most pro-

gressive banks in the South. It was the first national banking institution in Richmond to inaugurate a savings department, and one of the first in the entire country to permit the opening of accounts with an amount as small as \$1. It was one of the first banks in the South to build skyscrapers, and the first national bank in the South to establish branch offices.

Oliver J. Sands started the American National Bank in November, 1899, and, with the American Trust Company, it is today the third largest financial institution in Richmond; its growth has been due largely to the efforts of its own personnel and without mergers of other banks of any size.

PROMOTIONS ANNOUNCED

THE American Exchange Irving Trust Company of New York has announced the promotion of Wallace Benedict, Alexander G. Irvine and Harold D. Pennington to assistant vice-presidents and of Henry C. Betjmann, William Macalister, Jr., and Eugene G. Mahoney to assistant secretaries.

UNION TRUST TO BUILD NEW OFFICE

CONTRACT has been let for the erection of a new office of the Union Trust Company of Cleveland, Ohio, according to recent announcement. The building, which will be the twentieth office of the bank, will be at the corner of Pearl road and Henritze avenue.

It will have a frontage of 40 feet on Pearl road and 70 feet on Henritze avenue. The face of the building on Pearl road and a return on Henritze avenue will be of Bedford limestone; the balance of the Henritze side of face brick, matching as nearly as possible the limestone color. The interior plan contemplates the use of a terrazzo floor and base in green, with cages built of walnut, including eight windows for tellers, ample

work space and commodious office space.

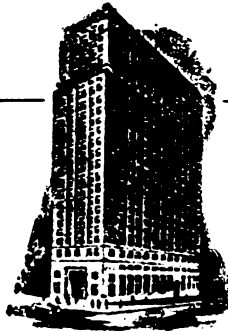
The vault will be served by spacious vault lobby with coupon booth facilities. The vault itself is of metal construction with the usual heavy Union Trust type of vault-door and safety appliances. Ample light and ventilation are provided for convenience of customers and employes. Locker room and toilet facilities, as well as storage and file vault, will be housed in the basement. The building will be equipped with a steam heating plant.

Facilities are also provided for parking space for customers at the rear of the bank.

The date for completion has been set for December 1.

CHASE NATIONAL OPENS MID-TOWN BRANCH

A NEW mid-town branch was opened by the Chase National Bank of New York



1
8
1
2

1
9
2
7

The Pennsylvania Company
For Insurances on Lives and Granting Annuities

Trust and Safe Deposit Company
Packard Building
S. E. Cor. 15th and Chestnut Streets
Philadelphia

Capital, Surplus and Undivided Profits - \$20,000,000

Member
Federal Reserve
System

Downtown Office
517 Chestnut St.



ROTARY WITH FLOOD LIGHT

OUR ROTARY
 Blazed the Trail
 for a successful 24 hour
 DEPOSIT SERVICE
 to over 50,000 users

One Bank has placed order
 for 45 installations

Accept only the genuine "YEO"
 Rotary Cylinder entrance

Write For Folder

The Bank Vault Inspection Co.

SAMUEL P. YEO
 President and Inventor

1824 Ludlow St. Philadelphia

last month in the new Graybar building.

One of the features of the office is the cageless counters, which are being established in a number of new bank buildings and which afford protection without the formality which goes with the high screened counters. Elimination of the cold and austere aspect which for centuries has characterized banking is the aim sought in this innovation. It is explained that banks want to have their customers feel at home. It is proposed to put a human touch in the business of loaning, borrowing and depositing.

In contrast with the service tendered by banks fifty years ago when the Chase opened for business at 117 Broadway in 1877, the Grand Central branch tacitly acknowledges the twentieth century rise of women in finance. Special efforts will be made to cater to their needs. Women depositors will be invited not only to make the Grand Central branch their banking headquarters, but also to use the bank as a meeting place for their appointments.

It is possible, with the opening of the new office, for a business man to travel under cover all the way from Boston, Chicago or St. Louis into the Grand Central branch. Sheltered corridors lead from the Grand Central station, the hotels Biltmore, Commodore, and Roosevelt, the Yale Club, the Liggett building, the Vanderbilt Avenue building and other buildings and subways to the bank, thus offering safety from both bad weather and heavy traffic.

The new branch was opened within a month of the fiftieth anniversary of the time when John Thompson founded the Chase National and named it after his friend, Salmon P. Chase, Secretary of the Treasury under Lincoln. It is the twenty-third in the Chase chain, including three foreign branches. During the period resources of the Chase have grown from \$1,000,000 to over \$1,000,000,000.

EQUITABLE OPENS LIFE INSURANCE TRUST

A LIFE insurance trust department, the first of its kind in the United States, has been organized by the Equitable Trust Company of New York.

The establishment of this department marks a further step in the service of a trust company to its customers and recognizes in a formal way the importance of life insurance in its relation to banks and their customers.

The new department is under the direction of Edward M. McMahon as insurance trust officer, an insurance expert of national reputation. Mr. McMahon is surrounded by an organization of experts in their respective fields.

Joseph N. Babcock, vice-president of the Equitable Trust Company, announcing the work of the new department, made the following statement:

**Bring the Family
to
ATLANTIC CITY
and
HOTEL MORTON**

It Does Make a Difference!

Catering to a discriminating family patronage for over thirty years incurs an obligation on our part, which is your insurance policy for a carefree vacation.

Booklet and Rates on Request

BELL & COPE

**The South Carolina
National Bank**
Charleston, S. C.
Greenville, S. C. - Columbia, S. C.

Consolidation of
**Bank of Charleston, N. B. A.
Charleston, S. C.**
**Norwood Nat. Bank Greenville, S. C. Carolina Nat. Bank
Columbia, S. C.**

Capital	\$ 1,100,000.00
Surplus	650,000.00
Resources	25,000,000.00

"The Equitable Trust Company has realized for a long time the need for some method of meeting the problem of conserving estates produced by life insurance. It is well known, for instance, that 90 per cent. of all estates amounting to \$5000 or over are entirely consumed or dissipated within a period of five to seven years after being turned over to the heirs. It has been estimated that money lost to investors through fraudulent investment amounted to approximately one billion dollars during the last year and fully half of this amount was taken from the residents of New York state.

"The loss of this great sum of money represents more than a mere waste of funds, it runs into the life and welfare of millions of widows, orphans and inexperienced people, creating sorrow and hardship beyond any conceivable estimate.

"The Equitable Trust Company, by the establishment of an insurance trust department, hopes as time goes on to contribute to the conservation of money left by provident men and women for the protection of their families. We are not in any sense entering the field of selling or soliciting insurance as such. On the contrary, we plan to provide a co-operating and co-ordinating agency to which all insurance companies, through their agents or underwriters, may turn in complete confidence that they will receive nothing but helpful co-operation.

EXAMINATIONS - SYSTEMS - TAXES

FOR

Banks and Trust Companies

McARDLE & McARDLE

ACCOUNTANTS AND AUDITORS

Forty-Two Broadway, New York City

"It is our aim to work with the insurance companies and their representatives and independent underwriters, and assist in increasing the interest of the American people in insurance, our part in the work being directed more to the



EDWARD M. McMAHON
Insurance trust officer the Equitable
Trust Company of New York.

conservation of the estates created by insurance rather than to the details of the policies themselves, although our facilities and experience will always be placed at the disposal of our customers as well as of insurance companies and their professional representatives in the solution of insurance problems.

"The insurance trust department will be available for all our citizens whether customers of the Equitable Trust Company or not, and we particularly desire to emphasize the point that we believe this service peculiarly valuable to the man of moderate means desirous of establishing sound provisions for his family's future. It is a simple matter for the man of large affairs to establish an insurance trust by depositing a group of securities, the income of which is to be used by us to pay his premiums. The salaried man, faced with the daily problems of his family's needs, is not always in a position to deposit securities, but must meet his insurance costs out of income. Our insurance trust department will be available to this man, and we believe that our service to him will be the most important function in the way of public service that this new department will develop. Indeed, we are prepared to assist this type of man not only to create an invested insurance estate for his heirs, but also an invested estate for himself during his life time, in case of need. We will place at his disposal the same expert analysis that we give to customers of large means. He may make monthly, quarterly or annual deposits with us as trustee, take out such insurance as the annual amount will carry, and by a deed of trust provide for the payment of premiums, the investment of the surplus, the collection of the policies, the application of the total income to the use of the beneficiaries and the distribution of the principal in due course as he may desire.

Established 1837

ADRIAN H. MULLER & SON

55 WILLIAM STREET

(Corner of Pine Street, New York)

STOCKS AND BONDS AT AUCTION

Regular Auction Sales of all Classes of Securities Every Wednesday

The Business of Banks, Bankers, Investors and Dealers in Securities Receives Prompt and Careful Attention

"The field of activity which will be open to this new department of the Equitable Trust Company is practically unlimited. Perhaps heretofore there has not been that measure of understanding and co-operation between insurance interests and banking interests which we now know is so desirable, but as far as the Equitable Trust Company is concerned in the future such co-operation and understanding will be as complete as we can make it. . . ."

NATIONAL CITY BANKS OFFERS SCHOLARSHIPS

HIGH school graduates and others among the employes of the National City Bank of New York have been offered scholarships to the schools of their own choice. Ten will be awarded, to the ten employes making the highest grades in an intelligence test. Their expenses will be refunded, 50 per cent. at the successful completion of each semester, and 50 per cent. when the degree or diploma is awarded.

NATIONAL AMERICAN ABSORBS TWO BANKS

THE National American Company, Inc., of New York, has announced absorption of two banking institutions, the Cosmopolitan Bank, with total resources in excess of \$12,000,000 and the Terminal Trust Company with resources of \$6,500,000. The announcement followed shortly after announcement that the Na-

tional American had bought control in the Bronx National Bank.

The Cosmopolitan Bank maintains three branches in addition to its headquarters at 802 Prospect avenue, the Bronx.

In anticipation of the increase from 10,000 to 60,000 shares of the capital of State Title & Mortgage Company a completely owned subsidiary, directors of the National American Company have voted to offer approximately 30,000 shares from the treasury on a pro rata basis to National American stockholders of record September 15, 1927, at \$200 per share. Stock of State Title & Mortgage is on an \$8 annual dividend basis. Subscriptions will be payable 50 per cent. on October 15 and 50 per cent. on November 15, 1927.

The financial statement of State Title & Mortgage Company dated June 30, 1927, covering the first two months' operations, shows capital, surplus and undivided profits of \$2,195,100. The company, which will shortly move to its new building at 340 Madison avenue, is engaged in the sale of guaranteed mortgages and mortgage securities.

INCREASES CAPITAL

THE Bank of the Manhattan Company, New York, now has capital of \$11,300,000, with shares of \$100, since the last of its new capital has been paid in, in response to a recent offering of stock to its shareholders in connection with the recent acquisition of the Bank of Washington Heights.

International Securities Corporation of America

Second International Securities Corporation

*For information about these investment trusts,
address AMERICAN FOUNDERS TRUST
(A Massachusetts Trust) 50 Pine Street, New York*

BUYS TWO BANKS

THE Financial and Industrial Securities Corporation, the investment holding organization of the Manufacturers Trust Company, New York, has acquired control of the Capitol National Bank and Trust Company, resources \$30,000,000, and the Longacre Bank, with resources of about \$10,000,000.

The Capitol was founded by Max Radt, formerly a vice-president of the Irving National Bank, now the American Exchange Irving Trust Co. Mr. Radt is president of the Capitol and James Durst, a Fifth avenue real estate owner, is first vice-president. Under their leadership the bank has shown a rapid growth. For the last four years its earnings have averaged about \$10 a share. Last year, in the face of the protracted cloak and suit strike and a fur strike,

affecting industries which represent an important clientele of the bank, it came through with increased deposits and decreased loans, which was considered an important achievement.

The Capitol National Bank and Trust Company has main offices at 498 Seventh avenue and four branches in Manhattan and the Bronx.

The Longacre Bank was founded by Frederick K. Teipel, president, with business men of the neighborhood and opened for business August 4, 1924, with a capital of \$200,000, surplus of \$80,000 and deposits of \$297,000. Mr. Teipel formerly was assistant cashier of the Pacific Bank, which later was merged into what is now the American Exchange Irving Trust Company. At the time of the organization of the Longacre, Mr. Teipel was the youngest bank president in the state. Today the capital of the Longacre is \$600,000, surplus and undivided profits about \$400,000, with deposits in excess of \$8,000,000 and total resources of about \$10,000,000.



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Commonwealth Ave.
BOSTON, MASS.

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Room with bath \$3 to \$10 per day

EUROPEAN PLAN
William P. Lyle, Manager

NEW SECURITIES COMPANY ORGANIZED

THE City Financial Corporation, a \$20,000,000 company to deal in securities, has been organized under the management of Bernard K. Marcus and Saul Singer, the former, president and the latter, executive vice-president of the Bank of United States, New York.

The corporation's authorized capital consists of 750,000 shares of Class A

J WILLIAMS BEAL SONS

ARCHITECTS

DESIGNERS OF MODERN BANKS OF DISTINCTION

185 DEVONSHIRE STREET

BOSTON-MASS

stock and 300,000 shares of Class B stock, of which 300,000 shares of Class A and all the Class B stock will be issued presently. Both stocks are of no par value. There will be no public offering of the 300,000 shares of Class B stock, which carry sole voting privileges.

While the new corporation is an independent undertaking by Mr. Marcus and Mr. Singer, Bank of United States stockholders will have the right to buy $1\frac{1}{2}$ shares of Class A stock and one-half share of B stock at \$85.50 per unit. The Class A stock is offered to the public at \$63 a share.

NEW INVESTMENT TRUST ORGANIZED

THE American Basic-Business Shares Corporation, New York, has been organized as a fixed common stock investment trust, each share of which will represent a one-thousandth participating, non-voting ownership in the common stock of thirty leading American industries.

The industries include eight of the country's principal railroads, the main Standard Oil companies and the most important manufacturing and distributing corporations.

The certificates will be issued by the Equitable Trust Company of New York and countersigned by the American Basic-Business Shares Corporation. Under the articles of incorporation no change may be made in the list of stocks deposited with the trustee, nor in the number of shares per unit of 1000 fixed trust shares, except in case of recapitalization or split-up of shares of any of the companies, or an exchange of stock occurring by reason of merger, reorganization or sale of the property of any of the companies.

The cash dividends received from the

deposited shares distributed on the fixed trust shares are free from the present Federal normal income tax.

F. J. Lisman, president of F. J. Lisman & Co., is president of the new organization. Ross Beason & Co. of San Francisco and Smith, Burris & Co. of Chicago are represented on the board.

The average annual return on the stock unit for the five years ended December 31, 1926, was equal to more than 8 per cent. on the offering price of the shares. The shareholders receive all cash dividends and the proceeds from the sale of stock dividends and rights, but coupons provide for annual dividends of at least \$1 per share equal to more than 6 per cent. on the offering price. These

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City of New York, Borough of Brooklyn

Capital \$500,000 Surplus \$4,500,000 Undivided Profits \$445,000

JULIAN P. FAIRCHILD, President

WILLIAM J. WASON, JR., Vice-President

THOMAS BLAKE, Secretary

HOWARD D. JOOST, Vice-President

ALBERT I. TABOR, Assistant Secretary

J. NORMAN CARPENTER, Vice-President

CLARENCE E. TOBIAS, Assistant Secretary

ALBERT E. ECKERSON Auditor

ACCOUNTS INVITED

INTEREST ALLOWED ON DEPOSITS

minimum payments are safeguarded by a reserve fund deposited with the trustee by the corporation at the time the certificates are issued.

LOS ANGELES MERGER IS COMPLETED

THE Los Angeles-First National Trust & Savings Bank is the name finally decided upon for the banking institution which results as the merger of the Pacific-Southwest Trust & Savings Bank with the First National Bank of Los Angeles. The name was the subject of considerable controversy. Originally the name First National-Consolidated Bank & Trust Company was approved by the Comptroller of the Currency, but the first national banks in various communities where the new institutions will have branches protested, saying that confusion might arise from the use of the suggested title so the other was finally decided upon as agreeable to everyone.

Henry M. Robinson, formerly president of the First National Bank, will head the new institution and the First Securities Company, an affiliated company.

The new bank will consist of a consolidated national bank, uniting the present activities of the state and national banks under one charter and one head, with a capital of \$12,250,000, surplus of \$8,000,000 and undivided profits of not less than \$7,750,000. The boards

of directors will consist, until the annual meeting of the stockholders, of the directors of the First National, with the addition of W. L. Stewart and W. P. Jeffries to fill vacancies.

The First Securities Company will



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HENRY M. ROBINSON

President the Los Angeles-First National Trust & Savings Bank.

continue to be owned by the stockholders of the bank and its assets will be increased to a total net value of approximately \$6,000,000.

EXAMPLES OF RECENT BANK BUILDING OPERATIONS



Architects' drawing of a proposed new building for a branch of the East New York Savings Bank, to be erected at Utica avenue and Eastern Parkway, Brooklyn, N. Y. The design is Romanesque, with modern applications and the exterior will be entirely of stone. The rear portion of the building is planned to have three floor elevations, all to be occupied by doctors' offices. A large fur storage department and safe deposit department will be located in the basement. Holmes & Winslow, New York, are the architects.



View of the main lobby (left) of the Franklin Society for Savings, New York, which has recently moved into new quarters at 217 Broadway. The officers' quarters are shown below.





Indiana limestone, enriched by polished granite columns, lends dignity to the First National Bank, Carbondale, Pa., being built by Tilghman Moyer Company, architects and engineers, Allentown, Pa.



Lobby of the new six-story bank and office building of the Globe Exchange Bank, Brooklyn, N. Y. Florida marble and bronze have been used throughout for the counterscreen and the flooring and walls are of travertine. The building was designed by Uffinger, Foster & Bookwalter, Inc., bank architects, New York.



The stairway at the left of the main banking room of the Globe Exchange Bank, Brooklyn, N. Y., leads to large foreign, trust and safe deposit departments in the basement. Uffinger, Foster & Bookwalter, New York, were the architects.



INTERIOR OF THE MONROE COUNTY SAVINGS BANK, ROCHESTER, N. Y.

A THOROUGH knowledge of the constantly improved methods of handling bank business and the increasing scope of activities participated in by financial institutions is more essential today than ever before. Only a firm specializing in bank design can afford the time to note these changes and study their effects. We would welcome an opportunity to discuss your building problem with you.

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BANK EQUIPMENT & VAULT ENGINEERS

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NEW YORK



Plan the Vault before you Plan the Bank

CONSIDERATION should be given to the planning of the vault as soon as a bank realizes that a new or enlarged banking home is becoming imperative.

The vault is the heart of the bank. No matter how magnificent the bank structure, the building falls far short of its purpose if the vault is faulty, inadequate or susceptible to attack by burglars or floods.

Having built the vaults for the country's foremost banks for more than four decades, the York Safe and Lock Company is in position to render a great deal of practical assistance in the planning of the right vault to meet the requirements of each individual institution.

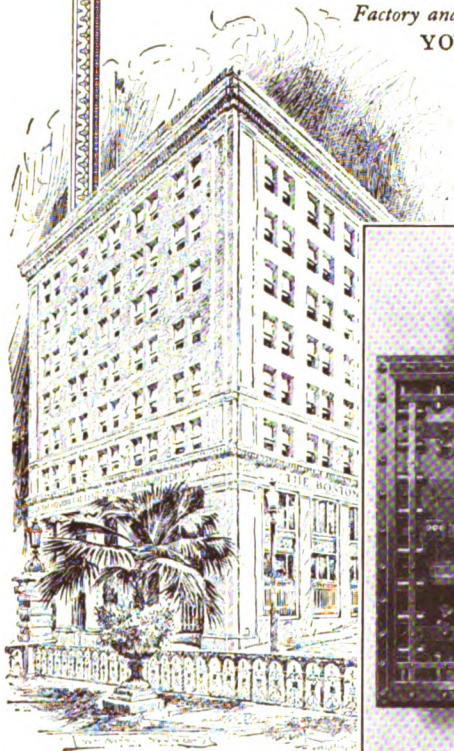
York engineers will be glad to confer with you and your architect, whenever you desire their suggestions.

YORK SAFE AND LOCK COMPANY

Factory and Principal Office
YORK, PA.

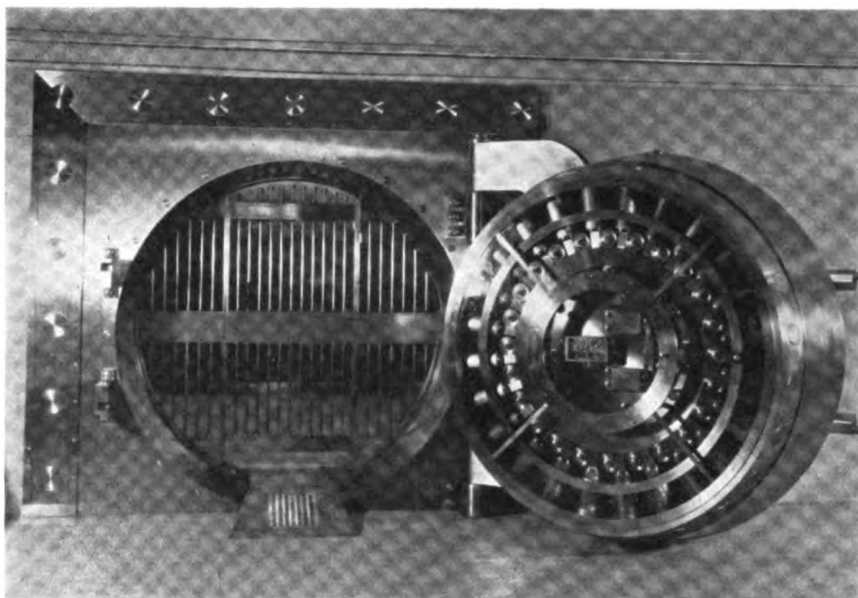
In the creation of the splendid new home of the Boston 5¢ Savings Bank, one of the largest banks in New England, adequate consideration was given to the placement of the great York Vault which guards the vast funds entrusted to this far-famed institution.

Benj. F. Tripp, Vault Engineer



*Parker, Thomas & Rice, Architects
W. A. & H. A. Root, Builders*





Modern safe deposit vault installed in the upper Fifth Avenue branch of the Chatham Phenix National Bank and Trust Company, New York, located at Fifth avenue and 55th street. The vault equipment was designed, manufactured and installed by Herring-Hall-Marvin Safe Company, New York.

COMING BANKERS' CONVENTIONS

AMERICAN BANKERS ASSOCIATION, Houston, Texas, week of October 24. Executive manager, F. N. Shepherd, 110 East Forty-second street, New York City.

ARIZONA BANKERS ASSOCIATION, Flagstaff, October 13-14. Secretary, Morris Goldwater, Prescott.

CANADIAN BANKERS ASSOCIATION, Montreal, November 11. Secretary, Henry T. Ross, Dominion Express Building, Montreal, Quebec.

FINANCIAL ADVERTISERS' ASSOCIATION, West Baden, Ind., September 12-15. Executive secretary, Preston E. Reed, 231 South LaSalle street, Chicago.

ILLINOIS BANKERS ASSOCIATION, Rock Island, June 20-22. Secretary, M. A. Graettinger, 208 South LaSalle street, Chicago.

INDIANA BANKERS ASSOCIATION, Indianapolis, September 21-22. Secretary,

Miss Forba McDaniel, 310 Odd Fellow building, Indianapolis.

MASSACHUSETTS SAVINGS BANKS ASSOCIATION, New Bedford, September 15-17. Headquarters, New Bedford Hotel. Executive manager, D. S. Sylvester, 80 Federal street, Boston.

MORTGAGE BANKERS ASSOCIATION, Denver, Colo., September 12-15. Secretary, Walter B. Kester, 112 West Adams street, Chicago.

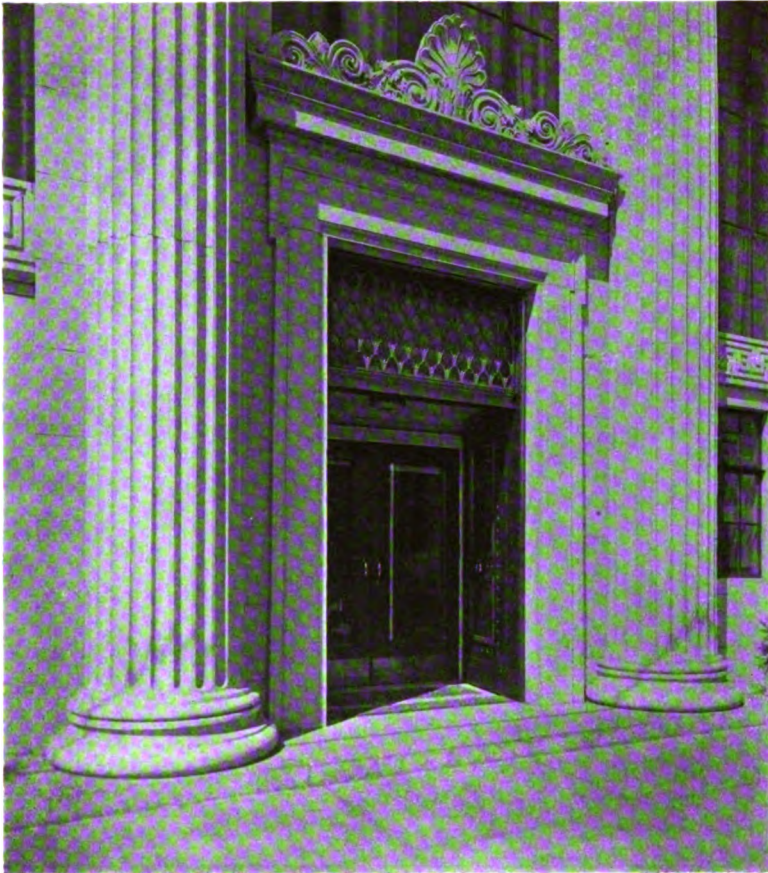
NEBRASKA BANKERS ASSOCIATION, Omaha, October 19-20. Secretary, William B. Hughes, 908 Woodman building, Omaha.

NEW MEXICO BANKERS ASSOCIATION, Deming, October 20-22. Secretary, M. F. Barnes, First National Bank Building, Albuquerque.

ROBERT MORRIS ASSOCIATES, Wernersville, Pa., October 3-5. Chairman publicity committee, Arthur E. Post, 925 Chestnut street, Philadelphia.



New building of the Peoples National Bank & Trust Company of Lynbrook, Long Island. The building and its equipment were designed and erected under the supervision of Morgan, French & Co., Inc., architects and engineers of New York.



Entrance to the building.

THE PEOPLES NATIONAL BANK AND TRUST COMPANY OF LYNBROOK, L. I.

SEEN from a distance the new building of the Peoples National Bank & Trust Company of Lynbrook, L. I., is an impressive monument, finely conceived in the best tradition. On closer examination this structure reveals itself as a commodious place of business, true to form in every detail of design and construction. Nothing has been allowed to interfere with a well balanced development of the ideal bank plan, on a scale commensurate with the activities of a large, modern institution.

The street fronts of the new bank—nearly 50 feet on Atlantic avenue and more than 100 on Pipe Line boulevard,

are of light gray granite. The Atlantic avenue front has a massive colonnade in the Ionic style with a frieze bearing the inscription, "The Peoples National Bank & Trust Company." The same classic treatment is carried out on the side of the building with pilasters, between which are large windows. The windows are of metal, of modern type, and the entrance on Atlantic avenue is of bronze work.

Entering the building, the visitor passes through a vestibule into a well lighted, lofty banking room of spacious proportions.

The eye is struck by the height and



DR. SAMUEL J. BRADBURY
President of the bank.



THOMAS F. O'CONNOR
Vice-president.

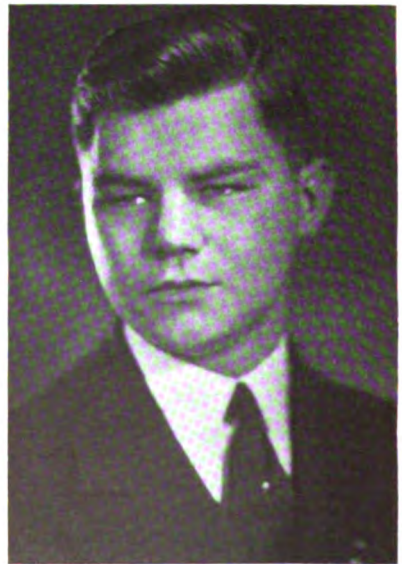
breadth of this room, which has a beamed and coffered ceiling covering the entire width of forty feet. The beams and panels are of decorative character, with

ornamentation picked out in rich colors. The main walls have been treated to give an effect of caen stone.

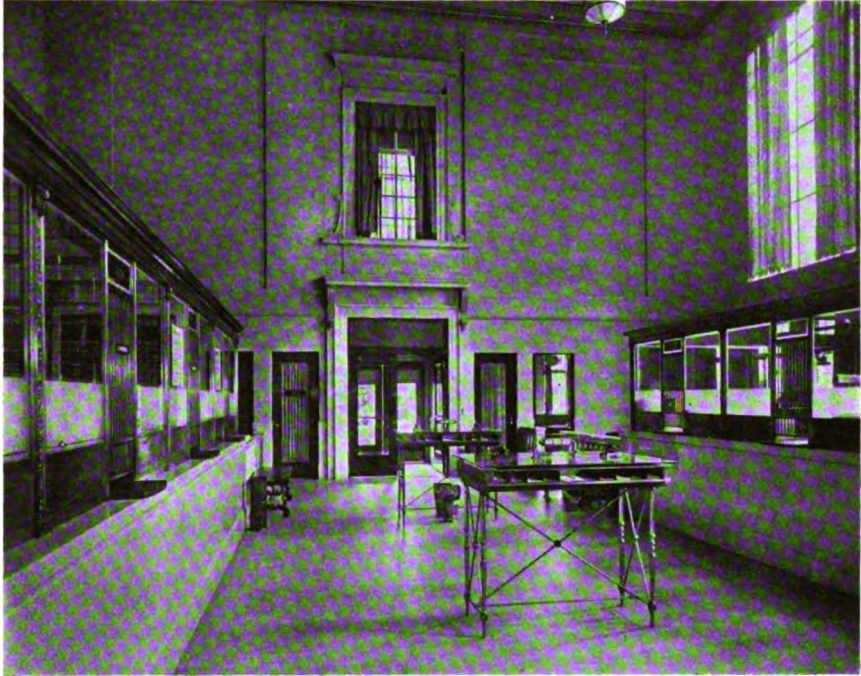
These severe masonry surfaces help to



ALFRED C. STEELE
Cashier and trust officer.



GEORGE K. WELLER
Assistant cashier.



Main banking room, facing the entrance. Doorways to the ladies' room and the private conference room are on either side.

set off the lighter and more detailed features in the banking room and make an excellent background for the draperies at the windows.

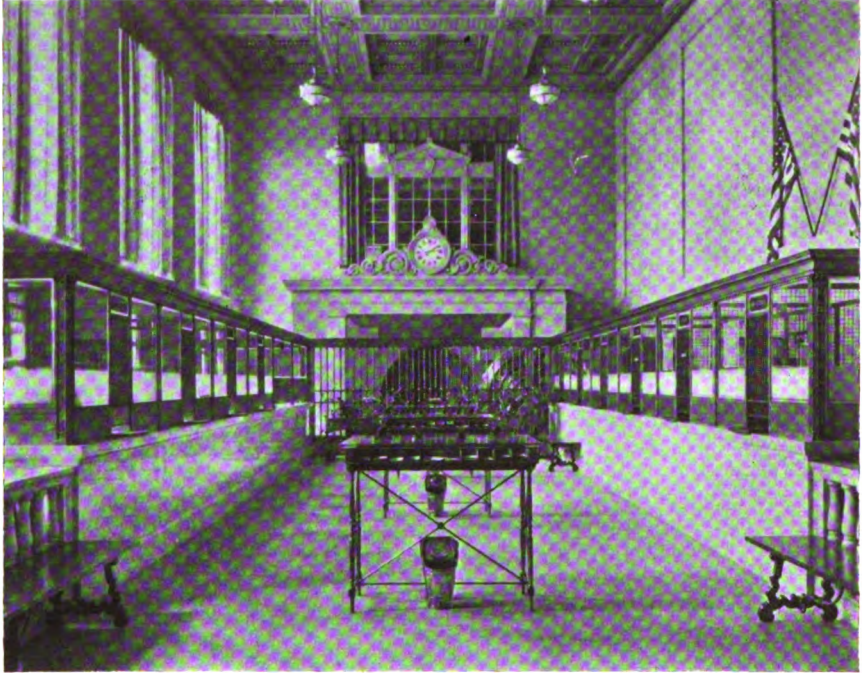
The whole arrangement is symmetrical. The public space, which occupies a central location, is surrounded by marble balustrades and a banking screen of marble, bronze and plate glass. There are two spaces for the desks of the bank officers, separated from the public by low railings. The counterscreen has accommodations for as many as fourteen tellers, to take care of the business during rush hours. At the end of the room is a bronze grille, through which the polished steel front of the safe deposit vault is visible, with an ornamental clock above. The public space is finished with imported Italian marble, except the floor, which is pink Tennessee marble. There are three bronze check desks, conveniently arranged.

The banking room has three large win-

dows in the upper part of the wall, for general illumination, and a series of smaller windows in the lower part gives light for the officers' space and the tellers. The tellers' counters, behind the screen, are made of steel, with an enamel finish. This part of the equipment is not visible to the public.

At the front of the bank, opening off the public space, are a ladies' room and a private room, situated on opposite sides of the vestibule. The private room is large, suitable for important conferences. Both are paneled in American walnut and have quartered oak floors. The directors' room, on the second floor at the front of the building, is finished with high walnut paneling and has an atmosphere of dignity and elegance. A fireplace at one end adds a note of informality and comfort.

The safe deposit vault, installed by the Mosler Safe Company of Hamilton, Ohio, is of thoroughly modern construc-



Main banking room, showing the safe deposit vault at the rear. Officers' quarters are in the foreground, on both sides.



Directors' room.

tion and is equipped with every device for safety and protection. The circular vault door is made of steel 12 inches thick. Holders of safe deposit boxes will have many conveniences, including modern coupon booths and committee rooms and a telephone booth. Another convenience is a night depository, near the front of the bank, where deposits may be left after banking hours.

Above the safe deposit department, in the rear of the building, are two floors devoted to the bank's working quarters. One of the rooms, in which the bookkeepers are located, is acoustically treated to deaden the sound of the posting and adding machines. A rest room has been provided for the women employed in the bank.

The building is of fireproof construction throughout and has a steam heating system using oil as fuel.

After inspecting the entire building, from basement to roof, one is impressed

with the number of trades involved in such a piece of construction, ranging all the way from heavy reinforced concrete work to decorative architectural bronze and electrical equipment. In addition to working out these technical problems of construction, the architects and builders have produced a building which reflects a feeling of security desirable in a banking structure, as well as one of convenience and luxury.

The architects for the building were Morgan, French & Co., of New York, who designed the building and supervised its construction.

The bank was organized in the spring of 1920, by ten of the business and professional men of Lynbrook, who felt that growth of the village warranted more than the one banking institution already in existence. It was located in one-half of a building which had just been erected at Atlantic avenue and Pipe Line boulevard, the other half of which contained



Ladies' room.

the postoffice. As the Peoples National Bank of Lynbrook, the institution was opened for business April 12, 1920.

From its organization the bank carried out a policy of sound banking principles, business efficiency and courteous treatment of its depositors, with a willingness to act in a financial capacity and as a business adviser where possible. The result of this policy was reflected in the immediate growth of the bank.

As a result of this growth the stockholders voted in 1923 to increase the capital stock to \$100,000 and the surplus to \$25,000. Each statement has shown an increase in deposits and each year has seen an increase in the surplus fund.

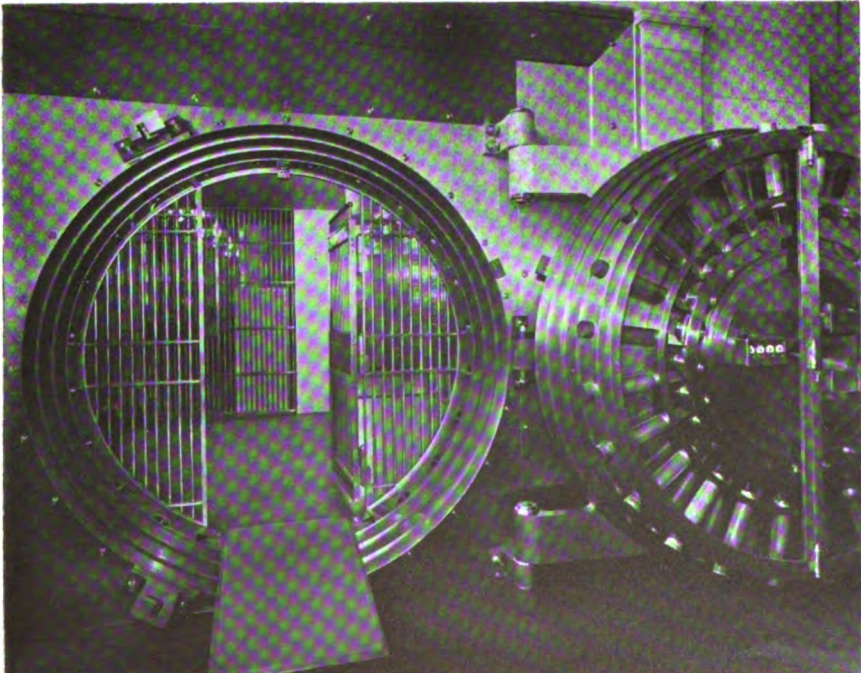
The growth in business naturally necessitated larger quarters, with the result that ground was bought in 1925 and plans drawn for the present building, which the bank occupied in December, 1926.

In December, 1925, the stockholders

voted to include the words "trust company" in the bank's name, power having been granted to the bank to act in a fiduciary capacity and to perform all functions of a trust company. Thus the present name, "The Peoples National Bank and Trust Company of Lynbrook, Long Island."

On August 24, 1927, the stockholders of the bank voted to increase the capital stock from \$100,000 to \$150,000. The surplus will be increased from \$50,000 to \$90,000. Resources of the bank are now nearly \$2,500,000.

Dr. Samuel J. Bradbury is president of the bank; Thomas F. O'Connor, vice-president; Alfred C. Steele, cashier and trust officer; and George K. Weller, assistant cashier. Directors include Dr. Bradbury, Wilbur C. Box, Charles H. Doscher, William E. Gillen, Mr. O'Connor, Edward T. Talford, Ralph B. Thompson, Edward T. New, Peter O'Rourke and Jerome R. McDougal.



Door to the safety deposit vault, installed by the Mosler Safe Company, Hamilton, Ohio.



Entrance to the building.

INTRODUCING A NEW TYPE OF BANK ARCHITECTURE

Bankers Trust Company of Hartford Selects a Residential Type of Building

IN 1924, a number of men identified with the banking and insurance interests of Hartford, Conn., decided that banking facilities should be provided to the west of the central business zone. A charter was applied for, and the next problem was the selection of a suitable type of banking structure.

Situated as it was to be on the edge of the residential district and destined to have a large proportion of women's accounts, the building committee kept three essential factors constantly in mind. An architecture which should have a local quality, be dignified and yet domestic, a practical and convenient arrangement of space, and finally, a plan which would permit future expansion without doing harm to the present building.

The type of architecture selected was the Mid-Georgian style as it had de-

veloped in the Connecticut Valley, notable examples of which are to be found in the Robbins house in South Wethersfield and the Eliphalet Williams house in East Hartford; a plain balanced facade of local waterstruck red brick, the doorway framed with fluted pilasters carrying a broken pediment and torch, a gambrel roof of slate and, in the low wings, dormer windows in front with a full Palladian window on the end. A city ordinance placed the building line on the avenue thirty feet from the sidewalk, while on the side street it was possible to enter the building directly, which removed the temptation to cover most of the plot and permitted the beautiful setting of the bank.

The result, as shown above, is most pleasing, and when the new building



Georgian Colonial building of the Bankers Trust Company, Hartford, Conn.

was opened a few months ago it attracted widespread interest and enthusiasm.

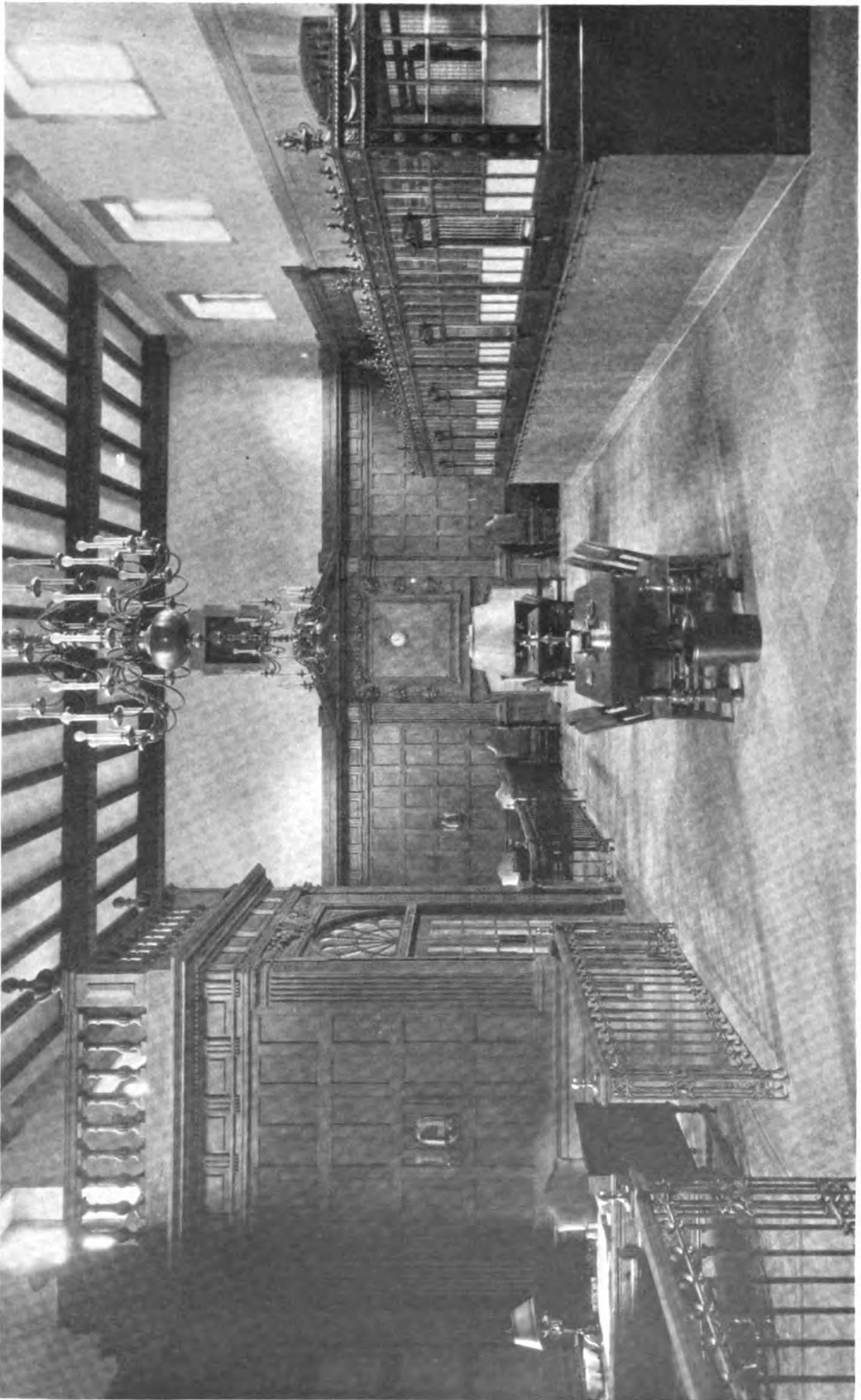
Both entrances lead to the main banking room, the front entrance through a low vestibule, that at the side through a long corridor past the ladies' writing room and the stairway to the directors' room above. The main banking room with its officers' space and bank screen, occupies the whole of the central part of the building. It is two stories in height and paneled in natural oak, wood pinned, dovetailed and hand surfaced, to a height of twelve feet. Above the central door and around the mantelpiece at one end there is carved ornament in rather high relief, while over the side entrance door a shallow balcony opens from the directors' room. Above the paneling is a rough plaster field with Briar Hill stone quoins and arches; the same plaster on the ceiling between oak beams, the carrelated floor in a low tone

of green slate and Lepanto marble make of the whole an harmonious composition. There is a sense of sobriety and elegance resulting from the restrained use of decoration, for aside from the carving over the mantel and door there is no elaboration other than the wrought iron bank screen with its brass ornament. This screen, designed in the spirit of the period, rests upon a plain oak counter, where the natural beauty of the wood is accented by the darker points of the beech dovetails and given solidity by the dark slate of its base.

Opening from the banking room is the safe deposit department. One enters through a steel gate, past the most modern of vaults, not into a breathless cellar but into a sunlit eighteenth century parlor, wood paneled and painted in a warm light gray, with an open fire burning on a brownstone hearth before a chintz covered sofa. The coupon booths, open-



Main banking room showing detail of bronze and beveled plate glass screen.



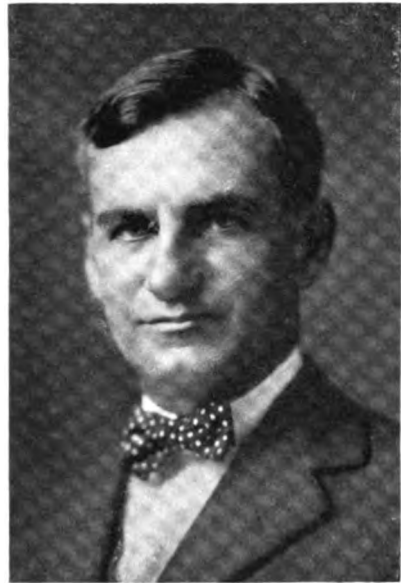
The main banking room.

ing from the corners of the room by paneled doors, are airy and convenient. The whole atmosphere of the room is one of quiet and security without the oppressiveness and secrecy of the usual similar apartment.

This note is repeated more clearly in the ladies' writing room with its dependencies. Here all is light paint, gay chintz, sunlight, and again an open fire.

In the second story there are at present only toilet rooms and the room of the directors, the latter paneled in natural white pine, unstained but oiled and rubbed until it approximates the patina of age.

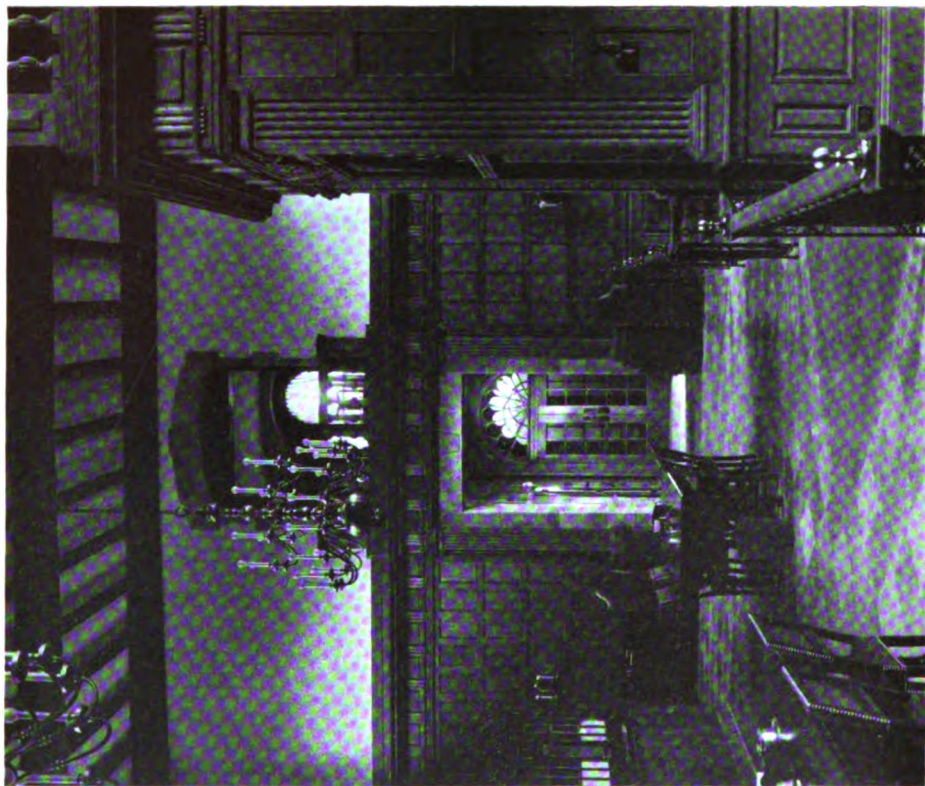
The furniture and electric fixtures were most carefully designed to be in harmony with their architectural surroundings. In the main room two long tables with pigskin covered chairs replace the usual stand-up check desks, and high back chairs in red morocco take the



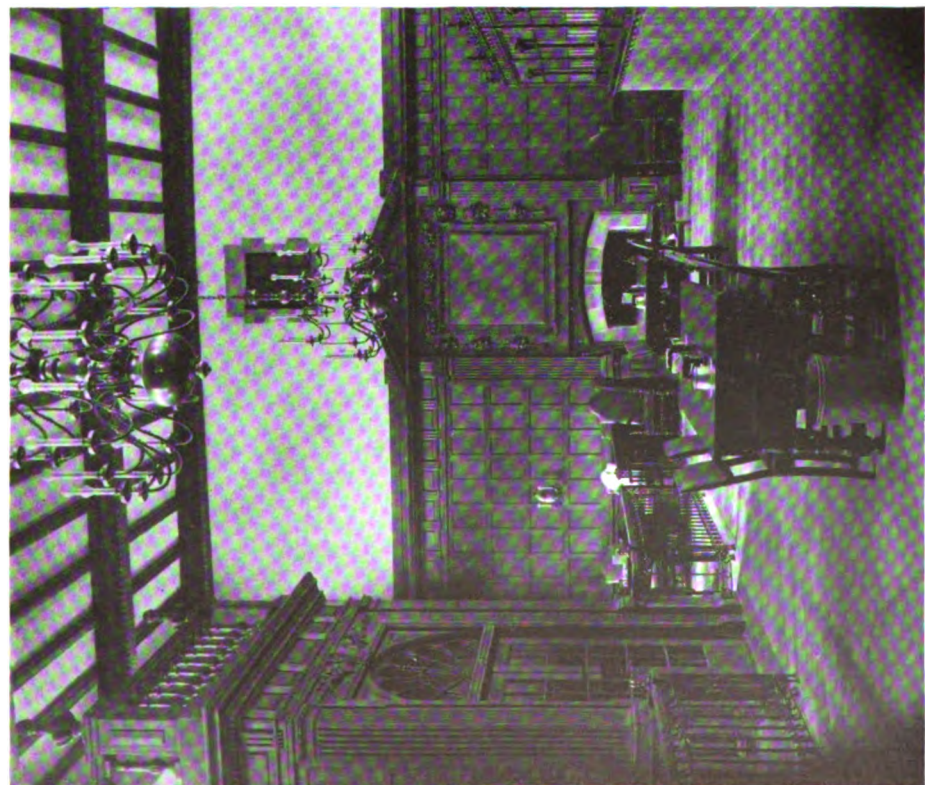
MORGAN B. BRAINARD
Chairman of the board.



Officers' quarters.



The main banking room, looking toward the entrance.



Public space in the main banking room, showing the beautiful mantel, customers' desks and chairs.



PORTER B. CHASE
President Bankers Trust Company,
Hartford, Conn.



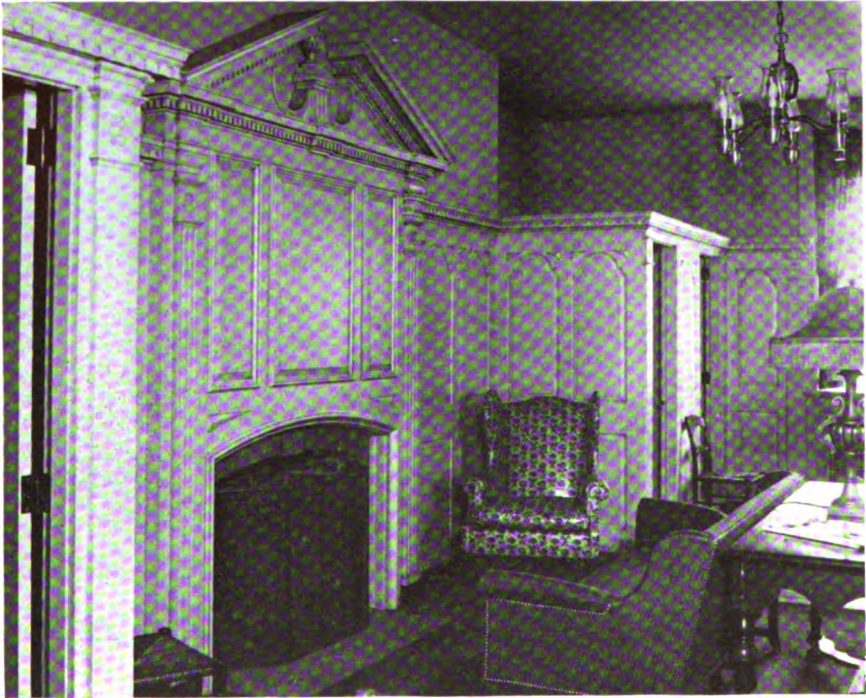
F. RAYMOND DRAPER
Treasurer Bankers Trust Company

place of the misery benches on which one usually waits for friends who have business to transact.

Nothing, however, has interfered with the practical working of a modern bank. The equipment, the lighting and ventila-



Ladies' room.



Safe deposit department.

tion of the working space, the proper relation between component parts and the ease of circulation have all been assured, and when the future extension takes place no structural or decorative changes need be made.

Porter B. Chase is president of the Bankers Trust Company; Philip B. Gale, vice-president; F. Raymond Draper, secretary and treasurer; and Louis P. Merriman, assistant treasurer. Morgan B. Brainard is chairman of the board.

Trustees include Morgan B. Brainard, president Aetna Life Insurance Company; Charles E. Chase, chairman of the board Hartford Fire Insurance Company; Porter B. Chase, president; Charles P. Cooley, chairman of the board Society for Savings; William R. C. Corson, president and treasurer Hartford Steam Boiler Inspection & Insurance Company; Austin Dunham, F. R. Cooley & Company; Robert W. Dwyer,

treasurer Dime Savings Bank; John O. Enders, chairman of the board Hartford National Bank & Trust Company; Philip B. Gale, president Hartford Machine Screw Company; Daniel J. Glazier, secretary and treasurer Hartford Fire Insurance Company; Charles A. Goodwin, Shipman & Goodwin; William B. Goodwin, secretary World Fire & Marine Insurance Company; Edward R. Grier, vice-president Arrow Electric Company; Ralph B. Ives, president Aetna Insurance Company; James Lee Loomis, president Connecticut Mutual Life Insurance Company; Ian D. MacKenzie, treasurer Smyth Manufacturing Company; Edward Milligan, president Hartford Phoenix Insurance Company; Robert B. Newell, president Hartford National Bank & Trust Company; James B. Slimmon, secretary Aetna Life Insurance Company; George S. Stevenson, Thomson, Fenin & Co.

BOOKS FOR BANKERS

Special Section of The Bankers Magazine

SEPTEMBER 1927

THE BANKER—A FIGURE OF ROMANCE

"Mr. Kane's book lives up to its ambitious title, making interesting reading for the layman as well as for the banker, who has a personal interest in the subject," says the *St. Louis Globe-Democrat* of Thomas P. Kane's *The Romance and Tragedy of Banking* (Bankers Publishing Company, \$5.00). A brief description of the book, with excerpts from some of the interesting incidents related, is given below.

At a dinner given by the Bankers Association of the District of Columbia one evening, Thomas P. Kane, seated next to a prominent lawyer, related a number of interesting tales of the Comptroller of the Currency's office, with which he was connected for forty years. The jurist suggested that these, and others with which Mr. Kane was doubtless familiar, would make an interesting and enlightening book. Thus originated the idea for *The Romance and Tragedy of Banking*.

"It is not an essay on banking and currency," says Mr. Kane in the introduction, "nor a discussion of financial or economic theories. It is simply a narrative of events of more or less importance and interest in the history of the National Currency Bureau with some original deductions and comments. It contains many unvarnished truths, plainly told, with no attempt at literary excellence. It deals with men and measures, methods and motives in connection with the administration of the bureau, with no intention of contrasting one administration with another or of drawing invidious distinctions between them. It endeavors to right some wrongs where injustice has been done and to correct some erroneous impressions as to the powers and duties of the Comptroller of the Currency."

Beginning with a discussion of the National Bank Act and its origin, the book describes the Currency Bureau and then devotes a chapter to each of the

Comptrollers of the Currency with whom the author was associated as deputy. Each of these chapters gives, first, a brief biography of the Comptroller discussed therein and then proceeds with interesting incidents which occurred during the regime of that particular Comptroller.

* * * *

The modern gold-digger, her methods and results, pale into insignificance before one of the most romantic—and tragic—of these, the story of "the celebrated Cassie Chadwick, a female Napoleon of finance, who succeeded in completely deceiving not only the officers of the bank (The Citizens National Bank of Oberlin, Ohio) but everyone else with whom she had any business dealings." By various manipulations Mrs. Chadwick got loans from the bank until "when the bank failed Mrs. Chadwick was liable to the association for \$250,000, or over four times the amount of the capital stock of the association."

"The credulous president of the bank apparently was completely hypnotized by this woman and not only freely loaned her the funds of the institution but made her liberal advances from his personal resources. So complete was his confidence in her honesty and her financial ability to fully discharge her obligations to the bank and to himself that for several days after the bank failed he still believed and maintained that she would come forward and meet her obligations."

Books for Bankers

BETTY ETTER, *Editor*
Monthly Book Section

THE BANKERS MAGAZINE

71-73 Murray St., New York

SEPTEMBER 1927

SHOP TALK

AMONG the requests we have received this month for names of books on different phases of banking, were several asking for practical books covering the work of a bank, in general, for a person who knew nothing about banking. In answer to these we suggested William H. Kniffin, Jr.'s *The Practical Work of a Bank*, a new and revised edition of which is to be published this winter by the Bankers Publishing Company. We have already received a number of orders for this new edition, to be sent as soon as it is out. If you want to be sure of getting a copy at once, write us and we will fill your order immediately on publication.



WE also received a number of requests for a list of books, mentioned in last month's *Books for Bankers*, which was compiled for the Banco de Mexico. This list contains the titles of forty-five books on banking suitable for a banking library. If you wish a copy of this list we will be glad to send you one.



PORTRAYAL of a banker as a romantic figure of business life, rather than as the cold and inhuman person which he is usually pictured, is presented in an interesting book, *An Outline of Careers*, in which various experts discourse on various careers. Reeve Schley, vice-president the Chase National Bank of New York, ends his outline of a banking career thus:

"Back of this and deeper than all is the fact that the bank itself is the heart

of every community. Every new enterprise must look to the bank for its inception because capital is needed in almost every instance for the creation of the enterprise. New fields are discovered, new inventions are sought, to be made practical for the benefit of the world. Every combination of industry must have the bank as its sponsor. The individual banker sees all this. He is present at the birth of these new and wonderful enterprises, and unfortunately in numerous instances he is present at the death of others. Many times he is called upon to revitalize the business which has failed. The bank is to the body corporate what the heart is to the human body, and while the career of a banker may perhaps not have the dramatic moments which will occur in the career of a lawyer or of a statesman, the sustained interest in the general development of the business community in which he resides will be substantially greater. What one may lose of the dramatic will be more than compensated for by the satisfaction of origination. This is the most fascinating element in the life of a banker."



TALES of the romance—and the tragedy—in banking, of which Mr. Schley speaks, are told in *The Romance and Tragedy of Banking* by Thomas P. Kane (Bankers Publishing Company, \$5.00) which is described in greater detail on page 1 of this month's *Books for Bankers*.



RECOLLECTIONS of a *Busy Life* by James B. Forgan (Bankers Publishing Company, \$6.00) is another proof that banking is not the uninteresting business it seems to the layman—and sometimes to the banker. His book tells interestingly of his rise from a bank apprentice at St. Andrews, Scotland, to chairman of the board of the First National Bank of Chicago.



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The Status of the Bank Magazine.
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BOOK REVIEWS AND NEW BOOKS

Recent Announcements of Other Publishers

THE FOREIGN EXPANSION OF AMERICAN BANKS. By Clyde William Phelps. New York: The Ronald Press Company. \$4.15.

IN the past, most of what has been written or said in regard to American foreign banking expansion has been in the form of an argument, either for or against the proposition. This volume, therefore, contributes an entirely new point of view by presenting, not a theoretical argument for or against the proposal that American banks should engage in foreign expansion, but instead a description of the foreign expansion already made by American banks.

The author has analyzed carefully both the general structure of foreign connections at present maintained by American banks and also the legal problems which these institutions must confront when they attempt to organize in foreign countries. He has considered the obstacles that grow out of the American attitude toward, and discrimination against, foreign branch banks. His book is thus both an excellent account of what has been done, an analysis of what may be accomplished by foreign branches and also a study of those problems of public and national policy which must be dealt with if the United States is to make any real progress in giving banking support to foreign trade in the future.

After an introduction telling of the new period in foreign banking entered into by the passage of the Federal Reserve Act in 1914, the writer takes up, in chapter form, the following topics: Methods of Banking Contact with Foreign Markets, Branch Banks and Foreign Trade Financing, Branch Banks and the Promotion of Foreign Trade, Some Additional Reasons for the Establishment of Foreign Branch Banks, American Foreign Branch Banks before 1914, the Banking Reforms of 1914, American Foreign Trade since 1914, the Expan-

sion of American Foreign Branch Banks since 1914, the Foreign Branches of Federal Reserve Banks and the Development of American Bank Acceptances, the Legal Status of American Branch Banks in the Principal Countries, the Legal Status of Foreign Banks in the United States, the Question of Reciprocity.

THE FARMER'S CAMPAIGN FOR CREDIT. By Clara Eliot. New York: D. Appleton and Company. \$3.15.

THE difficulties which the farmers of the United States have felt to be laid upon them by deficiencies in the financial machinery, as such, are analyzed in this volume, to see how and to what extent the farmers have been justified in their feeling of having been discriminated against by the mechanism of finance, and in addition to evaluate the measures which have been taken or suggested to meet these difficulties.

In order to do this the author, who is an instructor in economics and statistics at Barnard College, Columbia University, has first examined the historical background of the farmer's relations with the monetary system; given a description of the machinery for supplying credit to agriculture prior to the recent agricultural crisis; analyzed the agricultural crisis of 1921; discussed the governmental response to that crisis, including especially the Agricultural Credits Act of 1923; given a brief synopsis of the situation since 1923; and closed with a treatment of some of the basic issues in the field of credit theory which are immediately involved in the policies of the United States regarding agricultural credit.

The book does not pretend to give a basis for judgment on all phases of the farm problem. It confines itself to a discussion of the financial aspects of the

situation and to the proposals for relief through financial measures.

TESTING BEFORE INVESTING. By Edmond E. Lincoln. Chicago: A. W. Shaw Company. \$1.65.

THAT first \$1000, which many people save but few know what to do with after saving it, is discussed by the author in this book, which deals with investments for the salaried man, defined as "the average American employe of a large corporation who has a margin over the necessities of life, but not enough to justify taking chances."

After discussing who should invest and how to start—from whom to get advice, etc.—the author gives guideposts for the new investor with general tests which should be put to every security before it is bought. This is followed by more detailed principles and standards, after which the various classes are taken up individually.

Bonds, stocks, both common and preferred, public utilities, "rails," industrials, foreign bonds and real estate bonds are given consideration in a special chapter devoted to each one. Economic influences to be watched, the actual purchase of bonds or stocks and a glossary of investment terms conclude the brief but thorough study.

The author was formerly assistant professor of finance in the graduate school of business administration of Harvard University and is author of *Applied Business Finance and Problems in Business Finance*.

PROFITS IN BANK STOCKS. By W. H. Woodward. New York: The MacMillan Company. \$1.65.

THE advantages of bank stocks as investments, the best way to select them and the kind of dealers with whom to do business are set down plainly and clearly by the author, who has had ten years in active bank and trust company work and ten years as a dealer in securities,



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(which do not exist), The Experienced Bank Stock Buyer, The Novice Buys, How the Dealer Works, and What Bank Stocks Have Done.

ESSENTIALS OF PUBLIC SPEAKING. By Warren C. DuBois. New York: Prentice-Hall, Inc. \$2.15.

MORE and more often the banker is being called upon to come out from behind his desk or counter to speak before gatherings of fellow bankers or business men. And often he finds that the assurance he has never been without when in the teller's cage deserts him on the platform. He should be most interested in this volume by a member of the New York Bar and instructor in public speaking at New York University.

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Recollections of a Busy Life

By JAMES B. FORGAN

The life story of one of America's bankers. A limited number of copies available of an edition, autographed and bound in leather. \$6.00

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THIS BOOK then is Miss Seward's answer to the bankers, and for those who use it the work of establishing this now indispensable department of the modern bank will be a simple matter, all the problems incident to the profitable operation of the women's department in a suburban, small town or metropolitan bank being explained in detail.

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FOREIGN TRADE CONVENTION REPORT

THE official report of the proceedings of the 1927 annual convention of the National Foreign Trade Council, held at Detroit in May of this year, has been published in book form, *Foreign Trade in 1927*. In addition to the report the volume contains forty-eight addresses on all phases of this year's foreign trade situation, the verbatim text of thirteen general and group sessions and an index of 900 items for reference use. The names and addresses of the 1425 delegates to the Detroit convention are also given.

The book may be ordered from O. K. Davis, secretary National Foreign Trade Council, 1 Hanover Square, New York City. Its price is \$2.50.



NEW BOOKS

ECONOMIC DEVELOPMENT OF THE UNITED STATES. By Isaac Lippincott. Second edition. New York: Appleton. \$3.65.

AMERICA'S HUMAN WEALTH; The Money Value of Human Life. By Edward Augustus Woods and Clarence B. Metzger. New York: F. S. Crofts. \$2.15.

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OCTOBER, 1927

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SEE THE PUBLISHER'S PAGE ON PAGE XI



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The Publisher's Page

THE November number of **THE BANKERS MAGAZINE** will contain a comprehensive summary of the proceedings of the fifty-third annual convention of the American Bankers Association, to be held in Houston, Texas, during the week of October 24. As has been the custom of the magazine in presenting reports of previous conventions of the American Bankers Association, a carefully prepared digest of this year's meeting will be published, playing up the salient topics discussed. Readers will find the November number valuable as a permanent record of this important gathering of the bankers of the country, and as a record of the trend of banking opinion on matters of current interest in the banking field.

The November number will also contain a report of the convention of the Investment Bankers Association of America, held in Seattle, Wash., September 25 to 30. Time would not permit the inclusion of a report of this meeting in the current number of the magazine.

The results of **THE BANKERS MAGAZINE** Prize Contest for 1927 will be published in the November number. Judges of the contest were **ARTHUR W. LOASBY**, president Equitable Trust Company, New York; **CRAIG B. HAZLEWOOD**, vice-president Union Trust Company, Chicago; and **RUDOLPH S. HECHT**, president Hibernia Bank and Trust Company of New Orleans.

In the November issue of **THE BANKERS MAGAZINE** will appear an article, "Liability of Safe Deposit Companies in Dealing with Fiduciaries and Agents," by **ARNOLD R. BOYD**, member of the New York firm of Boyd, Adams & Chapman, counsellors at law. Mr. Boyd is well known to the safe deposit fraternity and has rendered valuable service to the New York State Safe Deposit Association as counsel for that organization. Mr. Boyd's discussion will be confined to the obligations and liabilities, if any, which are created between a safe deposit company and the trust interests of principals represented whenever access is granted or boxes are rented to fiduciaries and representatives for the safekeeping of properties handled by them. These obligations and liabilities, whenever they

[Continued on page xiv]

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[Continued from page xi]

exist, are fixed and determined by the expressed and implied terms of the rental contract under which space is made available for such purposes, and the rules of law governing the construction of such contract. Mr. Boyd divides his discussion into two main parts. The first part is devoted to the obligations and liabilities of safe deposit companies to the trust interests represented when dealing with such fiduciaries as executors, administrators, trustees, receivers and guardians, and the second part to the obligations and liabilities of a safe deposit company to individuals, co-partnerships, corporations, and the like, when dealing with their agents and representatives.

Writing in the November number on the subject, "Hastening the Prospect's Final Action," THEODORE TEFFT WELDON says: "What seems to be needed in the trust business is a sales effort more in the tempo of big business of today, one which does not pester or coerce, and still demands the prompt action and initiative which the importance of the services for sale deserve. Therefore in approaching the subject of hastening the prospect's final action we must deal with the illusive talent of salesmanship. No set of rules can be laid down as a cure-all. Instead we must study the successful trust salesman, watch what he does, understand why he does it, note the result, and develop our sales strategy from this study. Probably the greatest deterrent to prompt action in the getting of trust business is that the trustee himself expects delay. He has become used to it, and believes it is logical and inherent in his business. This leads inevitably to many abuses of the art of salesmanship. It makes the trustee condone procrastination to an almost ridiculous point. It makes him ever more and more timid in coming out boldly and suggesting action without further needless delays. It makes him sit back and wait for the prospect to make up his mind instead of making up his mind for him. In short, it causes him to look at his business in such a professional light that his contacts with a prospect become 'interviews' rather than sales talks." This is the final article of a series which the author has been writing for THE BANKERS MAGAZINE on the general subject of selling trust company services. Mr. Weldon is vice-president of a well known Chicago financial advertising concern, and was formerly advertising manager of the Northern Trust Company of Chicago.

THE BANKERS MAGAZINE

ESTABLISHED 1846

ELMER H. YOUNGMAN, *Editor*

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Editorial Comment

BREAKDOWN OF THE GENEVA NAVAL CONFERENCE

FAILURE of Great Britain and the United States to come to an agreement for the further limitation of naval armaments, at the recent Geneva Conference called at the instance of President Coolidge, is an event of more than ordinary importance. If this failure merely indicated the inability of the representatives of the two countries to reach an accord respecting technical naval details, it might be dismissed with little concern. But it goes far deeper than that. The two countries failed to agree because neither is willing to have its naval requirements fixed by the other. Parity of naval power is a term to be interpreted in the light of what the respective countries consider as essential to adequate protection. Great Britain has always persisted in the view that the isolated position of England, and her extended trade routes, imperatively demanded superior naval power. But as the territorial possessions of the United States have extended, and with the construction of the Panama Canal, together with expansion of foreign trade and the growth of foreign investments, this country takes the view that naval strength is equally vital.

So long as these views prevail—and there is no immediate prospect that they will be given up by either side—the outlook for an agreement as to further naval construction cannot be regarded as promising. In fact, within the limitations fixed by the Washington Disarmament Conference, something like a race in naval construction between Great Britain and the United States may be expected. It may be that before the Washington limitation expires a new

formula will be arranged; on the other hand, the expiration of that limit may be the signal for an unrestrained race in naval construction between the two countries. That the latter contingency is to be avoided is generally conceded.

The fact that Great Britain refuses to have her naval requirements limited to any extent by the United States does not necessarily imply a purpose to attack this country. It rather represents a determination to be prepared to defend the interests of the British Empire in any possible contingency. Such a theory of national defense was advanced by the late General Leonard Wood when he was advocating preparedness for the United States shortly after the beginning of the World War. He compared this preparation to the precautions taken by the commander of a ship before putting to sea to meet a storm from whatever quarter it might originate. That this theory of national defense is a sound one cannot well be denied. In applying it at the Geneva Conference the British Government clearly recognized the fact that however often it might be declared that "war between the United States and Great Britain is unthinkable," the naval policy of England was not to be shaped by any sentiment of this kind.

With equal truth it may be said that the United States Government did not exclude the possibility of war between the two countries in fixing our naval policy.

Now this does not mean that either country is definitely preparing for war against the other; but it clearly does mean that England and the United States have

not forever put aside the possibility of a conflict between the two countries. This they could hardly be expected to do so long as the present crude ideas prevail regarding international relations. The only true hope of peace lies in a better understanding of what these relations should be, and to bring this about is a work that will require a long time; meanwhile, each nation must be prepared to defend its interests against the barbaric outbreaks which present misconceptions regarding international relations invite.

It has become quite fashionable for writers and speakers in England and America to declare that "war between these two great English-speaking nations is unthinkable;" but is this necessarily so?

What today is the most potential cause of war? Does it not consist of international rivalry in trade and finance? And are not the two greatest rivals in this field at the present time England and the United States?

Shamefully must it be admitted that, with all the boasted enlightenment of the present age, we still regard international trade as a form of war rather than as an honorable exchange of goods and services of mutual advantage. We seem to look upon the world as a limited field, offering but scant opportunities for trade, and that by political maneuvering or some clever strategy we must jockey the other fellow out of position and appropriate all these opportunities ourselves. As a matter of fact, there is more business in the world than England and the United States can possibly do; the opportunities for trade and investment are not limited, but boundless. Should each country supply the world's requirements to the limits of its productive capacity, it would spell prosperity and not impoverishment for the other.

The wealth of England and of the United States is misapplied when put into the construction of gigantic navies.

It is all needed for the use of the home population, and for constructive purposes throughout the world.

Cambridge and Oxford, Harvard and Yale, seem in the past to have been so deeply engrossed in the study of Greek roots and quadratic equations to have had no time left for inculcating in the minds of their students the just relations that should govern the intercourse of nations. The churches have been so intent upon prayer-book revision and combating the anthropoid origin of man that they have missed the great opportunity of establishing the interdependence of mankind. Clearly, we need education a little further removed from barbarism than any we have yet known, and a religion that will draw mankind closer together.

Truly, war between England and the United States should be unthinkable, as it should be between this country and any civilized power. But the mere repetition of this comforting statement will not make it so, and we can have no sure hope of peace until there is a right understanding of international relations and a true comprehension of the sound foundations of world prosperity.

Instead of expending their energy and wealth in rival naval construction, Great Britain and the United States might better employ all their resources—and co-operatively to the extent practicable—in advancing the welfare of their respective populations and in restoring the waste of the Great War. This is the work which present conditions demand, and one in which the two countries might profitably engage. They made a bad beginning at Geneva, though fortunately it is not too late to avoid the consequences of that error.

The co-operation of America and England holds great hope for the future of world peace and prosperity. Not less certainly does the possibility of a conflict between these countries portend world disaster.

CLOSER INTERNATIONAL FINANCIAL CO-OPERATION

RECENT conferences in New York between the governor of the Bank of England, deputy governor of the Bank of France, president of the German Reichsbank and the governor of the New York Federal Reserve Bank afford ground for the hope that in the future there is to be a greater degree of financial co-operation between London, New York, Paris and Berlin than has existed for some time past. While details of these conferences have not been forthcoming, the very fact that the heads of these great institutions have found it desirable to get together must be taken as a sign of their recognition of the fact that greater co-operation is desirable, and as an evidence of a determination to bring this about. This is really of more importance than would be the details of the procedure by which such co-operation is to be effected. These details will probably be worked out as may be necessary in each particular case.

Great gain has been made in international financial relations when it is admitted that no one of the great world financial centers can operate without regard to the effect upon the others. Bankers as practical business men have come to recognize this fact, as witnessed by the New York conferences.

Perhaps in time the same lesson may be learned and applied in our industrial and commercial relations with other countries, for it would seem that the same principle is applicable in both cases. This principle is a simple one, namely, that you do not gain but lose by any action that embarrasses your customer, and in international trade all nations belong in this category. Finance and trade, confined within the borders of any particular country, are never looked on as a species of warfare. Why should they be so regarded when we overstep national boundaries?

PRESIDENT COOLIDGE'S QUALIFIED WITHDRAWAL

PRESIDENTS are sometimes gifted with special ability in adding to the piquancies and perplexities of the English language. Roosevelt gave us "Byzantine logothete," which he probably found in Gibbon; Cleveland furnished "innocuous desuetude," and now President Coolidge has told us that he does not "choose to run for the Presidency in 1928." In the case of the terms used by Roosevelt and Cleveland help could be obtained from an encyclopedia or dictionary; but how shall we find out just what Mr. Coolidge meant when he said he did not choose to run? A man may not choose to do a thing, and yet be forced to do it. Conceivably, a strong movement within the party for his nomination next year might constrain Mr. Coolidge to run, although he had previously chosen not to do so. Not improbably the President intended that construction to be put upon his qualified refusal. Nor could he be justly censured for doing so. His personal choice was not to be a candidate; but if his party drafted him, he could not refuse to serve. Eminent politicians have placed this construction upon the President's statement. Others contend that he is definitely out of the race.

Perhaps the fairest construction of Mr. Coolidge's attitude is that he intended to open the field to other candidates. To say to them, in substance, that if you choose to run, I shall not regard it as personal or political opposition, since I prefer not to be a candidate. Friends of various aspirants to succeed Mr. Coolidge have thus construed the President's statement. Mr. Lowden, Vice-president Dawes, Mr. Hughes and Speaker Longworth are names already proposed.

With an open field for the Republican nomination the campaign of 1928, at least that part of it antedating the party convention, promises greater zest than would have been the case had Mr.

Coolidge's nomination been predetermined.

PASSING OF PROMINENT AMERICANS

DEATH has of late been very busy among men prominent in different walks of American life. Within a recent period it has taken General Leonard Wood, Judge Elbert H. Gary and J. Ogden Armour. The first of these was eminent as an administrator and the two latter in the business life of the country.

Leonard Wood was by temperament a typical soldier, although his fame was achieved rather as an administrator than on the field of battle. That he wished to go to France in the capacity of commander of troops he had himself trained for service, but that the opportunity was denied him, constitutes one of the personal tragedies of the late war. But Wood was too fine a man and too much the soldier to brood over his disappointment. He went back to train more officers and men. No man in the United States, with the possible exception of Roosevelt, did as much as Leonard Wood to arouse this country to the need of preparation at the outbreak of the Great War. He did great work in Cuba and later as governor-general of the Philippines. His training as a physician made him recognize the importance of stamping out yellow fever in the former country and leprosy in the Philippines. But he was more than an enemy of disease. He was the consistent foe of graft and inefficiency. His administrative record sheds lustre not only upon his name but on the country he served so well, and to whose service he gave his life.

Judge Gary, in another way, was typical of America at its best. For the services of the really wise and capable business man, who maintains a great industry steadily in the face of world competition, and whose sound policies exert

a stabilizing influence on finance and trade, are of incalculable value to the country. Judge Gary, like many successful Americans, came from a small town, and his business beginnings were modest. But he became the head of one of the greatest business concerns in the world—chairman of the board of the United States Steel Corporation—and guided its great destinies with consummate wisdom. He was an able coadjutor of the late J. P. Morgan, who brought together the constituent companies forming the steel corporation. The history of this great organization shows that, when properly formed and rightly managed, a "trust" has no such terrors as were once popularly ascribed to it. Judge Gary was conservative, perhaps old-fashioned in some of his views, but his administration of the affairs of the steel corporation was eminently wise and successful. As indicated already, he exerted a decided influence in support of sound business methods and finance extending far beyond the bounds of his organization.

J. Ogden Armour was long and prominently identified with the great meat-packing industry at Chicago, which had been built up by his father. He was also interested in banking and other business enterprises.

The fear is often expressed that the death of men prominent in industry and finance endangers the prosperity of the concerns with which they were identified. But, with the great size of business organizations in these days, this is hardly the case. They are not one-man concerns. The great banker dies, but his bank survives, and continues to prosper as before. So with the great industry. Wise men, during their lives, are careful to train others to assume their duties. The subordinate who displays the right qualities is promoted and ready to step into the shoes of the great captain of industry or the banker. If the organization does not contain within its own ranks men large enough for the work to be done,

they can still be found in other concerns of a like character.

FARM CREDIT FACILITIES

FOR many years politicians assailed the public ear with demands for enlarged credit facilities for the farmers of the United States. This persistent cry was finally heeded by Congress, which created in a short time so many instrumentalities for extending credit to the farmer that one would think he was by this time plentifully supplied with that element in conducting his operations. It might also have been expected that if the farmer's difficulties were due to want of credit, his troubles would have disappeared when this lack was supplied. Exactly the contrary seems to have happened: The more credit the farmer obtained the worse off he became. In this respect the farmer perhaps does not differ from the majority of mankind who have not the art of using credit productively. Very likely this is a salutary provision of providence, for if all of us knew how to employ credit productively, we should all be rich and worldly-minded.

Probably the sudden acquirement of greater power to use credit was not salutary to the farmer, and it may be that a more gradual increase of agricultural credit facilities would have been better. From recent failures of joint-stock land banks, it would seem that these institutions with their liberal lending policies have not been of the expected benefits to the farmer. The terms on which loans are granted by some of the land banks cannot be considered as harsh; in fact, they are extremely favorable to the borrower. But they apparently do not furnish the desired alleviation of the farmer's plight. A sound extension of credit to any industry rests upon the assumption that the industry will earn sufficient to keep up the interest on the loan and retire the principal within a reasonable period. Many of the farm loans have failed in meeting this elementary require-

ment and have become "frozen" assets in the hands of the lenders.

A LIVING WAGE FOR ALL

THE Secretary of Labor has taken occasion to point out that, despite our boasted prosperity, there are several classes of our workmen who are receiving wages too small to sustain a decent standard of life. He gives figures to support this statement, and they show that some workmen are receiving less per week than others get for a single day. The industries paying the higher wages require, as a rule, the greater skill, but the difference in the pay is largely due to closer organization.

It would seem that men who are engaged in work that does not return them a living wage would leave their present employment for other occupations offering better pay. Even if they do not possess the skill that would enable them to make the change, they could acquire it in the course of a little time.

The same observation applies to farming. Politicians tell us that it is no longer profitable, and yet something like one-half the population stick to it. There is nothing to hinder the farmer from deserting the soil, going to the country town and engaging in any kind of business he may fancy. Or he can join the crowds in the great cities, there to enter the struggle for existence, paying prices for food and rent and sums for taxes that will astonish him. If he is in such desperate straits as the politician represents, why does he not adopt this obvious remedy? Perhaps the true answer is that the farmer has common sense enough to know when he is well off, and refuses to jump out of the frying pan into the fire.

It is a desirable end that all workers should have at least a living wage, but while they are free to choose their own employment the responsibility for obtaining this rests upon themselves rather than upon society at large.

STRANGERS AS FUTURE DEPOSITORS

By W. R. MOREHOUSE

The first of a series of short articles, written by Mr. Morehouse for *THE BANKERS MAGAZINE*, about various kinds of bank depositors, their influence on bank growth, and how to handle them. The author is vice-president of the Security Trust & Savings Bank of Los Angeles, Calif., and president Savings Bank Division, American Bankers Association.

NEW growth of the right type is essential to the prosperity and progress of every bank. Without such growth there is imminent danger of stagnation and ultimate disintegration. In the banking business, as in other lines, new blood must be constantly pumped into the life stream.

There are two sources from which banks can develop new growth, either they must obtain additional new business from old customers, or new business must be secured from new customers. In either case, a thorough understanding of the various types of depositors is essential to the greatest success in deposit building.

Let us consider briefly the *future depositor*—the person who in the future will open an account with a bank.

Although a person may be a total stranger to a bank today, he may be a depositor of it tomorrow.

For years bankers have emphasized the importance of making a favorable impression upon the minds of persons calling for the first time to open accounts. The first impression is the lasting one, we have been told—the impression that indelibly fixes itself in the mind of the new depositor. It is for this reason that persons opening accounts are shown every courtesy and every attention.

It is important that the new depositor be heartily received into the bank's family of customers. Unfortunately, however, it is the exception and not the rule to show the same degree of courtesy to the strangers who call at banks. When a stranger drops in to change money he is usually met with an entirely different reception than is given to the person who drops in to open an account. Instead of being received with open arms, he is often regarded as an intruder, and on his second or third call as a nuisance.

If a bank is to reach its maximum growth it must go further than the new account desk and make a favorable impression on all those who cross its threshold, whether they call to cash a traveler's check, to make change, or to open an account for, as a matter of fact, it is from the ranks of strangers that many of the bank's future depositors will come. For this reason it will pay well to treat all strangers within the gates with every courtesy. The bank has everything to gain and nothing to lose in doing so, and it is reasonable to assume that if it makes a favorable impression upon every stranger it will receive a much larger majority of new customers from this source than it could possibly do if it treated strangers in a cool, indifferent way.

In order to accomplish this it will be necessary for the management of a bank to impress upon the mind of every employe on the firing line that in that organization there is no distinction in the quality of service rendered, whether that service is extended to persons calling for change or to persons calling to open accounts. The trust is, the stranger who calls at a bank today, and every stranger who calls tomorrow, will form some kind of an opinion as to the service rendered by a bank. If impressed by its efficiency it is the most natural thing for those so impressed to open an account with that bank when in need of a banking connection. If, on the other hand, strangers are shown a cold shoulder and are made to feel that they are not welcome, it is natural that when in need of a banking connection they will look elsewhere.

So it is to the interest of every bank to go beyond the limitations of the new account desk and make the most favorable impression possible upon every stranger who crosses its threshold.

EMPLOYING the new low-type counter, and with its vault easily accessible, the building of the



First National Bank and Trust Company of Hamburg, Pa. has the strong appeal of friendliness.

Build to Invite Acquaintance

TWENTY years ago the trend of banks toward better buildings was looked upon by many bankers as an extravagance. It was in those days, too, that banks refrained from advertising, and for much the same reason.

Opinion has changed. The old, poorly planned banks, with their insecure vaults and unattractive interiors are being replaced. Directors have concluded that *those* are the truly extravagant buildings. Such buildings can do little more for the bank today than give it shelter. Their appeal was to another day and another public.

Bank buildings of the modern type have done much to free banking from its former atmosphere of austerity. The banker has been effectively aided in inducing the public to acquire its more general acquaintance with banks and their functions which has been so great a factor in the growth of banking since 1900.

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Wall street in the days of gas lamps and telephone poles.

WALL STREET, THE EVER CHANGING

BY JOHN WALKER HARRINGTON

A story of the architectural changes and transformations, past and present, in the skyline of the world's mightiest financial district.

WALL Street, to the banks be thanks, is again revising its skyline upward. Old shapes go; new contours come; air guns on rivets roar; toilers fit to frames of steel thews of stone and sheen of shining metal. On both sides of the classic way new towers rise to witness that here is the realm of ceaseless change. From a three-storied town to a thirty and forty-storied one New York has been going ever since finance arrived in this place of the ancient barrier.

Gotham's oldest bank, which started the transformation back in the eighteenth century, oddly enough, after tearing down its famous home, is raising a greater structure on its venerable stance. Wall Street seemed quite complete after the close of the Revolution and every-

body but the bankers and brokers was content to let it be just as it was. There was Federal Hall, where General Washington started the new government; a church or so gave serenity; and there were lines of stately mansions. Women of society tucked themselves and their ample skirts in sedan chairs and were carried past the site of the Morgan banking house by liveried footmen. Gentlemen in silk hose and satin smalls, swinging their canes, stepped lightly over cobble stones under the shade of elms.

Fashion and officialdom were surprised back in 1796 to hear that William Constable had sold his fine house at the northeast corner of Wall and William streets for £11,000—and to a bank. They hoped that the residential value of the place would not be impaired in any way,

as might be the case if this new and energetic institution put a sign over its door. What a shock it was when workmen began knocking the mansion down. Then a building erected entirely for banking purposes and a huge vault especially constructed to contain specie was installed within, by which token it was known that the old order was passing; that Wall street henceforth was to be a citadel of the money power.

The Bank of New York had been founded in 1784, without benefit of charter until later, but with a fine constitution made by Alexander Hamilton. For several years it was in the Walton mansion in Pearl street, and after a season near Hanover square, it obtained its foothold which it still retains. The Bank of the United States although not organized in Philadelphia until 1791, had established a New York branch at 52 Wall street a year or so before the Bank of New York reached its new site.

THE BANK OF NEW YORK

Under the brilliant direction of General McDougall, the now oldest of New York's financial institutions created such a stir that many persons went to Wall street especially to see how the scheme of things was being disarranged. Among those who were more than curious was a small, alert, beady-eyed man, who often walked the thoroughfare, with his daughter, Theodosia. He subscribed for three shares to the Bank of New York, so as to be on the inside. Then the idea came to him that if he could get a charter for another emprise, he might make things still more interesting for this Bank of New York. It did not take so astute a politician as Aaron Burr long to decide that a Federalist legislature would hesitate to give a charter to a plan which would rival one in which that greatest of Federalists, Alexander Hamilton, was interested.



Looking west on Wall street in 1820. The building on the right, with the dome, is the old Merchants' Exchange, on the site now occupied by the National City Bank. At the left in the foreground is the old building of the Bank of America and just beyond it is the old building of the Bank of New York and Trust Company, at that time the Bank of New York.



Broad and Wall streets in 1840, facing the Custom House, now the Sub-Treasury. At the right, on the corner then occupied by a stationer, is the site now occupied by J. P. Morgan & Co., while at the left in the foreground, is the site of the present New York Stock Exchange.

Everybody thought he had forgotten about his desire, so busy was he in organizing the Manhattan Company for the purpose of giving pure and wholesome water to New York. When the water company got under way in 1799, however, it also opened an "Office for Discount and Deposit," otherwise a bank, for there was a clause in the charter which gave the corporation the privilege of employing its surplus for any lawful purpose it saw fit. Hence the three-story structure at 40 Wall street, with a figure of Aquarius, the god of water, on top, became another pledge of changes.

So Wall street was all torn up for many years to come. The Merchants Bank in 1803 began business alongside the Bank of the Manhattan Company to the east, and on the other flank, in 1810, appeared the Mechanics Bank. The Bank of America took over the northwest corner of Wall and William in 1812, and that same year there came into being

the City Bank somewhat beyond the Bank of New York.

There were panics and fires and disasters in those days yet in the "forties" the banks became so prosperous and so aggressive, that they began razing their strongholds and putting up what seemed palaces of finance to conservatives. The Merchants, regardless of expense, spent \$40,000 on a classic marble temple, and the Bank of America erected a Greek pile which was equally costly. All these operations worried the journalists of the day, who felt that financial institutions ought to have more of the air of respectable antiquity, instead of littering up the pavements with timber and blocks of marble all the time.

"Physically, as well as financially," wrote an observer in the *Mirror* back in 1839, "there is peril in perambulating the street. Stocks may rise, but stones are falling prodigiously in all directions. The Manhattan and the City Bank are being torn down and other structures in Wall street are under the besom. New

York, ever since we have known it, has been a city of recurring ruins. It is a perfect Baalbek. A day's growth follows a day's dilapidation. The builder is abroad one day and the next he is relieved by the destroyer. We cannot expect to see the city finished, but we have the greatest anxiety to see it fairly commenced."

"A MODERN BABYLON"

There came a few years of architectural calm, for what with all the tall buildings Wall Street was getting, it would have been sinful for those banks to tear down and build greater, for fear their souls might be required of them. At least, that was the way some moral-



FROM AN ETCHING BY ANTON SCHUTZ, M. E.

Looking uptown on Broad street near Wall. On the right is the huge new building of the Equitable Trust Company, while at the left is seen the pyramid tower of the Bankers Trust Company, and beyond that the twin towers of the Equitable building.

ists of the day felt, including Mrs. Lydia Maria Child who came over from Boston to describe New York as a modern Babylon, which had a street devoted to the worship of Mammon, right in the shadow of Trinity. Moreover, many of the bankers, she found, were going to a sumptuous, modern hotel called the Astor House, where they ate "choice viands and drank French wines" and even sank their feet into "deep-piled carpets," and sat at tables whereon were white napery and gleaming silver. Lydia Maria was sure that wicked Wall Street had reached the tip-top of splendor, being much over-built with temples and palaces.

There was only a building truce, however, for in 1856 the New York Bank tore down its structure at William and Wall, laid a corner stone, and went into temporary quarters. It moved into its new building in the spring of 1858. Here was a structure planned with such foresight, that some persons smiled rather pityingly over the extravagant program. It was the very latest innovation in bank architecture—a work of art in the Italian style, built from the utterly fashionable Little Falls brownstone, and of Philadelphia brick. The architect, Calvert Vaux, was a worthy young man who had come over shortly before from England, and although the bank felt that he was a "comparative stranger," it decided to give him the commission. The directors were so pleased with his work that they presented to him a bonus of \$1500 in excess of his fees. There was so much room in this "permanent home" that part of it was rented to the New York Clearing House and offices were leased to lawyers. In 1880, two more stories were added, but even before they were finished, the extra space was taken.

So this oldest of banks, still looking for a wider place, absorbed the New York Life Insurance and Trust Company next door in 1922 and took on its present title of the Bank of New York & Trust Company. Early this summer,

it tore down its then time-mellowed habitation, at 48 Wall, added numbers 50 and 52 and began the construction of a thirty-two-story skyscraper. Meanwhile it retired to 76 William street, to stay until the tumult dies and the plasterers have finished.

What the venerable institution has been doing to shift the silhouette of "The Street" all these years, is only an example of what others have accomplished in the same direction. The Bank of the Manhattan Company, when its parent made way for Croton, became still more active in finance, as the oldest Gotham institution of its kind operating under a continuous charter. In co-operation with the Merchants Bank it built a tall citadel at numbers 40 and 42 in 1884, and in 1893 added three stories to it. When in 1920 it absorbed the Merchants Bank, it knocked down many partitions and made numerous changes.

TOUCHED BY THE WAND OF WIZARDRY

One who knew the Wall Street of the old New York would feel that it were touched by the wand of wizardry, so much tearing down and re-building has there been in the last few decades. The Bankers Trust building with its pyramid top looms over the squat Sub-Treasury building. A second home of the New York branch of the Bank of the United States, after serving as an assay office, was taken down and transported to Central Park where it was built into the American wing of the Metropolitan Museum of Art.

Then there was the Mechanics Bank, so long at the northern side of the street, later the Mechanics & Metals, which took unto itself several institutions and last year was merged with the Chase National. On the site to which it journeyed years ago at Nassau and Pine is being reared a towering thirty-eight-story building for the Chase National Bank.

The Bank of America only a few months since completed at Wall and



FROM AN ETCHING BY ANTON SCHUTZ, M. F.

Looking south at Wall and Broad streets. In the center of the picture is the squat but impressive edifice of J. P. Morgan & Co., while behind it looms the towering new structure of the Equitable Trust Company. The front of the New York Stock Exchange may be seen at the right, directly across the street from the Morgan & Co. building.

William streets, its combined counting house and office building. The Seamen's Bank for Savings, founded in 1829 and so long at 56 Wall street, has embarked on a new career in an impressive building at 74 Wall under the presidency of Herbert K. Twitchell.

On the south side of the street, where the old Knickerbockers so long withstood the onslaughts of the pioneers of finance, looms the vast, gray pile of the

National City Bank, to which that institution emigrated when it left its narrow shell near the Bank of New York

Rivaling in height the cloud piercing towers of Manhattan is the Equitable Trust Company's huge new building, with its 37 Wall street frontage, now covering the area where once the Mills building stood, with all its seeming defiance to the powers of change. Its fabric of steel surrounds the splendid abiding

place of J. P. Morgan & Co., and even bridges over that creation of Tennessee marble. How this old thoroughfare of the bankers does consume the "last words" in construction! Time was when men looked on the Drexel building as an eternal monument and were bewildered to see it go to make room for that stronghold which now stands so solidly at the northeast corner of Broad and Wall.

One often wonders just what Alexander Hamilton, feeling as he did that one bank was plenty for Wall street, would think if he should walk this canyon of change. And yet lofty as are the structures which stand as Titans might on either side of the Appian way of American finance, they represent only a tithe of the strength and influence which their owners wield. Afar and away are many branches of these banks which belong to the Wall Street of old. Many of these banks permeate the city with offices, and there is not an institution there but that stretches forth its hands to allies in all the world.

THE HERITAGE OF WALL STREET

And yet, mighty as are these edifices now being sent toward the pavilions of cloudland—as successors of what passed

as magnificent in their day, the power and the glory of Wall Street cannot be told in terms of steel and brick and stone. Its traditions, more enduring than triple bronze, abide in the character of the men who founded these institutions to serve the nation, the state, and their fellows. There remains to this day the memory of such founders as the Lows, the Franklins, the Randalls, the Roosevelts, the Waddingtons and the Vanderbilts, the Varicks, the Gouverneurs and the Howlands. What a heritage has been left to financial America by DeWitt Clinton and Marinus Willett. An institution which can point to such names on its records as Ludlow, De Peyster, Schuyler, Lisenard, Beekman and Rhinelanders has, indeed, its own hall of fame. In days to come, while yet new sky reaching fanes of finance are reared in Wall Street, perhaps to go their way in time as others did, the men of a century yet unborn will do honor to the Morgans and the Hepburns, and recall the names of Wiggins, of McGarrah, of McHugh, Baker, Krech and Merrill. They will praise, also, many others associated with this Wall Street of ours, old and ever new, which while altering its physical aspect through the decades, is forever renewing its youth in the flaming zeal of service.



OUR FINANCIAL INFANT

THE following editorial is reprinted from a recent issue of the *Wall Street Journal*, New York: "For the most part New York bank stocks are among the safest investments in the world Well safeguarded by national and state laws our banks can be depended upon to conduct their affairs to the ultimate benefit of stockholders. It has moreover been customary for American banks to build up their surplus or reserves, which constantly increases book values. Contributing the credit resources of the financial center they are the clearing machinery for a large part of the country's domestic and foreign commerce. Investors in stock of leading banks and trust companies thus become partners in the country's potential expansion.

"Investors' estimation of these securities has therefore always been based on potential, rather than on immediate yields. Over a series of years, through stock increases and valuable rights, their investments have proved highly lucrative. However, the almost sensational advance that has taken place in bank stocks lately needs attention. When bank stocks come to sell on a basis to yield slightly over 2 per cent., while, for example, the credit of the Government, as measured by recent Treasury issues, is 3 per cent. or higher, the point may well be raised whether this price movement has not been overdone.

"One of the factors contributing to the advance in bank stocks and kindred securities has been the buying by investment trusts. These are a comparatively new institution in American finance.

Most of the 100 or so concerns of the kind have been organized in the last two or three years. They have been modeled largely after the trusts of England and Scotland, where the idea originated. To managers of these new American trusts bank stocks have made a particular appeal. While their high prices and comparatively low yields heretofore attracted only the rich investor, the trusts have brought in a new buying element representing funds of the small investors, but without the added advantage of a properly distributed market.

"There is no suggestion that the situation is in any way unsound. It would be foolish, however, to forget that in a new movement like this mistakes will be made. Investment trusts are not yet governed or controlled by special laws like the banks. They have yet to experience bad weather. England had a painful experience in the years following the launching of trusts there. Lack of experience led many into excesses and dangerous practices. The adverse times in the early nineties exacted a heavy toll among these institutions. Many good securities were acquired at greatly exaggerated and inflated prices. In 1893 assets of thirty-one British trusts had shrunk over \$45,000,000. It was several years before they regained public favor.

"Investment trusts are a desirable outcome of our accumulated capital savings today. They broaden the interests of the small investor in a way not possible before. Well advised and properly conducted trusts, with well diversified assets, have nothing to fear from bad weather."



THE ROMANCE OF LONDON'S TRADE AND FINANCE

BY LEONARD J. REID

The story of three great London organizations of international repute—The Royal Exchange, Lloyd's, and the London Stock Exchange. The author is assistant editor of *The Economist*, London.

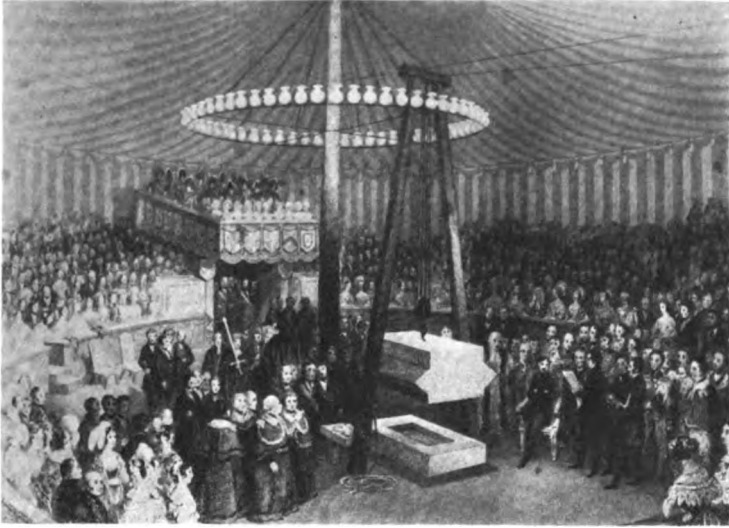
ENGLAND, we are told, is the riddle of the nations. She does nothing according to plan; there is no logic in her activities. The fact that she has an unwritten constitution provides the key to her ways of life. Such is briefly the traditional view. There may or may not be much to be said for it. But this at least is not easily disputed: Some of England's leading commercial and financial institutions have "just happened." They frequently seem to have been founded almost by accident and certainly with no perception of the important part that they play in our contemporary economic organization. Let us, then, glance at the way in which the Royal Exchange, Lloyd's and the London Stock Exchange survived an unpromising nativity and developed into organizations of international repute.

THE ROYAL EXCHANGE

On the afternoon of January 23, in the year 1571, Queen Elizabeth drove from her Palace of Somerset House to dine with Sir Thomas Gresham. She was on her way to open Sir Thomas Gresham's new Bursæ. What passed between her and Sir Thomas at dinner is not recorded, but doubtless she whispered her intention to dignify his exchange with the epithet of "Royal." The Royal Exchange was "a great thing in the history of London and a definite help to the commerce of England." It became at once the meeting place of merchants and the

promenade of men of fashion. In the daytime grave people of business paced its floors, adjusted their disputes and engaged in transactions with outlandish people from all the then known countries in the world. In the evening the butterflies of fashion frequented the gaily lighted shops of the Pawn—the gallery of the Royal Exchange—where all that they could desire, from lace, glass, strange curios, to that queer new invention—the common pin—was laid out to attract them. Thus for ninety years the Royal Exchange played its important part in the life of London.

In 1666 it was swept away by the Great Fire. Starting early on Sunday morning, September 2, the blaze raged until the afternoon of September 6 and destroyed the greater part of London. Pepys, the famous English diarist, describing the Royal Exchange after the fire, says: "A sad sight, nothing stands there of the statues and pillars, but Sir Thomas Gresham's picture in the corner." Sixteen days after the Great Fire had first broken out a committee was formed to rebuild the Royal Exchange. Almost within a year there was another royal procession, Charles the Second riding on horseback to lay the first stone with the usual ceremonies. Despite the architectural beauty of the second Royal Exchange, it did not hold the same importance as the first exchange had done in the days of Queen Elizabeth. "Coffee houses sprang into a rapid popularity and the merchants drifted to them



Laying the foundation stone of the Third Royal Exchange.

more and more for the interchange of business. The shops (of the exchange) became difficult to let and rents dwindled away. Over the exchange there came to hand an air of disuse and squalor." An old writer tells us that "instead of the assembly of honorable merchants, substantial tradesmen and knowing masters of shops, it was frequented by the mumpers, the halt, the lame and the blind, or vendors of trash—apples, plums . . ." But the second Royal Exchange was not built in vain. It was in this particular building that Lloyd's—known throughout the world's maritime and trading circles—found its first home worthy of its importance. When and how will be related presently.

Meanwhile, we must record that in 1838 the second Royal Exchange shared the fate of the first. Fire broke out on the night of January 10—a night of such a hard frost that the very water from the fire engines froze in mid-air. It seems as if some freakish spirit of humor lurked about the burning building, for while the tower was yet tottering the bells started playing, "There is nae luck about the house" and then fell with a crash into the flames below. The de-

struction was almost complete, the few remaining relics testifying by their paucity to the completeness of the disaster. The work of restoration was quickly taken in hand by the Mercers' Company and the City Corporation and before the decade was out the Third Royal Exchange was opened by Queen Victoria and the Prince Consort. During the century the exchange assumed gradually increasing importance; for instance it was—and remains—the domicile of an expanding insurance company. But it was the growing importance of Lloyd's that perhaps chiefly distinguished it. The story of Lloyd's is the subject of our second chapter.

LLOYD'S

Toward the latter part of the seventeenth century a Welshman named Edward Lloyd kept a modest coffee-house in Tower street. The first authenticated reference to its existence is found in an advertisement which appeared in the *London Gazette* of 1688 and it is clear from this and other contemporary documents that Lloyd's patrons were largely seafarers. The coffee-house, being near

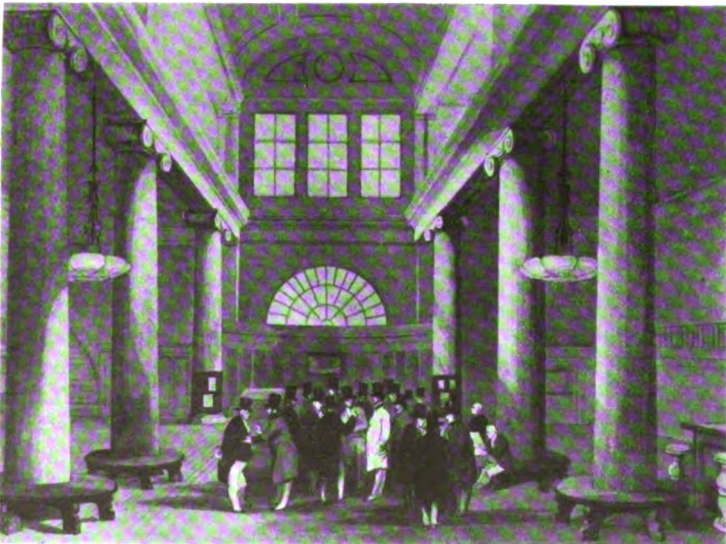
the docks, was a convenient place of resort for shipmasters, whose presence naturally attracted underwriters in search of shipping news. But Edward Lloyd was a shrewd man of business and saw the possibility of attracting the custom of the wealthy city merchants by moving westward. Accordingly in 1692 he established his coffee-house at the corner of Abchurch lane and Lombard street. Here it was a successful business and a well-known city landmark. A poem printed in 1700, entitled "The Wealthy Shop-keeper," contains the couplet:

"Now to Lloyd's Coffee-House he never fails
To read letters and attend the sales."

This succinctly described, we are told, "the uses to which Lloyd's was put. The house was primarily an exchange for information where underwriters circulated, for the common guidance, those shipping lists which were the nucleus of the subsequent Registry of Shipping." Beginning in 1696, these were supplemented by the publication of a commercial news sheet entitled *Lloyd's News*, which appeared three times a week. But publication was suspended for a period because an item

of news had displeased the authorities. It was revived in 1726 and was the origin of the now familiar *Lloyd's List*, which, with the exception of the *London Gazette*, is the oldest British newspaper. Lloyd's also became an auction room for shipping.

We know very little about Edward Lloyd except that he was married three times and died in 1712. Thereafter the coffee-house was controlled by a committee of its patrons. In little more than half a century after its founder's death Lloyd's had outgrown its second home and was compelled to search for fresh quarters. Thus in 1770 a move was made to Pope's Head alley, but from the outset this was recognized as a temporary abode. Nevertheless there was some difference of opinion regarding the next step. But a forceful spirit, John Julius Angerstein, said to be a Russian, solved the problem, for he took vacant rooms in the Royal Exchange and confronted his committee with this fact. Thus in 1774 the coffee-house coterie moved into rooms in the Royal Exchange, the history of which we have already traced. Angerstein deserves more than

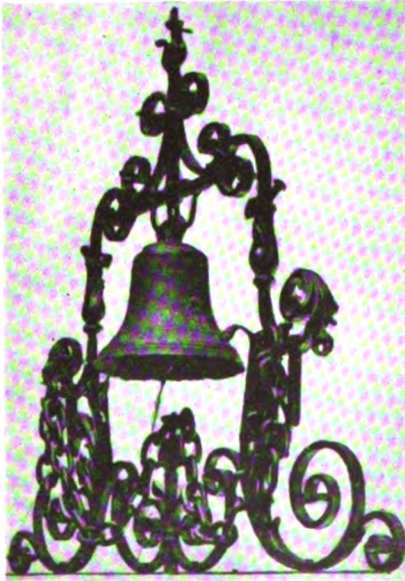


The London Stock Exchange in the nineteenth century.

passing notice. He was a pioneer, if not the actual founder, of our lifeboat system; he financed the Veterinary College. Into his fine house in Pall Mall he gathered a collection of great paintings, which, after his death, were purchased by the government for £57,000 and became the nucleus of the National Gallery.

ROYAL EXCHANGE HOME OF LLOYD'S

For upwards of one-hundred-and-fifty years the Royal Exchange has been the home of Lloyd's. Yet its descent from a coffee-house is a well-remembered fact. Indeed, until as lately as 1918, a gov-



The Lutine bell at Lloyd's.

ernment department was in the habit of addressing communications to Lloyd's Coffee-House, Royal Exchange, E.C. Some of the envelopes are retained as mementoes. But Lloyd's has once more outgrown its quarters and two years ago the King laid the foundation stone of its new home, a large building in Leadenhall street which will be completed shortly. Some of the more interesting fea-

tures of present-day Lloyd's will, however, be transferred to the Leadenhall street building. These include the Lutine Bell, which sounds twice when news is received of the safety of an overdue ship, while a single note is heard when it is known that a ship has been lost. This bell was taken from the *Lutine*—a thirty-two-gun French frigate captured by the British and afterward used to transport bullion to the Continent. She was wrecked at the entrance to the Zuyder Zee in 1799, having upward of a million sterling in her hold at the time, of which part has been recovered.

Today the services which Lloyd's, cradled in a coffee-house, render to shipping and overseas trade are "manifold and important. Their agents and sub-agents abroad, who number over 1500, provide a continual flow of information of the highest value. . . . He (the agent) must, in brief, befriend the shipmaster, assist the merchant and protect the underwriter against fraud." In addition to the Register of Shipping which, though now separate, is a closely allied concern, Lloyd's issues *Lloyd's List* and other invaluable publications.

THE LONDON STOCK EXCHANGE

The history of Lloyd's is a reminder that Britain has long been famous in the annals of the sea; and she is not less renowned in the field of finance. The London Stock Exchange has been described as the hub of the world, the nerve-center of the politics and finances of its nations, the barometer of their prosperity and adversity." Yet the earlier years of stock-broking in London gave small promise of the present-day pre-eminence of the London Stock Exchange. The word stock-jobber, it is said, was first heard in 1688. At any rate, by the end of the seventeenth century it was the custom of the stock-jobbers to frequent the Royal Exchange. Its principal business, as we have seen, was then mer-

chandise, but an old print shows that a special "walk," as it was called, was reserved for the use of "brokers, etc., of stocks." In these early years the volume of business was not large, being chiefly confined to government securities. It is recorded that in 1695 they made its walls resound "with the din of new projects." At length, indeed, the merchants objected to the noise and numbers of the stock-jobbers, and thus in 1698 the majority of the latter withdrew from the Royal Exchange.

Their chief place of refuge was the near-by Exchange alley—a suitable open space, undisturbed by traffic, with convenient coffee-houses. Among the most famous coffee-houses were Jonathan's and Garroway's and these—especially the former—became the resorts of the more respectable stock-jobbers. It was after rather more than twenty years' tenancy of the alley that the memorable South Sea Boom occurred. The city—the financial interests—went mad; stock-jobbers ran from coffee-house to coffee-house inviting subscriptions to the great bubble and to the multitude of lesser bubble companies. Exchange alley was filled with a strange concourse and a ballad-monger of the time tells how the nobility vied with the meaner rabble "to buy and sell, to see and hear." In 1748 a great fire devastated the alley, but the stock-jobbers quickly resumed business. Around this period much ink was used in pouring abuse upon stock-jobbers. For instance, one pamphlet was published "proving that scandalous trade (stock-jobbing) as now carried on, to be knavish in its private practice and treason in its public!"

AN ECONOMIC NECESSITY

But these violent tirades could not destroy a profession which, whatever its excesses, was in essentials becoming an economic necessity. A further advance

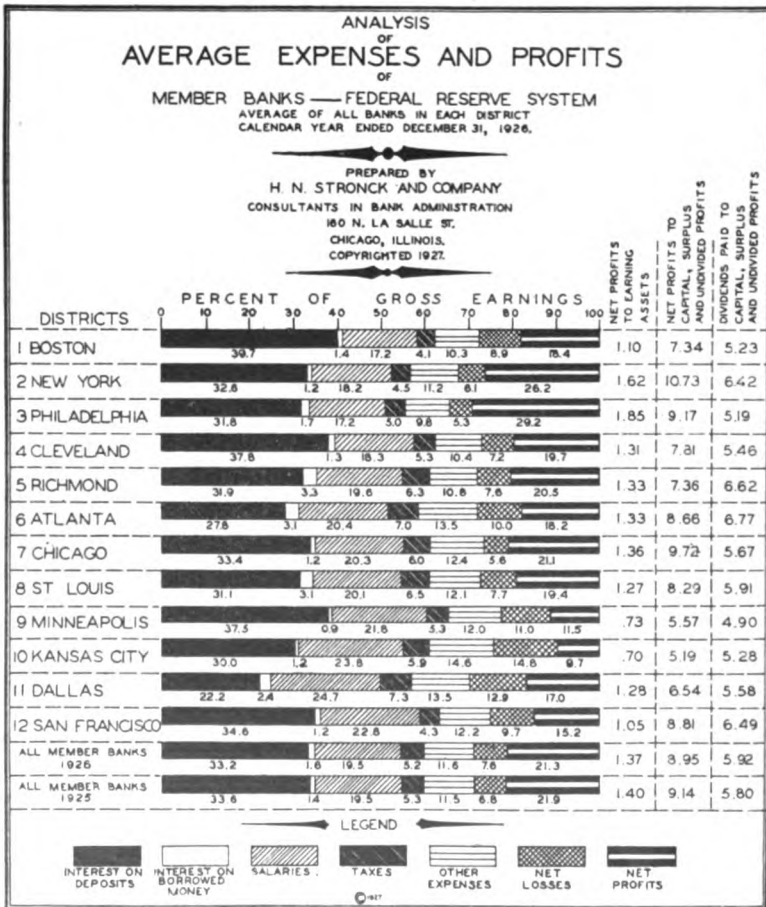
in the practice of stock-jobbing was thus due. "In the course of the evolution of the profession of stock-dealing," says a leading authority, "the more respectable of the brokers found themselves using Jonathan's and by the year 1767 the coffee-house was almost regarded as the Stock Exchange. . . . The aristocracy of the profession, who assembled at Jonathan's was really the nucleus of the present Stock Exchange organization. Amid the jealous sneers of some of their less reputable brethren, who charged them with an attempt to form an exclusive ring, they eventually, in 1773, raised a subscription and obtained control of a coffee-house at the north end of what are now called Royal Exchange buildings—opposite the northeast corner of the Royal Exchange, where the Peabody Statue stands. Over the door of this building was placed the inscription "The Stock Exchange." It was the first building to bear the title. But even to this building, the first Stock Exchange, admission could be obtained by the outsider at the cost of sixpence for a day ticket. Anyone could enter as far as the bar, from which the whole room could be seen.

But at the end of the century the jobbers became intolerant of the public gaze, and accordingly inaugurated a period of dignified obscurity which to this day characterizes the London Stock Exchange. The proprietary of the "Stock Exchange" desired to organize "a small, select and exclusive membership" from the great mass of irresponsible dealers. Hence a group of "Stock Exchange" men acquired a central site, in Capel Court, raised the necessary capital, and founded a new institution, which, declares the deed of settlement, "is called the Stock Exchange and is intended to go under that appellation." The first stone was laid in 1801 and it was opened in 1802, with a list of about 500 subscribers. But for some years certain branches of the Stock Exchange remained outside. Many

transactions in foreign stocks took place in the Royal Exchange until 1823 and much business in government securities was carried on in the rotunda of the Bank of England from 1764 until 1838. In the course of years, however, all were absorbed.

The Stock Exchange still stands in Capel Court, though the central structure has been entirely rebuilt and great extensions have been made; similarly the original constitution remains almost un-

changed in principle, despite the enormous growth of business. Thus the London Stock Exchange, which is closely linked with the prosperity of the world in general and of this country in particular, has developed with the growth of that prosperity. Today its membership numbers some 4000, while the nominal value of the securities quoted in the official list, though by no means all the securities in which it deals, was a few years ago no less than £16,626,000,000.



An analysis of average expenses and profits of member banks of the Federal Reserve System during the year 1926. Prepared by H. N. Stronck and Company, Chicago, Ill.



ETHICS OF THE SAFE DEPOSIT BUSINESS

BY H. T. MAGRUDER

The seventh of a series of articles on various phases of the safe deposit business prepared for *THE BANKERS MAGAZINE* by well known safe deposit executives in various sections of the country. The author of the following article is secretary and general manager of the Hanover Safe Deposit Company, New York, and president of the New York State Safe Deposit Association.

WHY waste time on ethics—just get the business! Undoubtedly the line above written is not far from a true expression of the first thought of many readers of this magazine, glancing casually at the title of this chapter in the story of the safe deposit vault. As a rule, practical people are bored by discussion of principles. Busy bank officials cannot abide abstractions. They stand ready to take up each question as it comes along and decide it in relation to its surrounding facts and probable consequences. And decisions so made are usually sound, for, as in all lines of human endeavor, judgment based on experience is an enormously valuable asset to the banker.

ETHICS OF THE SAFE DEPOSIT BUSINESS NOT A MERE ABSTRACTION

The ethics of the safe deposit business must not, however, be considered a mere abstraction. On the contrary, as in all cases where public confidence is an end much to be desired, ethics becomes a matter of first importance to those who would furnish safe deposit box protection to the community. It is unfortunate that, like so many other excellent words, "ethics" seems to have taken on an emaciated and sadly overworked appearance. Too close association with such expressions as "co-operation," "team work," "uplift," "go-getter" and other favorites of the always resourceful Babbitt and his wide circle of brothers,

has probably had a tendency to cheapen its significance.

"The science which treats of principles of human morality and duty," is about as good a definition of the word "ethics" as can be found. It will suffice.

"Principles of human morality and duty." Can anything be farther from the material? And yet, before anything else, safe deposit is a materialistic business. Safe deposit vaults stand, modern fortresses, safeguarding the treasure of the community. Not community treasure, let there be no misunderstanding on that score. The present-day safe deposit vault is designed to serve individuals. It exists that property, more particularly those things of greatest value to individuals, may be surrounded by every known physical and human safeguard. In doing this to a remarkably successful degree, it has met and filled a recognized economic need.

Arguing from the premise that the business of successfully operating a safe deposit vault is essentially materialistic, intensely practical, how can anything so intangible as the ethics of the business be thought of sufficient importance to be given a place in this series of articles concerning the safe deposit vault? Responsibility for choice of the topic rests with the editor of *THE BANKERS MAGAZINE*. It is the writer's conviction, however, that attention may very properly be invited, and quite profitably be given to several aspects of the subject, which even

a merely elementary analysis of the matter will disclose.

ELEMENTS ESSENTIAL IN SECURING PUBLIC CONFIDENCE

That complete public confidence may be established in such an enterprise as a safe deposit vault, many factors must be combined. Massive walls, ponderous doors and a generally defensive appearance are not enough in themselves to secure the confidence of your public. And by the expression "your public" is meant here, customers hoped for as well as those already served. For aside from the very natural and altogether laudable desire to expand your business beyond limits already reached, the replacement by newcomers, to fill the gaps left by those departing through various causes, many of them beyond control, is a requisite, vital to established concerns in virtually all lines of business. It is of prime importance in the safe deposit business, where each year there will be inevitable losses of customers through death, insolvency, removal and various other causes.

Your public, then, must be assured that in all its legitimate business dealings with your safe deposit vault, it will be surrounded, not only by the utmost physical safeguards within reason, but by other safeguards which are also vital.

A CONFIDENTIAL RELATIONSHIP

Let us come at once to the realization that the business of the safe deposit vault involves a confidential relationship. The affairs of box renters, even their very names, must be held in strictest privacy. Although not usually a contractual warranty, this can safely be said to be one of the first unwritten laws of the safe deposit business. And it is very properly so, as long as the presumption of honesty and innocence is the prerogative of citizens.

Due, undoubtedly, to this surrounding veil of secrecy, stories emanating from

various sources are occasionally circulated to the effect that large amounts of stolen property are at times hidden away in safe deposit vaults. In such cases it is only natural that the propriety of any adherence to strict secrecy is seriously questioned. Probably there have been instances of such use of safe deposit boxes as caches for ill-gotten loot. In a recent address, delivered before one of the safe deposit associations, the assertion was made that thousands of dollars worth of stolen jewelry is hidden in safe deposit vaults. The speaker, who was general counsel for the Jewelers National Crime Committee, cited several instances from his experience, where safe deposit box keys had been found in the possession of persons under arrest, but though exhaustive efforts were made, the location of the safe deposit boxes in question could not be ascertained.

IS IT ABUSED?

His arraignment of the safe deposit industry is severe, as will be shown by the following quotation from his remarks:

"The clever thief is not going to give his correct name when he rents a safe deposit box. And when the clever thief does rent a safe deposit box, he may not get it the day before the commission of the crime. He may have rented it a week or a month before the commission of the crime.

"If the same care were used by the officers of the safe deposit companies in renting boxes, as is used by a good bank when a depositor opens an account, the authorities might be able to find out something which would aid them in tracing this stolen property.

"Any Tom, Dick and Harry, in my experience, can go into a safe deposit company—perhaps not all of them but some of them—and get a box. Who knows about it, or who cares about it? Nobody. Why shouldn't you? Other people have boxes in that safe deposit company's vaults, and it might be that

ten or fifteen of the customers of that particular safe deposit company in which this thief has rented a box, have been victims of robberies committed by that thief. So why shouldn't those customers get more protection in proportion than that one thief . . . ?

"If you go into any safe deposit company and ask for information, they throw up their hands in horror and say: 'We cannot tell you anything.' Perhaps you can't. I do know that there are some companies that work with the authorities; and mind you, I am talking only about the duly constituted authorities—the police and district attorney—and I am not including private detectives, lawyers or anybody like that. I am talking about the representatives of the people, and they are entitled to such information."

The speaker's remarks were delivered with the earnestness born of a firm conviction that the confidential relationship existing between the box renter and the company is abused, not rarely, but frequently.

It is difficult to believe, if not indeed improbable, that safe deposit vaults with the endless chain of safeguards thrown about them, can be said to offer hospitable housing to the enemies of society. To the wary crook, there is too much the semblance of walking into the spider's web, to run the risk involved. For he must consider the get-away almost as vital as is the need to be let into a safe hiding place; and the suspicious nature of the thief will scarcely permit him to submit to such careful scrutiny as safe deposit box renters undergo.

SATISFACTORY INTRODUCTION IMPORTANT

Those who operate safe deposit vaults have always at hand means of carefully sorting out and declining the patronage of undesirables. It becomes a duty, not only to the institution, but also to those whose patronage is valued, to require complete and satisfactory introduction or personal identification of all prospec-

tive box renters, as a preliminary to accepting their business. Right here is an opportunity to adopt a safeguard of tremendous importance. The general understanding and assurance that every box renter is personally vouched for by some responsible person in the community, is of inestimable value to the safe deposit company, and a source of great comfort to those whom it serves.

Of course it may be argued that the most promising recommendations are not always fulfilled. Disaster comes to old established and well esteemed houses and individuals. But experienced bankers agree that the percentage of such misfortunes is unquestionably lower among those who present credentials of a high order.

Let there be no doubt then, in the reader's mind, that thorough identification of all box renters is a wise prerequisite. Having established relations with those who are desirable customers, they are entitled to complete privacy in their affairs to a degree nowhere exceeded unless it be in the sanctuary of the home.

There is the possibility, of course, that in its determination to thwart the efforts of the inquisitive, the safe deposit vault may find itself threatened with a discovery proceeding, or some other legal action, aimed to question the validity of the position it has taken.

Much has been said and written in the attempt to define the legal status of the safe deposit box. It can be said, without fear of contradiction, that its precise legal status has never been defined. "Landlord and tenant," "bailment," "a sort of bailment." This last is a favorite expression of the courts in their attempt to reach a desired conclusion. And this line of thought has been followed extensively, in spite of the generally established use of such expressions as "lease of the safe deposit box," "rental paid," "Lessee," "joint tenant," etc. As a matter of fact, such expressions are usually to be found in the very contract existing between the safe deposit company and

the box user. Certainly the wording of the contract should carry substantial weight in determining the question; and banks and safe deposit companies have it within their power to so phrase their contract form that its wording shall be as nearly invulnerable as is possible.

Impelled sometimes by the seeming need to reach property contained in a safe deposit box, and such need does arise, the courts in some jurisdictions are disposed to uphold the right of attachment, even to go so far as to support garnishment proceedings as a proper course of action.

In a recent address by Louis S. Headley, vice-president of the Northwestern Trust Company of St. Paul, Minn., entitled "The Relationship Between a Safe Deposit Company and its Customers," the following statement of marked clarity appears:

"The whole question suggests the importance of clear thinking, and a close conformity of practice to theory, in the operation of safe deposit vaults. The trouble starts when an attempt is made to bring a new relationship under an old classification. The relationship is not a bailment, as already explained. It is more than an ordinary tenancy, for with the tenancy are rules and regulations and police protection designed to make the tenancy pre-eminently secure. It should be sufficient to say that the relationship between a safe deposit company and its customers is that of safe deposit company and customer; and to look to the agreement between the parties to determine its exact nature and consequences. It is inadequate to compress the relationship within a class where it does not fit, and then to deal with the class rather than the particular case."

Inasmuch as the question of the legal aspect of the safe deposit vault is the subject of another chapter in this series of safe deposit articles, and will therefore receive the attention of one well qualified to deal with it, the writer will not attempt to develop further the thoughts

here suggested. Because the confidential relationship, which we have been considering, touches so closely the legal relationship, there is a valid reason for incorporating this point in the consideration of the ethics of the safe deposit business.

REPRESENTATIONS AS TO THE QUALITY OF PROTECTION MUST BE TRUE

Following close on the question of legal responsibility comes a matter of propriety which has much to do with the subject of ethics in any business. It concerns representations made as to the quality of the protection and service offered. Caution and conservatism in this respect pave the path to safe operation of a safe deposit vault. In particular, use of the word "absolute" as applied to vault protection should be taboo. For after all, safety is a relative proposition, depending on the degree of structural resistance to attack that the vault possesses; and its safety is dependent also on the supervision, the human guarding or policing, if you please, with which it is surrounded. In a number of cases, where decisions have been adverse to the safe deposit institution, there has been involved representation as to a higher degree of security than was proved to be the fact, when put to the test of burglarious attack from without, or by dereliction of duty on the part of those whose duty it was to be faithful to their trust.

It is not to be expected that banking institutions in small communities shall provide safe deposit vaults which are massive fortresses such as are to be found in the larger cities. Nor are they required to furnish all such additional safeguards as the intricate electrical protective devices which register and report the slightest tampering, even indicating concussions from very slight blows which may be struck. The measure or test which must be met is that the same degree of security and protection must be provided as is furnished by institutions

of similar size, located in communities of the same class.

If your safe deposit vault is not equipped with everything of proven worth on the score of protection, see to it that you do not represent it to be as well able to withstand attack as are institutions so equipped. What man has built, man can destroy, is an adage the truth of which has been all too grimly evidenced, within the memory of every man now living.

DANGER IN CHEAPENING SAFE DEPOSIT SERVICE

Danger may also lie in too great popularizing of the safe deposit box. At first glance this statement appears paradoxical. Perhaps it should be qualified. It is felt that a real danger exists in the tendency to cheapen the service of safe deposit security by price cutting, beyond all possibility of profitable operation. "What is worth having, is worth paying for," is another adage which may well be borne in mind. A safe deposit vault should eventually pay its way, or it should be given up. This does not mean necessarily that the direct income from safe deposit box rentals must always exceed operation costs. Other considerations enter here, and properly so. Those who have supported the recent and somewhat widespread installation of safe deposit vault facilities in mutual savings banks in New York, have based such advocacy on the score that by so doing their institutions will be in position to furnish service in another form to the bank's depositors, who are its owners.

It is not to be disputed that the education of the public to the value and use of the safe deposit box is a real service to the community. It should however be demonstrated that it is a valuable service, and one for which the bank deserves to be properly compensated.

SAFE DEPOSIT BOX CUSTOMERS MAKE GOOD BANKING PROSPECTS

In addition to this service aspect of the safe deposit box which has been considered as benefiting the bank's depositors, there is also to be considered a somewhat more selfish argument. The wide circle of safe deposit box holders should furnish a fair number of promising prospects to be canvassed for the benefit of other departments of the institution. The progression here is a logical one. The modest owner of a few personally valuable papers such as insurance policies and perhaps, a savings bank book, may in course of time grow into a potentially desirable commercial banking prospect; and eventually become a person of sound financial position. This is no mere fancy, for some of them do so. Every day and everywhere that the opportunities of democracy are enjoyed, this rise from comparative obscurity is being demonstrated. Of importance equal therefore to the need of satisfactorily meeting the requirements of present customers, is this even more urgent need of discovering and winning the favor of those in the oncoming tide of newcomers, whose business is to prove desirable.

GOOD MANNERS

Must the safe deposit vault manager always wear a stern and forbidding look?

Is not the essentially formidable appearance of the massive vault and its heavily guarded entrance more than sufficiently repelling in its psychological effect on the public you would attract?

There is scant danger of overdoing the guise of hospitality that can be worn in this business. Certainly a pleasant cordiality of manner neither invites improper approach, nor does it indicate any lack of firm resistance, should such be necessary. To those who have no legitimate business reason for entering its portals, the safe deposit vault, as well as its personnel, must present a forbidding

mien. But those who have the right to be admitted, and the right to be adequately served, should never discover the slightest appearance of hostility or of any unwillingness to render every reasonable service. This line of thought leads very naturally to a most important consideration, the subject of the training of employes.

TRAINING OF EMPLOYES

Every banker to whom the supervision of a safe deposit vault has been entrusted, and more especially every manager of a large safe deposit company, will indorse the statement that "safe deposit vault men are born, not made"—not readily made, at least. This is true to a marked degree. Careful training is important, it is essential, for there is much in the mechanics of vault operation that can be learned, not the least of which is good manners. Memory training which has recently come so much into vogue is of considerable value. But the capacity to learn the essentials either exists or it does not; and in fairness to the embryo vault man, to say nothing of the importance of the matter to the employer, where limitations that are insurmountable exist, the employe should be turned into another line to which he may be better adapted.

It is frequently said that to all rules there must be exceptions. In the conduct of the safe deposit business there may be a surfeit of rules and regulations. Sometimes these very rules, designed to facilitate business, may react to the disadvantage of the institution. And yet again there is danger, if their observance is not strict, virtually invariable. Some rules of vault operation are so nearly indispensable that they may not be disregarded with safety. Space does not permit the cataloging of even the essential rules, within the limits of this article. One rule should be written deep in the minds of every one connected with the

safe deposit business, no matter in what capacity he may act. Stated in the fewest possible words it is: "Never take a chance."

As a corollary to that all important rule, the writer has impressed on vault employes this advice: "Do not apologize for being careful."

Sometimes, to be sure, the technique of their carefulness is faulty; and in such situations the tact of the manager, or of one of the bank officials, is called into play. In the great majority of cases, a frank explanation of the reasons for the precautions objected to will result in the quick realization and frank acknowledgment on the part of the objector that after all it is his protection and security that is the first consideration.

No study of the ethics of the safe deposit business should close without referring to the consideration given this subject at the National Safe Deposit convention which was held in New York City in 1926. At that convention, a "Code of Ethics for The Safe Deposit Business" was submitted by its compiler, Miss Helen E. Mallory of the Second National Bank of Elmira, N. Y. For its clarity and conciseness that code of ethics was given the wholehearted indorsement of the convention. No more fitting conclusion to this chapter in the story of the safe deposit vault can be found than the altogether desirable code above referred to. It is accordingly printed in full, and is as follows:

A CODE OF ETHICS FOR THE SAFE DEPOSIT BUSINESS

"To regard others engaged in the safe deposit business not only as worthy competitors but as associates in a profession of service.

"To improve the methods, increase the efficiency, and render a full measure of service for adequate compensation.

"To study the state laws, and so conduct the business that legal restrictions

are unnecessary and public confidence established.

“To adhere to truth in advertising and make no claim to greater protection than it is possible to give.

“To appreciate the confidential nature

of relations with customers, and to keep their secrets inviolate.

“To be interested in the welfare and training of the employes, in their advancement, and in their education in the ethics and practice of the profession.”

(7-1) 192-9-27

FARM CREDIT STATEMENT
Short Form
Suggested by the
Federal Reserve Bank of New York

Please answer all questions and fill in all blanks

Statement of _____ Address _____
Business _____

To _____ Bank of _____

I make the following statement of all my assets and liabilities at the close of business on the date named below and give other material information for the purpose of obtaining from you advances on notes and bills bearing my signature or endorsement and for obtaining credit generally upon present and future applications.

LAST CONDITION AT CLOSE OF BUSINESS ON THE _____ DAY OF _____ 192____

ASSETS:	Assessed for \$	Valued at \$	192____
Farm (No. acres _____) Location _____			
Horses (No. _____)			
Cattle (No. _____)			
Sheep (No. _____)			
Hogs (No. _____)			
Poultry (No. _____)			
Feeds and Crops on Hand			
Miscellaneous Supplies			
Equipment			
Fall Plowing and Winter Grains			
Other growing crops			
Accounts Receivable			
Cash on hand and in Banks			
Other Personal Property			
Total			\$ _____
LIABILITIES:			
Mortgage on Real Estate (Mortgages _____)			\$ _____
Notes			
Other debts			
Store Accounts			
Chattel Mortgages			
Total			\$ _____
Net Worth			\$ _____

Fire Insurance on Buildings \$ _____ Fire Insurance on Other Property \$ _____ The legal and equitable right to all the above real estate in my name solely, except as follows: _____ Automobile Insurance: Fire \$ _____ Liability \$ _____ Life Insurance _____ Who is the beneficiary _____	I am also liable: On indebted notes _____ I have pledged future income as follows: Milk Checks \$ _____ Canning Crops \$ _____ State and County Tax \$ _____ School Tax \$ _____ My age is _____ Married or single _____ Wife's name _____
---	---

I hereby certify that the figures, information and statements contained on this sheet, all of which have been read by me before signing, are true and give a correct showing of my Financial Condition on the date stated.

Signed this _____ day of _____ 192____ Name _____

USE OTHER SIDE FOR ADDITIONAL INFORMATION

Reduced facsimile of farm credit statement short form suggested by the Federal Reserve Bank of New York.



New Union Trust Building, Detroit, now under construction

SERVICE is the mother of success, and success the mother of still greater service. Although this new building symbolizes thirty-six years of faithful endeavor, we of Union Trust Company look upon it, not as a goal, but as a starting point to even finer and fuller cooperation with clients than in the past.

Union Trust Company

*First Trust Company in Detroit—
Friend of the Family*
Griswold at Congress Street
Detroit



THE CONSTANT DRAIN OF CREDIT LOSSES

BY PAUL M. ATKINS

A scientific consideration of the various factors which will enable a bank to form sound judgment as to the management and future stability of an enterprise. The author is vice-president of a well known Chicago firm of bank consultants.

THE most dangerous element in banking is the constant drain of credit losses. This is especially true when the heavy burden of recurring small losses is still further increased by the failure of some important client or the going bad of selected securities.

While heavy losses on loans are a serious drain upon the income of a bank, very low losses often indicate a timidity and over-conservativeness in making loans which usually results in the loss of much desirable new business. Somewhere between the two is the golden mean which will bring in the maximum of net profits to the bank.

For the majority of banks, the loans and discounts form the most important part of the income. Yet in many banks, especially those whose deposits are made up to a considerable extent of savings deposits, the securities which are purchased for investment produce not a little of the income. The rate of loss on securities is peculiarly significant when it is considered that the last year the general trend of bond prices has been upward.

It is essential, therefore, for a bank executive to establish sound credit policies, not only in regard to loans made to clients but also in respect to securities purchased for investment. The essential principles involved are the same in both cases, securities being simply a step further removed from the immediate knowledge of the banker than are his loans.

WHAT ANALYSIS INDICATES

An analysis of many cases of commercial and industrial charge-offs taken from the experiences of a large number of banks indicates:

1. That the credit risk, as reflected by balance sheets, income statements and valuation reports was apparently sound at the time the line was granted.

2. That these statements were, in most instances, correct from the standpoint of certified public accounting procedure.

3. That outside of these accounting statements, there was nothing in the credit files beyond the usual bank and trade reports.

4. That there was relatively no information of value from which the future stability of the borrower could be judged.

5. That in the majority of cases, the position of the borrower had not been followed up after the loan was made.

In order to evaluate the credit risk of a concern seeking a loan or whose securities are being considered as a possible purchase, it is necessary to measure three principal factors:

1. The financial position of the company.

2. The managerial ability of its executives.

3. The moral character of those who determine its policies.

The financial position of a concern may be determined with a sufficient degree of accuracy for credit purposes by studying:

The **FIRST**
NATIONAL BANK *of*
BOSTON

1784 :: :: 1927

THE First National Bank of Boston has built up its understanding of New England conditions, and its knowledge of New England's business houses, over a period of 143 years. This knowledge is at the disposal of our banking friends throughout the country.

Capital and Surplus \$40,000,000

Foreign Branches

BUENOS AIRES, ARGENTINA

HAVANA, CUBA

European Representatives

LONDON, PARIS, BERLIN

1. The actual figures shown on the balance sheet and statement of profit and loss.

2. Comparisons of these figures for successive periods.

3. The analysis of ratios between certain pairs of items taken from the balance sheet.

4. Comparisons of these ratios for successive periods.

5. Comparisons of these ratios with composite ratios for an industry.

Such statistics, properly tabulated, analyzed and charted, form a fairly satisfactory means of evaluating the financial position of a business. All this is predicated, of course, on the assumption that the figures contained in the balance sheet and statement of profit and loss have not been affected by any manipulation or "window-dressing."

Of all the factors to be considered, the moral character of those who determine company policies is the most difficult to appraise. It is the character of the executives which establishes the moral integrity and stability of the company. Without the highest moral rating, any business is a poor credit risk. While difficult to evaluate, some measurement of the character of a concern may be obtained from a study of the ethics of its business practices, of its relations with its customers and creditors, of the reputation which it gradually establishes in the business world. Not a little light is shed also on this factor by a measurement of the managerial ability of the executives.

It has been said of individuals that their character is what they are in the dark. The simile is apt, for only those of unusual vision are able to see in the dark, and only men of unique ability can rapidly evaluate character. Little by little, however a man builds up a reputation and it is this reputation which must be used in forming an opinion of his character. Bit by bit, data in regard to a company's reputation may be gathered together from agency reports, cus-

tomers, other banks, a survey of its business, and on this basis—unsatisfactory though it may be—a bank must act.

EFFECTIVENESS OF MANAGEMENT

The vitally important factor in the determination of a credit risk is the effectiveness of the management as reflected by a measurement of managerial ability and stability. It is more difficult of measurement than capital because it involves the consideration of a much more intangible factor, but it is not as imponderable an element as it is frequently supposed to be. Since the bulk of business failures are the result of poor management, similarly a large proportion of the charge-offs are the result of a lack of, or of improper analysis of the management factor in the evaluation of a credit risk. It is in the evaluation of this factor that considerable progress must, as yet, be made in banking circles if the drain of credit losses is to be kept at an economic minimum.

The most satisfactory manner of evaluating this managerial ability or capacity factor is by means of an industrial or commercial survey, a survey which goes behind the balance sheet and income statements and determines the degree to which the fundamentals of sound management have been made effective. The science of industrial engineering and the practical application of economics to business problems have now reached a state of development where, through their intelligence, many of the factors which were formerly considered intangible and impossible of measurement can now be subjected to scientific analysis and actual measurement. Such a survey should include an analysis of:

1. Organization and personnel.
2. Managerial ability and stability.
3. Financial policies and methods.
4. Marketing policies and methods.
5. Manufacturing policies and methods.
6. Methods of control.

1. ORGANIZATION AND PERSONNEL

The basis for all successful business lies in its organization and personnel. The analysis of this factor should include:

- A. The internal organization structure.
- B. The definition of duties, authorities, and responsibilities.
- C. The flexibility of the structure and the possibility of its expansion.
- D. A classification of positions and of the personnel occupying them.
- E. Policies of remuneration, promotion, etc.

2. MANAGERIAL ABILITY AND STABILITY

The second factor to be evaluated is the managerial ability and stability. The analysis of this factor should include:

- A. The ability of the executives as reflected by past results, by the handling of unusual problems and by their degree of vision in forecasting the future.
- B. The degree of team work which has been developed by the executives among themselves and with their employees.
- C. The rapidity of labor turnover and the seasoning of employees.
- D. The stability and flexibility of executive policies.
- E. The degree of financial interest in the concern on the part of officers, managers and employees.

The financial policies and methods of a concern deserve careful consideration from the credit standpoint.

3. FINANCIAL POLICIES AND METHODS

The analysis of the financial policies and methods of a concern involves a study of:

- A. The source and nature of the capital employed.
- B. The uses made of the capital and its distribution among the assets.

C. The supply and position of the working capital.

D. The potential productivity of capital and assets.

E. The management of working capital.

F. The management of collections.

A strong business in other respects may be thrown into bankruptcy by unsound marketing policies and methods.

4. MARKETING POLICIES AND METHODS

The survey of this factor includes:

- A. The adaptability of the product to the market.
- B. Policies and methods of distribution.
- C. Present market development.
- D. Advertising policies and methods.
- E. Selling methods.
- F. Potential markets.
- G. The nature of competition.

If marketing is one major function of a manufacturing business, the actual production of the goods is another.

5. MANUFACTURING POLICIES AND METHODS

A survey of this factor includes:

- A. The adequacy, adaptability and integration of plant and equipment.
- B. The methods of production—their progressiveness and efficiency.
- C. Wastes of production.
- D. Balance of inventories.
- E. Purchasing policies.
- F. Manufacturing standards.

It is essential that a constant and effective control be maintained over all the activities of a business if it is to be profitable.

6. METHODS OF CONTROL

Methods of control may be separated into two main divisions: (A) means of recording policies and plans, and of issuing orders and instructions, and (B)

How well do your *depositors' supplies*



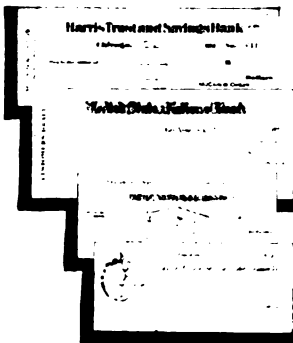
represent the character
of your banking service?

Look at your checks and check books. See if they reflect the prestige of your bank. How do they compare with the beautifully tinted Super-Safety Checks and the handsome Antique Moorish Covers that thousands of banks are using?

Super-Safety Checks please depositors with their well-made, attractive appearance. And they further the favorable impression by carrying a "service of protection" beyond the walls of the bank to the customer's personal transactions. A glaring white spot appears on the intricately tinted surface the instant knife, ink-eradicator or eraser is used to tamper with a written word or figure. To prevent counterfeiting every sheet is guarded as the Government guards bank-note paper.

Antique Moorish Savings and Commercial Pass Books, Pocket Check Covers and Ring-bound Customer Check Covers, a standardized line of beautiful, durable supplies, are well qualified to represent your bank and the high character of its service. With your bank or business seal embossed on the covers they are a dignified sales asset that carries a most effective advertising value and brings new customers into the bank.

You will be interested in learning what Super-Safety Checks and Antique Moorish Binders have done toward increasing the number of depositors in other banks. We are glad to tell you. Just mail the coupon. Bankers' Supply Division, The Todd Company, Rochester, Chicago, New York, St. Paul, Denver, Dallas.



10-27
Bankers' Supply Division, THE TODD COMPANY
State and 60th Sts., Chicago, Ill.; 33 Thirty-fourth St., Brooklyn, N. Y.; 1200 Lawrence St., Denver, Col.; 2021 Jackson St., Dallas, Texas.
(Address nearest office)
Please send me full information about Super-Safety Checks and Antique Moorish Covers.

Name of Bank _____
Name of Officer _____
Town _____ State _____

FIRST ANNIVERSARY



ONE YEAR of Growth and Achievement ... and a word of Appreciation

This month the Interstate rounds out its first year in business. Its record proves it to be the fastest growing institution in the history of banking.

	October 14, 1926	September 17, 1927
<i>Resources</i>	\$6,596,442	\$34,080,146.29

We also wish to add a word of appreciation to our customers whose confidence and co-operation have made this growth possible. Although far larger and stronger today, with three offices, the Interstate is still a bank of personal contact where the highest traditions of service are strictly maintained.

INTERSTATE TRUST COMPANY

George S. Silzer, President

59 LIBERTY STREET NEW YORK

Member Federal Reserve System

Capital and Surplus \$5,250,000

Franklin Office
Hudson at Franklin Street

Bloomington Office
Lexington Avenue at 60th Street

means of recording the results attained and of measuring the effectiveness of the work done.

A. Means of recording policies and plans and of issuing orders and instructions:

(1) A master schedule or budget controlling:

- a. Sales schedule.
- b. Production schedule.
- c. Financial schedule.
- d. Purchasing schedule.
- e. Revenue schedule.
- f. Expense schedule.

(2) Production control system.

(3) Sales control system.

(4) Controls for other functions as needed.

B. Means of measuring results:

(1) Production reports.

(2) Sales reports.

(3) General accounting reports.

(4) Cost reports.

(5) Other reports and records.

A scientific consideration of these various factors will permit a bank to form a reasonably sound judgment in regard to the effectiveness with which the affairs of the company are being managed and of the future stability of the enterprise. Moreover a study of these factors sheds not a little light on the financial position and character of the business and when linked with the usual of these two elements gives a comprehensive survey on which sound conclusions may be reached in regard to the credit position to the enterprise.

The benefits of sound credit policies and administration are many and great:

1. The drain of excessive losses is stopped.

2. The risk of large individual losses is reduced.

3. Desirable new clients are not refused and their business lost because of fear of unknown risks.

4. Loan officers are helped to function because they are relieved of unnecessary labor and unwarranted fears.

5 The position of the bank in the financial community is strengthened because of its consistent credit policy.

In short, a sound credit policy consists of adequate information as a basis for granting credit and of wise and careful use of that information. Such a policy effectively insures the success of a bank because it solves the most fundamental problem of banking.

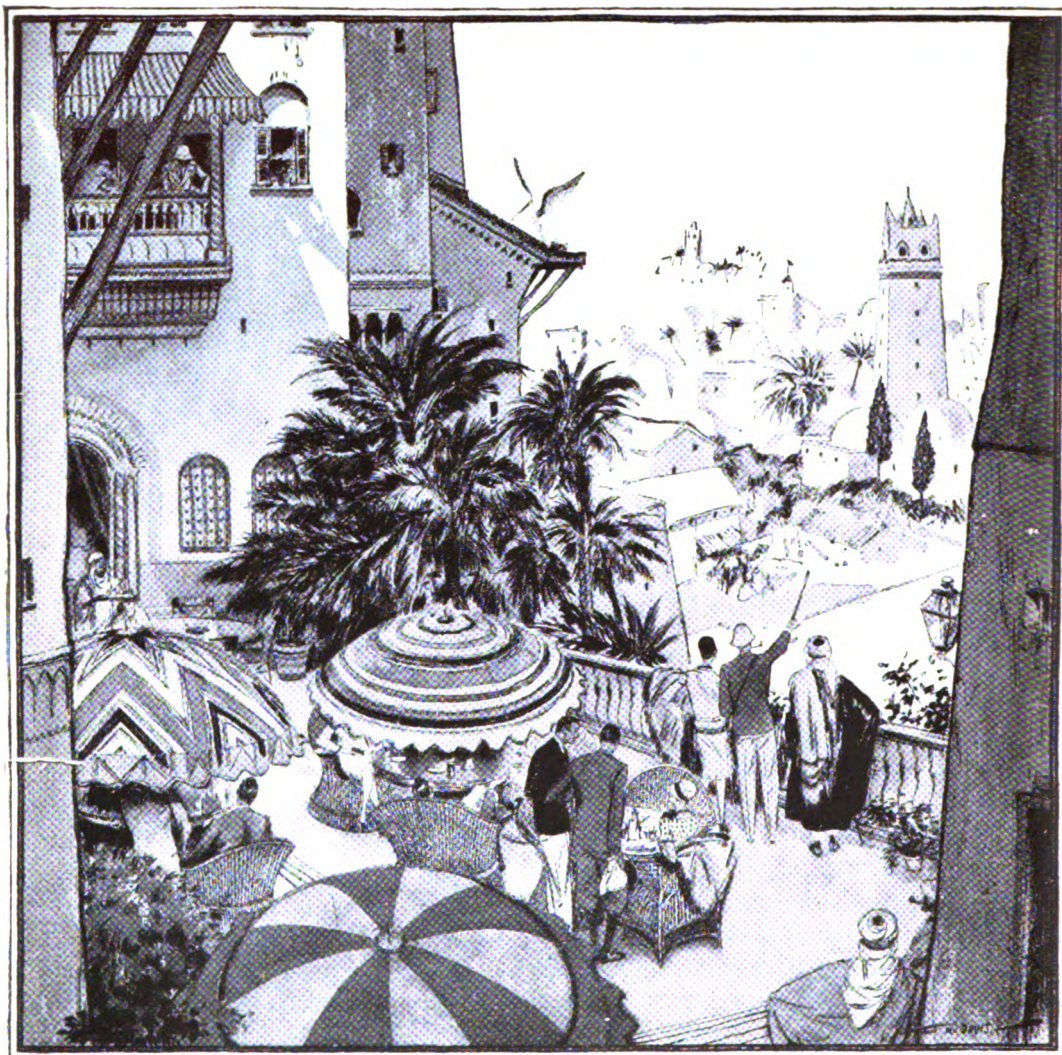
ALABAMA BANK HAS ENLARGED BUILDING

THE First National Bank of Montgomery, Ala., has recently completed a new addition to its building, thus making room for the present increased business and looking toward the future.

The main floor of the bank building is now L-shaped and is entirely occupied by the banking and trust departments. A lobby of generous size is flanked on one side by the officers' space and on the other by the commercial banking tellers' cages. To the left is the women's department and several offices. Statement tellers are at the far end of the room, as are the savings and trust departments. An elevator and stairway lead to the basement, where the safe deposit department is situated.

Cageless counters are a feature of the main banking room and a "vault with ears" of the safe deposit department. The vault is so constructed that, when closed, the slightest noise in or upon the vault causes an instant alarm on a loud gong.

A. M. Baldwin is president of the bank, total resources of which are \$12,085,428.



North Africa of Sunshine and Splendour

Minarets flinging their thin spires in the blue...glittering mosques and mosaiced palaces. Golden splendours...haunting beauty. Bizarre...fantastic. Crooked narrow streets...where strange perfumes linger...every doorway breathing mystery. Flaunting, shrilling souks piled high with exotic gaud and treasure. Oases carved in jade...shimmering dreamlike in the desert gold. Caravans and dancing girls...sinuous Arabs and the savage blue-veiled silent ones...tempestuous...primitive...glorious North Africa!

From one enchantment to another...luxurious motor cars speed you over flowing macadam roads or the thin winding trails of

the desert. The forty-one famous Transatlantique hotels welcome you with their Parisian cuisine and service their brilliant Continental gaiety. ∞ De luxe itinerary...57 gorgeously coloured days...all expenses...Mediterranean crossing...hotels...private automobile...\$1750. ∞ Shorter trips...such as 10-day itinerary...\$200.

Romance.. glamour... a mere step from the prosaic...over "the longest gangplank in the world." Calling at Plymouth, England...then Le Havre de Paris. The gangplank leads to the waiting boat train...three hours...Paris. Overnight...the Riviera. A day across the Mediterranean, North Africa.

French Line

Information from any French Line Agent or Tourist Office, or write direct to 19 State Street, New York City



SWEDEN'S FINANCIAL AND ECONOMIC STRUCTURE

BY O. RYDBECK

An authoritative survey of Swedish finance and industry by one of Sweden's leading bankers. The author is joint general manager of the Skandinaviska Kreditaktiebolaget, Stockholm, Sweden.

LIKE most other countries, Sweden had her economic status violently dislocated by the war, and its aftermath. It may indeed be asked whether the crisis in Sweden was not more violent than in any other non-belligerent country. In June, 1920, the wholesale price index had risen as high as 366 compared with 100 for the pre-war year, July 1, 1913, to June 30, 1914. The fall of prices began in September of that year, and after the lapse of one year the index number had already fallen to 182. The effects of such violent changes in the purchasing power of money within a brief space of time were bound to put the stability of the economic structure of a country to an extremely severe strain. The fact that Sweden was able to withstand that strain without any catastrophe and can now once more pride herself on sound economic conditions may be explained in part by certain features peculiar to the Swedish banking system.

RIKSBANK—OLDEST EXISTING BANK IN WORLD

For nearly a quarter of a century the custody of the Swedish currency has lain entirely in the hands of the Riksbank, the national bank of Sweden. Many people may be surprised to learn that the Riksbank is the oldest existing bank in the world, being established in 1668. This bank can look back on a rather remarkable development, but also on many vicissitudes of fortune. It issued the first

bank notes in the world, and was the first public bank to engage in all-round banking business, based on the receipts of deposits at interest.

But the most characteristic feature of the Riksbank is its relation to the Riksdag, the Parliament of Sweden. It always has been, and still is, "the Riksdag's own bank," its administration being subject to the overruling authority of the Riksdag, and its liabilities being placed under the guarantee of that parliament. Since 1897 the government has indeed the right to appoint the chairman of the court of directors. But the other six directors are elected by the Riksdag itself—and nowadays there is an increasing tendency to select them on party lines. The three managing directors of the bank are chosen from among the directors appointed by the Riksdag.

From time to time schemes have been broached with intent to give the Riksbank a position more independent of the Riksdag and the changes in political parties. All attempts in this direction have hitherto, however, been doomed to failure. However difficult the members of the Riksdag may find it to agree on other matters, they display a touching concord of opinion when it comes to guarding the powers of parliament over the national bank. It is as though every member of the Riksdag, whether veteran or novice in the political arena, regarded the bank in some measure as his own personal property.

PATERNALISM TOWARD RIKSBANK
DURING WAR

On more than one occasion the Riksdag, under the bias of this attitude, has come to regard the central bank as menaced by the competition of the other banks and as needing its protection against the competitors. During the war and after, this primitive way of thinking proved fatal. In order to regulate the supply of necessities for the nation, the state in those years was constrained to intervene in many branches of business which are normally left to private enterprise, for example, to engage in wholesale trade in cereals, to supply fuel, and so forth. Considerable credit was granted to the state commissions which were entrusted with these large and highly important affairs. When these commissions at first applied to the commercial banks with requests for loans, for example, for financing the importation of cereals and fuel under the auspices of the state in place of those private firms which normally received bank credits for those purposes, the politicians were roused to the most vehement opposition. They took the view that the private banks would thus obtain, in the shape of interest, profits which should rightly fall to "the Riksdag's own bank." The upshot of the matter was that the state commissions were enjoined to confine themselves to the Riksbank, which supplied them with brand-new notes in continuously increasing numbers. When, in consequence, the fiduciary issue could not be kept within the limits prescribed by law, the Riksdag was at once ready to grant the necessary dispensation.

The manner in which the Riksdag thus exercised its control over the central bank soon manifested its consequences. The capital normally invested in branches of business now temporarily taken over by the state, being deprived of its usual outlet, found its way to other fields. It thus entered into the general competition for the scanty stocks of goods, with the

consequence that prices soared. This continued until at length it became patent even to the Riksdag that a blunder had been made, and the national debt office was authorized to conclude a credit agreement with the commercial banks, so that the sums advanced by the state could be returned to the treasury.

But following this the evils attendant on this paternal control over the central bank manifested themselves in another quarter. Frightened by the depreciation of the Swedish krona, which was largely due to the excess issue of notes, the Riksdag now rushed to the opposite extreme and directed the Riksbank to restore the currency as soon as possible to its par value. The warning voices which were raised against deliberately setting up a program of rapid deflation were disregarded. At the beginning of 1922 the Swedish krona had almost recovered its par value, and in August of that year was definitely restored.

THE RETURN TO THE GOLD STANDARD

But the return to a gold standard on the basis of the pre-war par did not take place until April 1, 1924. The dispensation granted to the Riksbank from the obligation to convert its notes, on demand, into gold had been prolonged from one period to another. As late as February 28, 1924, the directors of the Riksbank applied for a further extension of the dispensation, on the ground that, before definitely reverting to a gold standard, Sweden must await the co-operation of other countries, Great Britain in particular. The Riksdag, however, resolved that the convertibility of notes should be resumed on April 1 of that year, and that the export prohibition on gold should be withdrawn on the same date. Under pressure of powerful political influences, the directors of the Riksbank at the end of March submitted a new communication to the Riksdag in which—in conflict with a note dated a few weeks earlier—they recommended

The
Franklin
Fourth Street
National Bank

PHILADELPHIA

**offers superior service to banks, bankers,
trust companies, corporations
and individuals.**

**Capital, Surplus and Profits
\$25,000,000**

Chairman of the Board
J. R. McALLISTER

President
E. F. SHANBACKER

The Chase National Bank

of the City of New York

Fiftieth Anniversary

September 20, 1927

1877

First Published Statement
(December 27, 1877)

Most Recent Report to the Comptroller of the Currency
(June 30, 1927)

RESOURCES

Cash and Due from Banks	\$243,470.07
Loans and Discounts	652,898.26
U. S. Govt. Securities	134,382.22
Furniture and Fixtures	1,780.43
Redemption Fund—U. S. Treas.	5,625.00
Other Assets	3,853.27
	<u>\$1,042,009.25</u>

LIABILITIES

Capital	\$300,000.00
Undivided Profits	8,072.51
Deposits	621,436.74
Circulating Notes	112,500.00
	<u>\$1,042,009.25</u>

RESOURCES

Cash and Due from Banks	\$365,188,037.70
Loans and Discounts	529,695,935.28
U. S. Govt. Securities	91,377,254.08
Other Securities	25,243,369.21
Bank Buildings	6,520,268.47
Redemption Fund—U. S. Treas.	124,875.00
Customers' Acceptance Liability—\$34,782,215.44 In Portfolio	23,629,258.91
Other Assets	784,994.37
	<u>\$1,042,513,993.02</u>

LIABILITIES

Capital	\$40,000,000.00
Surplus	25,000,000.00
Undivided Profits	14,697,146.16
Reserved for Taxes, Interest, etc.	5,465,200.92
Dividend Payable July 1st, 1927	1,400,000.00
Deposits	919,608,525.23
Circulating Notes	2,444,700.00
Acceptances	\$35,908,267.50
In Portfolio	11,152,956.53
Acceptances Sold with Endorsement	24,755,310.97
Other Liabilities	8,363,023.11
	780,086.63
	<u>\$1,042,513,993.02</u>

Total Resources, 1877, ONE MILLION and FORTY-TWO THOUSAND Dollars

Total Resources, 1927, ONE BILLION and FORTY-TWO MILLION Dollars

immediate reversion to a gold standard, but subject to an import prohibition on gold except on that imported on behalf of the Riksdag. The motive assigned for this prohibition was the risk of an excess influx of gold. Although the government was empowered, upon the recommendation of the directors of the Riksbank, to withdraw the import prohibition on gold, it exists to the present day. This prohibition, though it has not entailed any demonstrably injurious effects, probably tends, by its mere existence, to keep the Swedish krona permanently quoted somewhat above par. And presumably the transaction of business in Swedish currency is handicapped by the fact that the foreign buyer has no guarantee that he will be able in any circumstances to pay his debt in gold, in case Swedish kronor cannot be procured at a suitable price.

The consequences of the crisis of deflation were destined to fall most heavily on the Swedish commercial banks. In Sweden there are two kinds of commercial banks, viz. private banks proper (in Swedish "enskilda banker") and joint-stock banks. Before the Bank of Sweden nearly twenty-five years ago obtained the exclusive right to issue notes, bank notes were issued also by the "private" banks, which differed from the joint-stock banks in that the shareholders were jointly liable as to their entire property for all the engagements of the bank. At a time when capital had been accumulated in Sweden only on a small scale, and capital for the foundation of a bank could not be collected in an amount sufficient in itself to gain ready acceptance of the notes issued by the banks and to win the confidence of depositors, this joint liability of the shareholders proved to be an effective aid in inspiring confidence in the Swedish banking system both within and outside the borders of the country. This general confidence enabled the "private" banks, in spite of their comparatively small capital, to aid greatly in promoting the development of

trade and industry. But the importance of joint liability diminished according as capital was accumulated in the country and banks were founded with a capital sufficiently large to gain the confidence of the public without necessitating the joint liability of the shareholders for all the engagements of the bank. The first joint-stock bank in Sweden was established as early as 1864, the Skandinaviska Kreditaktiebolaget. But even after this time a few "private" banks were founded, the last in 1893, when these banks were still entitled to issue notes. But after the date when the right to issue notes was reserved for the Riksbank exclusively, the number of "private" banks diminished. At the present time there are nine "private" banks in Sweden, the largest and best known of which is Stockholms Enskilda Bank. The number of Swedish joint-stock banks is twenty-one.

TREND TOWARD AMALGAMATION

The general tendency toward amalgamation has naturally been manifested also in Sweden and in few countries is it better justified. In the first place, it is invited by the varied geographical character of the country. For example, during the summer the farmers in the southern provinces borrow money from the banks in expectation of the proceeds of the coming harvest, while at the same time, when navigation is proceeding, the timber and other industries in the high north of Sweden are paying back the loans which they have received during the winter months. In the second place, it is essential that a country where industry is tending to be concentrated in increasingly larger units should possess banks with sufficient capital. In January, 1908, the number of Swedish commercial banks reached its maximum, eighty-four, with funds of their own to the aggregate amount of some 560,000,000 kronor. At the present day, as above indicated, there exist only thirty



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banks with an aggregate capital of approximately 817,000,000 kronor.

The Swedish banking system, in the course of its development, has been exempt from any really serious disturbances. No bank crashes worth mentioning, entailing losses for depositors, have ever occurred in Sweden. A couple of small local banks, where the losses amounted merely to a few per cent., are the insignificant exceptions to the fact, of which the Swedish people are justly proud, that since the origin of the modern system of banking 100 years ago, nobody has lost a penny on deposits made with a Swedish bank. The same cannot be said with regard to those who invested capital in the banks. Even before the war there were some cases where banks had to be reconstructed by the supply of fresh capital and by the more or less drastic reduction of the original capital. But it was not till the crisis of deflation after the war that the Swedish banking system was confronted with really serious difficulties in this regard. Since that crisis set in, no less than seven banks have been obliged to reduce their share capital in order to meet losses. In all these cases, however—except one, where the bank in question was absorbed in another bank—immediate steps were taken to enable the banks, after the necessary writing-off and the supply of fresh capital, to continue their business on a sound financial basis.

That the Swedish banks thus emerged from the crisis of deflation comparatively unscathed was possible only because of the keen sense of joint responsibility for the reputation of the Swedish banking system that is characteristic of the Swedish banks. A sharp competition, which is manifested for example in the large number of branch bank offices (about 1000), has not blinded them to the importance of keeping shoulder to shoulder in evil days. But for this solidarity of the banks Sweden, even today, would have been far worse off in many ways.

It proved necessary, however, to enlist the co-operation of the state to some extent in the work of reconstruction. The state placed a credit of approximately one hundred million kronor at the disposal of a company founded by the banks in co-operation with the state authorities, with the object of coming to the relief of banks and savings banks which had fallen into difficulties. It is not yet possible to say what part of this sum will ultimately prove to be a definite loss for the treasury. There is good reason to hope that it will be less than half the stated amount—verily a small tribute from the state to the banks for all the losses which its monetary and fiscal policy has inflicted upon them.

It would, however, be a mistake to suppose that the public spirit shown by the Swedish banks and their willingness to make sacrifices in the interest of the public weal has brought them into favor in official quarters, or has made them particularly popular with the general public. That the contrary is true need scarcely be pointed out in an address which is intended to emphasize the features *peculiar* to the Swedish financial system, for the unpopularity of the banks appears to be, in a greater or less degree, characteristic of most countries nowadays. This, however—at any rate so far as Sweden is concerned—is easily explained. All those who have lost money on their holdings of shares in reconstructed banks are apt to vent their dissatisfaction on banks in general, not realizing that the real cause of their reverses lies in the violent fluctuations in the purchasing value of money. And the state, which is ultimately responsible for this, but scatters its responsibility over several hundred members of the Riksdag, so that it becomes impossible to find any particular individual on whom responsibility can be thrown, goes gaily ahead and fancies that it can remedy such evils, like everything else, by making new laws and issuing further regulations for restriction and control.

BANK SUPERVISION

In this connection it should be mentioned that for nearly sixty years the Swedish banks have been subject to the supervision of a board of bank inspectors, which has access at any time to their minutes, accounts, and correspondence, and to which they must submit a detailed monthly return, which is afterward published. The inspectors are, of course, under obligation to observe strict discretion in regard to information obtained in examining the books and papers of a bank. The board, however, is entitled to report to the Riksbank such particulars as they may consider expedient.

The Swedish commercial banks are moreover controlled by a legislation which in some respects is rather restrictive and is subject to revision from time to time, as at the present moment. Before a bank can begin operations, it must be approved by the government as "useful for the service of the public," and its statutes must be sanctioned by the government. In that case a charter is granted, but not for more than ten years at a time. Hitherto it has never happened that an application for the renewal of a bank charter has been rejected.

In virtue of its power to approve or disapprove the statutes of a bank, the government, in consultation with the board of bank inspectors, is in a position to introduce restrictions not contemplated in the law. For example, all the now existing banks have been compelled to insert in their statutes a clause prohibiting the granting of unsecured loans on single-name paper. This is a regulation the wisdom of which is very dubious; it has tended to give undue encouragement to loans on personal security, and moreover is liable to divert the critical attention of the banks from the person to whom they are lending money, as well as from the purpose for which the money is borrowed, and to induce them to concentrate, instead, on assuring themselves as to the financial stability of the guaran-

tors. Skandinaviska Kreditaktiebolaget during the first forty years of its existence had no such restriction in its statutes; during that entire period it did not lose a krona on unsecured credits.

As previously indicated, the development of the Swedish banks into larger units has been necessitated by, and has proceeded with, industrial development and the rise of big undertakings. The Swedish banks, since several years ago, have had a limited right to acquire shares; they have, however, availed themselves but little of this right except when, as was frequently the case during the years of deflation, they were obliged to take over shares deposited as collateral securities. The usual forms in which they finance industries are: (1) loans, or credits on current account, against first-class collateral; or, (2) the issuing of bond loans for sale to the public. This latter branch of business has existed for many years and in the course of time has assumed considerable dimensions. At present the industrial bonds and railway debentures issued through the banks and still outstanding aggregate approximately 1,300,000,000 kronor. They are in great request as investments for savings banks, insurance companies, societies, etc., and in recent years there has been a large demand for them also on the part of the investing public. Before the war the latter had as a rule invested their money in shares, or had deposited it in the banks, but they now appear to be taking an increasing interest in securities on a fixed basis of interest. That industrial bonds have become so popular as investments is doubtless to be attributed largely to the healthy conservatism which the banks have hitherto displayed in judging the value of the securities given for the loans. To the writer's knowledge, it has never yet happened that a bond issued through a Swedish bank has not been honored. In those rare cases where the borrower has been unable to meet his obligations, the banks through

which the bonds were issued have themselves honored them.

LOANS TO STATE AND MUNICIPALITIES

Also the loans of the state and the municipalities have as a rule been negotiated through the banks, which have taken over and placed the bonds. In recent years there has been a tendency, especially on the part of municipalities, to borrow direct from large insurance companies and savings banks, but especially from the administrators of the immense state funds for the old age insurance and workers' compensation insurance. These funds, which already amount to several hundred million kronor, are now growing annually by more than one hundred million kronor, and it is estimated that, when they reach their maximum, they will have swollen to 3,000,000,000 kronor, or, in the opinion of some to 5,000,000,000. At the present time there is considerable discussion as to whether or not it is expedient to accumulate such a considerable part of the capital of the nation under an administration which is only too liable to be swayed by political influences, and indeed whether it is desirable at all that the state should lay its somewhat paralyzing hand on such immense capital, which, if placed directly in the service of industry and commerce, would be more conducive to the promotion of the prosperity of the nation.

That the banks have played, and are still playing, such a great part in the economic life of Sweden, is due to certain peculiarities in the Swedish money market and stock exchange. In Sweden there is no open money market, established through the medium of private bankers, no discount market, and consequently no private discount rate. Presumably the shortage of capital has been the chief reason why in modern times no private banking firms of any importance have been founded in Sweden. Nowadays the right to receive deposits

at interest on ordinary bank accounts is reserved exclusively for the banks (banking companies). Since 1920 the Riksbank also has been authorized to receive deposits at interest, but has not yet availed itself of this right. The rates of interest for the various kinds of bank accounts are fixed by the banks on uniform lines, in a certain ratio to the official bank rate, with which the discount rate of the commercial banks has hitherto invariably coincided.

There is no market for loans at call or short notice, except that the banks have the practice of lending each other surplus cash at a day's notice, usually at a rate corresponding to the official bank rate. This rate since April 22, 1927, has been 4 per cent. The method normally adopted by the banks for equalizing fluctuations in their requirements of money is rediscounting at the Riksbank. The non-existence of a private discount rate is presumably due to the fact that bank acceptances have never been in vogue in Sweden, and that consequently the principal material required for a discount market is missing. The banks are not actually prohibited from granting acceptances, but the rare cases in which this is done are practically confined to acceptances in connection with commercial letters of credit in favor of customers abroad.

It must thus be admitted that the Swedish money market is to some extent lacking in flexibility. This is further accentuated by the binding agreements in regard to the fixing of the rates of interest on deposits which the majority of the banks settled between themselves several years before the war, and have since found it necessary to maintain, to prevent unhealthy competition. The stock exchange system is similarly of a somewhat primitive character. The Stockholm stock exchange—the only one in Sweden—has existed for only about thirty years. In recent years it has been organized with modern methods of carrying on the business, but the amount of business



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transacted is still on a comparatively small scale. In 1926 it amounted as regards shares approximately to 201,000,000 kronor. All transactions are made in cash, that is, for payment two days after the conclusion of business. The repeated petitions submitted by the directors of the stock exchange for authorization to introduce the system of time bargains have been religiously rejected by different governments. The members of the stock exchange are banks and stock-brokers.

SWEDEN'S DEVELOPMENT HAD LATE BEGINNING

It is in some measure owing to the tardiness of the Swedish money market and the Swedish stock exchange system in adjusting itself to forms of procedure long established in other countries, that the industrial and commercial development of Sweden did not begin till rather late, thirty or forty years ago. But we must also take into account a certain tendency, which appears to be inherent in the Swedish character, toward isolation from foreign countries. This tendency has found manifold expression in economic legislation of a rather odd character, which, now that Swedish trade and industry are becoming increasingly dependent on the world market, acts as a serious obstacle to the adjustment of the money market to the new conditions. For many years past the right of a foreigner to carry on business or to possess real estate in Sweden has been in each individual case dependent on the approval of the government; likewise the right to be a director of a Swedish company. Nor have foreigners been entitled to hold shares in a Swedish banking company. And, when in 1903 the biggest iron ore exporters in Sweden, Trafikaktiebolaget Grangesberg-Oxelösund (commonly known as the Grangesberg Company) secured the majority of shares in the large mining-fields at Kiruna and Gällivare in Lapland, the state authorities made as a

condition for the sanction of the new articles of association that they should contain a prohibition against a foreigner owning shares in the company except those which at that date were already in foreign hands. In 1916 this first step was further extended. A law was issued in accordance with which shares in companies in general which possess real estate, forests, mines, waterfalls, or other natural resources, in Sweden, may be acquired by foreigners only subject to the proviso that the number of votes falling to the shares thus transferred to foreign hands shall always be less than a fifth of the total number of votes represented by all the shares in the company. This law was issued during the war and must no doubt be regarded as an expression of the policy of "taking care of number one," which was the natural outcome of the unrest of that time. Unfortunately these regulations are still maintained and now act as a severe handicap on Sweden's relations with foreign countries. This is all the more serious as Sweden herself needs to reckon with the possibility of procuring foreign capital for her growing export industries and to count on the good will of foreign governments when Swedes, in order to preserve their interests abroad, desire to acquire industrial plants, mines, or real estate in foreign countries.

So far as the money market is concerned, there are various indications that this aloofness from all things foreign is about to give way. Just as Swedish legislation discourages the investment of foreign capital in Sweden, so, until recently, did the Swedish public fight shy of foreign investments. But for the last few years there has been a marked change in this regard. It is still a rare thing for Swedes to buy shares quoted on a foreign stock exchange, but they have acquired an interest in foreign bonds, which has enabled the banks to create a fairly large market for such securities. The banks were at first obliged to proceed very slowly and cautiously. The first issues

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had to be made under the cover of bonds in Swedish kronor, issued by a Swedish company formed for the purpose by the four principal banks. It was in this way that the Dawes loan, for example, was introduced in Sweden. But when it was found that the Swedish public was beginning to grow accustomed to the idea of investing money in foreign bonds, parts of foreign loans were directly placed, first the dollar loans raised in the United States, and afterward all kinds of foreign bond loans—German, French, Belgian, even South American—and all successfully. It was, of course, necessary to be critical in the selection of bonds, and only those on a considerably higher basis of interest than that of Swedish bonds were taken into consideration.

The expansion of the Swedish Match Company and the introduction of its shares on a large number of foreign exchanges has apparently shown many how important it is that Sweden should not deprive herself of the possibility of securing foreign capital, when required for the development of her undertakings.

BORROWINGS IN FOREIGN MARKETS

Before the war the Swedish State, some of the larger towns, the mortgage banks, large private railway companies, and also a few large industrial companies were rather regular borrowers in foreign money markets. In this respect there has been a great change. With the exception of a couple of bond loans, amounting together to \$55,000,000, raised by the Swedish State for the purpose of pegging the currency, no Swedish loans have been raised abroad since the war. And the bulk of those Swedish bonds which were formerly in foreign hands—as also of the dollar bonds just mentioned—have been repurchased by Sweden. Thus only a small fraction of the present national debt of Sweden—which all in all amounts to some 1,700,000,000 kronor—is now in foreign hands. Even including all other borrowers the total bond debt of Sweden to foreign countries scarcely amounts to more than a few hundred million kronor.

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flation were for trade and industry in Sweden a time of trial and reconstruction. In the case of many persons they entailed the loss of fortunes which had been regarded as absolutely safe. The capital indeed was not lost, but it passed into new hands, persons who were by no means familiar with the industries and undertakings promoted by the former owners of the capital. Although the leading industrial undertakings and the banks now regard the crisis as, broadly speaking, past and can look back on five years of rather steady development for the better, the stock exchange, as far as shares are concerned, still shows too little animation, and the prices of most, even first-class, securities are still maintained at a modest level. This in itself is only a proof of caution and sober judgment on the part of the investing public, and may be regarded as a kind of guarantee that the reconstruction which is in progress will be raised on a solid basis. The same conviction is borne in upon one by

the fact that nowadays the practice of borrowing money on shares quoted on the stock exchange is much less widespread than it was before the war. On the other hand, the present situation on the stock exchange makes it practically impossible to issue new shares and thus to procure capital for the development of established undertakings and the creation of new ones. In fact during the last few years there have been scarcely any examples of newly created Swedish plants. A few new cellulose mills, a couple of newly discovered mines—that is practically all. On the other hand, the directors of already existing industries have devoted their most strenuous efforts to continuous improvements and modernization, and these efforts have already yielded remarkable results. The same may be said with regard to agriculture, which during the after-the-war period was to a great extent equipped with electrical installations and machinery driven by motor power. The whole country is

now covered with a network of electric power lines, and railways also have been electrified on a considerable scale.

MODERNIZATION ESSENTIAL TO PROGRESS

This process of mechanization and modernization is absolutely essential in order that Swedish industry be able to maintain its position in the future in international competition. It must attain a steadily increasing capacity per worker, if the high standard of life reached by the Swedish workers at the time when the currency was fluctuating, a standard which they naturally refuse to give up except under compulsion, is to be maintained, and if nevertheless there is to be an adequate return on capital. In this respect the situation is undoubtedly still precarious, for far too small a proportion of the value of production falls to the employer in compensation for work, risks and as interest on the invested capital. Should this situation continue for many years, capital may find its way into other fields where it is better appreciated, and the consequence for the industry thus hit will be stagnation and retrogression, and for the workers a lower standard of life. Fortunately it may be inferred from results of investigations that the process of modernization within Swedish industry has borne much fruit. This is shown by the profits of industrial companies which, though still comparatively modest, have been improving from year to year. It seems therefore that we are justified

in entertaining some optimism in regard to the maintenance and further development of Swedish industry.

During the trying years just passed many a loud complaint has naturally been made, and the state authorities have been pestered with petitions for support, in one form or another, to industries fallen into temporary distress owing to sharp competition on the part of countries possessing depreciated currencies. Sweden nevertheless has, generally speaking, resolutely refrained from resorting to palliatives in the form of increases in the rates of customs duty or state subventions—palliatives which, without durably improving the position of home industries, deprives them of the incentive which otherwise comes in the train of distress to bend their utmost efforts on securing the best possible economy, efficiency and quality in production. The Swedish customs tariff of 1911 is still, broadly speaking, unchanged. Swedish industries have, by their own resources and without assistance from the state in any shape or form, struggled through the trying years of deflation and can now face the future with assurance. The Swedes would feel still more satisfied with the results attained, if they could venture to hope that they might serve in some measure to convince other countries as to the possibility of weathering troublous times without creating new obstacles to the restoration of international commercial relations, failing which it is not possible to conceive any durable improvement in the prosperity of nations.



THE WHY OF THE BOND CIRCULAR

BY GEORGE R. BAYARD

THE last few years have brought forth much discussion pro and con, concerning the make-up of the bond circular. The cons have consisted mainly of the members of the advertising fraternity and the pros the directing heads of investment houses.

Many of the best minds in the advertising profession feel that the circular in its present form lacks advertising value and sales punch. They complain bitterly that there is no display, and that no typographical tricks are employed to obtain and hold the reader's interest. They further state that the buying urge which should characterize all good advertising is conspicuous by its absence. Their final conclusion is that investment bankers stick to what they are pleased to term this stereotyped circular form, because they are ultra conservative, have no vision and have grown a thick coat of moss upon their backs.

There is probably some merit in this contention of advertising men. But let it be said in defense of the banking fraternity that advertising is not the first and prime reason for the bond circular, and that most bond men are willing to limit their activity to the investment business, giving the advertising fraternity a clear field in this profession.

It may be that advertising men in general have a somewhat faulty conception of the immense thought and energy which goes into the underwriting of an issue. They may not realize that all this effort is summed up in the circular. It is not written as an advertisement, but is a compilation of literally thousands of pages of data and statistics, and thousands of man-hours of work. In boiling down all this material into at most four pages, it is rarely possible to paint glow-

ing pictures, or in fact to put in any excess words. It is not practicable to indulge in any phraseology other than the briefest and most straightforward explanation of the situation. It is also felt and time has proved the feeling warranted that the purchase of securities is a serious and sober matter—one in which little would be gained by adding sauce of literature to a description of the thing offered.

This article, then, is an explanation of the bond circular. Why it takes the form it does, and why bond men generally will rarely subscribe to the advice and counsel of their advertising advisers in changing its make-up and style. It is an attempt at a justification of their attitude and is written with the hope that some explanation will, to some degree, clear up the mystery which seems to surround its preparation.

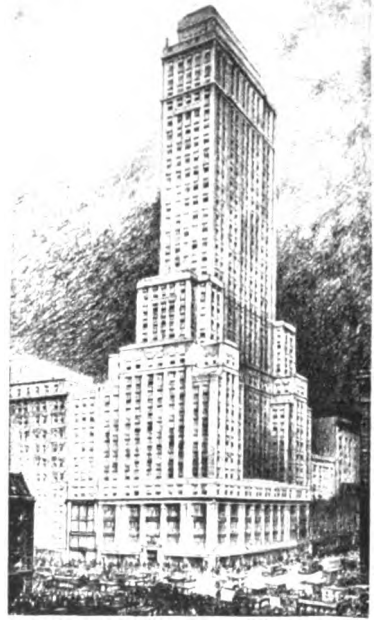
Few people outside the mystic circle of the business realize the important part that the circular plays in underwriting and distributing securities; nor do they dream of the time and thought expended upon its preparation. There are many conferences (that overworked golf-season word) at which every word is discussed, every phrase criticized and fought over, every figure checked and rechecked and the continuity of paragraphs finally decided upon. The properly written bond circular is in itself a collection of paradoxes. It is a literary gem and a terse statement of fact. It is a romantic novel, and an historical textbook. It is an analysis of one general economic field, and of one particular business. It is an urge to buy and an urge to save. It is a sales talk to dealers and to the private investor.



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MAKE-UP OF THE BOND CIRCULAR

The greatest percentage of circulars is made up of three distinct parts, the circular being printed usually on a sheet of paper about 17 by 14 inches, is folded once, making four pages of printed matter about 8½ by 14 inches, each. The front cover of any well written circular will tell the whole story complete. Under the amount of the issue, corporate name, kind of bond, maturity and brief legal description covering the call and tax features, a short but complete history of the business is given.

Earnings and property valuations are set up so that they may be read at a glance and the sinking fund or other retirement provisions are set forth. If the issue is a mortgage obligation of the company, the provisions of the mortgage must be touched upon. Should there be a convertible feature, it must be made clear in a few words. The trustee is usually specified and the attorneys, accountants and appraisers who made the reports are usually named. Any unusual

features of one particular issue are emphasized upon the front cover, and a paragraph extolling the management is customary.

The price and yield are shown and the logotype of the name of the firm who offers the bonds. At the extreme lower end of the front cover always appears that well-known legend, "The statements contained herein, while not guaranteed, are obtained from sources which we believe to be reliable," or some other cryptic message of similar import.

The two inside facing pages are given over to reproducing a letter from the president or other operating head of the issuing corporation. This letter covers much the same ground as the information contained upon the front cover, but is much more detailed. It is customary to address this letter to the firm or firms which compose the underwriting syndicate. For all the public knows this is the only place in the whole deal that these firm names appear to the exclusion of the banking and selling group members. The letter is divided into para-

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graphs. Each paragraph is headed in bold face type the title of the subject matter of that paragraph, for example, "History," "Earnings," "Management."

It is customary for the president's letter to begin with a paragraph on the history of the particular business. It should outline the size and early operations and be gradually built up to show present volume, operations and its position in the industry as a whole. Economics of the industry can be gone into and in most instances that justify bond issues, figures can be compiled that reflect a very attractive investment opportunity.

The valuations of the company's property or assets, forming the basis of the issue should be made quite clear, showing the equity behind the security. In the case of a mortgage issue, physical property valuations certified to by appraisers who are known to be conservative, will be found to be very helpful. In the case of debentures, a well-known firm of certified public accounts should establish the value of the excess assets. Liberal reserves should be shown for question-

able liquid assets, such as accounts receivable and notes receivable. Inventories should clearly establish these features.

The provisions of the trust deed regarding the issuance of additional securities should bear the opinion of competent legal talent, and should be skillfully pictured in the circular.

Sinking fund provisions or other retirement features are of considerable interest to the prospective purchaser. He usually expects to receive his principal in due time and quite naturally is curious as to the method to be adopted. It is often advisable in this paragraph of the letter to touch upon the question of marketability. If the security is to be listed either upon the big board or one of the locals, it is usually wise to devote a separate paragraph to a brief statement to that effect with a summary of the market record of other securities of the company.

There is perhaps no feature of any issue in which there is so much of interest to both dealers and private in-

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vestors as the item of earnings. It is from this source that principal will be eventually returned, and from the same source that interest will be presently forthcoming. A dealer's first question is usually, "What the are earnings?" For this reason this paragraph of the letter should have particular attention.

If the earnings record of the business is such as to make it possible, a number of years profit both gross and net should be shown separately. Then the earnings for a five or seven year period should be averaged to show the number of times interest charges on the proposed issue were earned. It then completes the picture to show the gross earnings for the year ending just prior to the issue, with operating costs deducted showing the net applicable to interest charges. After deducting the charges on the funded debt, the balance for dividends on stock is a good measure of the company's earning power. This record of past performance is almost the only gauge with which to measure the probable earnings in the future, and since they play such an im-

portant part in the intrinsic value of the security, this paragraph cannot be too carefully written.

It is well to close this letter with a reference to the management of the company. If this is in the hands of men of widely known ability, a mere statement of fact that "The management of the company will remain in the hands of Mr. So and So," is often more eloquent than a thousand word eulogy. But on the other hand, if the executives are men of proven ability but little renown, a carefully worded statement of their past achievements, couched with becoming modesty in the president's letter, can be made into a very good piece of advertising for the front cover of the circular, written by some member of the underwriting syndicate. This letter is, of course, signed officially.

The third and last step in the preparation of the circular is the back cover. This is an ideal place to reproduce the company's balance sheet. By using this makeup, the front contains all necessary details: amount, name, type of bond, ma-

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turity, call, security, management, earnings and price. These are easily accessible. A dealer can analyze it at a glance. An investor has facts before him. By turning the circular over the company's financial picture is immediately presented. The combination of the two in reality obviates the necessity of wading through the inside. It conserves the time of many busy men by eliminating at a glance many offerings which the facts show are not suitable for their need. It also makes many sales by calling immediate attention to salient features, relieving the customer of the necessity to select his points from a mass of detail. Those who are interested have available the two inside pages for a full story of the picture.

Modern practice is introducing a custom which is making popular a fourth step in the preparation of the circular. That is the inclosure of a loose-leaf photograph of the property, or as is often the case with public utilities of a

map of the territory served, showing high lines, feeders and generating plants in contrasting color. When it is borne in mind that this small four page circular is boiled down from files of underwriting information often containing several thousand sheets of description material and figures, and while actually written by one man is often the result of the thinking of four to eight, it is small wonder that it is a long and tedious process.

The writer has seen a circular come from the printer bearing this legend in the upper left hand corner: "64th Proof Subject to Change." Fortunately, the 65th was final, but in addition to the 64 corrected proofs and one final circular, there had been at least five complete typewritten copies corrected and rechecked in the early stages of drawing the picture, before it had been ready for the printer.

PROBLEMS IN BANK CREDIT

BY M. E. ROBERTSON

THE BANKERS MAGAZINE has secured the services of a capable credit man to answer the inquiries of readers on current problems of the credit manager. Questions of general interest to credit men and bankers will be answered and only the initials of the persons asking the question will be used. In case the question is not one of particular interest to bank credit men as a whole or is one which has been answered before, a reply will be made by mail.

In order that all questions may be answered intelligently, it is requested that they be direct and to the point, but that sufficient necessary detail be included to enable the editor to draw the proper conclusion. Inquiries should be addressed to the Editor, Bank Credit Problems, THE BANKERS MAGAZINE, 71-73 Murray Street, New York.

QUESTION: In applying to a bank for credit, the banker quite frequently asks the merchant as to the amount of credit which he will require to finance him through the season. Many times the merchant has not given it a great deal of thought, does not keep a budget and is at a loss to answer. He will say that he thinks \$100,000 will be enough. We have considered preparing a little pamphlet giving some facts as to sizing up the merchant's financial requirements. Anything which you can give us which will assist in the preparation of such a pamphlet will be very much appreciated.

R. L. W.

ANSWER: The idea is a splendid one and much can be accomplished by the banker's taking such a means of educating customers. To run his business better, the merchant should endeavor to estimate his financial requirements accurately. Failure to do so might prove embarrassing at his peak season. To have a fair idea of what is going to take place is far better than operating on a hit and miss system. While the estimate of financial requirements is not complicated, as many would judge, nevertheless many factors must be weighed and given consideration. In the first place, the following must be considered:

- a. Outlook for industry.
- b. This concern's outlook and prospects in relation to the industry.

c. The reasonable volume in view of all economic factors.

It is of the utmost importance that full consideration be given to the general outlook for the whole industry, the factors which enter in and might affect it one way or the other as contrasted to recent years. What are the chances of this particular business compared to the whole industry? Are there certain factors which affect the industry which do not have such a vital bearing on this particular business? Are there other factors which effect it adversely which are not important in their effects on the industry as a whole? After giving careful thought to all economic factors and consideration to the volume of recent years, it is possible to make a reasonable estimate of the volume that can be anticipated during the coming year.

After determining the total volume, it is next necessary to pro-rate this on a monthly basis and to determine items of expense for each month and items of income for each month. A schedule somewhat as follows on the next page might suffice:

It is really evident from this schedule that the figure arrived at of estimated monthly sales must be divided up into material cost and labor cost. Also in establishing the figure for any one month of the amount to be paid out on account of materials, it is necessary to distinguish between purchases of materials during

FIGURE 1

	Month of	
	Estimated Sales	
Cash, close preceding month		\$.....
Income:		
Collections	\$.....	
Other		
Total income		\$.....
Cash available		\$.....
Expenses (based on estimated sales)		
Materials	\$.....	
Labor		
Rent		
Office		
Merchandise		
Total cash payments		\$.....
Net excess or deficit		\$.....
Loans maturing:		
.....	\$.....	
.....		
.....		
Total loans maturing		\$.....
Total excess or deficit		\$.....
Borrow from:		
.....	\$.....	
.....		
.....		
Total borrowings		\$.....
CASH BALANCE		\$.....

the month and payments for materials during that month. It is the item of payments which must be used in the budget.

The foregoing set-up, while crude, is largely self explanatory. Cash income for the month must be estimated. The estimating of collections is a difficult task, and in endeavoring to arrive at the cash requirements of the business, this figure must be estimated conservatively. In a few words, the chart gives nothing more than an estimate between cash income and cash expenditures for a month.

If such a simple chart was prepared for each month of the season and was given good intelligent thought in its preparation, much good would be derived from it. It would give somewhat of a program, a plan which could be laid before the banker and discussed with him.

The banker could endeavor to determine the soundness of the program, could get a better picture of the set-up and could see plainly to what extent he might be called upon.

Such a schedule shows up well seasonal fluctuations where the business will stand at its peak debt, how long it anticipates being in debt to the first bank and how long to the second bank, etc.

It amounts to a simple budget form and as its use is proved, the budget idea can be elaborated upon.

In an effort to show better its merits and desirability, let us take the six months' picture on the following page.

This picture shows clearly the program: That at the peak in December, three banks are needed and total borrowings of \$950,000 are anticipated. As a safety precaution, the merchant asks

FIGURE 2
(In thousands of dollars)

	Oct. (200)	Nov. (300)	Dec. (600)	Jan. (500)	Feb. (200)	March (200)
ESTIMATED SALES:						
Cash balance	50	150	75	125	25	140
Collections	150	100	200	450	700	400
Total cash	200	250	275	575	725	540
Expenses:						
Materials	150	375	300	150	125	100
Labor	50	100	100	50	50	30
Other	50	50	50	50	60	60
Cash excess or shortage (*)	*50	*275	*175	325	490	350
Loans maturing:						
X Bank	100	0	0	0	0	300
Y Bank	0	0	0	300	0	0
Z Bank	0	0	0	0	350	0
Total needed	150	275	175	25	140	50
Borrow:						
X Bank	0	0	300	0	0	0
Y Bank	300	0	0	0	0	0
Z Bank	0	350	0	0	0	0
Borrowings for month	300	350	300	0	0	0
CASH BALANCE	150	75	125	25	140	50
TOTAL BANK DEBT:						
X Bank	0	0	300	300	300	0
Y Bank	300	300	300	0	0	0
Z Bank	0	350	350	350	0	0
300	650	950	650	300	0	0

each bank for a line of \$350,000 so that in the event that collections should not come in, as anticipated, there is some leeway to borrow funds. While this foregoing picture of operations is crude, it is given merely to picture the idea.

When a month closes, as the month of October, the next month's figures are adjusted up or down to meet the changed condition and circumstances of sales, collections, cash on hand, expenditures for labor and materials, borrowings, etc.

The items of expense can be split in as many ways as desired and such a monthly estimate form could be printed to meet the needs of a particular business at a nominal expense.

The accuracy of the estimate depends to a large extent upon the ability of the

management and their familiarity with the business conditions, etc.

QUESTION: Any data which you may care to give regarding the treatment of the item "Contracts for Future Delivery" and its part in the analysis of the statement will be very much appreciated.

J. J. C.

ANSWER: The items of "Contracts for Future Delivery," as you are probably well aware, is not an item familiar to all lines of business. In connection with some lines of business it is important and has a vital bearing on future operations. It is naturally interesting to know the prices at which the forward purchases were made, the present market

and the outlook for the market. These purchases must also be considered in line with the company's usual volume. Do they look large in proportion to previous years' commitments? These forward contracts are of course merely a contingent liability and the figure cannot be used in figuring the ratio. In this connection, we also run onto the item of "Mdse. purchase for next season." In some lines of business it is customary to accept delivery of merchandise for the next season's operations and, even though such merchandise is on hand, to omit it from the assets and the liabilities, in preparing a balance sheet. For example, a company might make a statement as of October 1 and show a footnote of merchandise purchased for a future season. It is not in the assets, and the liability is now shown. While in certain lines this is considered proper and is practiced by good accountants, it is frowned upon by others.

QUESTION: What is your opinion of a bank's making loans on life insurance policies? We are frequently approached but have never taken to it.

C. W.

ANSWER: While such collateral will prove safe if checked up properly prior to granting the loan, there are those who do not like life insurance policies for collateral purposes. While the policy will give the loanable value and surrender value, these values are of course contingent on the payment of premiums. This feature must be checked with the insurance companies. The insurance companies themselves lend, and as such requests are a small part of a bank's business, it might be just as well to refer them direct to the insurance company and allow them to handle the function.

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BANKING AND COMMERCIAL LAW

Important Decisions of Current Interest Handed Down by State and Federal Courts Upon Questions of the Law of Banking and Negotiable Instruments

EFFECT OF WORDS "WITHOUT RECOURSE" IN INDORSEMENT

Cameron v. Ham, Court of Appeals of Ohio, 155 N. E. Rep. 655.

THE words "without recourse" written under the signature of the second indorser on a note and in the handwriting of the second indorser do not make the first indorser a qualified indorser.

Action by Frank S. Ham against L. C. Cameron. Judgment for plaintiff, and defendant brings error. Affirmed.

HOUCK, J.—The parties here stand in this court in the reverse order in which they appeared in the lower court. However, hereafter they will be referred to as they stood in the trial court.

The plaintiff below, Frank S. Ham, recovered a verdict from a jury on a promissory note owned by him, against the defendant, L. C. Cameron, as an unqualified indorser in the sum of \$1232.50, which the trial judge sustained by overruling a motion for a new trial and entering a judgment on the verdict.

Several questions are raised by learned counsel for defendant below as to why the judgment of the common pleas court should be reversed. However, the decisive question is: Was L. C. Cameron under the facts and law an unqualified indorser?

If this question is answered in the affirmative, then the judgment of the common pleas court should be affirmed; and, if answered in the negative, thus finding that Cameron was a qualified indorser on the note in question, then the judgment of the lower court must be reversed.

The note sued on, as appears in the record, is marked "Exhibit 1," and the

indorsements on the back of same are as follows:

"L. C. Cameron.

"W. E. Fowler.

"Without recourse."

It is conceded by counsel for all parties that the signatures of "L. C. Cameron" and "W. E. Fowler" are genuine, were written by them; also that the words "without recourse" were written by said W. E. Fowler. This concession is also established by the undisputed evidence. There is an absolute failure of proof showing or tending to show that at the time of the indorsements Cameron and Fowler were partners.

It is conceded that Ham demanded payment of the note when due, that it was not paid, and that of all of this Cameron had due notice.

The words "without recourse" are just below Fowler's signature and in his handwriting. Above Fowler's name is that of Cameron, and the words "without recourse" do not appear directly thereunder, as they do in the case of Fowler. The words "without recourse" appear only in the indorsement under the name Fowler. Under this indorsement it is urged by counsel for Cameron that the words "without recourse" are applicable to Cameron as well as to Fowler, and that as a matter of law Cameron is a qualified indorser, the same as Fowler. To this claim we do not agree with learned counsel.

The legal effect of the words, "without recourse," accompanying an indorsement, is to clearly indicate that the one so signing and in making the transfer does not intend to assume the position of an unqualified indorser, or to incur any liability if the note is not paid at maturity upon demand, or even if the parties to the paper should prove to be



FIRST WISCONSIN NATIONAL BANK CAPITAL AND SURPLUS TEN MILLION DOLLARS

wholly insolvent. Such indorsement constitutes the indorser a mere assignor of title to the paper.

In case of an indorsement in blank, or an unqualified indorsement, such as Cameron's is here claimed by counsel for plaintiff to be, the legal effect of the indorsement would be that Cameron would be liable to such subsequent holder of the note if he demanded payment when due, and the same was refused, and Cameron had legal notice of same, which is not denied in this case.

It seems to us, and we find and hold the law to be that, if an indorser wishes to qualify or limit his liability, plenty of words and phrases are in common use which he may adopt, that he must in some way or manner clearly indicate that his indorsement is a limited or qualified one, or the contrary will be presumed. Cameron, not having availed himself of his rights so to do, cannot now properly claim the limited liability of a qualified indorser.

Counsel for Cameron in their written

briefs point out the following claimed prejudicial errors, and by reason of same urge a reversal of the judgment of the lower court: (a) Admission and exclusion of testimony; (b) charge of the court before and after argument; (c) no evidence to sustain the judgment; (d) defective verdict.

We have examined the record before us with reference to each and all of the claimed errors, and find none of such substantial nature as to authorize a reviewing court to enter a reversal. The bill of exceptions discloses a warmly contested lawsuit, and, while there may be minor errors, yet such must be expected in the heat of legal battle, with learned and able lawyers contesting for the rights of their clients.

Yet, as already suggested, we find that the defendant had a fair and impartial trial, which, if the record is to be relied upon, was presided over by an impartial judge, whose presentation of the law to the jury covered every phase of the case raised by the pleadings and the evidence.

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We have given this lawsuit—in our review of the record testimony and the law applicable to the facts—our most careful and laborious consideration, and we reach the conclusion that the verdict and judgment are responsive to the facts and the law governing them.

We further find that substantial justice has been done all parties to the controversy, and that the judgment of the common pleas court should be affirmed.

Judgment affirmed.

BANK DIRECTORS' LIABILITY FOR ILLEGAL LOANS

People's Bank of Richland v. Southern Investment Co., Supreme Court of Georgia, 137 S. E. Rep. 547.

Where the directors of a bank make excessive loans to one of their number and permit overdrafts without collateral or security in violation of the law, they may be held responsible in an action by the minority stockholders.

Equitable petition by the Southern Investment Company and others against the People's Bank of Richland and others. Judgment for plaintiffs on demurrer, and defendants bring error. Affirmed.

The Southern Investment Company and certain individuals, alleging themselves to be stockholders in the People's Bank of Richland, brought an equitable petition against that bank and its officers and directors for the years 1921, 1922, and 1923, alleging that said bank, with the approval of its directors, had made certain excessive loans to one of the directors and his business connections, and had permitted considerable overdrafts in behalf of the same, without collateral or security, in violation of the Banking Acts of Georgia of 1919 and 1922 (Laws 1919, p. 135, as amended by Laws 1922, p. 63); that petitioners had undertaken, as soon as they learned of the alleged irregularities, to have the bank's books audited, but they were prevented from so doing by said directors, "whose

wrongful and illegal actions and personal liabilities to said bank were the subject-matter of complaint;" that "said directors were not in position to sue themselves for wrongs committed by themselves against the bank; and it is accordingly the right of the petitioners, in behalf of themselves and other stockholders at interest, to proceed against the directors aforesaid, and to enforce against them the personal liability which they have incurred to said bank."

Petitioners charged, upon information and belief, that said directors had entered into an agreement whereby the assets of the bank had been taken over by the Georgia State Bank, under which arrangement depositors and general creditors might be paid in full, but the stockholders would lose their entire holdings, and that said loans and overdrafts had not been repaid. The petition prayed that plaintiffs be allowed to proceed against the directors, for an accounting between the directors and the bank, for a judgment against the directors jointly and severally "for the amount of their liability to said bank as a result of the illegal and excessive loans and overdrafts," and that any funds realized be subject to the order of the court.

The petition was demurred to generally, and specially upon the grounds that it was multifarious, in that it failed to show any common right between plaintiffs and the bank to seek any relief for which the bank and the directors were liable, that it was indefinite and conclusive, and that it did not allege there was no other remedy at law by which the relief sought could be had, though it did allege that the directors could not sue themselves. The court overruled the demurrer, and the defendants excepted.

Syllabus Opinion by the Court

GILBERT, J. 1. The petition sets forth a cause of action by minority stockholders against a bank, incorporated under the laws of Georgia, and the directors of said

bank, complaining of acts of said bank and said directors in illegally lending money and allowing overdrafts. Civil Code 1910, § 2224; Ga. Laws 1919, pp. 216, 217, art. 20, §§ 19, 22, 8 Park's Code Supp. §§ 2281 (s), 2281 (v); *Weslosky v. Quarterman*, 123 Ga. 312, 51 S. E. 426. Compare *Bush v. Bonner*, 156 Ga. 143 (2), 118 S. E. 658, and *Albright v. Fulton County Home Builders*, 151 Ga. 485, 187 S. E. 335, where it was held that the allegations were insufficient to set out a case by minority stockholders.

2. The court was authorized to hold, under the allegations of the petition, that plaintiffs acted with such promptness as the law required, and that they were not, on account of lack of diligence, estopped from bringing the suit.

(a) It is alleged in the petition:

"That, as soon as petitioners learned of the illegal transactions on the part of said bank directors, as aforesaid, they undertook to have the books of said bank audited, which request therefor was denied by said bank; that the affairs of said bank were in the hands of the said directors whose wrongful and illegal actions and personal liabilities to said bank were the subject-matters of complaint, and whose interests were antagonistic to the bank and its stockholders, and who exercised controlling influence over a majority of the stockholders, and as a result of this condition petitioners have not been able to obtain any redress for their wrongs."

(b) It is further alleged in the petition:

"That said directors were not in a position to sue themselves for wrongs committed by themselves against the bank, and it is accordingly the right of the petitioners, in behalf of themselves and other stockholders at interest, to proceed against the directors aforesaid, and to enforce against them the personal liability which they have incurred to said bank."

3. It does not appear from the petition that the bank had been taken over by the state superintendent of banks, or that the bank was in condition to authorize such action. If this had been alleged, a different question would be presented.

4. The court did not err in overruling the demurrer to the petition.

Judgment affirmed.

All the Justices concur.

AGREEMENT EXCUSING BANK FROM LIABILITY IN PAYING STOPPED CHECK

Smith & McCrorken, Inc., v. Chatham
Phenix Nat. Bank & Trust Co.,
New York Supreme Court, Ap-
pellate Division, 221 N. Y.
Supp. 638.

Where a bank has paid a check upon which payment has been stopped an agreement between the bank and the depositor whereby the bank promises to sue the payee and indorsees of the check at its own expense and the depositor agrees not to press his claim against the bank pending the outcome of the bank's action, is valid. After making such an agreement, the depositor cannot press his claim against the bank without waiting a reasonable time for the bank to commence its action even though the statute of limitations may run in favor of the bank in the meantime.

Action by Smith & McCrorken, Inc., against the Chatham Phenix National Bank & Trust Co. From an order granting plaintiff's motion to strike out the answer of defendant, and for summary judgment, and granting plaintiff judgment for \$1861.07, defendant appeals. Reversed, and motion denied.

MARTIN, J.—The plaintiff was a depositor of the defendant bank during the years 1922 and 1923. On or about January 16, 1922, it drew a check to the order of B. M. Smith for \$1552.37. On March 23, 1922, plaintiff, in writing, directed the bank to stop payment of that

check. Receipt of the order was properly acknowledged.

Subsequently, and about nineteen months after payment was stopped, the bank, in violation of that direction, erroneously and negligently paid the check from plaintiff's money on deposit with it. The plaintiff demanded credit of the amount erroneously paid out, which demand was refused by the bank. The payee of the check was the wife of plaintiff's president, from whom he had separated. He claims to have paid in full any indebtedness due her, but she indorsed the check to her father, who caused it to be presented, and it was paid.

In the affidavit submitted by the defendant it is stated that plaintiff's president, Smith, said that on account of his relation with the bank he did not want it to lose anything, that he did want to make his wife and her father return the amount of the check, and that an arrangement was then made to have them sued by the bank's attorney without expense to Smith; it being agreed that he would refrain from pressing his claim against the bank pending the outcome of the action against his wife and her father. Smith wrote a letter, which is corroborative of the averments of defendant, in which he intimates that all arrangements between them ended with this letter. He says: "I therefore commenced this action."

The defendant's representatives say that, after the receipt of the letter from the attorney for the bank, the plaintiff's president called on the said attorney and repeated the original arrangement and the attorney for the bank agreed to it. In another part of the affidavit the attorney for defendant says he was authorized to act for the bank by the only officer of the bank who knew of the matter, a vice-president named James V. Brower. This same attorney says Brower's affidavit could not be obtained, because he was away on his vacation and could not be reached.

The defendant's attorney avers that

his firm had made an examination of plaintiff's books, had written to Smith's wife and her father, and was preparing papers to sue them when plaintiffs began this action. It is evident that a dispute has arisen as to whether the agreement had been finally made.

It is important to keep in mind the letter of Smith, where he said: "I shall wait until the action is tried." Here we have it forcefully brought out that he was anxious to make some such arrangement as it is said he made. By the agreement the bank agreed to do something it was not obligated to do. It was not bound to sue Mrs. Smith and her father, and pay all expenses of such suit. Its agreement to have its attorney bring such action was therefore consideration in law to support Smith's agreement not to press his claim pending the outcome of the bank's action against his wife and her father.

If it be said that he did not agree to wait any stated length of time, the answer is that by such a contract he would be required to wait a reasonable time for the bank's attorney to bring to a conclusion the contemplated action against his wife and her father.

It is argued that the statute of limitations might run in favor of the bank. The answer is that he was free to make such a contract, even though the period of limitation would continue meanwhile to run. In the interval of the succeeding five or six years the bank's time to act would expire, on the basis of a "reasonable time" for performance on its part, and the plaintiff could protect its rights in the meantime.

It is suggested that the bank could not recover in any event. It could make an effort to do so and that is the purpose of the agreement. The plaintiff says such a contract would be illegal; that the bank would be practising law. There is no force to that contention.

The answer sets up the alleged agreement for forbearance as a defense. It is a defense, and there is a triable issue as to whether it was made. *Robinson v. Godfrey*, 2 Mich. 408; *Morgan v. Butterfield*, 3 Mich. 615. See, also, *Williston on Contracts*, § 103c.

The order should be reversed, with \$10 costs and disbursements, and the motion denied, with \$10 costs.

Order filed.

BANKING OPINION ON BUSINESS

IMPROVEMENT in the general economic situation in the United States is noted as vacation days and summer dulness are ushered out and autumn days are ushered in, says the September *Michigan Business Review*, published by the Union Trust Company of Detroit. "Business, however, still lacks uniformity. At the present moment, the outlook for industry and trade during the fall months is for a satisfactory seasonal expansion. Two influential factors are at work in this direction—the one, a large supply of money at low rates; the other, a much improved agricultural outlook."

"The trend of business in Michigan is

upward. Indications are that the upturn will be quite substantial within a few weeks."

The review of the Federal Reserve Bank of Cleveland, while not so optimistic, describes conditions in that district as "a slight revival of demand for iron and steel took place in August, but operations were still at a low point. Coal prices rose noticeably in response to increased demand. The tire industry is doing well, and shoe manufacturing has experienced an improvement. Building contracts awarded in July were 25 per cent. under a year ago. Crops in general are poor; corn is late, wheat is only fair,

tobacco is uneven, and fruit is very poor. Hay, oats and potatoes, however, are doing well."

"Slow but hopeful" is the characterization of business used in the *Business Bulletin* of the Cleveland Trust Company, which also is not so optimistic as the Detroit bank. "The slowness," it suggests, "is the result of the gradual decline in the production and marketing of goods that has been under way since last spring. The hopefulness is founded on the generally accepted belief that the current and prospective ease in money rates will bring about more than the usual autumn stimulation of industry and trade."

The condition of agriculture in Minnesota is better than that described in Ohio. Crops in that district, according to the monthly review of the Ninth Federal Reserve District, "made good progress during July. The August 1 forecasts of the United States Department of Agriculture were higher than forecasts made a month earlier for all important crops, except oats. . . . If the crops are as large as forecasted on August 1 and present prices prevail, the cash income from wheat, rye, flax and potatoes will be approximately as large as the income from the 1924 crops, which was \$444,000,000."

"One cannot avoid the conclusion," says the *Business and Financial Comment* of the First Wisconsin National Bank, Milwaukee, "that even though aggregate farm income may gain considerably over last year, agricultural conditions are going to be spotty. . . ."

The monthly review of the Federal Reserve Bank of Chicago for September 1 notes a slowing down of industry and trade, partly seasonal and partly reflecting smaller demand.

Going South, St. Louis also is seeing some slackening in business activity, according to the August 31 review of the Federal Reserve bank of that city. "Volume of production and distribution, however, continue large and sentiment in

the business community was considerably more optimistic than during the preceding several months. . . ."

In the cotton belt "the marked rise in the price of cotton during the last thirty days was the overshadowing development in business and industry. . . ." according to the August 31 report of the Federal Reserve Bank of Dallas. "The increased value of the district's principal commodity together with the prospects for the largest feed crop produced in several years indicates that the returns from this year's crops will be larger than in either of the two preceding years and will provide the district's farmers with a large debt-paying and purchasing power."

"Iron and steel and automobile manufacturing are substantially lower than at this time a year ago, and trade generally presents a more uneven appearance than was the case in August last year. . . ." the National City Bank of New York characterizes the situation. "Definite indication as to the trend of autumn business is still lacking but the absence of any fundamentally unfavorable factors affords ground for confidence."

"Easy money conditions form the dominating factor in the business and speculative outlook for the months immediately ahead. . . . The Federal Reserve banks have still further eased the money market by a nationwide reduction of the rediscount rate from 4 to 3½ per cent. . . ." in the opinion of the American Exchange Irving Trust Company of New York.

The Federal Reserve Bank of Boston, in its *Monthly Review* of September 1 says, "Cotton consumption by the New England mills in July was materially less than in June. . . . Wool consumption. . . . declined somewhat in July, while wool prices have remained firm. . . . Activity in the shoe industry increased in July by more than the usual seasonal amount, but the increase in New England was relatively greater than that of the entire country."

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THE FINANCIAL AND ECONOMIC SITUATION ABROAD

BY WILLIAM HAYES

Under this heading each month current political, financial and economic events abroad are summarized for the benefit of the busy bank executive who would keep himself informed about foreign affairs without the expenditure of time necessary to examine the data from which these articles are prepared.

VACATIONS are over. With the returning activity of the fall comes news of a cabinet crisis in Greece, another small revolution (about the third this year) in Portugal, the signing of a new commercial treaty between France and Germany, and talk of a French refunding loan—to say nothing of the pyrotechnical display at the League of Nations Assembly. That is more purely political.

GREEK CABINET SPLIT ON FINANCIAL QUESTION

M. Tsaldaris, Minister of the Interior, caused the trouble in Greece. After the report of the experts on Greek finances (summarized in these columns in August) and the arrangement for the assistance of the League of Nations in stabilizing the drachma (described here last month) a serious difference developed within the cabinet. M. Tsaldaris led the opposition and forced a dissolution. The prospects seem to be, however, that a new government will be formed to carry out the financial program so carefully constructed.

There are other difficulties. The National Bank of Greece objects to losing its specie reserve when it loses the right of note issue, and its protest is considered quite in order by a committee of jurists to whom the dispute was submitted. The compensation of the bank for this gold adds another charge to the cost of stabilization.

The bank is already rumored to be negotiating for a connection with the

Credit Foncier of France, to bolster it up temporarily when shorn of note issue powers.

GOLD BASIS ONCE MORE FOR ARGENTINA

Closed for more than thirteen years, the Caja de Conversion of Argentina opened its doors on August 26. Thus the gold standard was restored, for the business of the conversion office is to pay gold on demand for notes.

This conversion office has had a checkered history. More than once before it has been forced to close, due to lack of gold to meet the demands on it. Originally it paid gold dollar for dollar. A remnant of former closings still exists in the fact that its present rate of conversion is 44 centavos (or hundredths of a peso) gold for a paper peso. This does not represent a recent depreciation or devaluation. For years before the war Argentina had a paper circulating medium, on a gold basis, the basis being the 44 centavos for 1 peso given above.

The reserve which the conversion office now holds against its notes is one of the largest in the world. No apprehension exists, therefore, that Argentina will not be able to maintain the gold standard.

On the contrary, there is confidence displayed in the fact that three days after the announcement of the return to gold, a \$40,000,000 gold loan to refund the floating debt of the state railroads was oversubscribed in New York.

Less than a month of tariffs between France and Germany was sufficient. The

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former commercial treaty expired about the middle of this year and was not at first renewed. But protests from manufacturers and business men in both countries forced a reconsideration. Considerable difficulty arose because of some of the German demands. They were eventually compromised and the treaty signed on August 17, after almost three weeks of negotiating.

Briefly, it provides for "most favored nation" treatment for most of the products of both countries. For France this means low tariffs on agricultural products, textiles, soap, perfumery, shoes, metallurgical products and pottery shipped to Germany. For Germany it means low tariffs for chemical products, machinery, electrical products, cement, leather, porcelain and toys. The treaty went into effect on September 6, for eighteen months.

Immediately upon the signing of the

treaty the United States Government began plans for the negotiation of a similar treaty with France. These were speeded up when the details of the new tariff bill, to be considered at the next session of parliament, became known. The proposed law would increase the duties on most articles from the United States from 400 to 1300 per cent. The present commercial treaty between the United States and France was negotiated in 1911. Since that time the number of articles exported has increased until now the treaty covers only about half of them. Automobiles, in particular, would be heavily taxed by the new tariff. Electrical equipment and machinery, too, are hard hit. But it is almost certain that the law will be considerably modified in parliament, when it comes up for discussion.

EUROPEAN TARIFF WALLS TUMBLING

The Franco-German is only one of a number of commercial treaties recently signed or under negotiation in Europe. In July Austria and Czechoslovakia concluded a treaty, after protracted debate. Austria has also signed a similar treaty with Hungary; Czechoslovakia and Switzerland also have signed a treaty of commerce. In August Portugal and Spain were just sitting down at a table to begin negotiations for a commercial treaty. Belgium and France are also negotiating at the present time.

These are the first steps toward freer trade in Europe. They are a start at carrying out the recommendations of the League of Nations' economic conference in May. With the lowering of these barriers to commerce will almost certainly come a further improvement in European economic conditions and increasing trade.

GOLD WITH WINGS

Utilizing the airplane to give wings to gold is the latest proposal. Already there are well established passenger services all over Europe by airplane. It is now sug-

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gested that gold, too, be transported. Considerable savings in interest could be effected by the reduction of time in transit, and the margin between par and the gold point (for European countries) would be reduced to almost infinitesimal proportions.

GREAT BRITAIN

The gold supply, Britain's credit barometer, after falling for three months, showed a rising tendency again in August. This was due, of course, to the reduction of the rediscount rate of the New York Federal Reserve Bank, and the general decline of rediscount rates all over the world. British opinion is hopeful that the withdrawals of gold are past for some months.

Easing of the money market with this check of the gold efflux was hardly noticeable. Day to day loans at the end of August ranged from $2\frac{1}{2}$ to $5\frac{1}{2}$ per cent., and acceptances ranged from $4\frac{1}{4}$ to $4\frac{3}{8}$ per cent. Rates for long term loans are still high. A new Australian \$40,000,000 loan in the latter part of August went to the New York market. The last Australian loan in London was a complete failure. Underwriters had to take up over 90 per cent. of the issue.

This loss of investment business by England is causing no little concern. The following paragraph is a discussion in the

Monthly Review of Barclays Bank Limited, London:

"The new overseas capital issues floated on the London market during 1913 reached approximately £198,000,000. On the basis of a 60 per cent. rise in prices, the equivalent of this figure would be £317,000,000. The overseas issues floated in London in 1926 amounted to £112,000,000 or £205,000,000 below the 1913 standard. . . . In fact, judging from the figures available and allowing for price alterations, the net foreign lendings by the United States and Great Britain combined during 1924, 1925 and 1926 were, in each year, appreciably less than the sum lent in 1913 by Great Britain alone. . . . Recent statistics indicate that in 1913, the national savings, expressed in present day figures, amounted to approximately £650,000,000 per annum, but the figure has since declined to between £450,000,000 and £500,000,000 per annum. . . . The real strength of Britain depends on individual saving and it is in that way only that we shall be able to invest money abroad for the development of the Empire overseas."

In anticipation of maturing obligations, the British treasury on September 7 offered for subscription an issue of $4\frac{1}{2}$ per cent. bonds, due February 1, 1934, at 99.30, and callable at par after 1928. It also announced that a $3\frac{1}{2}$ per

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cent. short-term issue would shortly be offered to refund issues maturing in 1928. The price was not announced. The treasury is taking advantage of the temporary ease of the money market, little as it is.

Business, after the summer let-down, is showing a seasonal increase. There are more orders for iron and steel following reductions in pig iron prices. A rebate scheme has been worked out by British steel men, for all steel users who buy British steel exclusively. The scheme has not been operation long enough to judge its effects.

Crops in most sections were adversely affected by heavy rains, which interrupted the harvests and impaired the yield.

Little change is noticeable in the coal situation. Buyers demand lower prices, but rather than accede to these demands the operators are resorting to part time operations. In spite of this reduction of hours, coal production is still running ahead of consumption.

Textiles, which had shown some improvement during August, are again depressed by the recent sharp advance in the price of cotton.

Shipbuilding and engineering trades, most fortunate of all in Britain in recent months, have worked off their accumulated orders, and have not refilled their books. However, there are signs of seasonal activity and the trade is still optimistic.

The bad weather has affected retail trade along with the crops. Improvement is looked for as the season advances.

On the whole, there is little change in

British business conditions but the outlook is more hopeful than for many months.

GERMANY

The German Finance Ministry acknowledges that it underestimated the strength of the investment market when it floated its 5 per cent. loan earlier this year. The bonds have been quoted under the issue price almost since issue. In August, to rectify the mistake, the loan was voluntarily converted into a 6 per cent. security until 1934. At the same time Dr. Schacht held a conference with the men who direct the policies of the German banks, in which he is said to have requested that they grant as liberal terms as possible for advances against these bonds. This calls to mind the history of the Liberty Loans, and the way it was necessary for the Federal Reserve banks to prop up their prices by advancing freely against them.

For the commercial banks in Germany have not, unfortunately, a great deal of money to devote to these advances. All their available money is eagerly sought: For call loans at $6\frac{1}{2}$ to 8 per cent.; for acceptances at $5\frac{7}{8}$ per cent.; or for time loans at 8 to $8\frac{3}{4}$ per cent. They have continually to get more and more advances from the Reichsbank to supply their customers. In spite of the increase in the rediscount rate in June, discounts at the Reichsbank increased 18,000,000 marks in July and an additional 149,000,000 marks in August. The increasing number of foreign loans now



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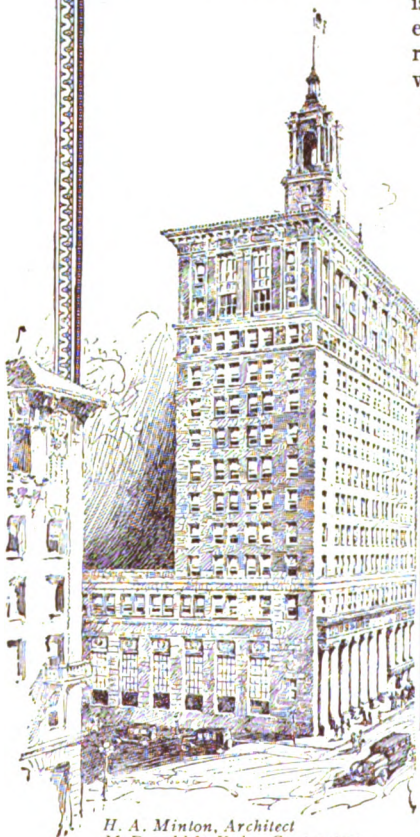
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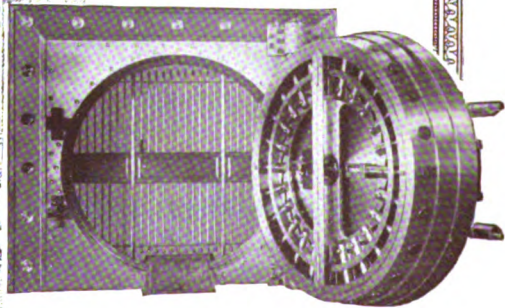
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beginning to flow to Germany again will, it is hoped, presently relieve this capital shortage. Prominent among these loans is the \$25,000,000 five-year loan to the Deutsche Bank, to be used principally for loans to German companies too small to float their own loans abroad.

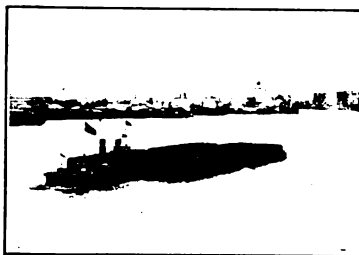
Germany's trade recovery seems to be almost complete. For several months unemployment has been decreasing. Between July 15 and August 15, the number of men without jobs was reduced $14\frac{1}{2}$ per cent., from 674,000 to 576,000. This steady increase in pay-rolls has its part in helping along business.

Bankruptcies declined from 424 in July to 399 in August. Last August they were 493. Prices are slowly advancing for wholesale goods, though the cost of living index showed a decline from July to August.

The German railway corporation reports for July the largest receipts since it took over the state railroads. For the first seven months of 1927 receipts were about 12 per cent. over the same period in 1926.

Foreign trade also improved in July. Exports increased from 748,248,000,000 marks in June to 847,006,000,000 marks in July, the highest figure for the year so far. This is considerably above the average monthly figures for 1925 and 1926, and has reduced the import balance from 449,000,000 marks in June to 430,000,000 marks in July. Conditions so favorable might be expected to be reflected in stock market prices but, whether because of Doctor Schacht's opposition to funds for speculation or because in times of prosperity the stock market discounts depression, the tendency has been downward until the last few days.

The thought that depression is going to follow this boom is already troubling German business. One bank review of economic conditions attributes the July increase in exports to the saturation of the home market. And the official German Institute for the Study of Trade Fluctuations says frankly that it believes



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that the boom has reached the last stage, the "high tension" stage. All are present in some measure. The end of the present prosperity, then is only a matter of time.

FRANCE

Banks and business men did not buy as many of Poincare's 6 per cent. bonds (offered in July) as he hoped. About 4,600,000,000 francs of the new loan were subscribed for. The methods of payment for these were: By exchange of national defense bonds, 1,400,000,000 francs; by transfer of sight deposits at the Bank of France, 1,800,000,000 francs; by cash, 1,400,000,000 francs.

The object of the loan was to absorb the sight deposits at the Bank of France into long term bonds. They were a continual threat to the bank, as the national defense bonds were formerly. While it did not completely extinguish them, this

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loan reduced the amount of these sight deposits from 3,000,000,000 francs to 1,200,000,000 francs.

The cash received from the loan was applied toward further reducing the advances of the bank to the government. The amount of the state debt to the bank on August 31, after this payment, stood at 24,650,000,000 francs. When Poincare started his work of restoring the confidence of the world in French finance, over a year ago, these advances amounted to 38,350,000,000 francs. After this latest reduction the legal limit of such advances was reduced to 32,000,000,000 francs. That still leaves the government a comfortable margin of around 7,500,000,000 francs for further temporary advances, if they are needed.

Rumors began to be heard that the next operation of the French government would be a refunding of the high interest loans now outstanding in the United States. France's present credit would enable her to obtain a considerably lower figure than the present. Of

the \$530,000,000 of French loans in the United States (up to January 1, 1927), only \$190,000,000 bear interest at from 5 to 6½ per cent. The balance is at rates varying from 7½ to 8 per cent.

Refunding, it was said, would not be a violation of the present law on French loans in the United States; it would not be a new loan, but merely a replacement. This specious reasoning did not appeal to Senator Borah, nor his colleagues. The trial balloon was speedily shot down. Thereupon, having learned that public sentiment would not welcome such refunding operations (until the funding of the French war debt) the French Government proceeded to disavow any intention of refunding in New York. In the meantime, however, the French railways have obtained a loan in Switzerland.

Little change is observed in French industry and commerce. New building has been showing a slight seasonal increase. The cotton industry, too, had improved some before the recent advance in cotton.

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The number of people out of work continued to decline slowly to 14,859, on August 20. Otherwise, business continued dull as it has been for almost six months.

During the latter weeks of August a series of forest fires in the region of Nice destroyed a large area of olive trees, causing great distress in that region. Heavy rains and cold weather also interfered with the harvesting of grapes in Bordeaux.

Foreign trade figures for the first seven months of the year are especially gratifying, for they show an export balance of about 250,000,000 francs. The import balance for the first seven months of 1926 was over 2,000,000,000 francs. The improvement is almost entirely due to the appreciation in value of the franc.

Wholesale prices seem to be stabilized in France, though retail prices are still falling slowly. With stable prices, some improvement in business may be hoped for soon, provided the present cabinet can remain in the saddle.

ITALY

Mussolini seems to have financial reconstruction written on every page of his notebook, for he never forgets it. Measure follows measure, one or more every month. All are aimed to the same end. First the lira was driven up from around 3 cents to almost 6 cents. Then a plan was made for the gradual retirement of the currency, and note issue was centralized with the Bank of Italy. Following that came the campaign to reduce prices

to a level corresponding to the level in other countries, figured on a gold basis. As a part of this, reduction in wages, and postal and telegraph charges were revised downward.

Taxation is a part of the cost of production. During August the "Council of Ministers" decided to adjust taxes to the new price levels. The house tax, therefore, was reduced 25 per cent.; the land tax cut from 10 to 7 per cent.; the tax on income from farming, 50 per cent.; the tax on income derived from capital from 22 to 20 per cent.; that on salaries and income from private employers from 11 to 9 per cent., etc. The total income reduction from these tax cuts will amount to about 1,135,000,000 lire. Careful expenditures will be required to keep the budget balanced with so great a reduction in income, but "the balanced budget will be safeguarded at all costs."

At the same time a royal decree of August 9 established a sinking fund for the redemption of the national debt. The fund was officially opened on August 17 by Finance Minister Volpi. It begins with 2,090,000,000 lire, the total of the accumulated budget surpluses for the last three years. It will receive from the treasury each year the budget surplus, the 500,000,000 lire to be used for the extinguishing of the debt of the state to the Bank of Italy, and the interest on the bonds which it purchases and cancels. These will be used in the gradual amortization of the 90,381,000,000 lire (on June 30, 1927) of internal debt. During



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August 300,000,000 lire were so redeemed.

The slacking off which accompanies the vacation month of August prevented the improvement, if any, in the Italian business situation from showing. The general attitude, though, following the establishment of the sinking fund, was more hopeful and security prices rose somewhat. Good weather facilitated harvesting and the crops are expected to measure up to those of last year.

Foreign trade for the first seven months of the year steadily reduced, but did not quite eliminate the import balance. Imports amounted to 13,333,900,000 lire against 16,311,200,000, in 1926; and exports 9,125,400,000 lire against 9,804,800,000 lire in 1926, the balance of imports being reduced from 6,506,400,000 lire to 4,208,500,000 lire.

Italian shipping is having a steady growth. In 1914 her merchant marine was eighth in steamer and motor tonnage. By 1925 it was sixth; in 1926, fifth; and it is now fourth, preceded only by Great

Britain, the United States, and Japan. More than half the Italian shipping goes through the port of Genoa. Unless some means are found for enlarging this port, however, further growth will be difficult. Already it is almost unbelievably congested.

The American tourist who lands in France and cashes a travelers' cheque gets a bewildering supply of notes of all sizes, shapes and colors. There are five-franc notes, ten-franc notes, twenty-franc notes, and so on, but no coins larger than two francs. He is impressed, first, with the inconvenience of having so many sizes of paper money to carry; second, with the bulk of the money; and finally, with the expense it must entail the Bank of France to keep printing the little five and ten-franc notes which are so constantly used and worn out. France has not yet adjusted her circulating medium to the depreciation of its purchasing power.

Italy is far ahead in this respect. Five and ten-lire notes still circulate, but there are only a few of them. Their places are

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<i>Capital Fully Paid</i>	\$1,000,000
<i>Surplus and Profits over</i>	275,000

taken by silver coins. In August the government announced that another silver coin would be minted—a twenty-lire piece. Thus the government saves wear and tear on notes and saves inconvenience to the public. It will be interesting to note how long before France adopts a similar policy. The determination to take no legal or official cognizance of the depreciation of the franc has prevented prior action. Even now it is illegal to make a contract specifying gold francs, the law still holding that there is no distinction between francs and gold francs.

AUSTRIA AND THE SUCCESSION STATES

No trace is left in Vienna of the socialist riots of July, save the burned Palace of Justice, and all around the walls of that are scaffolds. Men are busily at work rebuilding it as soon as possible. The people go about their work as before and the incident is forgotten.

No more of a mark was left on Austrian business than on the City of Vienna. True, the Austrian National Bank raised its rate soon after the riots, but a raise was inevitable, riots or no riots. But it was reduced again on August 24 to 6½ per cent., when commercial funds began to be offered in Vienna freely under 5 per cent. The demand for investment funds still exceeds the supply.

The iron and steel industry has been improving since March. June, July and August were particularly active in this industry. Operations were at 70 per cent. of capacity. In the same months of last year they were only 45 per cent. Trade, both foreign and domestic, is increasing and competition is less keen than formerly. The crops have been good. That this increased business should have been accomplished with less workers indicates efficiency, but it is unfortunate that the workers could not have been absorbed in other lines. Instead there was a slight increase in the number of men out of work in August.

The annual reports of the big banks in Vienna show lower profits but a much sounder position than last year. Of the ten pre-war banks in Vienna, only six are left, the weaker ones having been absorbed, to the great benefit of the system. Costs of administration have been reduced, and the outlook is for good profits in 1927.

Austria's large mortgage bank, the Boden Credit Anstalt, has organized a sort of reserve bank for Austrian savings banks—the so-called Central Clearing Institution for Agricultural and Industrial Co-operative Savings Banks and Associations. It began business on August 16 with a capital of 5,000,000 schillings. This may later be increased to 10,000,000 schillings. Of the present

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(Helsingfors), Finland

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Capital Fmk.	- - -	150,000,000
Reserve Fund and Profits Fmk.		135,000,000
Total Assets (31/12 '26) Fmk.	-	2,337,000,000

All descriptions of banking business transacted

Telegraphic address: KANSALLISPANKKI

capital, 2,000,000 schillings were furnished by the Boden Credit Anstalt and 3,000,000 by the co-operative societies who wish to become members.

The clearing institution will not guarantee the deficit of any of the individual co-operatives, but its purpose will be to keep them in a liquid condition, by advising them as to proper business methods, making advances to tide them over temporary heavy withdrawals (after the manner of a revolving fund), and in general providing cheap long term agricultural credits.

Its charter powers include:

1. Examination of the books of co-operatives to determine their stability.
2. Assistance in reorganizing co-operatives which find themselves in difficulties.
3. Establishment of regulations for the proper control and conduct of co-operatives to keep them in a sound and liquid condition.

Business conditions in Hungary at the end of August were better than at any

previous time since the separation from Austria. Unemployment has practically disappeared; wages and prices are both rising; crop conditions are satisfactory with the wheat particularly good in quality. There were only 66 bankruptcies in July as compared with 170 in July, 1926. Security prices are firm.

Crop moving requirements and good business have stiffened the money market. Commercial bills bring from $7\frac{1}{4}$ to $8\frac{1}{4}$ per cent.

There is no improvement, however, in the trade balance. The import balance for the first half of 1927 was $2\frac{1}{2}$ times as large as that for the first half of 1926. But the investments so brought into the country have increased productive capacity, and given a proper lapse of time are almost certain to show in the trade returns a few years from now.

Czechoslovakia is also benefiting by a business revival. The harvest was one of the best in recent years. This and the phenomenal amount of new building going on has done much to put men to

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New York Correspondent: BANK OF MONTREAL

Capital Authorized	£3,000,000
Capital Paid-up	£1,050,000
Reserve Fund and Undivided Profits	£1,512,884

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JAMES STEUART, Chief Manager

work. Normal operations are reported in the glass, textile, coal and engineering trades. Bank note circulation has increased, demand deposits in the banks have been drawn down for industrial use and there is a moderate increase in the demand for credit through discounts and loans on securities.

During August the Kingdom of the Serbs, Croats and Slovenes came to an agreement with Great Britain for funding their war debt of approximately £25,500,000. It will be paid off in sixty-two annual instalments as follows: In 1927, £150,000; in 1928, £200,000; in 1929, £250,000; from 1930 to 1935 inclusive, £300,000 per year; from 1936 to 1939 inclusive, £350,000 per year; in 1940 and 1941, £400,000 per year; from 1942 to 1988 inclusive, £600,000 per year.

NORWAY

In spite of the fact that the report of the bank commissioner of Norway on July 1 showed that forty-four private banks had been taken over by the government—these forty-four containing about 43 per cent. of the total deposits in Norwegian private banks—the krone took another jump in August to 25.97 and later in September to 26.41. No satisfactory explanation of the rise has been offered, though it has been suggested that it was due to speculative purchases by Germans. Certainly nothing is visible in the industrial situation to cause such an advance. Conditions have not changed substantially for some months. Business

is depressed but is getting no worse. Almost any change must be for the better.

SWEDEN

The committee appointed in Sweden to suggest reform of the Swedish banking laws has presented its report. According to a short item in *L'Information*, Paris, among the recommendations are:

1. That the right of banks to purchase stocks has certain limitations placed upon it.

2. That the amount of credit extended to one borrower be limited.

3. That bank directors shall not be on the boards of other corporations. Most industries, it says, are independent and it believes they should remain so.

This is a departure from European banking practice where all the banks are closely allied with industries, even to the extent of having coal and coke trucks painted, "Bank, Kok Sektion."

Swedish business is much better than last year. Exports of timber, pulpwood, and iron ore are much larger. Efforts to advance prices, however, have been unsuccessful. The crop prospects were good at the end of July, but constant rains in August did much damage and interfered with harvesting. Even so, exports of agricultural products for the first half of the year were more than double those of the same period last year. If exports continue in the same volume for the rest of the year, Sweden will have an export balance for the first time since 1922.

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If you are interested, the Bank of the Philippine Islands offers the highest class and most reliable Banking Services.

As the Oldest Bank in the Orient, we naturally maintain a very strong position which enables us to properly carry out the wishes of our clients, assisting them in the development of their trade and stimulating the production of the Islands.

The Bank of the Philippine Islands

Capital fully paid-up . . . (Pesos) 6,750,000 - (\$3,375,000)
Reserve funds " 2,250,000 - (\$1,125,000)

Head Office: MANILA, P. I.

BRANCHES: ILOILO, CEBU, ZAMBOANGA



Fulgencio Borromeo President
Rafael Moreno Vice-President & Secretary
J. M. Browne Vice-Pres. & Mgr. Foreign Dept.
D. Garcia Chief Cashier
S. Freixas Chief Accountant
P. J. Campos Manager Iloilo Branch
E. Byron Ford Manager Cebu Branch
J. M. Garcia Manager Zamboanga Branch

Correspondents in all parts of the World

Special attention given Collections

FINLAND

The Bank of Finland reduced its rate from 7 to 6½ per cent. on August 10.

HOLLAND

Holland has experimented during the last year with gold coins for purposes of circulation. During 1926 she coined and put into circulation 9,397,000 florins in ten and twenty-florin coins. Of these 1,889,360 florins flowed back into the bank. The average circulation of banknotes is about 52,700,000 florins. Since the public did not keep in entirety the gold coins paid out, the government has concluded that paper money is preferred.

There is no change worth mentioning in Holland's business situation. Some alarm is felt over the possibility of France's imposing high tariffs on Dutch goods (now that the France-Germany commercial treaty has been signed) but that is a future possibility and does not affect the present situation, which is characterized by an ample money supply, low

money rates (around 3½ per cent.), an active market in new security issues, a satisfactory trade balance and a quiet stock market. Amsterdam is fast becoming an international security market. More than 50 per cent. of the issues floated there in July were for foreign borrowers, chiefly Germans. The year 1927 promises to be a record year for new issues in Amsterdam.

RUSSIA

The printing presses have started again in Russia. From May 1 to July 1 of this year the circulation increased at the rate of 2,000,000 rubles a day. It looks like the beginning of another period of inflation. Yet it has not the principal characteristic of inflation—feverish activity. Unemployment increased over 30 per cent. from April 1 to August 1. Industries by the score closed their doors because they could get no raw materials to manufacture. All of the Soviet establishments are facing deficits, in spite of considerably increased prices.

The National Bank of New Zealand, Ltd.

Subscribed Capital, \$30,000,000
Paid-up Capital, \$10,000,000
Reserve Fund, \$10,000,000

Head Office

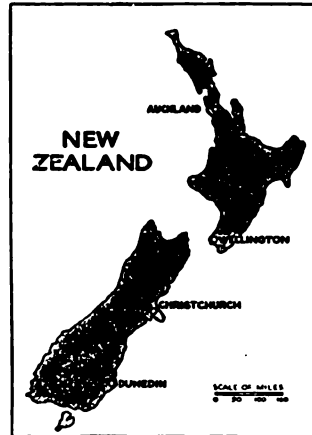
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TURKEY

An Agrarian Bank is to be established in Angora. It will be a queer sort of institution, if newspaper reports are correct. Its principal purpose will be to provide farm credits; but in addition it is to "serve as a foreign exchange clearing house" and is also to receive all the proceeds from the Turkish monopolies—alcohol, oil, tobacco and matches. In return for this, it will pay the interest on the Turkish state debt and the instalments due on the payment for the Anatolian railway seized by the state in 1923. A sort of combined farm loan bank-commercial bank-fiscal agency for the government.

It is one of the measures for the industrial development of Turkey. Others include the construction of ports, roads, a telegraph and telephone system, electricity and gas works and more railways. Only the railways are at present really being built. French, Belgian and

Swedish financial interests are behind them.

INDIA

During most of the month of August the Indian parliament discussed the Indian Reserve Bank bill. The bill provided for a new, independent bank to take the place of the government-controlled Imperial Bank of India as the central bank with the sole power of note issue for India. It followed closely the recommendations of the report of the Indian Currency Commission.

Bit by bit the opposition in India lopped off essential parts of the bill. Finally it was so completely emasculated that the government decided to let it drop rather than attempt to pass it in mangled form.

This does not interfere in any way with the change of India to the gold standard or to the stabilization of the rupee. It simply means the postponement for a time of the introduction of a modern banking system into India.



Two views of the New Borse building
(at center in both pictures).



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THE PAST MONTH IN CANADA

DEVELOPMENTS in Canadian industry during the current season, according to the monthly letter of the Canadian Bank of Commerce, Toronto, "have been mainly of a character that determines the course of business a few months hence, for, while the immediate requirements of the general public have kept a certain number of people employed and others have been engaged in work in which there is no seasonal contraction, the majority have been occupied in securing the greatest possible quantities of food, timber and minerals at the most productive period of the year. Farmers have been busy cultivating and reaping their crops; lumbermen, especially those in the East, have operated their mills chiefly to meet the future demand for their products; fishing has been carried on during the season in

which sea foods are the most plentiful; mining companies, in addition to raising and treating minerals, have taken advantage of the weather most favorable for exploration and development. There are, of course, many factors that influence general conditions, but the extent of production in the primary industries is the most important, and a general summing up of the results to date may indicate the future trend of business."

AGRICULTURE

Ideal weather has characterized the growing season in western Canada, says the Royal Bank of Canada, Montreal, in its monthly summary of conditions. The wheat acreage is somewhat smaller than that of 1926 because the late harvest last year prevented the usual amount of fall

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plowing and heavy rains effected more delay. In spite of this, however, it is hoped that heavy yields will more than counterbalance this, and conditions seem favorable, since hail damage and rust injury have been slight. The Dominion Bureau of Statistics report of August 10 increased its forecast to 357,000,000 bushels instead of the 325,000,000 bushels forecast in July.

"In this connection, it is interesting to note," says the letter, "that the total crop of 1926 amounted to more than 400,000,000 bushels, although the August forecast amounted to only 316,000,000 bushels."

As regards the other crops, the letter says, "The crops are about ten days behind normal, but apart from the lateness of the season, conditions have never been more favorable at this stage and a record crop is anticipated provided that weather conditions remain favorable. The government report also forecasts the largest hay and clover yield on record. Until the harvest has actually been completed, any of the crops may be severely damaged by bad weather or frost, but the immediate prospect is favorable for excellent crops throughout the prairies. In British Columbia, the grain fields are showing heavy yields and the reports from the fruit orchards and vegetable farms are exceptionally optimistic. In the Maritime Provinces, the apple crop is about 45 per cent. larger than last year and there are good prospects for a satisfactory hay crop. Favorable reports concerning the hay crop have also been received from Ontario and Quebec. In

spite of a late season, all reports to date indicate generally favorable agricultural conditions throughout the country."

The crop report of the Bank of Montreal for September 15 gives the situation in each of the provinces. "Until a few days ago," it says, "the weather of the last two weeks has been favorable and a large crop is in sight in the Prairie Provinces. Harvesting is not yet far enough advanced to determine in definite form grades and yields. Cutting has proceeded rapidly, and but for intermittent rains in practically every section, threshing would now be general. Weather conditions generally in Quebec have been favorable to harvesting operations. In Ontario fine weather has enabled farm work to be well advanced but fall plowing is hampered by dryness. In the Maritimes, wet weather is making harvesting difficult and crops have suffered damage. In British Columbia continuous rains have seriously delayed harvesting and much damage to crops is reported."

LUMBER CONDITIONS

The lumber mills in many sections are working on substantial orders and new business of considerable volume is in sight, although the demand for lumber has fallen off in one or two important markets. The industry is not producing as fast as in previous years, a fact which prevents the waste of good timber. Fundamental conditions are better than those of a year ago, although there are many



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difficulties to overcome before lumbering is as profitable as it should be.

MINING CONDITIONS SATISFACTORY

Curtailment is reported in certain coal mining districts following a comparatively busy six-months' period, but at other points work either has been resumed after the summer shut-down, or preparations are being made to reopen the mines in order to fill contracts on hand, or in prospect, for the winter's supply of coal, according to the report of the Canadian Bank of Commerce. "Generally, the conditions in this industry, while not entirely favorable, are as satisfactory as could be expected at a time when there is severe competition among all important coal producing countries.

"The low price of silver has resulted in the closing of some mines, the output of which was from low grade ore, but several companies can continue to operate profitably under present conditions. . . . There is marked activity in all the min-

eral districts of British Columbia and development has been carried on at an unprecedented rate. . . . The output of lead and zinc does not seem to have been lessened as a result of the low prices which were quoted during the summer, although, of course, the recent improvement in marketing conditions will be a welcome change."

EMPLOYMENT INCREASED

Employment in August showed a moderate increase over the July figure and the index is now higher than for any corresponding month on record. Immigration is also on the increase. During the first five months of 1927, the number of settlers who arrived in Canada exceeded the number in the corresponding period of 1926 by 23,269 or 64.4 per cent. This rise in the volume of immigration is the normal aftermath of the prosperity which began in 1925. If the excellent crops which are now in prospect materialize, a further rise in monthly arrivals is to be anticipated during 1928.

1839—1927

Banking in the Levant

THE Ionian Bank Limited since its establishment 88 years ago has always been an important factor in the economic development of the Levant.

The Organization of this British Bank is at the disposal of American Banks interested in trade and finance in the Near East.

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INTERNATIONAL BANKING NOTES

ANUAL statement of the Commercial Bank of Australia Limited, Melbourne, shows net profit for the year ended June 30, 1927, of £341,710, to which has been added £66,140 brought forward from the previous account, making a total of £407,851. From this amount the directors have made the following appropriations:

To reserve fund	£ 66,671
To reduction of bank premises	25,000
To interim dividend on preference shares paid February, 1927	42,347
To interim dividend on ordinary shares paid February, 1927	70,820

This leaves a balance of £203,012, which it is proposed to dispose of as follows:

To dividend for six months on the preference shares at 4 per cent. per annum	£ 42,347
To dividend for six months or from the due dates of instalments on the ordinary shares at 15 per cent. per annum	78,906
To carry forward to next account	81,759

During the year branches have been opened at 485 Elizabeth street, Melbourne, and Moonee Ponds, in Victoria; Oxford street and Pitt street, Sydney; Condobolin, Griffith, June and Parkes in New South Wales; Alpha, Barcaldine, Blackall, Clermont and Longreach in Queensland; Ceduna, Cowell, Hindmarsh, Kimba, Lameroo, Port Lincoln, Prospect and Wudinna in South Australia; Bruce Rock in Western Australia; and at Raglan, Wesport and Whangarei in New Zealand. The receiving offices at Lascelles, Manangatang, Nar-Nar-Goon, Nullawil and Werrimull in Victoria; Newtown in New South Wales; and Nundah and Redcliffe in Queensland, have been converted into branches. The branches at Beaconsfield and Waratah in Tasmania have been converted into receiving offices.

Capital of the bank is £3,299,050, reserve fund £1,300,000, deposits £21,102,189 and total resources £28,483,722.

BALANCE sheet of the Bank of New Zealand, Wellington, for the year ended March 31 last shows profit of £868,870, after providing for expenses of management, all bad and doubtful debts and other contingencies, and

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after making provision for the annual donation to the provident fund and for bonus to the staff. From this has been deducted interest on guaranteed stock amounting to £21,199, leaving a balance of £847,670. To this has been added the surplus on realization and on maturity of government and other securities amounting to £143,420 and £565,378 brought forward from the previous year making a total of £1,556,469 to be disposed of as follows:

	£
To dividend on preference A shares..	50,000
To interim dividend on preference B shares	41,666
To interim dividend on ordinary shares	250,000
To dividend on C long-term mortgage shares at 6 per cent. per annum..	878
To dividend on D long-term mortgage shares at 7½ per cent. per annum..	2,185
To dividend on preference B shares..	120,833
To bonus on preference B shares....	18,750
To dividend on ordinary shares.....	250,000
To bonus of 1 per cent. on ordinary shares	37,500
To transfer to reserve fund	200,000
To carry forward to next account....	584,655

Paid up capital of the bank is £6,529,185, reserve fund £3,025,000 (after March 31), deposits £29,664,024 and total resources £48,860,540. The bank has 228 branches and agencies throughout New Zealand, Australia, Fiji, Samoa and an office in London.

THE Hungarian Commercial Bank of Pest, Budapest, in its statement of June 30, 1927, showed profit for the first six months of 1927 of P2,651,261 without the amount carried forward from last year. This compares with the total profit for the whole of 1926, which was P3,672,102.

Capital of the bank is P25,000,000, surplus P25,680,000, undivided profits P2,794,728, deposits P171,996,446 and total resources P238,439,917.

THE balance sheet of the Bank of the Philippine Islands, Manila, as of June 30, 1927, shows paid up capital of 6,750,000 pesos, reserve fund 2,250,000 pesos, undivided profits 375,582 pesos, deposits 23,053,443 pesos and total resources of 53,942,060 pesos. The bank has branches in Iloilo, Cebu and Zamboanga.

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FOREIGN BANKS ARE INVITED TO CORRESPOND WITH

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EUROPEAN BUSINESS IMPROVING, SAYS KLEIN

EUROPEAN business has for some time been showing convincing evidence of recovery, according to a report of Dr. Julius Klein, director Bureau of Foreign and Domestic Commerce, who has recently returned from an extensive study of European economic conditions. A portion of his report follows:

"Not the least important improvement has been the gradual disappearance of the mental hazard—the shaking off of a calamity complex and the gradual strengthening of business morale. An encouraging spirit of determination is spreading in commercial and industrial circles, which previously had been laboring under a cloud of despair. There is a growing conviction that the problem is one of trade dislocation rather than downright destruction. Furthermore, it is fully realized that the pursuit of the 'pre-war normalcy' is not only inexpedient but futile, that a new economic world has come into being since 1918 and the task involves not 'restoration' of antiquated conditions but adjustment to a new and vastly improved business environment.

"One significant indication of this 'mental renaissance' was the vigor with which a number of topics hitherto forbidden for non-domestic discussion—trade policies, embargoes, import and export quotas, etc.—were fully and frankly analyzed in the two large international

business conferences this summer at Geneva and Stockholm. While it is too early as yet to observe many definite results from these gatherings there can be no doubt of their helpful reactions upon several continental trade agreements and tariff schedules now in process of formation, especially as regards simplification of customs procedures and classifications, and the duration periods of international commercial understandings. Out of one group of 180 European trade treaties drawn up since 1920, no less than 153 were only valid for one year or less; international business has thus been reduced almost to a nomad existence, living in tents, subject to eviction on a few weeks' or even a few hours' notice. This situation has led to a determination to substitute frame dwellings, so to speak, for the tents; the tendency of late has been toward longer-termed agreements so that business might have the assurance of something more than one-night stands.

"Tangible data on the new commercial era in the Old World are abundant. For example, transportation facilities have notably improved during the last twelve months. There has been a widespread expansion of air traffic, not simply on the Continent but in definite plans for service from European capitals to the trade centers of Africa, the Far East, and even for combination air, rail and ship facilities to South America. Rail traffic has

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been notably expedited and several new 'luxury trains' have been recently put on. Even shipping has revived of late, especially because of the further replacement of steam by motor power. German tonnage, for example, now stands at about three and one-half million tons, largely of the latest motorized type, and although this is some 30 per cent. below its pre-war total, it is probably almost equal to the 1913 figure in terms of actual carrying power.

"Particularly encouraging has been the completion of currency and budgetary stabilization in practically all countries. Another financial indicator of importance has been the steady advance of savings. Their total in Germany, for instance, on July 1, 1927, exceeded 3,718,000,000 marks, as compared with 2,154,000,000 in June, 1926—a formidable increase of nearly 80 per cent.

"An economic phenomenon is evident which has appeared after every war in

modern times, namely the intensive exploitation of the resources of colonies, dominions, and other economically 'new' lands as a solution for unemployment, and in general to redress the havoc of warfare in the mother countries. The reactions of this movement upon American trade have already set in: First, in the stimulation of buying power in the new lands, many of which require just the type of mining machinery, farm equipment, road building apparatus, etc., which was used in opening up our own country; second, however, there is evident a perfectly natural endeavor to conserve the benefits of this new development primarily for the parties immediately involved, especially through preferential tariffs, to which we can take no exception unless there be evidence of discrimination. This has a bearing not only on our exports of manufactures to the new lands but also on our sales of those staples which play so large a part in our exports to Europe, notably cotton, cereals, petroleum, lumber, etc. for the production of which several of the mandated territories, dominions, and colonies are well fitted.

"The industrial situation in the Old World has still many unfavorable spots in some districts or industries, but on the whole the recovery in recent months has been decidedly gratifying. Unemployment figures have been dwindling steadily; in the United Kingdom the decline during the last twelve months has been from about 1,600,000 down to 1,000,000, of whom about 400,000 are only casually unemployed. Of course this substantial reduction was partly due to the settlement of the coal strike but coupled with this is the striking fact that there are today over 1,150,000 more workers actually employed in Great Britain than there were in 1912. In Germany recovery has been even more spectacular, the number of unemployed having fallen from 1,700,000 in June, 1926, to 541,000 in June, 1927. The decline in France during recent months has been at the rate of 2000 a week. Strikes have de-

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Statement of Condition as of December 31, 1926 :

Capital Fully Paid In . . .	\$2,000,000	Deposits . . .	\$10,462,800
Reserves and Undivided Profits	\$1,053,500	Total Resources	\$18,981,100

Branches: Armenia (Caldas), Barranquilla, Bogota, Bucaramanga, Cali, Honda ; Bremen (Germany).

GENERAL BANKING BUSINESS

creased in almost every important industry and manufacturing center: Throughout central Europe the number of industrial disturbances has fallen off nearly 60 per cent. below 1925 figures.

Industrial production generally has risen steadily. Steel exports of Europe for 1927 will show for the first time a substantial gain—probably about 20 per cent.—in volume over 1913.”

INTEREST AROUSED IN MUNICIPAL BANKING

THE following article from the *Boston Transcript* of September 19 tells of the feeling toward municipal banking in England:

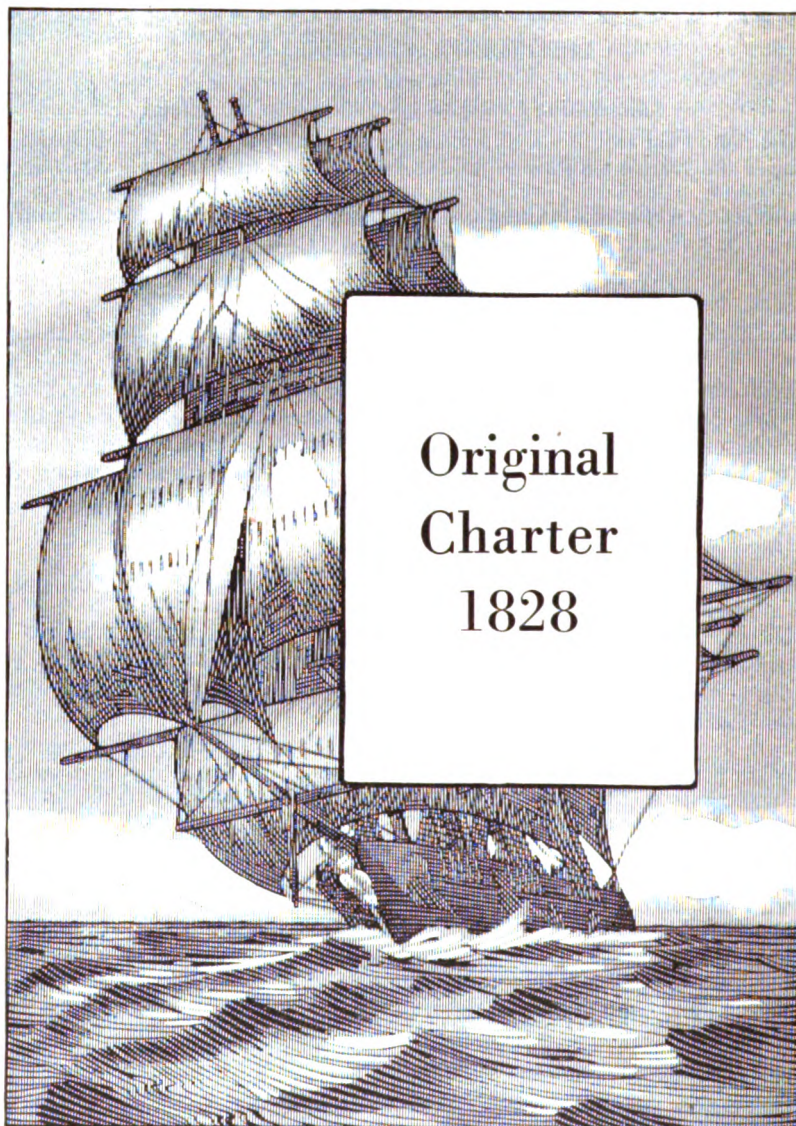
“Much interest, and not a little opposition, have been aroused from time to time by suggestions that English municipalities should embark in the business of banking, according to Alfred Nutting, American Consulate General at London. Birmingham is the only city in Great Britain which has obtained powers to do so. A recent article on the origin and progress of its municipal banks, Mr. Nutting points out in the current issue of *Commerce Reports*, published by the general manager, is of interest in view of the numerous attempts, so far unsuccessful, of other municipalities to follow Birmingham’s example.

“The originator of the idea was the Rt. Hon. Neville Chamberlain. One of the chief objects of the institution, established in 1915 as the Birmingham Corporation Savings Bank, was the utilization of the savings of the small depositor to aid in the prosecution of the war. Although patriotism aided its progress, development was greatly restricted by the rules under which it operated, and in its

original form it was compelled, by the act authorizing its establishment, to cease business three months after the end of the war.

“At the termination of this period, however, the bank had received deposits aggregating £603,000 from over 24,000 depositors, and this record became a strong argument for a permanent institution—which was already in existence when the time came to wind up the affairs of the savings bank, and the bulk of the deposits had been transferred. Growth since then has been continuous, and the balance sheet at the end of March, 1927, showed deposits of £7,800,000 belonging to 225,760 customers.

“Nearly £750,000 was held in cash. A sum of £5,500,000 was lent to the corporation of Birmingham, at call, although one-half was invested in trustee securities and £1,500,000 had been advanced in respect of house purchase. Besides the latter branch of its activities, the bank renders a variety of services to the different municipal undertakings by receiving payment of their accounts. The bank not only serves the interests of its depositors directly, but also indirectly by enabling the corporation to borrow at favorable rates.”



**ATLANTIC
NATIONAL BANK
OF BOSTON**

How Banks are Advertising

Special Section of The Bankers Magazine

OCTOBER 1927

MEETING OF FINANCIAL ADVERTISERS SETS NEW RECORD FOR INTEREST AND ATTENDANCE

THE development of profitable business, with particular emphasis on the development of profitable trust business, was the keynote of the sessions of the twelfth annual convention of the Financial Advertisers' Association, held at West Baden, Ind., September 12-16. Both from the standpoints of attendance and general interest in the proceedings, the convention broke all previous records.

Nearly four hundred bank and investment house advertising managers, bank new

this program, much credit is due C. H. Wetterau, chairman, and other members of the general program committee.

Clinton F. Berry, assistant vice-president Union Trust Company of Detroit, Mich., was elected new president of the association, succeeding C. H. Handerson, assistant vice-president Union Trust Company of Cleveland, Ohio. C. H. Wetterau, vice-president American National



CLINTON F. BERRY

New president Financial Advertisers' Association; assistant vice-president Union Trust Company, Detroit, Mich.

business managers, trust officers and officers of other departments of banks and trust companies, came from banks in all sections of the country to hear what proved to be the most practical and comprehensive program ever presented at a convention of the association. For their constructive work in arranging



C. H. HANDERSON

Retiring president Financial Advertisers' Association; assistant vice-president Union Trust Company, Cleveland, Ohio.



C. H. WETTERAU

First vice-president Financial Advertisers' Association; vice-president American National Bank, Nashville, Tenn.

Bank, Nashville, Tenn., was elected first vice-president of the association; A. E. Bryson, vice-president Halsey, Stuart & Co., Chicago, second vice-president; F. R. Kerman, vice-president Bank of Italy, San Francisco, third vice-president; and E. A. Hintz, cashier Peoples Trust and Savings Bank, Chicago, treasurer.

Arthur M. DeBebian, advertising manager Equitable Trust Company of New York; C. H. Handerson of the Union Trust Company, Cleveland, Ohio; H. W. Kitchell of the Illinois Merchants Trust Company, Chicago; S. A. Linnekin of the Central National Bank and Trust Company, St. Petersburg, Fla.; H. A. Lyon of the First National Bank, Boston, Mass.; C. H. McMahan, advertising manager First National Bank, Detroit, Mich.; and Robert D. Mathias, vice-president Depositors State Bank, Chicago, were elected to the board of directors of the association to succeed A. E. Bryson of Halsey, Stuart & Co., Chicago; F. W. Gehle, second vice-president Chase National Bank of New York; Carl A. Gode, advertising manager, Illinois Merchants Trust Company, Chicago, Ill.; F. R. Kerman of the Bank of Italy, San Francisco; Thomas J. Kiphart, Fifth-Third Union Trust Company, Cincinnati, Ohio; and Carroll Ragan, advertising manager United

States Mortgage and Trust Company, New York. C. H. Handerson was elected representative on national commission, International Advertising Association, succeeding Clinton F. Berry.

THE ADVERTISING EXHIBIT

An impressive feature of the convention was the financial advertising exhibit, which exceeded any previous exhibit both in the number of panels and in the general interest of the material on display. More than two hundred panels were included in the exhibit, representing the work of more than a hundred of the leading financial institutions of the country. The exhibit was in charge of Virgil D. Allen, Jr., assistant vice-president First Bank and Trust Company of Utica, N. Y., as chairman of the exhibit committee.

The entertainment program, under the guidance of E. A. Hintz, cashier of the Peoples Trust and Savings Bank, Chicago, provided a wide variety of diversion and amusement for the delegates and guests of the convention.

Entertainment features included a golf tournament, a tennis tournament, a bowling tournament, horse-shoe pitching contest, a progressive dinner party, an old fashioned cotillion and get-together party, and two evenings of stunts by the more versatile members of the association.

The reports of the standing committees of the association proved one of the most helpful features of the convention, and gave evidence of the time, thought and conscientious effort on the part of members of the various committees put forth in the preparation of these reports.

WHAT BUSINESS IS PROFITABLE?

At the opening general session of the convention, Walter Greenough, assistant to the president the Fletcher Savings & Trust Company, Indianapolis, Ind., speaking on the subject, "What Business is Profitable?" said, in part:

"There is widespread belief among business men generally that an enormous volume of money passing through a commercial banking account means commensurate earning power for the bank. An account which involves the handling of a million dollars or ten millions or a hundred thousand within a year nearly always is considered to be highly profitable to the bank by the depositor, whereas the volume is but one of the factors in the possible profit. The viewpoint in our institution about such an account sometimes is widely different from that of the depositor. The volume is impressive, yes—but how many checks are written monthly against the account; how

many transit items do we handle daily for the account; how much free credit service is involved; how many drafts



CARROLL RAGAN

Advertising manager of the United States Mortgage and Trust Company, New York City, and former president the F. A. A., who was active on a number of committees at the convention.

are we collecting free of charge or at a loss for the account? The net cash balance of such an account, or the gross balance, less the 'float,' is far more important from our profit standpoint than the total volume that is passing through the account. And if, in addition to these little-known items of the cost of handling such commercial accounts, we are paying interest on balances, there may be actual loss, even though the volume of the account be large. I have not mentioned nearly all of the items of cost that might occur in the handling of such business. Free

income tax service, or income tax service below cost, to large depositors, is one such item some banks still are incurring.

"The changing of the viewpoint of such a commercial depositor usually is not an easy task. But it is one of the goals of financial advertising, if we are to discover 'What Business is Profitable' and veer toward it.

"Going a step further with the problem of where to find new targets for our advertising—targets that will mean profitable business in the long run—we come against a competition that is heart-breaking, a competition that is woven into the very spirit of our time.

"Read the advertisements in any periodical and list the methods of attack by the seller of things which human beings need or are urged to



CHARLES H. MCMAHON

Director of advertising First National Bank of Detroit; elected to board of directors F. A. A.

believe they need. Even ten years ago we did not dream of the intricacy which selling formulas would assume. They



ARTHUR M. DEBEBIAN

Advertising manager Equitable Trust Company of New York; elected to board of directors F. A. A.

range on the printed page alone, through the gamut of catch-phrases, expletives, over-emphasis, over-statement and exaggeration to the carefully-devised, adroitly-worded, splendid advertising of things or services you have to sell and are insisting that I buy. Strong-willed indeed, is the human being who resists the far-flung appeals for the fruits of his present and future earning capacity and unspectacularly 'salts' down a part of his income to meet the emergencies, the unknowables, of his future. The trick of so living that we may come to the end of life in financial independence has become old-fashioned, unpop-

ular, as today's prosperity mounts to undreamed-of heights. There is often a sardonical smile in the mouth-corner for him who goes prosaically about the business of accumulating through self-denial. Make it fast and spend it now is the cry.

"The public from which successful banking must draw its savers, its accumulators, is a public which steadily sees buying accented—premiums placed upon it. Not only do we buy with current earnings. Anticipation of earning power as a means of enjoying luxuries that become necessities largely through

clever advertising seems to be the accepted rule of the majority. How, then, shall the unthrilling message of thrift find judgment in the public consciousness? That is the heart-breaking problem that the financial advertiser faces. Again I think there should be more shooting with the 'squirrel-rifle.' For I am convinced that the banking business of the accumulator of wealth, the saver, the keeper of property is, in the long run, the business that brings stability of profits to financial institutions.

"I do not advocate modification of our advertising to appeal only to the rich—far from it. The banking business is organized on perhaps the most permanent basis of all our businesses. It is for the long-haul. The determined saver of a pittance today may be the banking customer controlling millions of dollars ten years hence. His education in financial well-being is the goal toward which I think our advertising, in some large part, should be directed. And we cannot tell how many such are now carrying the small accounts, the unprofitable accounts upon our books. If we seek by wholesale slaughter to weed out all others but the potential accumulator from our business, it is a dangerous adventure. Rather must we expend our energy and our advertising budget, in some part to the education in financial well-being of those who wish such

help. They will answer for us, in large measure, the query: 'What Business is Profitable?'"

OUTDOOR ADVERTISING FOR INVESTMENT HOUSES

Robert G. Fields, advertising manager Caldwell and Company, Nashville, Tenn., speaking before the investment departmental session on the subject, "Outdoor Advertising for Investment Houses," said, in part:

"For the investment house, poster advertising has four main advantages. First of these is color. Nowhere else, except in direct mail, do investment houses have the opportunity to avail themselves of the tremendous attention value of color advertising.

"The second advantage is that of size. The use of poster boards as well as painted boards gives a definite impression of importance to the advertising house. John Public has become accustomed to seeing the largest advertisers of the country using posters, and immediately your house is classified subconsciously in that category.

"The third advantage I have stressed as my main thought in this discussion, namely, mass coverage. The outdoor advertising companies sell a contract for a city on the basis of what they call full showings, half showings and quarter showing.

THE TRADITION OF TRUSTEESHIP

TRUSTEESHIP men who drive their bank as the type you would naturally select to administer your estate. With them, the conservation of your people's money is more than a task—it is a tradition of trusteeship extending back through 115 years of CHATHAM history.

You would not ask a man of such responsibilities to see only his business and professional affairs for years by acting in your interests. But if you come CHATHAM TRUSTEESHIP, in your interest, a group of such men will give you the benefits of their business experience.

CHATHAM TRUSTEESHIP The CHATHAM TRUSTEESHIP COMPANY—members weekly for years on all CHATHAM TRUSTEESHIP COMPANY.

CHATHAM PHENIX NATIONAL BANK TRUST COMPANY

TRUST DEPARTMENT

115 WALL STREET

Prestige copy published in the interests of the trust department of a New York bank.

They Must Have a Good Reason

LARGE, successful corporations require a bank with personnel and resources to handle operations of any size and any degree of difficulty. These nationally known corporations, for instance, secure the banking services they desire by carrying accounts in the Shawmut Bank:

Business Development

Overseas Remittance

Joint Maintenance Accounts

Local Oil & Gas Development

Maritime Personnel Compensation

Five American Petroleum & Transport Co.

Standard Oil Company of New York

The World Oil Company (Mex.)

Various Oil Companies

Various Communications Co. Plans

You, too, will enjoy the friendly spirit of cooperation which prevails at the Shawmut. No matter where your headquarters are or what your line of business is, you are cordially invited to use this bank to further your interests anywhere in the world.

A local call, **Comal Step**, enables you to talk with us in Boston without extra charge.

THE NATIONAL
Shawmut Bank
 OF BOSTON



The Shawmut Corporation
 or person
 deals in bonds, stocks, bank-
 ers' acceptances and other in-
 surances. It offers its investment
 services to investors, whether
 depositors in the bank or not.
 New York: 14 Wall Street
 Boston: 40 Winter Street
 Chicago: 209 So. La Salle Street
 Philadelphia: 1000 Chestnut St.

A Boston bank lists a number of its customers among corporations in a given field, as evidence of the type of its clientele.

The half showing is the unit most largely used. In every city this is a definite number of boards based upon the city's population. A half showing well distributed—and they are generally well distributed by the company and can be distributed by the investment house—reaches practically every one in the city many times during the month's showing of the poster. In addition it reaches the thousands who come to the city from the surrounding country or pass through as tourists, so the advertiser is getting a great deal more for his money than he pays for based upon the actual population of the city.

"The fourth and final chief advantage of poster advertis-

ing is that of reiteration. During a month's showing the inhabitant of the city where the posters are used reads them not once, but many times. He gets the impression that your boards are everywhere, repeating the same message to him over and over until it is pretty well fixed in his mind. Reaffirmation is the principle behind the success of the great slogans of American advertisers—"I'd walk a mile for a Camel," "Good to the last drop," "Time to retire," etc. Reaffirmation is achieved to the fullest possible extent through outdoor advertising."

TRUST SALES SESSION

A. Douglas Oliver of the Provident Trust Company of

Philadelphia in his talk before the trust sales departmental gave a comprehensive review of the various plans used to secure the co-operation of organized bodies in the development of trust business.

He stressed the idea that trust companies should put at the disposal of attorneys, life insurance men, schools, clubs, etc., all the helpful services possible, and refrain steadfastly from encroaching in any way upon the field of attorneys or of insurance men.

H. W. Kitchell of the Illinois Merchants Trust Company, of Chicago, said before the trust sales meeting, that the matter of getting the co-operation of directors, offi-

of the Guardian. In discussing the qualifications of the trust representative Mr. Mills said, "The trust development representative, whether he be the trust officer or a specialist, is one of the most important men in the bank. He is in daily touch with the people many of whom never have any other contact with the bank. The impression he leaves will be the prospect's impression of the institution he represents. He must be a high-grade, well paid, well educated, well trained individual, ranking in standing with the officers of the bank."

DECREASED BALANCES

Speaking before the business extension session on the subject, "Decreased Balances and the New Business Department," Leopold A. Chambliss, assistant secretary-treasurer Fidelity Union Trust Company of Newark, N. J., said in part:

"I have never understood why a bank's advertising should carry Pollyanna copy when the senior vice-president is known everywhere as the most hardboiled man in town. If it is the policy of an institution to be 'choosy' in regard to its customers or to enforce strict requirements as to balances, it is economic waste to cast a halo of romance around the institution by advertising. It is the same kind of waste that would exist in department store advertising if the newspaper copy repeatedly featured dining room chairs where the furniture buyer was late in his chair deliveries.

"Why not state what type of business you want?"

"Of course we are all afraid of wounding the small customer. Also some bankers are frankly dishonest. They seek to create the impression that they are the friend of the small man when

they are not, and wish this impossible job on the advertising department. I think this is based on misconception, first to the effect that it will hurt their business to get rid of small customers and second to the effect that it will really offend the small customer.

"Why not tell the truth about your bank? And better still, why discuss the small customer at all? It is not a question of size, but of profitable business. The emphasis should not be placed on the size of the account, so far as your advertising is concerned. It is entirely possible to do the job without offending the small customer.

"Perhaps I can best illustrate by reading some specimens of advertising copy. And I might say in passing that whether this particular copy did any good outside, it did more toward winning over the credit department to the value of advertising than



Three examples from an interesting series published by the trust department of a Cincinnati bank.

anything that has ever been done.

"Talk with our officers about the advantage of centralizing your business and household accounts in our branches. Explain your credit needs and familiarize yourself with our requirements. Maintain a proper balance, and you will find you can always depend on the Fidelity Union to stand by you."

"Note how this enclosing paragraph (1) gives a reason why you should come in to

talk with our officers; (2) bids for all of your accounts, household, payroll, personal; (3) states that we have requirements which must be met; (4) infers that we will loan money without obligating us to do so; (5) bids for a large balance; (6) tells why large balance is worth while to the prospect by saying that when he keeps a large balance during his prosperous season he can expect us to stand by him when his credit needs are heavy.

"In another piece of copy the qualifications which would be sought by a company in a new treasurer are outlined, with the suggestion that its bank should have the same qualifications. One of these, as stated, is, 'he must be courteous, and manage his own affairs so there can be no question of his financial responsibility.'

"In other words, 'expect your bank to make a profit. No company can be worthy of your patronage which is not well managed.'

ADVERTISING THE TRUST DEPARTMENT

C. R. Holden, vice-president Union Trust Company, Chicago, speaking before the trust advertising session on the subject, "Advertising in the Development of the Trust Department," said in part:

"The very nature of the problems with which some trust services are concerned often leads to long procrastination and postponement. All of us have witnessed the unfortunate consequences of the failure to provide for the protection of one's family and estate before it was too late. Men wait for changes in their personal or financial status; they put off what seems a disagreeable or complicated task, or they expect to enjoy many years in personal charge of their own affairs. To paraphrase a well known quotation: "Nothing treads so silent as the foot of

**Start now to
build an estate**

Buy good bonds from an experienced and reputable bond house. Let the Union Trust Company's thirty-five years' experience help you to select bonds which combine maximum safety with maximum yield.

Write for our monthly list of Bonds.

Union Trust Company
DETROIT
Griswold at Congress
Telephone Randolph 4470
FRIEND OF THE FAMILY

An advertisement of a Detroit bank in which the usual color design of black on white has been effectively reversed in the copy.

Time; hence men mistake their autumn for their prime." One essential function of trust advertising is to build up the customer's confidence so steadily and firmly that the prospect will feel the necessity for arranging his trust matters promptly and at the same time will not feel that he is being unnecessarily hurried in his decisions.

"There are positive ways of gaining confidence by the recital of qualifications and accomplishments by the display of masterful knowledge of the intricate field of trust service, by the thoughtful, timely suggestion of matters which a prospect may have overlooked, as for example, income tax provisions and changes in inheritance tax laws.

"Safety, experience, sympathy, personal interest, sound investment policies, making the service required the principal object of the relationship established with a new customer and not seeking to make a trust relationship a source of profit to other departments of the bank, are all elements in the successful education of the public and in the upbuilding of confidence.

"Trust copy should inform, educate and remind, but in this it is easy to go too far. After all, if you tell your prospect all the legal intricacies with which his trust officer and his attorney must deal, you have discouraged and frightened him—given

him a new reason for hesitancy and further delay.

"From our experience we believe it is advisable to remind the trust prospect of his own particular circumstances, to picture for him his problem and our services so vividly in his own everyday language that he visualizes himself carrying out the suggestions we have given him in relation to his own situation. Moreover, we try to crystallize this newly-awakened impulse which he has experienced into some definite action which will bring him into contact with the personal representatives of our trust department."

ADVERTISING THE LIFE INSURANCE TRUST

John A. Reynolds, assistant vice-president Union Trust Company of Detroit, speaking before the trust advertising session on the subject, "Advertising the Life Insurance Trust," said in part:

"The company I represent has felt it unwise to make its advertising on the life insurance trust at all technical. We have considered rather that the most judicious use of our time and money expended in the development of this kind of business would bear fruit in the building of goodwill among insurance and to this end at particular times during the year we have prepared advertisements designed to help the other fel-



As simple as this...

Make out your checks ABROAD just as you do at home

Emphasizing convenience and the practical operation of the bank's new checkbook-letter of credit, it has all the advantages of an ordinary letter of credit and many more besides:

- It has the checkbook-Letter of Credit's...
- It is a checkbook of bank checks.
- It is on hand for the prompt payment of international bills of exchange.
- It is a checkbook of bank checks.
- It is a checkbook of bank checks.

- It has the checkbook-Letter of Credit's...
- It is a checkbook of bank checks.
- It is a checkbook of bank checks.
- It is a checkbook of bank checks.

It is a checkbook of bank checks. It is a checkbook of bank checks. It is a checkbook of bank checks.

A checkbook of bank checks. It is a checkbook of bank checks.

The Seaboard National Bank

115 Broadway Broad and Beaver Streets 24 East 45th St.

Emphasizing convenience as a factor in the operation of a special checkbook-letter of credit form designed by the New York bank which published the above advertisement.

low in his business. We have issued a number of advertisements, copy of which was devoted solely to the advertising of life insurance for its own sake and with no particular mention of the Union Trust Company or its services in the preservation of insurance policies. There are two reasons for this. The first was that we felt as the company which had adopted as its slogan 'Friend of the Family,' it was something of our duty to assist people in discovering the true value of insurance.

"In our experience, as in the experience of all of you, countless instances were brought to our attention where estates suffered because of a lack of liquidity upon the death of their creators, so we called the attention of the public to the value of life insurance for the providing of funds to meet taxes and debts. The second reason was we wished to make friends of the insurance man and our desires on this point revolved about this reasoning. There were perhaps fifteen hundred insurance

men in Detroit. These men were in contact with people we wished to reach at a time when they were considering their families and the arrangement of their personal affairs. If we could take steps to make them think well of us, then we felt it was only human they would not forget us in advising their clients of the relative merits of the trust companies.

"During all the years that we have worked up our life insurance trust advertising department has given special attention to the

preparation of advertisements. These advertisements are always full-page ads. They are never repeated and are designed both from an art standpoint, and as well from a copy standpoint to be especially attractive. I have brought some of them with me for your perusal."

"We obtained approximately \$15,000,000 of life insurance trusts last year. We have already passed that mark this year. We are not satisfied, and I personally will not feel that our efforts have been sufficiently rewarded until we are writing insurance trusts at the rate of \$1,000,000 a week, but we wish the development to be normal. Let me say that up to 90 per cent. of the leads we have obtained for these life insurance trusts come from insurance men, that there are certain insurance men who drop into the office every day to pick up a representative to call upon a prospect or to leave us names and appointments. Let me say to you that this is the smallest return that we have obtained from our contacts with insurance men.

There have been hundreds of estates brought to us. They have helped us sell many thousands of dollars worth of bonds. Living trusts have been secured and no end of similar business, brought about solely through the good-will of these agents who appreciate what we have attempted to do for them."



"Faith of Our Fathers"

72 YEARS this bank has been preaching—and practicing—the gospel of "Faith in Arkansas" and the state's steady and prosperous growth has justified that constant faith.

The unprecedented flood of the past few weeks has struck Arkansas as a staggering blow. We do not need to recall to our readers the thousands made homeless, the loss of life and property, the physical and mental suffering. It is still too fresh in your memory. Our sincerest sympathy goes out to all who were in any way affected. Yes, it was a staggering blow, but not an overpowering one.

The flood has struck the Arkansas people in the heart of their life. It has struck the heart of the state's growth and prosperity. It has struck the heart of the state's confidence in its future. It has struck the heart of the state's faith in its God and its Father.

It is in such times as these that we are reminded of the words of our Father: "Whoever has faith in Me, though he should be as dead, yet shall he live." (John 11:25)

It is in such times as these that we are reminded of the words of our Father: "Whoever has faith in Me, though he should be as dead, yet shall he live." (John 11:25)

Out of the Mud and Water and Suffering, There is Sure to Emerge a Greater Arkansas of Which Every Arkansan Will Be Justly Proud.

We Are Sure of It, Because—

WE ALWAYS HAVE HAD AND ALWAYS SHALL—
HAVE FAITH IN ARKANSAS

1875
—
1927



52 YEARS OF
SERVICE
TO THE ENTIRE
STATE

AMERICAN SOUTHERN TRUST COMPANY

Little Rock, Arkansas

A striking advertisement run in newspapers full page size by a Little Rock, Ark., bank during the flood last spring.

Call it your
DEPARTMENT
of
PUBLIC
RELATIONS

If you are a Graves client you have already learned to call your advertising department by its right name—it is the Department of Public Relations



WHEN this properly defined, this department begins to take on a measure of its real importance and the Banker employing Graves Service finds himself thinking of the advertising budget as an investment; an investment that should not only pay a fair dividend this year but should keep on paying dividends for years to come.

Even one year's well directed advertising has often been known to do that. However, since "public relations" are always with us—we wish to make them highly profitable. And that means a clearly defined advertising policy extending over a long enough period to do a real educational job in the bank's behalf.

Advertising thus regarded is now seen to be the bank's interpreter to the public—and we demand better things of it. Since it is spokesman for the officers and directors of the institution, it must fittingly represent them in physical appearance and in message content. It is then fair to expect lasting results from the investment.

But—this kind of advertising can be created only in the seasoned, matured thought of men who know banking and its problems; who know people and their problems and out of that experience are able to interpret the bank and the citizen to each other with all the skilled selling power of advertising craftsmanship.

GRAVES SERVICE

GRAVES SERVICE would be glad to discuss ways and means with you for making your PUBLIC RELATIONS DEPARTMENT more profitable and resultful during the next twelve months. A conference into which you may enter without obligation will be cheerfully arranged with your officers or directors on request. Your correspondence is invited

WM. ELLIOTT GRAVES, INC. • *Financial Advertising* • CHICAGO

PROGRAM ANNOUNCED FOR A. B. A. CONVENTION

PROBLEMS of general public interest as well as numerous technical banking questions will be discussed at the American Bankers Association convention, to be held in Houston, Texas, October 24-27, according to the program as announced by F. N. Shepherd, executive manager of the organization.



MELVIN A. TRAYLOR

President American Bankers Association; president First National Bank, Chicago.

The Rice Hotel, where the various subordinate meetings will be held beginning Monday, October 24, has been designated as the convention headquarters. The general sessions, which open Tuesday morning, October 25, will be held in the city auditorium, as follows:

First general session, Tuesday, October 25, city auditorium: 9:45 a. m., orchestra concert. 10:30 a. m., call to order, President Melvin A. Traylor, president First Trust and Savings Bank, Chicago. Invo-

cation, the Right Rev. Clinton S. Quin, bishop, Diocese of Texas Episcopal. Address of the president. Report, official acts and proceedings of the Executive Council. Address, "A Few of the Fruits of Combined Labor," James Francis Burke, Pittsburgh, general counsel Pittsburgh Clearing House Association. Appointment of resolutions committee, communications, announcements, adjournment.

Second general session, city auditorium, Wednesday, October 26: 9:45 a. m., orchestra concert. 10:30 a. m., invocation, the Rev. Monsignor George T. Walsh, pastor Church of the Annunciation, Houston. Address, "Within the Law," Silas H. Strawn, president American Bar Association. Report of nominating committee and election of officers. Report of resolutions committee, communications, announcements, adjournment.

Third general session, city auditorium, Thursday, October 27: 9:45 a. m., orchestra concert. 10:30 a. m., invocation, the Rev. H. Barnston, Rabbi Temple Beth Israel, Houston. Address, "Early European Banking and Big Business," James Westfall Thompson, professor of history and philosophy, University of Chicago. Unfinished business, new business, installation of officers, announcements, adjournment.

The meetings of the divisions and sections of the association will be held as follows:

SAVINGS BANK DIVISION

Savings Bank Division, ball room, Rice Hotel, Monday, October 24: 9:30 a. m., call to order, President W. R. Morehouse, vice-president Security Trust and Savings Bank, Los Angeles. Address of the president. Appointment of committees. Address, "School Savings," W. Espey Albig, deputy manager American Bankers Association. Address, "Gold Brick Financing," Harry W. Riehl, man-



THE PETROLEUM BUILDING

**A Twenty-one Story Office Building, Home of the Fidelity Trust Company
of Houston, Texas**

ALFRED C. BOSSOM
BANK ARCHITECT & EQUIPMENT ENGINEER
600 FIFTH AVENUE, NEW YORK



No "Seasonal" Sale

—but fine furs priced
at all times too low to
permit reduction

WE SUGGEST that you compare any fur, for sale at however "reduced" a price, with a similar quality of Shayne fur at its regular price.

You will find, in virtually every case, that the Shayne fur, although never offered at so-called "sales" or "cut prices", costs no more—and usually less—than the "sale" garment.

Shayne furs for fall and winter (at prices based on summer labor) include the most brilliant collection of fine skins and advance, Paris-inspired modes that we have ever shown.

*Should you be unable to secure a perfect fit in any Shayne model, our custom department will duplicate the model for you, in your exact measurements, at no extra cost.

C. C. SHAYNE & CO.

STRICTLY RELIABLE FURS

126 WEST 42nd STREET

NEW YORK

Telephone 4360 Wisconsin

ager Better Business Bureau, St. Louis. Address, "Fundamentals in Savings Banking," Stephen I. Miller, educational director American Institute of Banking. Unfinished business, new business, report of committees, election and installation of officers, adjournment.

STATE BANK DIVISION

State Bank Division, ball room, Rice Hotel, Monday, October 24: 2:30 p. m., call to order, President G. E. Bowerman, president Fremont County Bank, Sugar City, Idaho. Address of the president. Appointment of committees. Address, "Relation of Government to Business," Walter F. George, United States Senator, Georgia. Address, "Adjusting Banking to Changing Conditions," Dan V. Stephens, president Fremont State Bank, Fremont, Neb. Address, "Archaic Court Decisions Affecting Check Collections," O. Howard Wolfe, cashier Philadelphia-Girard National Bank, Philadelphia. Address, "The Commercial Banker's Responsibility for His Investment Account," Hugh H. Saxon, vice-president Continental and Commercial Trust and Savings Bank, Chicago. Open forum for general discussion and for brief presentation of problems of special interest to state bankers. Unfinished business, new business, reports of committees, election and installation of officers, adjournment.

STATE SECRETARIES SECTION

State Secretaries Section, banquet room B, Rice Hotel, Monday, October 24: 2:30 p. m., call to order, President Harry G. Smith, secretary Kentucky Bankers Association. Each leader given five minutes to introduce his subject, then fifteen minutes to develop it in discussion with other secretaries.

"County Organizations," leader, M. A. Graettinger, secretary Illinois Bankers Association: a. County Credit Bureaus, b. Rural Clearing Houses, c. Activities for County Organizations.

"How Can Banks Make More

Money?" leader, W. G. Coapman, secretary Wisconsin Bankers Association: a. Service Charges, b. Reduction in Interest Rates.

"Bank Taxation," leader, F. P. Fellows, secretary Minnesota Bankers Association: a. Test Cases on Federal Taxes in Minnesota, Wisconsin and Ohio; b.



T. R. PRESTON

First vice-president American Bankers Association; president Hamilton National Bank, Chattanooga, Tenn.

City, County and State Tax Readjustments.

"Protective," leader, Frank Warner, secretary Iowa Bankers Association: a. Organizing the Vigilance System, b. Keeping Interest Alive when there are no Robbers to Chase, c. State Competitions with Firearms.

"The Low Down on this Public Education Business," leader, C. F. Zimmerman, secretary Pennsylvania Bankers Association: a. Does the Public Crave Education? b. How to make a Committee Stay Put.

"Should there be a limit to the Variety of Associations' Activities?" leader,



ROTARY WITH FLOOD LIGHT AT THE
NORTHERN NATIONAL BANK,
PHILADELPHIA

OUR ROTARY

Blazed the Trail
for a successful 24 hour
DEPOSIT SERVICE
to over 50,000 users

One Bank has placed order
for 45 installations

Accept only the genuine "YEO"
Rotary Cylinder entrance

Write For Folder

The Bank Vault Inspection Co.

SAMUEL P. YEO
President and Inventor
1824 Ludlow St. Philadelphia

Haynes McFadden, secretary Georgia Bankers Association.

"Financing the State Banking Association," leader, Henry S. Johnson, secretary South Carolina Bankers Association: a. How about Hot Suppers? b. Amateur Journalism? c. Insurance Commissions?

"The Young Banker Behind the Grilles, What Can We do for Him?" leader, R. E. Wait, secretary Arkansas Bankers Association.

"Group Trip Excursions," leaders, W. A. Philpot, Jr., secretary Texas Bankers Association: a. Making 'em like Upper Berths, b. Costs and where to Collect.

Free-For-All Random Shots: a. Holding State Conventions to Practical Banking Lines, b. How Far Should Bankers' Associations go in Politics? c. What Work Can Groups Do Between Meetings? d. Does a Legal Department of an Association Pay? e. How Much Publicity Does a Bank Need? f. Christmas Savings Clubs.

Unfinished business, new business, reports of committees, election and installation of officers, adjournment.

NATIONAL BANK DIVISION

National Bank Division, ball room, Rice Hotel, Tuesday, October 25: 2:30 p. m., call to order, President C. W. Carey, president First National Bank, Wichita, Kan. Address of the president. Appointment of committees. Address, "The Financial Statement—Its Purpose and Character," M. H. Cahill, president Utica National Bank & Trust Co., Utica, N. Y. Address, "Bank Investments," H. C. Nicholson, vice-president Packers National Bank, Omaha, Neb. Address, "Taxation — National Safeguards," Thornton Cooke, president Columbia National Bank, Kansas City. Unfinished business, new business, reports of committees, election and installation of officers, adjournment.

CLEARING HOUSE SECTION

Clearing House Section, ball room, Rice Hotel, Tuesday, October 25: 8:00

You Can See it a MILE

6 Foot Santa Claus Cutout.

Beautifully Colored. Holds Card. Will last for years. Price only \$10.00. Also other attractive decorations for Holiday Season.

Ask for Circular.

OUTCAULT ADVERTISING COMPANY

221 East 20th Street

Chicago, Ill.

p. m., call to order, president John R. Downing, vice-president Citizens Union National Bank, Louisville, Ky. Address of the president. Appointment of committees. Address, "Some Federal Reserve Thoughts," Carter Glass, United States Senator, Virginia. Address, "The Clearing House: Preserver of American Independent Banks," C. A. Chapman, president First National Bank, Rochester, Minn. Ten-minute presentations of topics of special interest: "How Co-operative Advertising Cuts Costs and Builds Business," Fred W. Ellsworth, vice-president Hibernia Bank and Trust Company, New Orleans, La.; "Declining Income and Rising Banking Costs," John S. Love, superintendent of Banks, Jackson, Miss. Open forum for general discussion and presentation of topics of special interest to clearing house banks. Unfinished business, new business, reports of committees, election and installation of officers, adjournment.

TRUST COMPANY DIVISION

Trust Company Division, ball room, Rice Hotel, Wednesday, October 26: 2:30 p. m., call to order, President Edward J. Fox, president Easton Trust Co., Easton, Pa. Address of the president. Appointment of the committees. Address, "The Investment Trust." Address, "Pooling Trust Investments," L. H. Roseberry, vice-president Security Trust

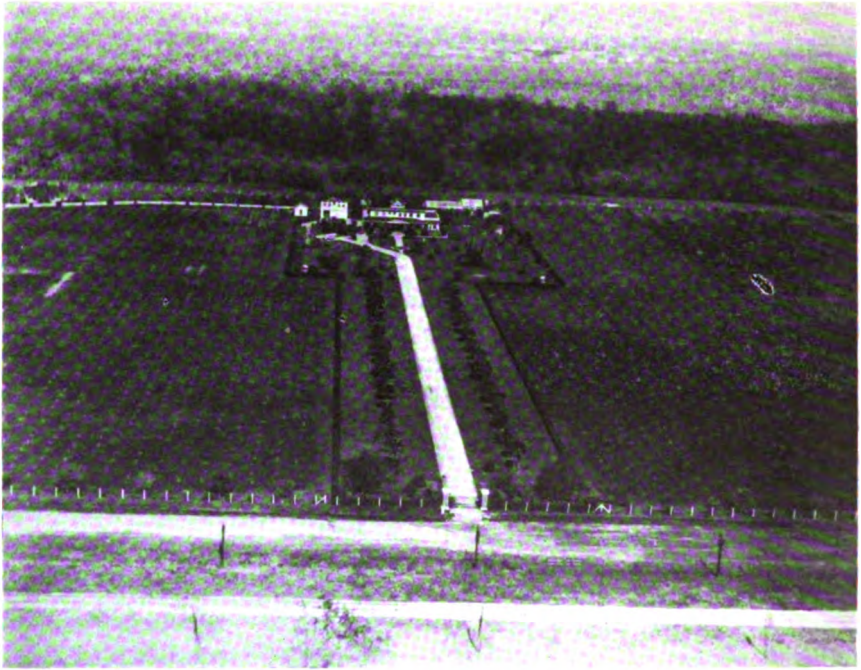
and Savings Bank, Los Angeles. Address, "How the Insurance Underwriter Desires to Co-operate," general discussion. Open forum, current fiduciary topics. Unfin-



CRAIG B. HAZLEWOOD

Second vice-president American Bankers Association; vice-president Union Trust Company, Chicago.

ished business, new business, report of committees, election and installation of officers, adjournment, meeting of executive committee at close of session.



Houston suburban estate with thousands of young fig trees. In the background is one of the tremendous oil refineries served by the Houston Ship Channel.

HOUSTON TO WELCOME BANKERS

Old Southern Hospitality to be Feature of Texas Gulf A. B. A. Convention

THE lid is off, the sky's the limit—seem to be the orders of the day in Houston, Texas, as her citizens prepare to welcome the nation's bankers when they gather for their annual meeting there on October 24.

A bustle of expectancy grips the city which has risen from a small inland trading post to one of the greatest seaports of the country within the memory of men still young. For Houston is planning to entertain one of the greatest and most influential conventions ever held below the Mason and Dixon Line, and her citizens are determined to uphold the traditions of the old South and the new Southwest in their entertainment.

LARGEST A. B. A. CONVENTION

The forecast is for a tremendous gathering, notably the largest and most enthusiastic in the history of the A. B. A.

Nearly 3000 advance reservations have already piled upon the desk of the convention manager, and more are coming in all the time.

But Houston is not dismayed. Recent years have given her citizens experience in the handling of the many conventions which have chosen this progressive southern city for their gathering place.

The local bankers have organized twenty-two committees to plan every detail of the arrangements and all is now in readiness to receive the bankers when they begin pouring into Texas by special trains, by boat and by air.

More than 3000 hotel rooms have been reserved for the occasion; 800 automobiles will be at the delegates' command; and over 1000 of Houston's leaders—men and women—have pledged themselves to devote their entire time to assure the visitors a good time.

When a delegate arrives, whether at

one of the three great rail terminuses, at the modern airport, or at the docks of the harbor, he will be met and conducted to an already prepared hotel room. His baggage will be automatically cared for and delivered to him immediately.

From that time on, nothing has been neglected to assure him a busy and thoroughly enjoyable time.

A staff of trained men will be at convention headquarters in the Rice Hotel, conveniently located in the center of the city. There delegates may register, either for themselves or their entire parties, and daily lists will be published of the arrivals. Identification badges, admitting the visitors to all business sessions of the convention, and carrying with them the key to the city, will be distributed upon registration. The railroads will maintain special representatives in offices adjoining the general headquarters where round-trip tickets issued on the certificate plan may be validated and reservations made.

A general information bureau will also be established at the Rice Hotel. There delegates may make arrangements for a game of golf, a hand of bridge, a ride in the country, or a swim at the beach, as well as learn everything and any-

thing about the convention proceedings.

An innovation will be a lost and found bureau, especially for visiting bankers, so that any articles misplaced in the confusion of greetings may be readily traced.

AUTOMOBILE TOUR OF VICINITY

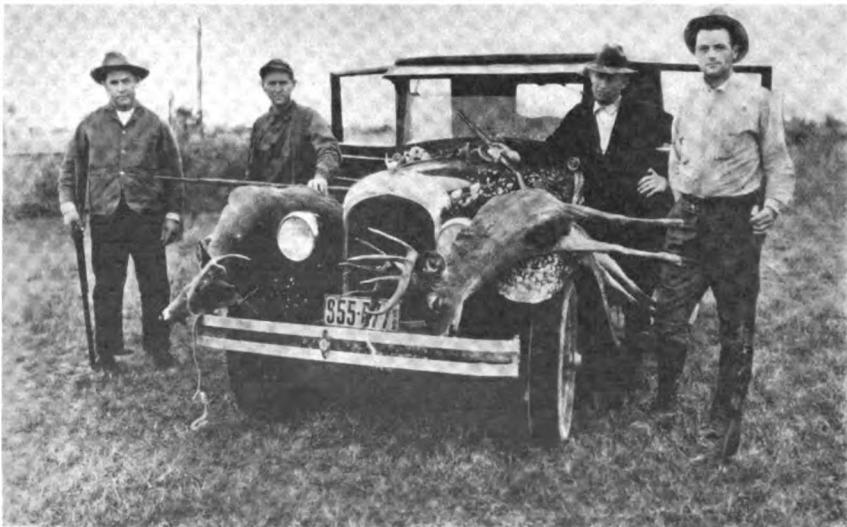
For the bankers who arrive on the eight special trains due in Houston on Sunday, October 23, or come in by other routes on that day, there will be an automobile tour of the city, carrying the visitors to all points of interest in and about Houston.

Concerts, receptions, dinner parties, a golf tournament, a lawn party, Russian ballet, a grand ball and other features will fill the three regular days of the convention, in addition, of course, to the business meetings.

Extensive excursions will enable all visitors to make a thorough survey of commercial, industrial, agricultural and other conditions in and about the city.

Then there are many points of tremendous historic interest, for those who enjoy delving into the past, within a few miles of Houston.

Old Harrisburg, now nearly surrounded by the City of Houston, was the first



Results of a few hours' hunt near Houston.



A small section of Galveston's popular white sand beaches, extending thirty miles along the Gulf of Mexico.

capital of the republic of Texas. On the banks of Buffalo Bayou, now the teeming ship channel, is the famous San Jacinto battleground, where General Sam Houston wrested Texas independence from the Mexicans' commander, Santa Anna.

All about the city are points still breathing the memory of one of the unique and outstanding figures of American history—Sam Houston. Born in Virginia, he became first the governor of Tennessee, then the deliverer of Texas, next the president of the republic of Texas, later governor of the state, and finally United States senator for the Lone Star state. Probably no man in the nation's history has had a more varied or romantic career.

At Galveston, now the year-round playground of the South, with its thirty miles of glistening beaches, are old haunts of Jean Lafitte, the daring gentleman-pirate who won world renown for his exploits.

Few realize that Texas has been under the rule of five flags, and that within her vast domain is a wealth of historic in-

terest which beggars the better known backgrounds of other sections of the country. No frontier has furnished more stories of daring, more sagas of western life to inspire the youth of the country.

Only a few miles west of Houston are the scenes of many of the most bitter and most bloody Indian wars in the annals of American history, and in the same territory dozens of outlaws of fictional brilliance and daring, made their names and often met their ends.

In the same part of the state are the broad ranges carried by the cattle barons of fifty years ago—men who conquered and held millions of acres under their sway and grazed tens of thousands of cattle under their famous brands.

Everywhere there are memories of the hard fought battles with Mexican forces which preceded Texas independence.

At San Antonio the immortal Alamo still stands shadowed by the towering walls of modern office buildings. The Alamo, where Crockett, Bowie and Travis with their 600 Texan frontiersmen held the armies of Mexico at bay for two

weeks before dying to the last man.

South, in the magic valley of the Rio Grande, two of the most interesting, if not momentous battles of the nation's history were fought. The final battle of the Civil War, taking place after the declaration of peace, but before the news could reach the commanders, was fought within a few miles of Point Isabel, and only two miles from that spot the American Army met the Mexican forces in the first battle of the war of 1848.

Side trips will enable the visiting financiers to gain a comprehensive idea not only of the vast extent of the size of Texas, but also of the tremendous, and hardly touched natural resources with which the region is endowed.

One leads through the central and northern sections—Dallas, Fort Worth, Austin, Waco. These cities have sprung to industrial prominence only in the last few decades. They serve a territory where a large percentage of the world's cotton supply is grown; unfenced ranges where millions of cattle still roam; great oil and gas fields—a country unbelievably wealthy in mineral and agricultural products.

Another trip is to the magic valley of the Rio Grande and along the romantic Mexican border. The valley is one of the show spots of the earth—the southernmost tip of the United States—a tropical section where nearly every known product can be grown, often producing as high as eight crops a year.

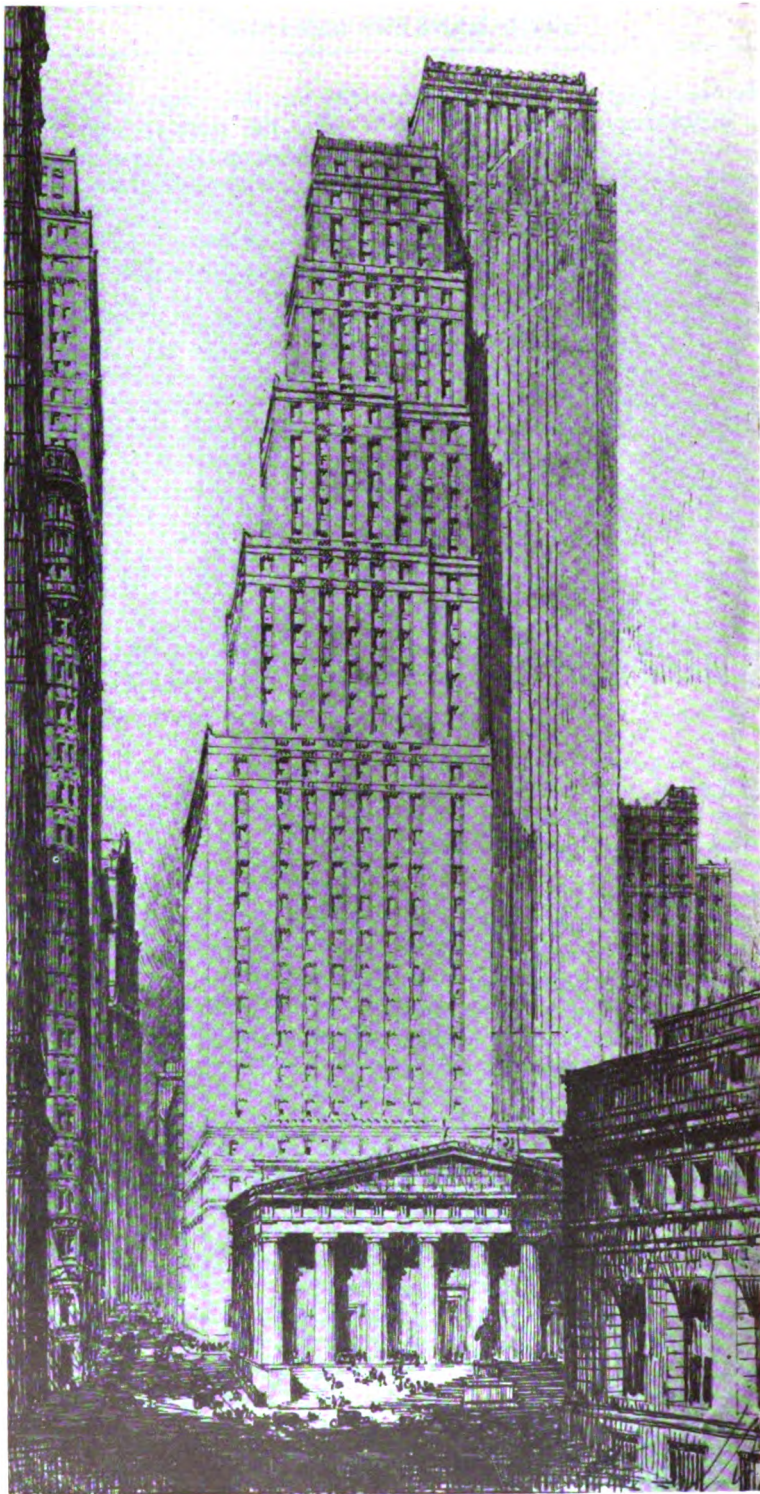
The old world charm of the southern republic beckons from across the river, and the dreamy twang of the guitars blends with the modern sounds of indus-

try in the valley cities and towns.

For the bankers who would linger awhile along the Texas gulf, there is unrivalled fishing and hunting. The game tarpon leap all along the coast. Untold millions of ducks flock the marshes and rice fields. Deer and bear hide in the thickets; turkeys sound their call through the mesquite; geese whiten the ground for miles; while the white sand beaches of the gulf offer ideal swimming the year round.

The thousands of bankers who journey from the North and East and West will marvel at the modern empire which is springing from the frontier wilderness of only a few years ago. Nowhere in the world could they view such a variety of enterprise; such a wealth of possibilities. The true greatness of Texas is still before her; the surface of her fortune hardly scratched, and the visiting bankers will have an unrivalled opportunity to view at first hand the conditions which are rapidly making the Lone Star State the focal point of world attention. There they will sense the progressive, almost daring pioneer spirit which is making the swift growth possible; they will breathe the spirit which animates her citizens and drives them forward to new and greater achievements.

And the citizens of Houston, of Texas, of the entire South, will be waiting to extend such a welcome to the visiting bankers as to cause the story of the A. B. A. convention of 1927 to ring down the years—the welcome of a land whose hospitality has won fame throughout the world.



New building of the Chase National Bank.



MERGER OF MUTUAL FOLLOWS CHASE BANK'S FIFTIETH ANNIVERSARY

CLOSE on the heels of the celebration of the fiftieth anniversary of its founding, and in reality a part of it, is the announcement made September 29 by the Chase National Bank of New York of plans for increasing its capital funds from \$80,000,000 to \$105,000,000 and for the acquisition of the Mutual Bank of New York, a mid-town banking institution. The Mutual has approximately \$1,500,000 in capital funds and \$18,000,000 in deposits.

The addition will give the Chase bank, which is already the second largest commercial banking institution in the country, a capital of \$50,000,000, surplus of \$40,000,000 and undivided profits of \$15,000,000. The capital assets of the Chase National and the Chase Securities Corporation, an affiliated company, will total more than \$134,000,000. The Mutual, which has no branches, is located at 49 West 33rd street. It will be the twenty-second New York banking office of the Chase. The bank also has three foreign branches—in Havana, Cristobal and Panama City.

The bank's new financial program follows by a little more than a year a 100 per cent. stock increase and means another dividend for Chase stockholders. They are given the privilege of subscribing for the new stock in the ratio of one share for every five shares now held, at \$325 a share. Since Chase stock is quoted at \$608, this means a bonus evaluated at \$48 a share for the holder of every one of the 400,000 shares now outstanding.

One hundred thousand new shares will be issued of which 7000 are to be set aside and issued to Mutual stockholders on the basis of 1.4 shares of Chase for one share of Mutual. Since the exchange

of stocks will precede the offering of the new shares, it is clear that the Mutual stockholders will be included in the dividend.

Only two mergers have previously contributed to the expansion of the Chase bank, one with the Metropolitan Bank in 1921 and another with the Mechanics & Metals National Bank in 1926. The union of the Chase with the latter institution brought together two banks with combined resources of more than \$900,000,000.

With the addition of only these two institutions, the Chase National Bank completed its fiftieth year of existence with resources exactly one thousand times as great as those of its first statement in 1877. By a remarkable coincidence, the total resources as of December 27, 1877, were \$1,042,009, while those of its last statement, June 30, 1927, were \$1,042,513,993.

Beginning with that of Salmon P. Chase, Secretary of the Treasury under Lincoln and for whom the institution was named, many illustrious names have been connected with the history of the Chase bank. There is John Thompson, founder of the bank, who came to New York in 1832 to open a broker's office with \$1000, the savings of the three previous years; Samuel C. Thompson, who with his aged father—John Thompson was 75 when he founded the Chase—organized the institution and was its first president; George F. Baker, James J. Hill, Henry White Cannon, Charles M. Schwab, Gates W. McGarrah, A. Barton Hepburn, Albert H. Wiggin and John McHugh, all names to conjure with in the realm of finance.

The remarkable strides made by the



© UNDERWOOD & UNDERWOOD

ALBERT H. WIGGIN

Chairman of the board of directors.



JOHN MCHUGH

President the Chase National Bank
of New York.

Chase in recent years are reflected in the growth of its deposits. When Albert H. Wiggin, now chairman of the board, be-

came president in 1911, deposits were \$92,382,000. Five years later they had grown to \$272,000,000; at the close of 1925 they were \$564,000,000 and on June 30, 1927, they totaled \$919,608,525.

The bank has outgrown five homes during its fifty years of existence and early in 1927 began work on a new thirty-eight-story building at Pine and Nassau streets, in the heart of New York's financial district. This is expected to meet its financial needs for many years to come, but, if the continuous growth which the bank has enjoyed in the past continues, as it promises to, this gigantic structure will eventually become too small to carry on the bank's business and an even larger building will necessarily take its place.

Mr. Wiggin is now chairman of the board of directors; Mr. McHugh, president of the bank; and Robert L. Clarkson, vice-chairman of the board.



ROBERT L. CLARKSON

Vice-chairman of the board.

FIRST NATIONAL BANK OF JERSEY CITY INTRODUCES BRANCH BANKING

AN interestingly planned and effectively executed campaign has recently completed its appearance in the newspapers of Jersey City and Hoboken, N. J., advertising the inauguration of the broader banking service of the First National Bank of Jersey City.

This institution, for many years a leading bank in New Jersey, was the first in the United States to obtain branch banking privileges under the sanction of the new McFadden Act. The bank had been located in the downtown section of Jersey City since its inception sixty-three years ago. Naturally the city had expanded; there was much desirable business which was beyond the reach of the First National, hampered by its lone and not altogether convenient situation. So it welcomed the opportunity to expand, as offered by the new branch banking law.

The bank recognized that a single announcement could scarcely be expected to accomplish the successful merchandising of its wider services. Competition was keen. Forceful arguments must be advanced, in an attractive, arresting manner, if new business was to be secured in the proportions desired. So it set about to design a campaign—not one advertisement—which would advance a logical sequence of arguments to residents of Jersey City, reveal the reasons for establishing the branches and explain why they were beneficial to Jersey City business.

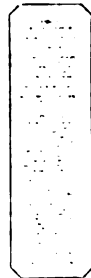
Six large advertisements were used to tell the story. The order of their appearance was as follows:

1. A week before the opening of the first branch.
2. The day preceding the opening of first branch.
3. The day preceding the opening of second branch.
4. One week following opening of second branch.
5. Three weeks following opening of second branch.
6. Four weeks following opening of second branch.

6. Four weeks following opening of second branch.

These five-column advertisements were all based upon the one central theme of a branch banking service that gave complete "coverage" of Jersey City's banking needs. Each advertisement picked

HERALDING
A BROADER BANKING SERVICE
In Greater Jersey City



JERSEY CITY is forging ahead. Our present program guarantees a brilliant future. Developments in all lines are rapid and sound.

To meet the demands for broader banking facilities, provided by the new banking law, the First National Bank will presently open branches at the following locations: ...

The above may also be obtained from the National Bank of Jersey City, Jersey City, N. J., ...

Location of New Branches to be Opened

NEW BRANCH LOCATIONS: ...

The **FIRST NATIONAL BANK OF JERSEY CITY**

44 YEARS OF LEADERSHIP

SINCE ONE EXCHANGE PLACE
JERSEY CITY, N. J.

The first of the series of six advertisements which helped the first National of Jersey City introduce branch banking.

up the story as it had been told in a previous advertisement and carried it on, a step or two further.

Results received amply justified its appearance. The two advertisements which preceded the actual opening of the first branch succeeded in stimulating so much interest that, when the bank opened, a

Kings County Trust Company

City of New York, Borough of Brooklyn

Capital \$500,000 Surplus \$4,500,000 Undivided Profits \$445,000

JULIAN P. FAIRCHILD, President
WILLIAM J. WASON, JR., Vice-President
HOWARD D. JOOST, Vice-President
J. NORMAN CARPENTER, Vice-President

THOMAS BLAKE, Secretary
ALBERT I. TABOR, Assistant Secretary
CLARENCE E. TOBIAS, Assistant Secretary
ALBERT E. ECKERSON Auditor

ACCOUNTS INVITED

INTEREST ALLOWED ON DEPOSITS

long line of people who had been waiting since early morning, were ushered in to inspect the new quarters. The stream of visitors kept up not only all of the

say City, when, the following week, it opened its doors for business.

That the good wishes and good will were genuine was easily evidenced by the gratifying number of new accounts which poured into the banks during their early weeks of existence. Only two weeks after the second branch had opened, compound interest accounts were well over the 400 mark, and checking accounts had reached a total of more than 200. Besides, numerous safe deposit boxes had found users and other business of the banks was progressing in as brisk a fashion as one might expect to witness in a long-established institution.

The newspaper advertising was supported by a direct mail stimulus, by personal effort and through generous news publicity of the local papers. One of the features to which the bank attributes much of the quick success of the branches is to be found in the advisory boards which superintend the two branches. These boards are composed of local business men of prominence and influence in their communities. Their energies helped to inspire ready recognition for the new and greater services of the First National.

Scovil Brothers & Company, New York advertising agency, assisted in creating the plan and are now conducting the regular advertising campaign of the bank. Frank Gianninoto, well known Italian advertising artist, is responsible for most of the art work used in illustration of the advertisements.



<p>DEPOSITORS</p> <p>Accounts are opened for individuals, partnerships, corporations, and trusts. Interest is paid on all deposits.</p>	<p>SAVINGS DEPARTMENT</p> <p>Plans for the future. Accumulate funds for education, retirement, or other purposes. Interest compounded.</p>
<p>TRUST DEPARTMENT</p> <p>Management of estates, wills, and trusts. Disbursement of income and principal as directed.</p>	<p>REAL ESTATE DEPARTMENT</p> <p>Buy, sell, lease, and manage real estate. Loans on mortgages.</p>
<p>EXCHANGE DEPARTMENT</p> <p>Buy and sell foreign and domestic exchange.</p>	<p>INSURANCE DEPARTMENT</p> <p>Fire, marine, and life insurance. Agents for leading companies.</p>

LAST month The First National Bank introduced a new banking service in Greater Jersey City when it opened two new branches which now offer the same facilities as the bank's main office at Newark (The N. J. Star, 1/15/22).

In a country where the banks are banks in competition with one another, it is not surprising that the high standard of service which the bank has set for the community is not only a benefit and pleasure to the bank's customers but also a source of pride and inspiration to the community.

When the bank opened its two new branches, it was not only a source of pride to the community but also a source of inspiration to the community.

The bank's success is due to the fact that it has always been a bank for the people. It has always been a bank that has been able to meet the needs of the community.

The bank's success is due to the fact that it has always been a bank for the people. It has always been a bank that has been able to meet the needs of the community.

The FIRST NATIONAL BANK OF JERSEY CITY

NUMBER ONE EXCHANGE PLACE

A later advertisement, after the establishment of two successful branches.

day of opening, but continued during the whole week. An equally cordial reception was given the second branch, located in the Old Bergen district of Jer-

WHAT IS THE REAL VALUE OF A NEW YORK STOCK EXCHANGE SEAT?

[From the *New York Times*]

THE sale of a membership in the New York Stock Exchange recently at a new high record figure, \$235,000, accompanied by predictions that the price would reach \$300,000, caused calculations to be made in Wall Street as to the actual value of a seat on the Exchange, based on the possible returns to its owner.

It was pointed out that the income on \$235,000, invested in first-class bonds yielding 5 per cent. interest, would be \$11,750 a year. Few, if any, brokers with Stock Exchange seats earn as little as that after meeting incidental expenses such as dues, office rent, clerical costs, etc. Many floor traders, it is known, average \$50,000 a year; some average \$100,000, and some run even higher. Their average income, it is estimated, is above \$25,000.

The comparison of the \$11,750 a year return on an investment of \$235,000 in gilt-edged bonds with that of a Stock Exchange member is not entirely appropriate, however, it was pointed out in stock market circles, since an investment in bonds entails virtually no labor and little worry or responsibility, while the holder of a seat on the Stock Exchange has an exceedingly hard job. If he takes full advantage of his opportunities, he is on the floor of the Exchange five hours a day, except on Sundays and holidays, and he is engaged in competition with several hundred other traders or brokers of keen wit and more than average ability.

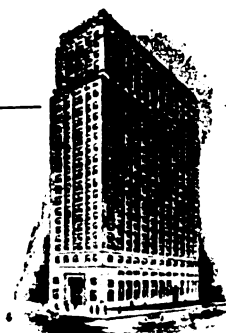
The Stock Exchange "game," as all members agree, is one of the hardest in Wall Street. The trader or broker who earns the most is the one who works hardest and who is best able to match intelligence with his fellow-members. Paying \$235,000 for a seat, therefore, is considered a good investment if the purchaser will expend the necessary energy,

initiative and resourcefulness to make it so.

There is the usual conjecture in Wall Street as to what the Stock Exchange authorities will do when the price of seats touches \$300,000, as it is generally expected that it will do in the comparatively near future. The governing powers of the Exchange, it is well known, do not wish to see the price of seats go too high. In fact, some of them feel that \$235,000 is too high.

The logical solution would be a "split-up" or increase in the number of seats. But that presents a difficult problem, since all previous efforts to expand the membership or to make the trading opportunities of the Exchange available

1	1
8	9
1	2
2	7



The Pennsylvania Company

For Insurances on Lives and Granting Annuities

Trust and Safe Deposit Company

Packard Building

S. E. Cor. 15th and Chestnut Streets
Philadelphia

Capital, Surplus and Undivided Profits - \$20,000,000

Member
Federal Reserve
System

Downtown Office
517 Chestnut St.

to a greater number of persons have failed.

The members of the Exchange must approve any plan to increase the number of seats from the present limit of 1100. Any increase naturally would affect the profits of the present members, so that, unless there were powerful pressure from without, it seems unlikely that any change will be made in the near future.

One suggestion that has been made repeatedly since the price of seats began to soar is that something be done to replace, by alternates or otherwise, the several hundred inactive members.

A large number of the Exchange's best-known members, including veteran bankers, industrialists and brokers of Wall Street, never go to the Stock Exchange floor. Their business, if they have any, is handled through other members and they enjoy the low commission rates fixed for members.

The price of Stock Exchange seats did not begin to advance rapidly until 1919. In that year the highest price paid for a seat was \$110,000 and the lowest \$60,000. There has been no similar spread in price in a single year since then. In 1920 the peak price was \$115,000 and the low price \$85,000. The highest price paid in 1921 was \$100,000 and the lowest \$77,500. In 1922 the highest price paid was \$100,000 and the lowest \$86,000. The record price in 1923 was \$100,000 and the lowest \$76,000. The high price was \$101,000 in 1924, the lowest \$76,000. In 1925 the price jumped to \$150,000, while the lowest was \$99,000.

Last year saw a new high of \$175,000 established, the low being \$133,000. The lowest price at which a seat has sold this year is \$170,000. In the last four months the price has been climbing steadily.



Harris Creech, president the Cleveland Trust Company, Cleveland, Ohio, with a large basket of flowers, the gift of the executive committee of the bank on the anniversary of Mr. Creech's thirty-fifth year as a banker. Mr. Creech began work as a messenger in one of the branches of the institution of which he is now head.

WHAT BANKS AND BANKERS ARE DOING

BEECHER M. CROUSE has been elected president of the First Bank and Trust Company, Utica, N. Y., to succeed Charles B. Rogers, who, after serving as president for thirty-two years, has retired to chairmanship of the board of directors.

Mr. Crouse has been a director in the bank since 1900 and vice-president since 1919. He is president of the Duofold Health Underwear Company, Skenandoa Rayon Company, Patent Cereals Company, a director in the Utica Steam and Mohawk Valley Cotton Mills, the Utica Mutual Insurance Company, the Kellogg Lumber Company of Maine and the Oneita Knitting Mills. He has always lived in Utica.

"When a man gets to be over sixty years old," Mr. Rogers said in resigning the presidency, "there should be a younger man as active officer of the bank." Mr. Rogers followed his father, P. V. Rogers, as head of the First National Bank of Utica in 1895 after entering the employ of the bank in 1889 and becoming a director in 1894. The bank was originally called the Bank of Utica. Later it obtained a national charter and became the First National Bank of Utica, and still later the First Bank and Trust Company.

N. A. McMILLAN, chairman of the board the First National Bank in St. Louis, and for thirty years a prominent figure in St. Louis financial circles, died last month from a stroke of apoplexy at a sanitarium in Chestnut Hills, near Boston.

The banker was born in Coosa, Ala., and in 1881 began his banking career with the organization of a private bank, Patrick McMillan & Co., in Waxahachie, Texas. The following year he founded the First National Bank of Waxahachie and became cashier. He remained in this position until 1886. In 1887 he organized the National Exchange Bank of Dallas and served as cashier of that in-

stitution until he went to St. Louis in 1907 to become treasurer of the Union Trust Company. He remained with this bank and its successor as vice-president and president until the First National Bank was organized in 1919 by the mer-



N. A. McMILLAN

Late chairman of the board, the First National Bank in St. Louis, who died last month.

ger of several other institutions. Mr. McMillan became joint executive manager of this bank and later chairman of the board. He was an executive and director in a number of business and civic organizations, also.

JOHN H. FULTON, president the National Park Bank of New York, died last month at his farm, Bradlea, in Essex, N. Y. He was born in Canada, of Scotch parents, and entered the banking business in 1883 with the Merchants Bank of Canada. In 1887 he became associated with the Canadian Bank of Commerce and eight

EXAMINATIONS - SYSTEMS - TAXES

FOR

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years later became accountant to the New York agency of the bank.

He became manager of the bank's agency in New Orleans a few years later



JOHN H. FULTON

Late president of the National Park Bank
of New York.

and in 1901 organized the Commercial National Bank in New Orleans. The following year he organized the Commercial Trust and Savings Bank. He was president of both these institutions until 1917. During this time he also served as vice-president of the New Orleans Clearing House Association and as president of the Louisiana Bankers Association.

In 1917 Mr. Fulton went to New York as vice-president of the National City Bank and later became one of its executive managers. He became president of the National Park Bank in 1922.

J. O. GOFF, for the last eight years general financial manager in Europe for the American Express Company, has been elected a vice-president of the American Founders Trust Company, of New York. He will have headquarters in Paris. George E. Devendorf, formerly a branch manager of the National City Bank, has been made manager of the investment department of the trust.

W. F. KYLE, assistant vice-president of the Cleveland Trust Company, Cleveland, Ohio, celebrated the forty-third anniversary of his career as a banker recently. The *Cleveland Trust Monthly*, publication of the bank, said of it: "Mr. Kyle started as a messenger and his many banker friends upon whom he calls frequently, are now found in practically every state in the Union." He is also a director of the Ohio Farmers Insurance Company at LeRoy, Ohio.

WILLIAM H. EDDY has been appointed a vice-president of the Equitable Trust Company of New York. He has been in the investment business in Wall Street for about twenty-three years. Previous to his association with the Equitable's bond department, Mr. Eddy spent three years with N. W. Halsey & Company, two with Emmanuel Parker & Company and eight with Estabrook & Company. He is chairman of the New York group.

Investment Bankers Association of America.

THOMAS L. ROBINSON has been appointed vice-president in charge of the Fifth Avenue office of the Guaranty Trust Company of New York, according to announcement by W. C. Potter, president of the bank. Mr. Robinson will succeed George L. Burr, who resigned from the company, after eleven years of service with it, to become a partner in the banking house of Lazard Freres. Mr. Robinson joined the Guaranty as a vice-president a year ago, going from the American Exchange National Bank. He has had charge of the commercial banking and foreign departments of the Fifth Avenue office of the company.

In 1917 Mr. Robinson went to Europe as deputy commissioner of the Red Cross for Italy, under appointment by President Wilson. He later served as a major in the United States Army. He was decorated with the Order of the Crown by Italy and received a similar honor from the Belgian Government.

FREDERICK E. GOLDMANN has been elected a vice-president of the Times Square Trust Company, New York. He entered the banking field with the Hamilton Bank of Harlem in 1903. In 1911 he became a member of the staff of the Pacific Bank and was appointed assistant cashier in 1917. Two years later he joined the American Foreign Banking Corporation and organized a branch for it in Harbin, Manchuria.

Mr. Goldmann returned to the Pacific Bank in 1920 as cashier and was elected a vice-president four years later. When the Pacific Bank was consolidated with the American Exchange National the following year he was made an assistant vice-president. He has been in charge of the Pacific office of the American Exchange Irving Trust Company.

WISCONSIN COMPANY ELECTS THREE

DIRECTORS of the First Wisconsin Company, Milwaukee, have elected William

The South Carolina National Bank

Charleston, S. C.

Greenville, S. C. - Columbia, S. C.

Consolidation of

Bank of Charleston, N. B. A.

Charleston, S. C.

Norwood Nat. Bank Greenville, S. C.

Carolina Nat. Bank Columbia, S. C.

Capital _____ \$ 1,100,000.00

Surplus _____ 650,000.00

Resources _____ 25,000,000.00

H. Brand, sales manager, to a vice-presidency; Joseph A. Auchter, treasurer; and William F. Style, assistant treasurer.

Both Mr. Brand and Mr. Auchter have been with the company since its organization, prior to which time they were connected with the bond department of



W. H. BRAND

Vice-president the First Wisconsin Company, Milwaukee, Wis.

the old First National Bank of the same city. Before going to the First Wisconsin Company as auditor, Mr. Style was in the auditing department of the First

Wisconsin National Bank, stockholders of which own the First Wisconsin Company.

Officers of the company are now: Walter Kasten, chairman of the board; Robert W. Baird, president; Hugh W. Grove and William H. Brand, vice-presidents; Milton O. Kaiser, secretary; Joseph A. Auchter, treasurer; William F. Style, assistant treasurer.

LONGYEAR INDORSED FOR A. B. A. OFFICE

WILLIS D. LONGYEAR, vice-president the Security Trust and Savings Bank of Los Angeles, Calif., has been unanimously indorsed by the California Bankers Association for treasurer of the American Bankers Association, which will hold its annual convention in Houston, Texas, this month.

Mr. Longyear served as president of the California association during the World War. For many years he has been an active worker in the A. B. A., including two terms on the executive council and an equal length of time as chairman of the association's committee on state legislation and the state legislative council. He also served for three years on the executive committee of the Savings Bank Division of the A. B. A.

Mr. Longyear has been a senior vice-president and a director in the Security Bank for thirty-seven years.

IDAHO BANK OBSERVES ANNIVERSARY

THE Potlatch State Bank, Potlatch, Idaho, celebrated the twentieth anniversary of its founding recently, and sent out folders to its friends, depositors and residents of the community carrying a message from the president of the institution.

THE EMPIRE TRUST REVIEWS TWENTY-FIVE YEARS

AN illustrated review of the last quarter of a century has been published by the

Empire Trust Company of New York and sent out to its depositors and stockholders in commemoration of its twenty-fifth anniversary celebrated last year. "Twenty-five Years of Progress," as it is called, shows how the growth of the bank has kept pace with the growth of the city in that time.

The Empire State Bank, as it was first known, opened for business on October 15, 1901, at the west end of the Empire building at 71 Broadway, in the shadow of the Sixth avenue elevated when locomotives still hauled the trains.

Leroy W. Baldwin has been president of both companies since their organization, and two of the six men originally comprising the bank's office force are still with the company: Vice-president Myron J. Brown and Assistant-secretary Francis R. Halsey. The bank began business with a capital of \$100,000 and a surplus of \$100,000. The deposits on the first day totaled \$61,903, made by thirteen depositors.

The bank opened a Fifth avenue branch near 42nd street in 1906, and the Windsor Trust Company, a few blocks from there, was subsequently merged with the Empire. A second merger with the Hudson Trust Company at Broadway and 39th street in 1924 further extended the uptown influence of the Empire Trust.

Directors of the bank have recently voted to recommend to stockholders an increase in the capital from \$4,000,000 to \$6,000,000 through the sale of 20,000 shares of new stock. The plan involves a valuable distribution to stockholders, since the new stock will be offered at \$300 a share, while Empire stock is now selling at \$546.

CORN EXCHANGE ARTICLES OF INTEREST

Two articles in the September issue of the *Corn Exchange*, publication of the Corn Exchange National Bank of Philadelphia, are of unusual interest. One, entitled "Electric Power and What It Means," deals with the growth of that

J WILLIAMS BEAL SONS

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industry. A second discussed the new produce agency act and is contributed by C. W. Kitchen, assistant chief, bureau of agricultural economics, United States Department of Agriculture.

HOLMES & WINSLOW IN NEW OFFICES

THE firm of Holmes & Winslow, bank architects, has announced the removal of its offices to 153 East 38th street, New York.

PREPARES TABLE OF BUILDING VALUES

WILMOT R. Evans, president of the Boston Five Cents Savings Bank, has prepared a schedule of building values for the City of Boston based on architects' and contractors' estimates. This table is particularly valuable in estimating conservative mortgages on various types of buildings. It covers the following types of structures: Dwellings, brick tenements, apartments, hotels, warehouses, office buildings, loft buildings, department stores, factories, garages, stores.

Copies of this table will be sent on request to any banker who is interested.

INVESTMENT COMPANY ISSUES WARNING

A MAN claiming to be William Atwood of Logan, Utah, recently gave a forged draft for \$2500 to the Ray Investment Company of Provo, Utah, for a \$500 down payment on a piece of property and a check for \$2000 on the company, according to a letter received from the Provo Commercial & Savings Bank. The draft was drawn by the Citizens National Bank of Franklin, Ind., on the First National Bank of New York City,

but the Indiana institution reported that no draft had been issued to William Atwood and that it knew of no such person. The investment company's check number 6510 should be refused if presented for payment, the company warns.

JULIAN M. GERARD TO HEAD NEW TRUST

JULIAN M. Gerard has resigned as chairman of the board of directors of the Central Mercantile Bank and Trust Company of New York to become presi-



JULIAN M. GERARD
President the International Germanic
Trust Company, New York.

dent of the International Germanic Trust Company, which will open October 17 at 26 Broadway, New York.

Mr. Gerard has had wide experience in New York's financial field, having

been vice-president of the Columbia Trust Company for a number of years before he organized the National American Bank and became its president. He headed the latter institution until it was merged with the Central Mercantile Bank and Trust Company last year, when he became chairman of the board of the resulting bank.

A member of the committee on organization of the new trust company, Mr. Gerard has been a strong advocate of an institution of sufficient size and with broad enough power to appeal to Americans of German descent in the development of the capital power of that group to replace the financial institutions which formerly held an important place in the American financial world. The need for such an institution in supplementing credit facilities in the reconstruction of business and industry in Central Europe impressed itself on him and his associates in the company's organization.

The new company will have special facilities for foreign financing, the first trust company definitely organized for that purpose. It will also conduct a general banking and trust business. Capital and surplus will be \$5,000,000.

Incorporators are Charles E. Albright, Harold G. Aron, E. Roland Harriman, Theo. H. Lamprecht, Kenneth O'Brien, Franklin D. Roosevelt, Max W. Stoehr, Marcus Daly, J. Taylor Foster, William O. C. Kiene, Jeremiah D. Maguire, Rudolf Pagenstecher, Woolsey A. Shepard and William L. Wirbelauer.

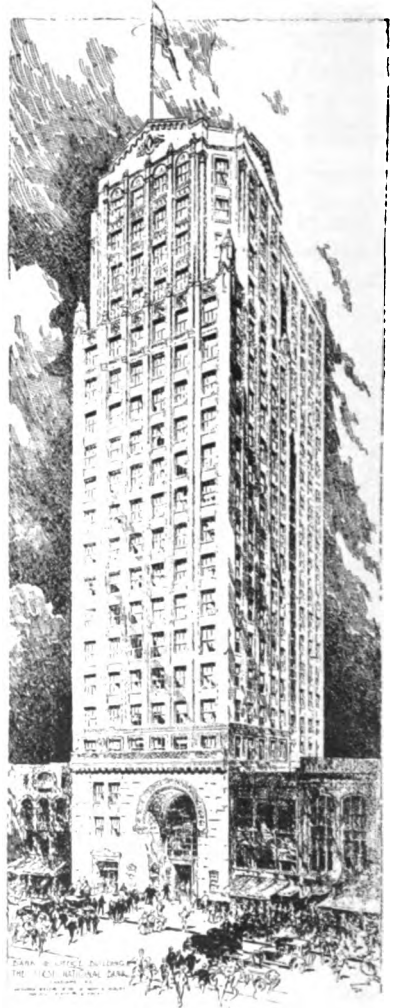
NORTH CAROLINA BANK HAS NEW BUILDING

AN unusual cathedral-like design and carved stone ornamentation are features of the new First National Bank building at Charlotte, N. C., which rises twenty stories, or 250 feet, above the street. The building is the tallest in the two Carolinas.

The entire building is a forceful example of how beauty of architecture, of design and color is becoming a vital force

in business. The building is designed in a Romanesque motif, and has a distinctive ornamental crowning tower, rich in decoration and finely symmetrical in design.

The ornamental archway on the front elevation of the building is of handsome-



New building of the First National Bank at Charlotte, N. C.

ly carved stone, portraying the story of banking, commerce and industry, and the service of a strong banking industry as related to all other business activities.

The interior arrangement and equip-

ment of the new First National are particularly interesting since every department has been designed to remove from banking the cold formality sometimes associated with it. The ladies' room, for example, finished in soft tones of gray, has early American furniture, attractive rugs, and harmonizing draperies, and looks more like a room in a private home than a department of a business institution. The president's office, directors' room and other departments carry out the same spirit.

A feature of the bank equipment is the new safety deposit system, the last word in protection and security. The massive vault door is rectangular in design, sixteen inches thick, and contains 36,000 pounds of torch-resistant, drill-proof steel and glass. In addition to the time locks on both the main and emergency doors, the vault is protected by a trouble-proof, electric, burglar alarm system.

Louis H. Asbury, architect of Charlotte, N. C., was associated with Lockwood, Green & Company in the planning, designing and construction of the building, and the vault installation was made by the Herring-Hall-Marvin Safe Company, Hamilton, Ohio.

CHICAGO BANKS TO CONSOLIDATE

BOARDS of directors of the Continental and Commercial Trust and Savings Bank and the Continental and Commercial National Bank, both of Chicago have taken affirmative action toward a proposed consolidation of the two institutions under the name "Continental National Bank and Trust Company."

The capital of the consolidated bank will be increased to \$35,000,000 and surplus to \$30,000,000. A liberal undivided profit account will be provided.

Reports of a 40 per cent. stock dividend to stockholders of the National bank were also confirmed. Maintenance of the present dividend rate, \$16 a share, on the new capital stock is contemplated. This will be equivalent to a dividend of

\$22.40 on the old shares. In addition there is the large equity in the land and bank building, of perhaps \$15,000,000, not on the books

Deposits of the consolidated institution will be upward of half a billion dol-



ARTHUR REYNOLDS

President of the Continental and Commercial National Bank and the Continental and Commercial Trust and Savings Bank, Chicago.

lars and resources will exceed \$600,000,000.

The board also authorized the organization of a new company to be known as the "Continental National Mortgage Company," with capital of \$1,000,000. The new capital is to be provided from the undivided profits of the Continental and Commercial Trust and Savings Bank. These shares will be trusteeed for the stockholders of the Continental National Bank and Trust Company.

It is the plan to make the actual consolidation effective December 1, 1927. The new arrangement is being worked out under the McFadden Act amending the National Bank Act.

George M. Reynolds, chairman of the

International Securities Corporation of America

Second International Securities Corporation

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board, and Arthur Reynolds, president, of the two institutions, stated that while the consolidation places added financial strength behind each department, it was designed above all to give Chicago a bank proportionate to the city's size and business importance. "The Middle West is today the industrial, merchandising and agricultural center of the country. Chicago is its business capital and we feel that future growth will far surpass any development of the last few decades. It may seem an extravagant statement, but we believe that Chicago, in time, will be the largest city in the world.

"The consolidation proposed is in preparation for the banking needs that we now foresee. A large bank with large capital is designed not only to keep pace with the growing requirements of the community, but also to aid and augment that growth."

"An important feature of the consolidation," according to Arthur Reynolds, "is the large capital and surplus of \$65,000,000, which provides an added factor of safety for savings deposits and greater protection for trust funds.

"Savings and trust department customers will do business with the same men in the same places as at present. Commercial customers of the state bank can continue to do business with officers who are now handling their accounts.

"Of course, one of the reasons for the consolidation is that some economies of operation are expected. But more important, there will be a further unification of executive control that should result in more effective service.

"The increase in capital and surplus

will permit loans of any amount up to \$6,500,000 to a single customer."

"The change in the title of the bank," Mr. Reynolds stated, "is in line with the popular practice of calling the present two institutions 'the Continental,' ever since the merger, in 1910, of the Continental National Bank and the Commercial National Bank. Besides, the new title indicates that there will be no abandonment of trust activities or change in that department. The consolidation provides for the continuance of all the services of the two banks."

The name of the Continental and Commercial Company will be changed to "Continental National Company" and the title of the Continental and Commercial Safe Deposit Company will become "Continental National Safe Deposit Company."

GUARANTY TRUST STATEMENT

THE statement of condition of the Guaranty Trust Company of New York, as of September 30, 1927, shows deposits of \$601,998,123 and total resources of \$765,128,460. The company's surplus and undivided profits account is \$33,657,084, which represents an increase in undivided profits of \$817,854 since June 30, the date of the last published statement. Total resources are \$10,415,104 more than on June 30.

NEW YORK BANK IS 75
YEARS OLD

THE Bowery and East River National Bank of New York recently celebrated

the seventy-fifth anniversary of its founding as the East River Bank. It was first at 108 Third avenue and in 1853 moved to a site opposite Cooper Union. In 1860 it moved into its present quarters at 680 Broadway and five years later, in 1865, it received its charter as a national bank.

The first published statement, issued on December 31, 1852, showed capital of \$313,050, deposits of \$180,589 and resources of \$600,300. Present resources of the bank total \$108,696,127, deposits \$93,853,179 and capital, surplus and undivided profits \$6,978,168.

A. I. B. BEGINS NEW YEAR

THE New York Chapter, Inc., American Institute of Banking, has begun its twenty-seventh year by offering thirty-nine courses in business, economics, banking, and foreign and domestic trade for the winter session, which began this month. Six thousand students were expected to enroll.

PROVIDENCE BANK SHOWS GAIN

IN its statement of October 1, 1927, the People's Savings Bank in Providence, R. I., shows total deposits of \$29,005,559, as compared with \$23,208,354 in the statement of the corresponding date of 1926, a gain of nearly \$6,000,000. The number of depositors has risen in the same time from 35,349 to 38,236. Computed on market values of securities the assets exceeded the liabilities on the above date by more than \$6,000,000, and on book values by \$1,150,000. During its career of seventy-six years the People's Savings Bank has paid its depositors in dividends more than \$20,000,000.

RECORD DEPOSITS AND RESOURCES

STATEMENT of condition of the Bank of United States, New York, as of September 30, 1927, shows record breaking deposits and resources. Resources are

1927

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\$103,011,000 compared with \$98,736,000 reported on June 30, 1927, a gain of \$4,275,000. Total deposits aggregated \$90,537,000, also a new high record and a gain of \$4,526,000, compared with deposits of \$85,011,000.

The statement shows surplus and undivided profits amounting to \$5,105,000, an increase of \$196,000 compared with the total of \$4,909,000 reported on June 30. This showing indicates earnings at the rate of \$29 per share on the \$5,000,000 capital stock for the three months' period, against actual earnings of \$19 per share reported for 1926.

OPENS NEW BRANCH

THE Industrial Trust Company of Providence, R. I., opened a new branch in Elmwood recently, giving the Industrial five Providence offices. The deposits of the company are now more than \$145,000,000. The great steel frame of the new bank building is now being erected and it is hoped to have the building ready for occupancy in about a year.

CHICAGO BANKERS ELECT OFFICERS

A. W. TOBIAS, president of the Woodlawn Trust & Savings Bank, Chicago, was elected president of the Chicago & Cook County Bankers' Association at the annual meeting recently. Gustave F. Fischer, president the Cosmopolitan State

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Bank, was elected vice-president and George A. Malcolm, vice-president the Drovers National Bank, treasurer.

New directors elected by the association were Robert Anderson, Fred H. Esdohr, Adolph S. Helquist, John W. Jedlan, H. C. Laycock, William H. Rattenbury and Asa Wiersema. Four former directors, Peter L. Evans, C. W. Hoff, George W. McCabe and George P. Phillip, remain on the board.

PROVIDENCE NATIONAL SHOWS GAIN

THE Providence National Bank has shown an increase in deposits in the last year of about \$1,500,000, with a gain in total assets on June 30, 1927, compared with the same date of 1926, from \$17,466,562 to \$19,455,538. Business at the new branch, at Empire and Washington streets, is gaining steadily.

HAMILTON STOCK INCREASE

A MEETING of the stockholders of the Hamilton National Bank of New York and its affiliated corporations has been called to vote on the proposal to increase the capital stock from 15,000 units to 30,000 units. It is planned to offer the new stock to present stockholders on the basis of one new unit at \$175 for each old unit held. The present market value of the old stock is \$245 a unit.

WORCESTER BANK ENLARGES

WORK has been started on the remodeling and enlarging of the banking rooms of the Mechanics National Bank, Worcester, Mass., from the plans of Thomas M. James Company, bank architects, Boston. The Worcester Mechanics Savings Bank is removing to enlarged quarters near by and its banking rooms are to be added to the quarters of the National bank. The latter gains in the changes a lobby and working quarters double the present size, many new tellers' cages, a new safe deposit vault with coupon rooms on the main floor and many other advantages. The business of the Mechanics National is growing steadily, the deposits now totaling between \$16,000,000 and \$17,000,000. Rodney Washburn, son of the president, has recently been made assistant cashier of the bank.

NEW BANK FOR NEW YORK

PLANS have been made for opening a bank with a capital of \$1,000,000 and surplus of \$500,000 in the East 59th street district of New York, where there are branches of downtown banks, but no local banking institutions.

Temporary offices are in the Heckscher building, 57th street at Fifth avenue.

PHILADELPHIA BANKS CONSOLIDATE

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and Trust Company and the Land Title and Trust Company, all of Philadelphia, has been ratified by their respective boards, to become effective November 1.

J. Willson Smith, president of the West End Trust, will head the new company, which will be known as the Real Estate-Land Title and Trust Company. William R. Nicholson, head of the Land Title and Trust Company, will be chairman of the board.

The new concern will have a capital of \$7,500,000 and surplus and undivided profits of \$15,000,000, with combined assets of \$86,749,362.

Stockholders of the West End and the Real Estate Title companies will receive share for share in the new company. Stockholders of the Land Title and Trust Company will receive one and one-sixteenth shares of new stock for each share of old stock. Special meetings of the stockholders of the three companies will be called for October 24.

NATIONAL AMERICAN TO SPLIT STOCK

RECOMMENDATION has been made by the executive committee of the National American Company, Inc., New York, that the capital stock of the company be increased from 250,000 shares of stock of no par value to 1,000,000 shares and distributed to the stockholders on the basis of four shares of new stock for one of old. C. Stanley Mitchell is chairman of the committee.

The National American Company has close connection with the Central Mercantile Bank and Trust Company, of

which Mr. Mitchell is president, and recently has been active in extending bank chain ownership, having acquired the Cosmopolitan Bank. David H. Knott announced on August 10 that its shares had been increased from 125,000 to 250,000, and Harold G. Aron, chairman of the company's finance committee, disclosed that the company had earned 12½ per cent. on its paid up capital in the first six months of this year.

U. S. SHARES DECLARES DIVIDENDS

THE United States Shares Corporation, New York, has declared initial dividends on its four investment trusts, according to announcement. The dividend disbursements, with the exception of that on the common stock trust shares, series A, covers distributable accumulations received by the trustee for a period of 115 days from May 9, 1927, to September 1, 1927, inclusive. The disbursement on the common stock trust shares, series A, covers a period of 119 days from May 5 to September 1 inclusive.

Shareholders of the common stock trust shares, series A, will receive a dividend of \$.2636 per share. This dividend computed on the prices for the shares at different intervals in the period shows yields ranging from 5.93 to 6.47 per cent.

Shareholders of the bond trust shares, series B, will receive a dividend of \$.7256 per share. This dividend computed on a price of \$44 per share shows a yield of 5.23 per cent. on an annual basis.

Shareholders of the bank trust shares, series C-1, will receive a dividend of

\$.6345. This dividend computed on prices for which these shares have sold at various dates since the time of the trust agreements shows yields ranging from 7.32 to 9.15 per cent.

Shareholders of the bank stock trust shares series C-2 will receive a dividend of \$.1575. In this instance the purpose is primarily to afford the shareholder the benefits of appreciation on the bank stocks rather than high yields. For this reason all rights, stock dividends, etc., are not distributed but added to the unit.

TRUST TO DEAL IN CANADIAN STOCKS

AN investment trust, said to be the first organization in the United States to deal exclusively in Canadian securities, has been formed under the name of Canadian Bank Stocks, Inc., and shares will soon be offered to the public. Under the terms of the trust the investment of its funds will be limited absolutely to the shares of ten Canadian banks which together practically control the financial business of the Dominion. Its units will be convertible, at the holder's option, into the actual securities held by the trustee.

SHAWMUT BANK AND TRUST GAIN

THE Shawmut Bank Investment Trust, an affiliation of the Shawmut National Bank of Boston, organized last spring, shows a substantial surplus for the first six months of operation, after payment of interest on its total debt, providing for current expenses and after charging off all organization expenses incurred in connection with the sale of securities to the public.

The company sold \$5,000,000 senior debentures at 100 and interest and \$1,000,000 junior 6s at 104 and interest, both dated March 1, 1927. The senior 4¼s are now selling at 110 and the 5s at 105.

The securities owned September 1 were carried at cost, which was under

the present market. The various classes of investments held, with the approximate percentage of each class, are: American bonds and preferred stocks, 17.75 per cent.; American common stocks, 20.12 per cent.; call money and cash, 20.38 per cent.; foreign government bonds, 18.06 per cent.; foreign corporation bonds, 21.97 per cent.; foreign stocks, 1.72 per cent. The largest investment in any single security is less than 3 per cent. of the total.

The Shawmut National Bank is also showing a rapid growth—the fastest, it is said, in its career of ninety-one years. Its stock is now selling at \$377 a share.

On May 12 the stock sold "ex rights" at 265, as compared with a low of 249 for this year. Counting in rights recently distributed at \$40, each share of Shawmut stock has had an appreciation of \$112 in four months. The \$15,000,000 of capital stock has appreciated \$8,500,000.

When Walter S. Bucklin became president of the bank in January, 1924, the stock was selling at \$185. Since then it has been steadily bought by institutions and individuals on the basis of yield and expectation of expansion. Under the Bucklin management, deposits have increased 33 1/3 per cent. in three and a half years and the number of commercial accounts has grown at the same rate. The savings department shows an increase of 300 per cent. and the trust department, 600 per cent.

BANCO DI SICILIA STATEMENT

STATEMENT of condition of the Banco di Sicilia Trust Company, New York, as of September 30, shows capital of \$700,000, surplus and undivided profits of \$375,000, deposits of \$15,527,243 and total resources of \$17,105,424. The Banco di Sicilia Trust Company is affiliated with the Banco di Sicilia, Italy.

CONSOLIDATED BANK DECLARES DIVIDEND

THE usual quarterly dividend was declared at the first directors' meeting of

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Pittsburgh	Toledo	Youngstown

My representative visits the above cities once every month



the new Los Angeles-First National Trust & Savings Bank, Los Angeles, Calif., the new institution resulting from the merger of the Pacific-Southwest Trust & Savings Bank with the First National Bank of Los Angeles.

Report made to the directors showed an increase in the capital structure through the sale of stock to the stockholders of \$10,500,000, resulting in a present capital structure of \$12,250,000 in capital, \$8,000,000 in surplus and \$7,750,000 in the undivided profits account. It showed net value of assets of the First Securities Company, an affiliation, in excess of \$6,000,000 and total capital investment in the bank and securities company of approximately \$34,000,000.

Officers of the First National Bank, including J. H. Elliott as chairman of the board, Henry M. Robinson as president, and the vice-presidents, were continued in their present positions in the new institution. Arch W. Anderson, vice-president, was also elected cashier. The officers of the Pacific-Southwest Trust and Savings Bank, except the president and secretary, were continued in their respective positions, with added authority given to W. H. Thomson, vice-president, in that he was appointed manager of the Sixth and Spring office.

Statement by Mr. Robinson, the president says, in part:

"The report to the directors pointed out that the consolidation of these banks as the Los Angeles-First National Trust & Savings Bank is one of the steps in American banking which has been made possible by recent amendments to the National Bank Act embodied in the Mc-

Fadden Act, under which national banks can carry on trust and savings business.

"The increase in the capital assets of both the bank and the securities company will put these institutions in a stronger position to carry on their affairs and they can operate in a more effective way than heretofore. The First Securities Company will be in an extremely strong position to carry on the business for which it was organized.

"No plan for making any changes in the offices or banking rooms, or for the consolidation of any of them, was discussed, nor is anything in contemplation."

WOODWARD TO HEAD CLEARING HOUSE

WILLIAM Woodward, president the Hanover National Bank of New York, was elected president of the New York Clearing House recently at the annual meeting of the Clearing House Association. He succeeds Stephen Baker, president the Bank of the Manhattan Company. G. Edwin Gregory, vice-president and comptroller the National City Bank, was chosen secretary, succeeding Samuel H. Miller, vice-president the Chase National Bank.

Seward Prosser, chairman the Bankers Trust Company, was elected chairman of the Clearing House committee, succeeding Walter E. Frew, president of the Corn Exchange Bank. Three new members were elected to the committee: Jackson E. Reynolds, president the First National Bank; Arthur W. Loasby, president the Equitable Trust Company; and

Chellis A. Austin, president the Seaboard National Bank. The other member is Stevenson E. Ward, president the National Bank of Commerce.

Two new members were elected to the conference committee: Louis V. Bright, president the Lawyers Trust Company, and James G. Blaine, president the Fidelity Trust Company. Those elected to the nominating committee were Maurice W. Ewer, vice-president the National Park Bank; Charles H. Sabin, chairman the Guaranty Trust Company, and Edward G. Merrill, president the Bank of New York and Trust Company. On the arbitration committee, the new members elected were John E. Rovensky, first vice-president the Bank of America, and Harold C. Richard, president the State Bank.

Clarence E. Bacon was re-elected manager of the Clearing House, Edward L. Beck, assistant manager, and Charles A. Hanna, examiner. Mr. Bacon in his annual report placed the total clearing for the year ended September 30, 1927, at \$307,158,631,043, a new high record. The average daily clearings reached \$1,013,724,854, for the first time the daily average for any year has exceeded a billion dollars. A year ago clearings totaled \$293,443,346,914, with the average daily clearings \$968,459,890.

The record clearings for all time was established on July 2, 1927, when the volume reached \$1,950,423,204, with total transactions on that day reported in excess of \$2,100,000,000.

The grand total of clearings since the Clearing House was established seventy-four years ago is figured as \$5,315,162,080.164.

Due to bank mergers there are thirty-one banking institutions making clearings through the Clearing House, as against thirty-six institutions the previous year. The present membership consists of eleven national banks, seven state banks and eleven trust companies. In addition the Federal Reserve bank and the Clearing House city collection department also make exchanges through the Clearing House. There are four banks and trust

companies which are not members of the Clearing House, but which clear through member banks.

NEW INVESTMENT TRUST FORMED

A NEW investment trust, a holding company to acquire public utility companies operating in Massachusetts, has been organized under the name, "Massachusetts Utilities Investment Trust." Trustees include prominent investment bankers and public utility executives in New York and New England.

Regarding the purpose of the trust, Edwin H. Barker, a trustee, said that at present the Massachusetts Utilities Investment Trust controls forty-six operating companies in the state, either directly or indirectly. All the securities of the various operating companies have been acquired through an exchange of stock of the latter companies for the securities of the holding company, and no public financing has been undertaken up to the present time. The extent of such holdings ranges from 58 to 100 per cent. of the stock of the constituent companies.

At present negotiations are under way for the acquisition of additional stocks and when they are consummated a more detailed statement will be made concerning the company.

MORTGAGE BANKERS IN CONVENTION

THE obtaining of the greatest efficiency in the financing of mortgage investments was the principal topic of discussion at the fourteenth annual convention of the Mortgage Bankers Association of America, held in Denver September 12-15.

Gen. Robert Lee Bullard was the outstanding speaker on the opening day of the convention. His address took up problems affecting the security of the nation.

How closer co-operation among mortgage bankers in all parts of the country is working to safeguard mortgage investments, both urban and rural, was re-

lated in the address of E. D. Schumaker of Richmond, Va., president of the association.

The effect of the new McFadden law on the mortgage business was the subject of an address by Charles W. Collins of Washington, D. C., former Deputy Comptroller of the Currency and counsel of the Bureau of the Budget. Much of the data fundamental to the McFadden Act was gathered under Mr. Collins' direction and his address showed clearly to the members of the association their status under the existing law.

Hon. James G. Strong of Kansas, chairman of the war claims committee of the House of Representatives, and a member of the banking and currency committee, was a feature speaker at the convention. Other speakers included many of the leaders of the real estate mortgage interests of the nation.

RALPH HAYES JOINS CHATHAM PHENIX

RALPH Hayes, director of the New York Community Trust, New York, has joined the Chatham Phenix National Bank and Trust Company, New York, as a vice-president.

Born thirty-two years ago in Crestline, Ohio, Mr. Hayes was graduated from Western Reserve University, Cleveland, in 1915. Until he resigned to enlist in the army, he was the private secretary to Newton D. Baker, former Secretary of War. He was commissioned a lieutenant in France and, following the armistice, was made liaison officer between the headquarters of the American Expeditionary Forces and the American Commission to Negotiate Peace. He returned to Washington as assistant to the Secretary of War and went to France in 1919 to represent the War Department in arranging with the French government for the return of American soldier dead and the location of permanent military cemeteries overseas. He was assistant to the president of the Cleveland Trust Company, Cleveland, Ohio, for two years beginning in 1920 and thereafter was

assistant to Will H. Hays, president of the Motion Picture Producers and Distributors of America, Inc. In 1923 he opened the offices of the Community Trust, 120 Broadway, an agency in which sixteen financial institutions are associated for the administration of funds trusteeed for public purposes.

The charter of the Chatham Phenix National Bank and Trust Company which goes back to 1812, and its resources, exceeding a quarter of a billion dollars, make it one of the oldest and largest banks in the United States. Its thirteen Manhattan branches extend from the Battery to the Bronx.



GENEVIEVE NEVIN

General office secretary of the Northwestern National Bank, Minneapolis, and newly elected chairman of the National Women's Committee, American Institute of Banking.

MINNEAPOLIS BANKER ON RESERVE BOARD

ROY A. Young, governor of the Federal Reserve Bank at Minneapolis, has been appointed a member of the Federal Reserve Board to succeed D. R. Crissinger,

who recently resigned. It is not expected that Mr. Young will be made governor of the board until his appointment is confirmed by the Senate and meanwhile Edmund Platt, vice-governor, is serving as governor.

Mr. Young has served as governor of the Minneapolis bank since 1919, and Acting Governor Platt has indicated considerable satisfaction over the President's appointment. Before becoming governor of the Minneapolis bank Mr. Young was managing director for the Reserve branch at Houghton, Mich. He began his career as a telegraph messenger and, making banking his life work, came through the ranks from bank runner and bookkeeper to the position he now holds as head of the Minneapolis bank.

The appointment of Mr. Young to the board is for the unexpired term of Mr. Crissinger, who would have automatically retired in 1933.

BANKER APPOINTED AS AM- BASSADOR

DWIGHT W. Morrow, one of the partners of J. P. Morgan & Co., international bankers, has been appointed by President Coolidge as United States Ambassador to Mexico, to succeed James R. Sheffield, who has resigned. The appointment is subject to confirmation by the Senate.

Mr. Morrow will retire from J. P. Morgan & Co., of which firm he has been a member for the last thirteen years, to accept the new position.

President Coolidge has known Mr. Morrow intimately for a number of years, their acquaintanceship extending back to their college days. He has called upon Mr. Morrow several times on previous occasions to aid in solving troublesome problems. He was made chairman of the Aircraft Commission created to investigate the aircraft situation in the Army and Navy and to make recommendations for a policy to be adopted by the Government covering the future of aircraft. He has been a frequent visitor

at the White House and is looked upon as one of the President's political and business advisers.

Mr. Morrow is 54 years old and is a native of West Virginia. He and Mr. Coolidge were classmates at Amherst in the class of 1895. Later he took a law degree at Columbia and was a practicing lawyer in New York until he became a partner in the Morgan company in 1914. He has served various philanthropic and social service associations in official capacities, and during the World War won a distinguished service medal for his work as a member of the Military Board of Allied Supply. Besides his connection with the Morgan house, he is a director of the General Electric Company, the Bankers Trust Company and the Palisades Trust & Guaranty Co. of New York.

ITALIAN BANKER HERE

H. E. LANG, of the Institute Italiano di Credito Marittimo of Rome, affiliated with the Navigazione Generale Italiana and with the private banking house Zaccaria Pisa, is in New York to inspect the representative's office of his bank and to establish personal contact with New York bankers.

General conditions in Italy are improved, according to Mr. Lang, who cites the considerable rise in prices on the Italian stock markets as evidence of this fact. Italy is, in his opinion, overcoming the temporary difficulties resulting from the stabilization of the lira and is moving forward to a period of prosperity.

ST. LOUIS BANKER DIES

FESTUS J. Wade, president the Mercantile Trust Company of St. Louis and an outstanding figure in the financial circles of that city for the last twenty-five years, died recently at his home in St. Louis after a short illness with pneumonia. He had been in ill health for some time.

Mr. Wade was born in Ireland but was brought to America by his parents when only a year old. He began work

when he was only 10 years old and at 29 became a real estate broker. In 1899 he helped to organize the Mercantile Trust Company, of which he was president until his death.

He attended the International Chamber of Commerce meeting in Paris in 1920 as chairman of the American Bankers Association committee and in 1921 President Harding invited him to a conference of financiers and business men on the economic situation. He served on the currency committee which drafted the Federal Reserve Act and was for some time a member of the Federal Advisory Council of Banks.

TO LEND ON FIRST MORTGAGES

As an extension to the Morris Plan of home financing, the Morris Plan Homes Corporation has been formed, with Arthur J. Morris, who originated the Morris Plan, as its chairman.

The aim of the new company is to "assist the man of moderate means to acquire his own home at an expenditure equivalent only to about the normal rent he would pay otherwise."

"As in all other Morris Plan operations," Mr. Morris said, "the factors of character and earning capacity will be given primary consideration. Where the applicant is an approved credit risk, the company will lend as much as 75 per cent. of the appraised value of the property on first mortgage, thus enabling the borrower to combine the usual first and second mortgages, effecting considerable saving in interest and expenses as well as freedom from worry attendant upon the necessity for continued renewals of the second mortgage.

"The borrower's life will be insured in an amount which will automatically pay off the mortgage if the borrower should die during its term, thereby freeing his dependents of the debt and leaving the home free and clear.

"If there is no default in the monthly payments agreed upon, the mortgage cannot fall due or be called in on short no-

tice, but remains as a fixed program of home ownership over a long period of years, unless the borrower chooses voluntarily to pay it off sooner. The maximum individual loan will in most cases be \$10,000. Loans will be made largely through the Morris Plan System, which is in operation in 107 banks located in most of the principal cities in the United States."

FIDELITY TRUST APPOINTMENTS

THE Fidelity Trust Company of New York has announced the appointment of George C. Texter and Bryant Woods as assistant secretaries, the former in



BRYANT WOODS

Assistant secretary of the Fidelity Trust Company of New York, in charge of the investment advisory department.

charge of the bank's Whitehall office and the latter in charge of the bank's investment advisory department.

Mr. Texter entered the banking field as a clerk with the International Bank

in 1916, continuing with the Fidelity Trust Company after its original merger with the International Bank and its subsequent merger with the Coal and Iron National Bank.

Mr. Woods was graduated from Harvard in 1919 and during the war served as a first lieutenant and pursuit pilot in the twenty-eighth pursuit squadron. In 1920 he became associated with Dillon Read & Company, leaving them in 1924 to become manager of the statistical department of Kean Taylor & Company.



MACY E. WATKINS

Head of the new business department the Union Trust Company, Detroit. For the last two years he has been trust officer of the City Trust Company of Indianapolis and has a state-wide reputation as an expert in Federal inheritance tax work in Indiana. He is a graduate of the Indiana University School of Law and the Central Normal College. He established the Federal tax service in the trust department of the Indianapolis bank and was largely responsible for the organization and success of the Indianapolis Fiduciary Association, of which he was secretary and treasurer.

NIGHT DEPOSITORY MAKES SHORTER HOURS

THE establishment of a night depository in the Flatbush branch of the National City Bank of New York, located at Flatbush avenue and Church avenue, Brooklyn, N. Y., has made it possible for the bank to shorten its banking hours. It can now close during the evening, rather than

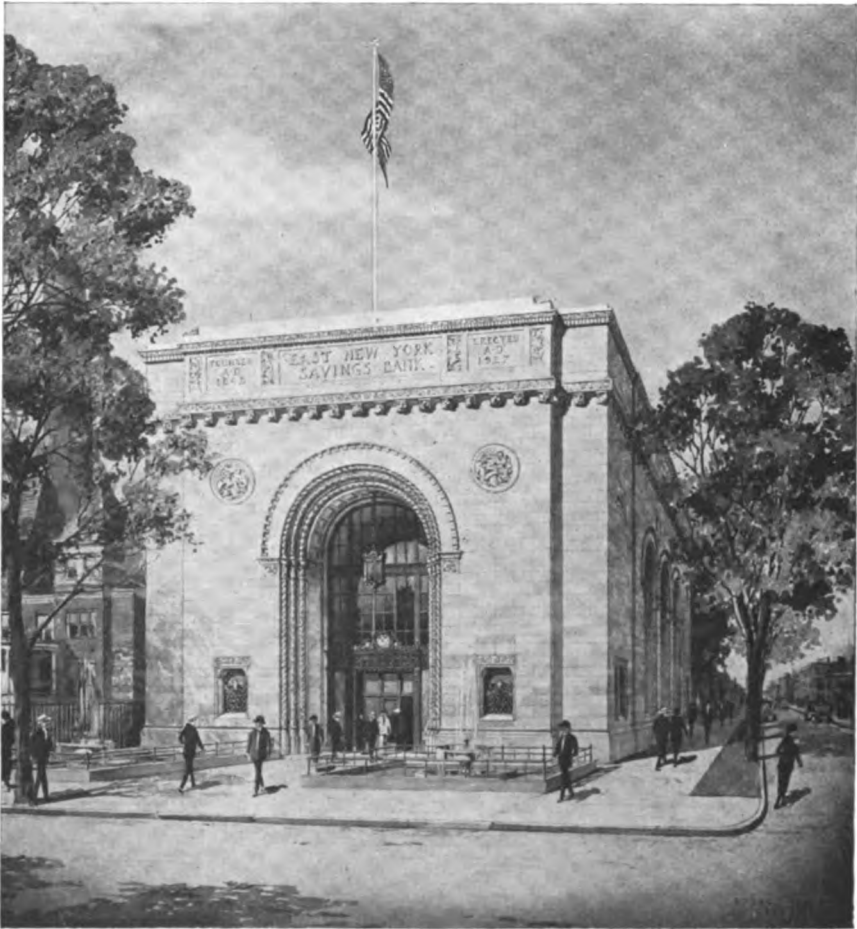


Customer using the night depository at the Flatbush branch of the National City Bank of New York. The depository was installed by Herring-Hall-Marvin Safe Company, New York.

remain open several or all of the evenings during the week, as is customary among the banks in the residential sections of New York.

With the night depository, the customers of the institution who cannot make their deposits during the usual

(Continued on page 537)



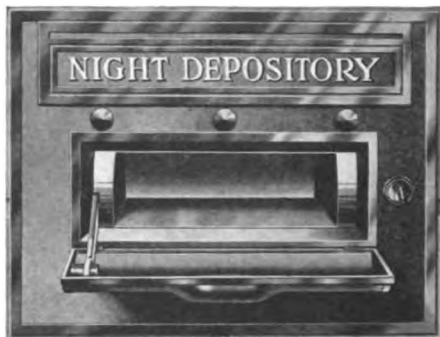
THE proposed new building for a branch of the East New York Savings Bank is to be erected at Utica Avenue and Eastern Parkway, Brooklyn, New York. The design is Romanesque, with modern applications and the exterior will be entirely of stone. The rear portion of the building is planned to have three floor elevations, all to be occupied by doctors' offices.

HOLMES & WINSLOW

*Specialists in Bank Architecture
and Interior Equipment Complete*

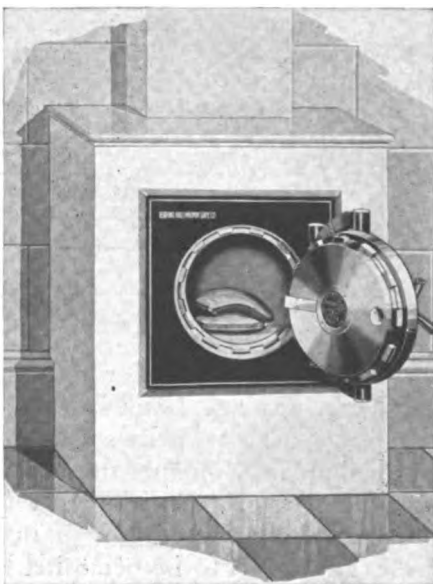
153 East 38th Street

New York



Front entrance to night depository in open position ready to receive the customer's deposit bag. In this position the solid bronze cylinder has been rotated so that the hole through cylinder is in a horizontal position with the rear end closed.

Sectional view (above) of bronze entrance showing customer's deposit bag. Cylinder is ready to be rotated by means of closing the outer door. When rotated the cylinder is automatically locked in the closed position. Key can only be removed when cylinder is locked in closed position.



The night safe showing circular door burglarproof safe surrounded with reinforced concrete. Safe may be located in basement or on first floor and made any size.

Designed, manufactured and installed by
Herring-Hall-Marvin Safe Co.

Factory—Hamilton, Ohio

New York Chicago San Francisco Birmingham Rochester Boston

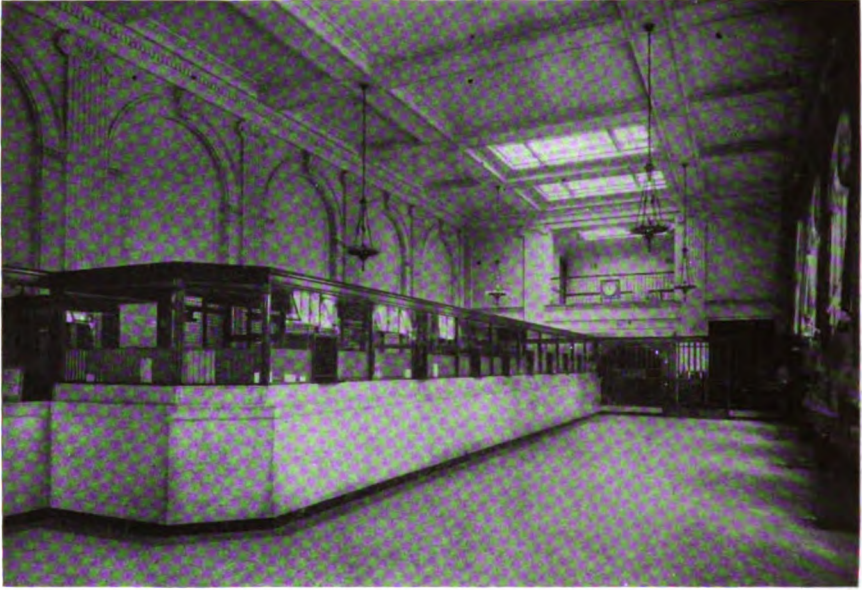
Cable Address "Fireproof" New York

The Herring-Hall-Marvin Safe Co. for nearly a century, has built and will always continue to build the same undeviating quality into its product.

EXAMPLES OF RECENT BANK BUILDING OPERATIONS



A new branch of the Mechanics Bank, Brooklyn, N. Y., located on Avenue J near 15th street, is of cast limestone of Renaissance design. It has a frontage of 37 feet and a depth of 100 feet and is two stories and a mezzanine in height. The bank occupies the first, mezzanine and basement floors, while the top floor is rented as offices. Holmes & Winslow, bank architects of New York, designed the building.



The interior of the new branch of the Mechanics Bank, Brooklyn, N. Y., is unusually well lighted by large arched side windows and center skylight in the rear. An ell at the rear affords spacious working quarters. The safe deposit department, a special feature, has a massive burglar-proof vault with a circular door. The building was designed by Holmes & Winslow, bank architects of New York.



Corporate trust department of the First Wisconsin Trust Company, Milwaukee, Wis. The officers' rooms are shown at the rear.



Indiana limestone is admirably suited to express graceful detail and is enriched by bronze inscriptions and lamp standards in the First National Bank of Honeybrook, Pa. The interior combines bronze and marble. The building is the work of Tilghman, Moyer Company, architects and engineers. Allentown, Pa.

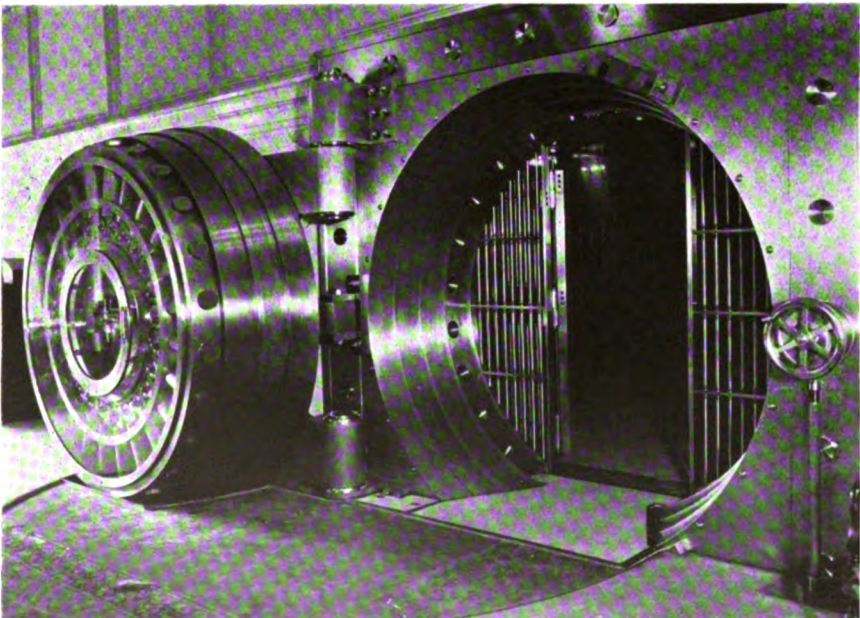




The building of the Butler Savings & Trust Company, Butler, Pa., was designed to make more prominent the name of the bank and to provide the most modern banking facilities. It stands on a site 60 by 105 feet. The exterior is of Indiana limestone and the entire building is of fireproof construction. Uffinger, Foster & Bookwalter, Inc., New York, designed the building and supervised its erection.



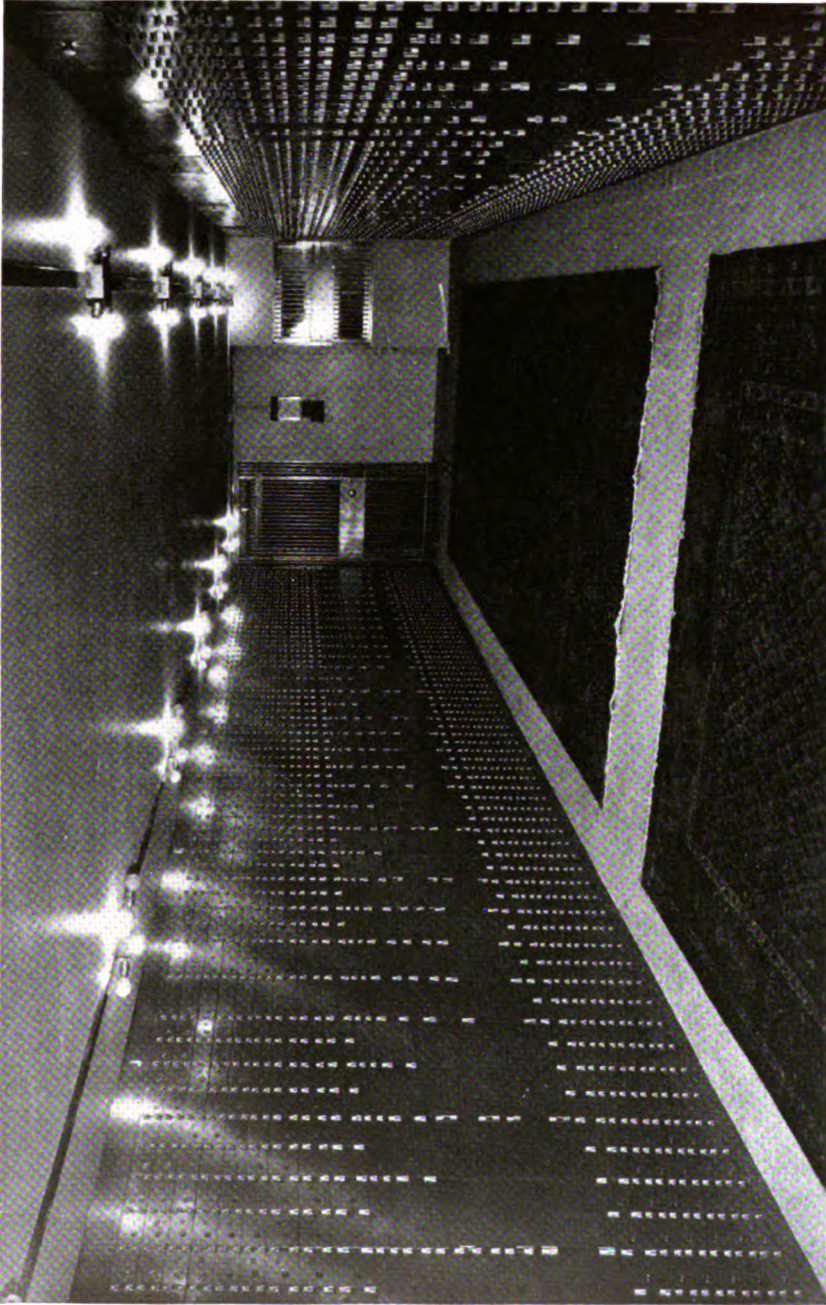
In harmony with the exterior, the interior of the Butler Savings and Trust Company, Butler, Pa., is designed along simple Gothic lines. This, together, with a careful selection of marbles, bronze and color, creates a charming and imposing banking room. Uffinger, Foster & Bookwalter, Inc., of New York, were the architects.



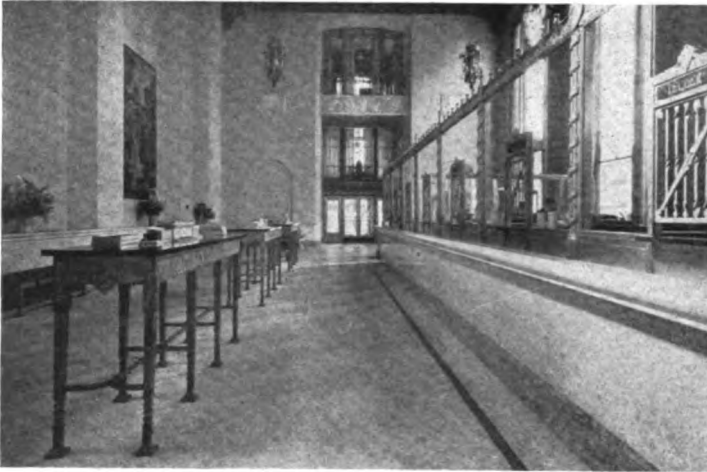
Vault door which was recently installed by the Washington Trust Company, Washington, Pa., by the Mosler Safe Company, Hamilton, Ohio. The door is of Donsteel and is twenty-one inches thick.



Stairway leading from the main banking room of the Grand Central branch of the Chase National Bank of New York to the Chase Safe Deposit Company, located on the second floor. This branch was recently opened in the new Graybar building.



Safe deposit vault of the new Grand Central branch of the Chase National Bank of New York. The vault was designed and manufactured by the York Safe and Lock Company, York, Pa.

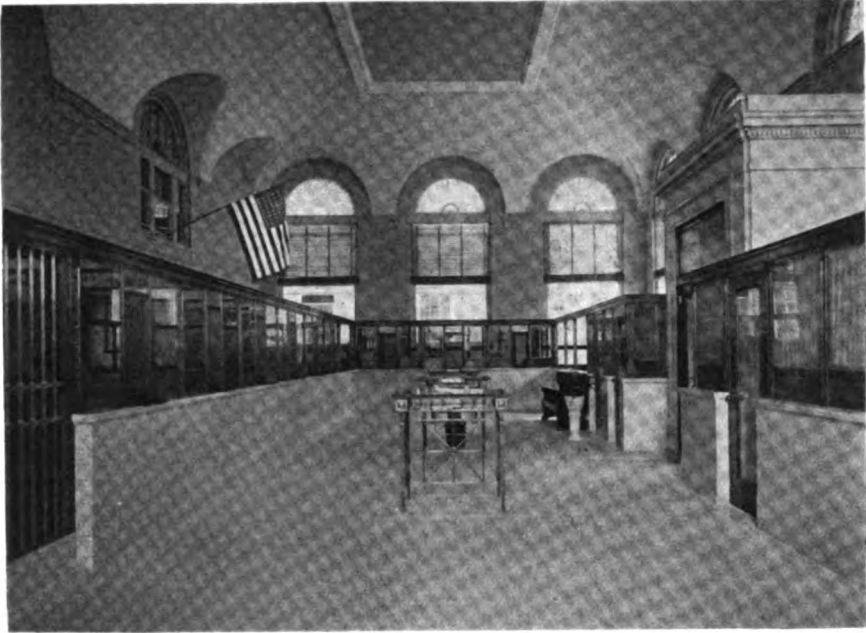


Main banking room of the Ohio State Savings Association, Columbus, Ohio, showing first and second mezzanines at front of building.

The directors' room is paneled in walnut over which is a frieze depicting the "quest for treasure." An oil portrait of the founder hangs on the wall.



Huge oaken and hand-adzed beams separating vaulted barreled sectors of the ceiling are a feature of the unusual interior. Architects were Simons, Brittain and English, bank architects of Pittsburgh, Philadelphia and Columbus.



Interior of the new banking room of the Marine National Bank, Wildwood, N. J., showing counterscreen of Tavernelle marble and bronze and floor of imported Travertine. The building, equipment and vault installation were designed by and erected under the supervision of Morgan, French & Co., architects and engineers of New York.

(Continued from page 528)

banking hours, can use the new device and make their deposits without the necessity of tellers' presence.

The depository at the National City branch was installed by the Herring-Hall-Marvin Safe Company, Hamilton, Ohio.

COMING BANKERS' CONVENTIONS

AMERICAN BANKERS ASSOCIATION, Houston, Texas, week of October 24. Executive manager, F. N. Shepherd, 110 East Forty-second street, New York City.

ARIZONA BANKERS ASSOCIATION, Flagstaff, October 13-14. Secretary, Morris Goldwater, Prescott.

CANADIAN BANKERS ASSOCIATION, Montreal, November 11. Secretary, Henry T. Ross, Dominion Express Building, Montreal, Quebec.

ILLINOIS BANKERS ASSOCIATION, Rock Island, June 20-22. Secretary, M. A. Graettinger, 208 South LaSalle street, Chicago.

NEBRASKA BANKERS ASSOCIATION, Omaha, October 19-20. Secretary, William B. Hughes, 908 Woodman building, Omaha.

NEW MEXICO BANKERS ASSOCIATION, Deming, October 20-22. Secretary, M. F. Barnes, First National Bank Building, Albuquerque.



Partial view of booking hall in the new head office of Thos. Cook & Son, London, showing the simplicity of architecture which characterizes both interior and exterior.



Another view of booking hall of Thos. Cook & Son's new head office, London.



New head office of Thos. Cook & Son, London.

THOS. COOK & SON OCCUPY NEW LONDON OFFICE

ARCHITECTURAL simplicity is the keynote of the new head office of Thos. Cook & Son in London—a new building occupied by the company just sixty-one years after its first office was established in that city.

The building is square and covers three-quarters of an acre without a single break in walling. It has a frontage on Berkeley street of more than 200 feet.

The interior design is as simple as that of the exterior. Architectural effect in the facade has not been allowed to rob the interior floor area of one inch of space, and the convenience of the public and of those who serve the public has been striven for above all else. Nevertheless, this very severity imparts dignity to the building and gives it an architectural character of its own.

The principal feature of the ground floor is the booking hall, with an unbroken floor area of half an acre. This hall affords unexcelled accommodation for the public in the transaction of busi-

ness and the inconvenience often experienced in the company's former offices, on account of lack of space, is unlikely to occur in the new quarters.

Above the booking hall, fronting Mayfair place, are six floors of offices, and on the Berkeley street frontage are four. The second floor contains a large reading and writing room for the convenience of travelers and practically the whole top floor has been set aside for luncheon, tea, rest and club rooms, with ample service for the staff of the office, which numbers more than 1500.

The firm had occupied the premises at Ludgate Circus for more than half a century—since 1873—during three generations of principals: Thomas Cook, the founder; J. M. Cook, his son; and F. H. and E. E. Cook, the surviving grandsons. In spite of numerous additions made from time to time, however, the building had become altogether inadequate for the present-day needs of the traveling public.

INVESTING IN NATIONAL PROGRESS

OPPORTUNITIES for investment are being presented through the growth and progress of the new South. Being rich in natural resources, it is not strange that industries dependent upon these natural products should find it the ideal place for the location of their plants. Alabama is rich in iron and coal, and the steel industry there has grown to remarkable proportions. The cotton textile manufacturing concerns, realizing that the South is the natural location for their mills, have dotted the

progressive Southern cities offer many opportunities for investment in high grade mortgages. The National Mortgage Corporation, realizing the good investments to be made, has established connections in many of these cities, and is obtaining some attractive loans on modern residential properties.

For many years the large insurance companies have found that, with a proper analysis of business conditions and frequent careful checking of real estate markets and building conditions, they have been able to place their funds for investment in mortgages on city properties with little or no loss, thus providing an outlet with almost all the elements of chance eliminated.

The National Mortgage Corporation, the newest subsidiary of the New York Title and Mortgage Company, in following the general plan in use by the insurance companies, thoroughly investigates general conditions in each city in which loans are to be made, makes a survey of housing conditions, and assures itself of the progressiveness and general desirability of the community before investing. Cost of materials and the scale of wages in the building trades, which vary in the different sections, are carefully studied in order that the proper value may be placed on the improvements.

All loans are based on appraisals made by men whose good judgment coupled with knowledge of real estate values and the trend of development and growth in each city, makes them outstanding in their respective communities. In every transaction the first thought is given to the safety of the investment and the safeguarding of the interests of the prospective investor. Every application submitted is accompanied by a photograph of the security, a survey, and a complete appraisal form setting forth all the physical aspects of the property, together with a valuation by the aforementioned approved appraisers, made after their personal inspection of the security offered.



WILLIAM R. HEWITT
Manager National Mortgage Corporation,
New York.

Carolinas and Georgia. Almost overnight great factories employing a large number of operatives have sprung up. As a result, there has been a great influx of new peoples to these sections.

In order that the families might be properly housed, many new homes have been erected. Local financial institutions, however, have been unable to meet the increased financing necessary, and there have been persistent demands for Eastern capital to be utilized in this way. These

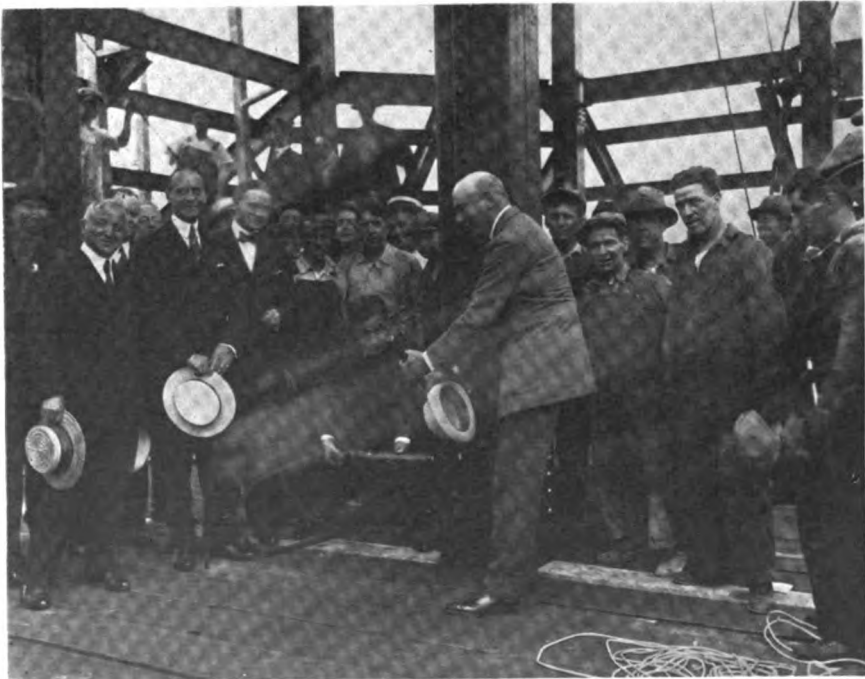
The approval of the local mortgage organization also accompanies the application. The property covered by each application is carefully analyzed by the office committee of the National Mortgage Corporation, and only when it meets with their full approval is the loan presented to the executive committee. Applications covering specialty types are not entertained. No loans are made on hotels, theaters, clubs, churches or garages. It may be seen, therefore, that before a loan is approved it must meet with the approval of the local appraisers, the local mortgage organization, and both the office and executive committees of the corporation.

There is still a further protection for the investor, in that the title to the security must be clear, with no questionable features. A full investigation by the local representative of the New York

Title and Mortgage Company is made, and every loan must have a policy of title insurance, guaranteeing the title, issued by the New York Title and Mortgage Company, and backed by its assets of more than \$42,000,000.

Only when all these requirements are met is the security offered to the investing public. And as a further safeguard for investment, the National Mortgage Corporation guarantees both the principal and interest, backed by its capital funds in excess of \$3,000,000.

Through this development of the new South, a good opportunity is offered for the Eastern investor, not only in obtaining a good return on the investment, but in having a share in building up the general prosperity of the South, which eventually will be reflected throughout the nation.



Arthur W. Loasby, president the Equitable Trust Company of New York, driving home the last rivet, a golden one, on the thirty-eighth and top floor of the new Equitable Trust building being constructed on Broad and Wall streets. Officers of the bank, the architects and builders were among the witnesses.

MAJOR PHASES OF TRUST BANKING DISCUSSED AT MID-CONTINENT TRUST CONFERENCE

PRACTICAL fiduciary workers from both trust companies and trust departments of other classes of banks met in the "Twin Cities"—Minneapolis and St. Paul—last month to discuss the essential problems of their profession and exchange views on these problems. More than twenty major phases of trust banking were taken up in the sessions of this, the Third Mid-Continent Trust Conference of the American Bankers Association.

W. S. McLucas, vice-president Trust Company Division and chairman of the board Commerce Trust Company, Kansas City, in opening the sessions, said: "Trust matters have had an increasing way of intruding themselves into our business and gradually we have realized the magnitude of their possibilities. The staid old East had known the advantages of trust service for a hundred years. We of the plains were not old enough to appreciate it, for the men of affairs today in our part of the country are really only the second generation. Only with the last decade have we felt any considerable call for trust services. Our fiduciary day has dawned. Our customers will use our trust service just as rapidly as we give them full intelligence on its advantages and I believe that this kind of meeting for the exchange of business-building ideas is an incubator of new profits for trust companies."

"Development of Trust Business" was discussed by W. F. Hopkins, vice-president Chicago Trust Company, who said: "About the most valuable asset to a trust company is the trust officer, who usually heads the department, as he is the key-stone around whom the organization is built. No department can ever be bigger than the trust officer, for it is to him that associate officers and employes look for guidance. His personality permeates the whole institution. His solidity, fairness and breadth of vision is reflected throughout the entire organization.

Without a splendid organization, no trust company through the medium of newspaper advertisements, booklets, personal solicitors or through other overtures to the public can hope to obtain and hold business."

"Vital Considerations in Trusteeships Under Corporate Mortgages" was presented by Lewis K. Walker, vice-president Guardian Trust Company, Detroit. He said in part: "In considering the essential safeguards affecting each trusteeship there are three in general and likewise specific requirements which apply to each class. The first would first satisfy itself as to the character and reliability of the management of the company involved and the reasonable expectancy of success in its operations. The next requirement is that the name of the bonds should specifically set forth the kind of a mortgage which it purports to be. There are first, second, first and refunding, general, prior lien, leasehold mortgages, etc. If, for example, the mortgage states that it is a first mortgage careful examination should be made to see that the lien covered by the indenture really is first in every respect.

"While the legality of a trust mortgage and its sufficiency in law is passed upon by the attorney, it is the function of the trustee to see that the terms of the mortgage are 'workable' and that all contingencies are provided for in a manner which will insure a minimum of friction in the administration of the trust.

"In some recent mortgages it is provided that material changes in the provisions of the mortgage, not including, however, terms of payment and interest rates, may be made upon the written approval of the holders of a specified percentage—80 per cent. or 90 per cent. of the outstanding bonds. In considering this provision the mortgage should specifically provide that no change will be made which will definitely affect the interest of the bondholders without

their unanimous consent. It is often discovered after the bonds are distributed that some part of the mortgage is impracticable or is working an unnecessary hardship on the borrowing corporation and unless the mortgage contains such special authority the mortgagor may find itself faced with a situation requiring it to default its indebtedness. The trustee cannot give such consent without taking upon itself some risk, for no matter how confident it may be at the time that the proposed change is for the benefit of the bondholder as well as the operating company, the bondholder may later prove that he has sustained a loss and may hold the trustee to a strict accounting. The risk of censure for want of trust is of paramount consideration.

In discussing "Public Utilities" W. H. Kennedy, secretary of the Wells Dickey Company, Minneapolis, said: "What standards should an investor have in mind when reviewing and analyzing a utility bond? These standards are dictated by common business sense so that nothing especially new can be told this audience regarding this subject. However, as a reminder may I mention the following points: Management of company, class of service, field of operation or territory served, legal rights and restrictions, state commissions, plant adequacy, income statements, depreciation, capital structure, value. It is well to bear in mind the following characteristics of public utility investments; the essential nature of the industry, the supplying of communities with light, gas, telephone service, etc. is essential to the life of the communities; the demand for public utility service is subject to less fluctuation than for practically any other salable commodity; the very nature of public utility service is such that low rates can never be achieved permanently through direct competition; utility bills are payable monthly and are paid with almost the same certainty as taxes; there are no inventory losses as service is produced only as delivered; state supervision—this regulation eliminates political buffeting; public utilities were among the first to

recognize the advantage of having their stock widely held in the communities in which they operate."

"Industrial Bonds" were discussed by John E. Blunt, Jr., vice-president Illinois Merchants Trust Company, Chicago, who said: "In the past there has been a decided prejudice on the part of conservative people against any security bearing the term 'industrial.' The bonds are not, as a rule, authorized investments for either trust funds or savings banks. Until a comparatively recent date some investment bankers did not handle bonds of this character; a standard loan on the New York Stock Exchange required at least two-thirds of the collateral to be rails and not to exceed one-third industrials. Any loan not conforming to these proportions was subject to special negotiation and usually bore a higher rate of interest. One of the reasons for this attitude, as I see it, is the attempt to relegate into one class a large number of more or less unrelated industries. The railroad is but one form of industry, but their number is sufficiently large to put them in a separate class, and all railroads have something in common. In the so-called 'industrials,' however, we have not one but any number of varied industries ranging from concerns like the U. S. Steel Corporation or General Motors Corporation down to a small manufacturing plant. Each line of industry and each individual unit in the line has a problem of its own, and is subject not only to general conditions but to the vicissitudes of competition, of management, of combinations and changes which naturally come from year to year. These have been particularly acute since the World War, and the picture has changed so completely in the last ten years as to make records previous to that date of comparatively little value. The examination of an industrial bond, therefore, resolves itself into a detailed investigation of the particular security, and it is difficult to lay down any rule or set of rules governing this procedure.

"Industrial bonds possess many desirable features not obtained in either

railroad or public utility issues. As a rule, they are made for a much shorter time than the other classes. A substantial sinking fund is a usual accompaniment. This not only increases the value of the security in proportion to the amount of bonds outstanding, but is a sustaining factor in the market price. My own experience with industrial issues, which covers more than twenty-five years, has been satisfactory, comparing favorably with that of any other class of securities.

As to the desirability of industrial bonds for trust funds, I do not know that any general rule could be framed that would make these bonds suitable for strictly legal investments. By far the greater part of the agreements that are drawn today, however, permit wide latitude and discretion on the part of the trustees. I see no reason why industrial bonds, which the trustees after careful investigation can satisfy themselves are good, should not be purchased for trusts of this kind."

THE NEW BURROUGHS MULTIPLE REGISTER MACHINE

A NEW development in bank bookkeeping machines is announced by the Burroughs Adding Machine Company in its new multiple register machine for commercial department bookkeeping.

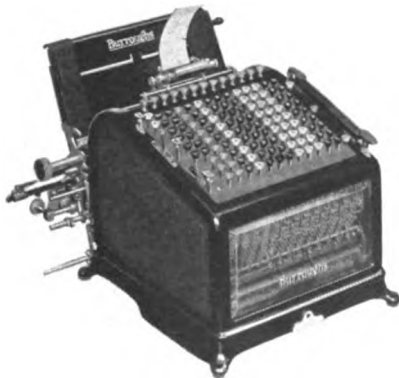
The multiple register feature, from which the machine takes its name, has

writes the journal, posts the customer's account, either ledger card or statement, and proves its own work. Heretofore, each of these operations was handled separately. By combining the three into one, the machine materially reduces the total number of mechanical bookkeeping operations.

The multiple register feature consists of three extra sets of adding registers built into the machine so that it carries forward three sets of totals. Besides the customary action of subtracting checks, adding deposits, and extending a new balance on each account, the new machine carries forward the individual totals of checks, of deposits and of new balances for all accounts. This eliminates the necessity of adding these separately to establish proof of accuracy.

Since totals are carried forward progressively throughout the posting run, proving becomes a by-product of the posting operation. Thus if an error is made, it can be traced to a particular item at once by reference to the journal and the ledger card without endless checking.

Greater bookkeeping speed is claimed for the new machine as well as a prompter and more positive proof.



New multiple register machine for commercial department bookkeeping.

made possible the combining of three bookkeeping operations into one, a feat that brings new efficiency to mechanical accounting.

In a single operation, the new machine

BOOKS FOR BANKERS

Special Section of The Bankers Magazine

OCTOBER 1927

SUCCESS?—HARD WORK AND OPPORTUNITY

The fifty years of his banking career are fascinatingly told by the late James B. Forgan, former chairman of the First National Bank of Chicago, in his autobiography, *Recollections of a Busy Life* (Bankers Publishing Company, \$6.00). This edition is full leather bound and includes an autographed page.

“I HAVE frequently been accredited with success and asked to what I attributed it. My answer has been that in so far as it was attributable to me at all, it could only be to my willingness to work hard at the job assigned to me and my readiness to seize opportunities as they came to me. Two facts in my business career afford me especial satisfaction and considerable pride. One is that only once had I to apply for a job and that I obtained through a competitive examination. The other is that never did I ask for an increase in salary. I have never occupied a position with which I was dissatisfied, nor was I looking especially for a change, or even for further promotion when the offer of a better position or promotion came to me. I simply did my level best to perform the duties assigned to me in the position I occupied, and I found my advancement and pay were always well taken care of by those who had the dispensing of them.”

* * * *

Such is the ladder on which James B. Forgan climbed from a bank apprentice in St. Andrews, Scotland, where he received the magnificent salary of £10 a year, to the chairmanship of the First National Bank of Chicago, with its accompanying responsibilities toward directing the nation's finances. He relates the steps between these two extremes in his *Recollections of a Busy Life* with the simplicity and force which mark his entire career.

Note his description of an incident which occurred shortly after his election

to the First National Bank of Chicago in 1892:

“We were having a period of easy money just then, and my greatest difficulty was to keep the bank's funds employed. . . . When Mr. Gage returned (Lyman J. Gage was then president of the First National), I told him of this condition and apologized for it. I remember his encouraging answer. He said: ‘Don't apologize; under the circumstances in which you have been placed, the fact that the doors are open and business going on as usual shows that you know your business.’ It was indeed a trying position, for I, a total stranger had to assume responsibility for practically every loan made.”

* * * *

The various steps in Mr. Forgan's career are marked by the chapter headings in the volume, as follows: Five Generations; My School Days; My Apprenticeship and Early Business Training; Leaving Home; My Experience as a Clerk in the Bank of British North America; My Career in the Bank of Nova Scotia; My Connection with the Northwestern National Bank of Minneapolis; My Career in the First National Bank of Chicago; The Security Bank of Chicago and its Ally, the Second Security Bank of Chicago; Chicago Clearing House Committee; Currency Commission, American Bankers Association; My Connection with the Federal Reserve System; Activities Outside of the Banking Business; Moral Reflections.

(Continued on page 8)

Books for Bankers

BETTY ETTER, *Editor*
Monthly Book Section

THE BANKERS MAGAZINE

71-73 Murray St., New York

OCTOBER 1927

SHOP TALK

A. J. FRAME, chairman of the board of the Waukesha National Bank, Waukesha, Wis., recently sent in the bank's annual check for the renewal of its subscription to THE BANKERS MAGAZINE. This bank has taken the magazine for more than fifty consecutive years. Can anybody beat that record?



WE have received so many requests for a copy of a list of banking books compiled for the Banco de Mexico, Mexico City, that we are going to print it in *Books for Bankers* so that those who may have wanted it, but neglected to write for it, may have a copy of it, too.

Even if you aren't in the market for books just now, clip this list for future reference. It contains valuable publications on every phase of banking. Here it is:

"Living Trusts, Including Life Insurance Trusts" by Gilbert T. Stephenson, \$3.75; "Creating and Conserving Estates," Co-operation between Life Insurance and Trust Companies by A. C. Robinson and Edward A. Woods, \$3.00; "Bankers Credit Manual," by Alexander Wall, \$5.00; "Fundamentals of Financial Advertising" by John D. Long and John E. Farwell, \$4.00; "Industrial Credits" by Robert Young, \$5.00; "Foreign Exchange Accounting" by Christian Djourup, \$10.00; "Investments" by David F. Jordan, \$4.00; "Analysis of Financial Statements" by H. G. Guthmann, \$5.00; "Financial Organization and Management" by Gerstenberg, \$5.00; "Work of Corporate Trust Departments" by Page and Gates, \$5.00; "Credit Analyses" by Schluter, \$5.00; "Trust Departments in

Banks and Trust Companies" by Clay Herrick, \$4.00; "Bank Credit" by Munn, \$3.00; "Federal Reserve System in Operation" by E. A. Goldenweiser, \$3.00; "Commercial Banking" by Kniffin (2 volumes) \$7.00; "Practical Banking" by Gerald W. Jamieson, \$2.00; "Bank System and Accounting" by Beach, \$6.00; "Borrowing From Your Bank" by Patterson, \$1.25; "Financing Exports and Imports" by Allan B. Cook, \$2.50; "Banking and Credit" by Shugrue, \$3.00; "Practical Bank Operation" by L. H. Langston, \$6.00; "Banking Practice" by Langston and Whitney, \$3.00; "Bank Audits and Examinations" by John I. Millet, \$6.00; "The Foreign Expansion of American Banks" by C. W. Phelps, \$4.00; "American Commercial Credits" by Wilbert Ward, \$2.50; "Banking Principles and Practice" by R. B. Westerfield, \$4.50; "The Federal Reserve System" by Henry Parker Willis, \$10.00; "International Exchange" by Thomas York, \$5.00; "101 Window Displays" by M. E. Chase, \$5.00; "Clearing and Collection of Checks" by Walter E. Spahr, \$7.50; "Recollections of a Busy Life" by James B. Forgan, \$6.00; "Cause and Prevention of Bank Defalcations" by M. K. Fowler, \$1.50; "Encyclopedia of Banking and Finance" by Glenn G. Munn, \$10.00; "Commercial Paper" by Wm. H. Kniffin, \$2.50; "Elements of Foreign Exchange" by Franklin Escher, \$1.60; "Paying Teller's Department" by Glenn G. Munn, \$1.25; "Bank Credit Investigator" by Russell F. Prudden, \$1.50; "New Business Department" by T. D. MacGregor, \$1.25; "The Women's Department" by Anne Seward, \$1.25; "Bank Credit Methods" by T. J. Kavanaugh, \$2.50; "Romance and Tragedy of Banking" by Thomas P. Kane, \$5.00; How to Analyze a Bank Statement, 50 cents; "Bank Advertising Production" by An Advertising Production Man, \$2.50; "Tate's Modern Cambist" by William F. Spalding, \$10.00.

We will be glad to send you any of these books that you may wish, whether for your personal or your bank's library. (May we add that the Banco de Mexico, for which the list was made out, ordered all but two of these works?)

**Send for this Book
On Approval!**

Corporation Treasurer's and Controller's Guide

**By William H. Crow, A.B., LL.B.,
Member of New York Bar**

(A Complete Manual on Corporate Financial Procedure)

JUST OFF THE PRESS—this 1710-page reference manual is an invaluable aid to Banks, Trust Companies and Corporations. It shows exactly how treasurers and controllers of corporations (both large and small) handle their work. It reveals and explains various organization budget systems and provides the most complete collection of actual financial and accounting forms used by treasurers and controllers. This new, monumental work is based upon experiences of 1,400 American corporations including: American Tobacco Co., New Jersey Zinc Co., Saks & Co., Colgate & Co., General Motors Corp., Robert Gair & Co., American Chicle Co., American Railway Express Co., New York Edison Co., and many others including small corporations.

Here in one handy, compact, easy-to-use volume is provided a complete compilation of methods, experiences, precedents.

Some typical chapter headings are: Nature and Scope of Treasurer's Office; Nature and Scope of Controller's Office; Organization of Departments; Classification of Duties; Securities, Issuance and Record Systems; Current financial operations; Relations with Banks and other commercial leaders; Control of Cash; Dividends; Dividend Policies; Interest on Bonds; Funds; Reports; General and Commercial law, and others. One of many valuable features of this book is the abundance of forms and charts which include: treasurers' organization charts, controllers' organization charts, controller's work of accounting department and hundreds of others.

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BOOK REVIEWS AND NEW BOOKS

Recent Announcements of Other Publishers

PROFITS, PROGRESS AND PROSPERITY. By Arthur B. Adams. New York: McGraw-Hill Book Co., Inc. \$2.15.

A SOUND analysis of the actual operations of the present industrial system under different movements of the general price level and to point out the consequences resulting therefrom, is the aim of this book, which is a companion volume to *Economics of Business Cycles*, by the same author.

A special study is made of the investment of savings under different conditions, and the effects of such investments upon consumers' current money income and the flow of consumers' goods to the market.

The theme of the book might be quoted as "Progress toward greater production and consumption is facilitated because consumer buying does keep pace with production."

The author is dean of the school of business and professor of economics at the University of Oklahoma.

Chapter headings include: Two Views on the Relations of Savings and Investments to Industrial Progress; Investment of Savings and the Market Equilibrium; Volume of Trade, Money, Production and Money Income; Use of Bank Credit and the Market Equilibrium; Current Net Product Value and Distribution of National Money Income; Spending and Saving the National Money Income; Supply of Investment Funds and Uses Made of Them; Market Oversupply, Depression, and Capacity of Output; Expansion of Credit, Price Inflation, and Booms; Termination of Booms and Consequent Crises and Depressions.

THE ECONOMICS OF LIFE INSURANCE. By Samuel S. Huebner, Ph. D. New York: D. Appleton and Company. \$2.65.

THIS is the first of a new series being published by Appleton devoted to comprehensive and specialized studies of life

insurance in its various aspects. It will offer an advanced literature of life insurance and is under the editorial direction of Professor Huebner, who is the author of the first volume. The material is intended primarily to be of practical aid to the man in the insurance field but is also suitable for all those interested in this form of investment.

The fundamental volume of this series gives an excellent discussion of the theory and functions of life insurance for the general reader who wishes to be intelligently informed concerning this problem of his business and personal affairs.

The author takes the point of view that human life value is a more important economic element in business and family affairs than property values and argues that the life value of the individual is entitled to the same careful and scientific treatment as that given to property. He shows that life insurance represents the application to life values of the principles which govern business and the management of property.

Dr. Huebner is professor of insurance and commerce at the Wharton School of Finance, University of Pennsylvania; and dean of the American College of Life Underwriters.

TRUST CONFERENCE ADDRESS IS REPRINTED

"How to Build a Trust Department in a Banking Institution," an address delivered by R. R. Bixby, president, has been reprinted in booklet form by R. R. Bixby, Inc., specialists in trust department operation, New York. The address was delivered before the trust conference at the annual convention of the American Institute of Bankers held in Detroit in July, 1927.

"CANADA AND THE TWENTIETH CENTURY"

THE Royal Bank of Canada has published an interesting and attractive book,



101 WINDOW DISPLAYS

Bank and Investment

By M. E. CHASE

BANKS all over the country are waking up to the tremendous possibilities of window displays, and over two hundred large and small financial institutions were interviewed in gathering material for this book. Window architects, electricians, window dressers, color experts, show card writers and those making mechanical displays were also consulted and the information put into shape for practical use in every bank by M. E. Chase, who for

fifteen years has been a specialist in bank and investment advertising and publicity.

In these suggestions every branch of banking is included. The small town has not been disregarded, for most of the properties necessary for these displays may be obtained in a town of five thousand. The contents given below will give a good idea of what the book covers, and many new ideas will be suggested by those that are described.

CONTENTS

Why and How of Window Advertising

- I.—Window Advertising Pays—Tests which banks have made.
 - II.—Capitalize Your Windows—Your windows may be cold empty glass—or “glad hands” beckoning prospects in—Windows display a super-picture—In tune with the community—Don't over-do your attention getter—One idea at a time—Avoid monotony—Balance and Harmony—Change often—Tie up with your windows.
 - III.—Making Window Display Cards—Relative size of cards to display—Making your own cards—Pen and paints—Frame them.
 - IV.—Proper Construction of Windows—Height of window—Background—Depth of window—Panelled background—Parquetry flooring—Your name—Electric floor connections—Lighting—Colored lighting.
 - V.—Motion Displays Gain Attention—What large banks are using—How small banks are doing it—Mechanical devices.
- What is being done in Window Displays**
- I.—By Financial Institutions of the East—National City Bank of New York—Union Trust Co. of Cleveland—Five Cent Savings Bank, Lynn, Mass., and others.
 - II.—By Financial Institutions of the Mid-West—First-Wisconsin Trust Co., Milwaukee—American Bond & Mortgage Co., Chicago—First National Bank of Detroit—Morris F. Fox, Milwaukee—State Bank of Chicago, and others.
 - III.—By Financial Institutions of the West—Wells-Dickey Co., Minneapolis—Security Trust and Savings Bank, Los Angeles—

- United States National Bank, Denver—San Diego Savings Bank, and others.
 - IV.—By Financial Institutions of the South—First National Bank, El Paso—First National Bank, Pratt, Kan.—Chattanooga Savings Bank, Chattanooga, and others.
- What Can Be Done in Window Displays**
- I.—Savings Displays—Pay days in cold storage—Armistice day—During the Auto Show—Evolution—Savings plus insurance—In and out banking—Tied to your job?
 - II.—Investment—To get a mailing list—Interest and shoes—Play Santa Claus with bonds—Bonds on instalment—If he can, so can you—To retire at 60—Buying bubbles or bonds—Invest for children—Pyramid with coupons, and others.
 - III.—Trust—Save your widow from shyster—Stop and read the law—Yesterday you lunched together—Her income is regular—Watch it operate—Say it with a Will.
 - IV.—Checking—Carry a checkbook—Know! Who should write checks—Travels of a check, and others.
 - V.—Farm Banking—Build farm credit now—Better herds—County Fair—Bank by mail—Dead farming methods, and others.
 - VI.—Safe Deposit—If you have a new nest of boxes—For vacation times—Community strong box, and others.
 - VII.—Foreign Exchange—Take travelers checks—Like a checkbook—If you sell S. S. tickets, and others.
 - VIII.—Miscellaneous—Life Insurance—Bank at your mail box—Flower contest—Who minds growing older—Trade at home—Growing up financially, and others.

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"Canada and the Twentieth Century," written by Donald M. Marvin, M. A., Ph. D., economist of the bank, and J. Edwin Van Buskirk, B. Sc., M. B. A., assistant.

The present (third) edition contains, in addition to an introduction, twenty chapters, each devoted to some phase of the industry of the country. By means of numerous charts and tables, statistics are given showing the growth and prospects of each industry discussed.

Chapter headings include: Climate and agriculture, dairy production, manufacturing, new industries, the Royal Bank of Canada's statistics of Canadian power production, foreign trade, forest industries, mining and mineral resources, fisheries, the banks and the banking system, the provinces of Canada, the playground of America, transportation and ports, the British Empire preference, tariff agreements with the British West Indies, tariff agreements with foreign countries, Canada as a field for investment, government and finance, currency, present taxes.

Any reader of *Books for Bankers* may secure a free copy of this book by writing to the head office of the Royal Bank of Canada, Montreal.

COMMITTEE ANNOUNCED

Miss Florence Wagner, librarian of the *Wall Street Journal*, New York, and chairman of the membership committee of the financial group of the Special Libraries Association, has announced the members of her committee, as follows: Josephine Curry, Redmond and Company, New York City; Marion G. Eaton, Federal Reserve Bank of Boston; Laura Jane Gage, Central Trust Company, Chicago; Margaret Reynolds, First Wisconsin National Bank, Milwaukee, Wis.

STUDIES IN SECURITIES

A REVISED edition of *Studies in Securities* has been published by Jas. H. Olyphant & Co., New York and Chicago. The book contains fifty studies of dif-

Are these Books in your banking library?



Recollections of a Busy Life

By JAMES B. FORGAN

The life story of one of America's bankers. A limited number of copies available of an edition, autographed and bound in leather. \$6.00

101 Window Displays

By M. E. CHASE

A book of suggestions for window displays in which every branch of banking is included. The properties necessary may be obtained in towns as small as 5000. \$5.00

Clearing and Collection of Checks

By WALTER E. SPAHR, Ph.D.

A treatise on the development of the present clearing and collection system. \$7.50

Encyclopedia of Banking and Finance

By GLENN G. MUNN

Every term, expression or phrase used in banking and finance, and in commercial contacts with banking is listed in this book; not a dictionary definition but an adequate explanation. \$10.00

Bank Agricultural Department

By R. A. WARD

Shows the bank in an agricultural district how to serve the farming interests of the community. \$1.25

The Women's Department

By ANNE SEWARD

This book is a necessity to banks that are contemplating organization of this department, and is full of ideas for those already organized. \$1.25

Elements of Foreign Exchange

By FRANKLIN ESCHER

A good working knowledge of the subject can be gained in a few hours from this little book. \$1.60



The Bank Credit Investigator

By RUSSELL F. PRUDDEN

Tells in as concise a manner as possible what problems the young man will meet in a bank credit department. Advice as to steps to be taken in a credit investigation and analyzation of a credit risk. \$1.50

Commercial Paper Acceptances and Analysis of Credit Statements

By WM. H. KNIFFIN

Of the few books entirely devoted to this subject, this is a safe investment; 205 pages, with 100 pages of actual statements completely analyzed on facing pages. \$2.50

New Business Department

By T. D. MACGREGOR

As a complete description of how to conduct a publicity and new business department in any bank, large or small, this book serves as an excellent guide. \$1.25

Cause and Prevention of Bank Defalcations

By M. K. FOWLER

Written to point out to bank directors and officers their responsibility for the prevention of defalcations. \$1.50



The Paying Teller's Department

By GLENN G. MUNN

Presents the functions of the paying teller and related departments in every phase—whether in a city or country bank, the East or West. A reference book on checks and disposition of money. \$1.25

Bank Credit Methods and Practice

By T. J. KAVANAUGH

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By Glenn G. Munn

THIS book is a complete manual covering every phase of the Paying Teller's department and related departments in city or country banks. Every paying teller, assistant paying teller, money clerk, and bank clerk should own one.

It is written in a clear, straightforward style, and is the result of actual contact by the author with bank operations while conducting the educational work of a New York bank.

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Relative Use of Money and Credits
Paying Teller's Qualifications and Duties
Organization Chart of Paying Functions
Cash Reserves and Requirements
Paying Teller's Cages
Unit Paying-Receiving System
Safeguarding Paying Teller's Cash
Cashing Checks
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Risks of the Paying Teller
Stop-Payments
Alterations and Forgeries
Certifications
Sources of Money Supply
The Money Department
What a Paying Teller and Money Counter Should Know About Money
Chart Showing Money with Leading Characteristics
Separating Good Money from Worn
Separating Paper Money by Denominations
Detecting Counterfeit Currency and Raised Bills
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ferent companies, selected from those published monthly by the company for the last five years. In the monthly issues the companies to be treated are chosen with a view to both investment character and speculative promise, and from the many thus discussed the fifty reprinted have been again chosen as those which best present a cross-section of the commercial activity of the country.

FINANCIAL LIBRARIANS ELECT OFFICERS

Miss K. Dorothy Ferguson of the Bank of Italy, San Francisco, has been elected chairman of the financial group of the Special Libraries Association. Miss Ethel L. Baxter of the American Bankers Association, New York City, has been chosen vice-chairman and Miss Emma Boyer, Union Trust Company of Cleveland, secretary.

NEW BOOKS

PROBLEMS OF THE EXECUTIVE. By Harold Whitehead. New York: Crowell. \$2.65.

BRITISH WAR FINANCE. By Henry F. Grady. New York: Columbia University Press. \$5.15.

COMMODORE VANDERBILT; An Epic of American Achievement. By Arthur Douglas Howden Smith. New York: McBride. \$5.15.

(Continued from page 1)

An appendix includes some of Mr. Forgan's public addresses, namely, "A Good Note," given originally before the Bank Clerks Mutual Improvement Club of the Bank of Nova Scotia, Halifax, and revised for delivery before the Bank Clerks Association of Minneapolis in 1901 and the Providence Bank Clerks Mutual Benefit Association in 1903; "Clearing House Bank Examinations," delivered before the Bankers Club at Detroit in 1912; and "The Efficacy and the Limitations of Bank Supervision by Examination and the Responsible Source of Bank Management," given before the convention of the American Bankers Association in Chicago in 1909.

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NOVEMBER, 1927

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Service

THE service rendered by a financial institution is the chief factor in retaining customers.

In both our Banking and Trust Departments we are still serving many of the grandchildren and great-grandchildren of those who originally opened deposit or fiduciary accounts with us.

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drop in to see us. It often pays to be
"personally acquainted."

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something your way some day, or you
have some important matters to be look-
ed after here.—Let's get together!

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The Publisher's Page

IN the December number, MARTIN SAXE, a leading authority on tax law administration, writing on the subject, "The Threatened Discrimination in Banking Taxation," says: "As a result of the latest national bank tax decisions of the United States Supreme Court, a new movement has been initiated for the purpose of further amending Section 5219 of the United States Revised Statutes, providing for the state taxation of national banks. . . . The proposed change seems apparently so harmless that in some states even bankers themselves—those who have not made a particular study of the history and practice of bank taxation—seem quite ready to acquiesce in the demand. However, when it is understood that the plain effect of the proposal is to classify the banking business by itself for taxation purposes, the light begins to dawn on the very serious consequences that will follow. . . . The vice of the proposal is not alone that it would permit a tax classification of the banking business as such in connection with the share tax method. It would tend also, to establish a precedent for the classification of the banking business as such, in the application of the other alternative methods now contained in Section 5219 and thus expose the banking business to a classified tax which could be made much heavier than any other property or business tax, and for this there is no sound economic or equitable reason whatever." Senator Saxe was one of the draftsmen of the New York Bank Income Tax Law. As counsel in important bank tax suits he represented leading national and state banks in New York and also acted for them as counsel in bank tax legislation.

Although many of Europe's economic difficulties yet remain to be solved, the position of the continent today is infinitely better than it was only a few years ago. In this improvement the Bank of England has played a prominent part. The Right Hon. PHILIP SNOWDEN, M. P., in an article, "The Bank of England and European Reconstruction," to appear in the December issue, will tell how the Bank of England has assisted European reconstruction and its probable influence in the future. Mr. Snowden is one of the most brilliant men of our day. In addition to having been British Chancellor of the Exchequer he has been chairman of the British Independent Labor Party; Member of the Royal Commission on

[Continued on page xiv]



“Can you make us some suggestions?”

Recently one of our correspondents was about to celebrate the 20th Anniversary of the founding of the bank. The President wanted some ideas and wrote us, “can you make us some suggestions?”

Certainly, a simple, one page letter could have disposed of that request. But that would not have been characteristic of “Republic” Service.

Instead, our Service De-

partment got the facts. They planned a complete campaign — every step from the opening barrage to the final gun. They wrote 15 pieces of copy. They made the “layouts” and even checked the proofs. And, the Anniversary proved a success! 9,000 people crowded into the bank on Anniversary day. 325 opened new Savings Accounts with exactly \$152,557.53. And—

this is merely another example of the extent to which we are willing to go to deserve your Chicago business



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AMERICAN EXPRESS TRAVELERS' CHEQUES

[Continued from page xi]

the Civil Service and has been an active Member of Parliament and a leading financial expert for many years.

Writing in the December number on the subject "The Dilemma of Diminishing Bank Profits," HARVEY A. BLODGETT says: "Peculiar, is it not, that a bank is content to extract profit from the transactions of a small minority of customers recorded on its books? In the competitive struggle for volume, much 'business' is secured which can never be profitable—unless something is done to make it so. Is it not also strange that an enormous turnover of accounts is complacently tolerated, as if there were no remedy for it? The cost of getting new business runs high and comes out of profit. The cost of developing business already secured is much lower. Vastly more is expended by banks for getting volume in numbers of accounts than in developing profit from those it already has. In the average bank the earnings of every profitable account maintain several unprofitable ones before any net profit is realized." This article by Mr. Blodgett was awarded first prize in the recently concluded BANKERS MAGAZINE \$500 Prize Contest for 1927.

"It has been my experience," says W. R. MOREHOUSE, writing on the subject, "The Reasonable Depositor," in the December issue, "that of the bank's depositors who close their accounts because of dissatisfaction fully 90 per cent. can be reclaimed if a bank will take time to give them all of the facts. It will be found that when a case is fully explained from every angle in a sympathetic, helpful way that the depositor is usually ready to reopen his account. The big mistake which many banks make in their dealings with depositors is that their service becomes too mechanical. What banks should always remember is, that there are times when the mere statement "yes" or "no" is not sufficient; when a full explanation is necessary and nothing else will do. Fortunately for every banker a large majority of depositors respond to reason and because of this fact there should be less dissatisfaction between our banks and their depositors than there is today, for by a little attention to this matter fewer accounts would be lost." This is the third of a series of short articles written by Mr. Morehouse for THE BANKERS MAGAZINE about various kinds of bank depositors, their influence on bank growth, and how to handle them. The author is vice-president of the Security Trust and Savings Bank of Los Angeles, Calif.

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Editorial Comment

A SWELLING ERA

OBSERVERS of the course of financial history have been puzzled by the long-continued era of speculation in the securities markets. Prophets and prognosticators have sought to gain fame by predicting a sudden and disastrous end to it all, only to see the fulfilment of their prognostications upset or at least long postponed.

As all things mundane are supposed to come to an end sometime, somewhere and somehow, and since trees do not grow quite to heaven even in our fertile soil, presumably the present era of speculation will not last forever. The manner of its ending is of great importance—whether speculation will finally wear itself out and disappear gradually, or whether it will suddenly collapse. The former ending would prove comparatively harmless, while the latter might be disastrous.

How expansion is taking place appears from an increase in the loans and investments of members of the Federal Reserve in leading cities by \$400,000,000 between August 17 and September 21 and to an aggregate of \$20,932,750,000—the highest recorded figure. The high and increasing total of brokers' loans points the same way.

A sustaining force in speculation has been "easy money," not solely as evidenced by an abundant supply of credit at low rates, but in the slang sense of the term. When investors can borrow at banks and pay interest charges out of their dividend or interest return on the securities bought, it is no wonder that they should be tempted to increase their purchases of bonds and stocks. And the speculator, in these times, can not only

derive this profit but the greater gain from the appreciation of what he buys. Of course, buying securities in this way is beset with danger, for when prices fall the banks may require additional margins or demand payment. No doubt many investors and speculators are prone to forget this in a time like the present.

But the activity in the security markets has other and more solid reasons than those given. The country has long been prosperous and remains so now. Business generally is on a sound basis. The banking situation is excellent. Owing to steady employment at good wages the number of potential and actual investors tends to increase. Our people generally are displaying an interest in investing altogether unprecedented in this country. Perhaps it may not be amiss to remind these new investors that "It is the bright day that brings forth the adder, and that craves wary walking."

BANK STOCK HOLDING CORPORATIONS

THE growth of corporations formed for acquiring and holding bank stocks has led to a proposal to check this financial development by legislation.

There are many reasons why bank stocks are coming to be regarded not only as possessing attractive speculative possibilities, as evidenced by the rather rapid and general rise in the prices of such stocks in recent years, but to be considered as sound and profitable investments. The favor with which bank stocks are now regarded may be attributed to the general prosperity of the country and to the wise and skilful management of

the great majority of the banks of the country.

Bank stocks tend to increase in value year by year because nearly all the banks are constantly making additions to their surplus funds. They "plow back" a substantial part of their annual profits, and thus increase earning power. As a rule, the banks are managed by trustworthy and capable men. The banks are also regulated in their organization and operations, to a considerable extent, by state or Federal authority. There is also a steady demand for the services banks render to the public. These and other factors which could be enumerated render bank stocks attractive to the investor.

But there are some offsetting factors, chief of which is the double liability clause attaching to the ownership of bank stocks. In case of failure of a bank the owner is liable to lose not only the par value of the stock (or whatever he may have paid for his shares), but additionally to be assessed to amount equal to the par of the shares to make up any deficiency of assets of the failed bank. Then banks, like other branches of business, suffer from excessive competition. There may be, in certain localities at least, more banks than there is profitable business.

Probably, taking account of the present high prices of bank stocks, their yield is rather lower than on several other types of investments.

It has generally been considered desirable that the stock of a bank should be held largely in the community where the institution is located; and this is still the rule in most cases. The outside investor, it is held, looks more to his dividend returns and the appreciation of his stock than to the real interests of the bank and of the community where it is located. But as contradicting this view, it might be that a company holding bank stocks, if jealous of its own reputation, would watch the management of the bank more closely than does the individual investor.

While no doubt the view is sound that a bank should be owned principally by

local shareholders, the bringing in of outside capital may help some communities where the capital available for banking is deficient. And if the company holding bank shares as investments is wisely managed it may render important service in this respect. By specializing in the one type of investments a bank stock holding company should acquire a high degree of skill in judging of their value. The success of any such company would, of course, depend upon the management.

TRADING IN INTERNATIONAL SHARES

RECENTLY the New York Stock Exchange announced the extension of its trading facilities to include shares of established foreign concerns. To secure this privilege the same rigid tests will be required as are applicable to domestic securities. For the present the trading will be carried on through the employment of dollar certificates representing a deposit of the shares abroad with an American institution or with the American branch of an approved foreign bank. The securities to be admitted are limited to countries whose currencies are on a gold basis.

Already foreign bonds are listed on the New York Stock Exchange, but heretofore only a very few certificates of foreign shares have been admitted. The new policy will greatly broaden the list, and will gradually enhance the importance of New York as an international financial center. There is complaint in Europe of the rigid requirements of the New York Stock Exchange. It is considered in some quarters that the information demanded as a prerequisite to listing here is burdensome and much of it unnecessary. But whatever foundation there may be for this charge, legitimate ground of criticism hardly exists so long as foreign shares are treated the same as those of American concerns.

The increased trading in foreign shares sure to follow this action of the New York Stock Exchange will greatly

enlarge the market for these securities, a matter of especial interest at this time when the facilities of several European markets have been much curtailed.

There was a time when "Americans" were a favorite on the London Stock Exchange, and an important section was set aside for dealing in them. Since the war this trading has been much circumscribed and is now confined to a few special traders. As England recovers her financial position, and when "Americans" sell at attractive prices, they will gradually regain their former position in Capel Court.

This action of the New York Stock Exchange is welcomed as an indication that in this quarter at least there is recognition of the fact that changes in world finance require an adaptation of our financial mechanism to meet them. In time we shall have to display equal intelligence in adapting our banking legislation to existing needs by conferring on foreign banks having branches here the same privileges branches of American banks enjoy abroad.

TARIFF TROUBLES

EXTREME protectionists are now witnessing an application of their theories in a way that must occasion considerable distress to those who believe that it is entirely fitting that we should put up bars against imports while expecting at the same time to see other countries freely admit goods from the United States. That several countries are exemplifying the fact that the tariff is a sword with a double edge has caused both surprise and pain in certain quarters. It is said that President Coolidge is "grieved" because France—our ancient friend—does not look on the present tariff controversy with the United States in the same light that we regard it. There were many who considered the welcome given Colonel Lindbergh in Paris as a sure guaranty of continued cordial relations between this country and France. When the American

Legion received such an enthusiastic reception in its recent march along the streets of the French capital, this belief was greatly strengthened. This belief was correct so far as the sentiment of France toward this country is concerned; it is entirely friendly and cordial. But in practical matters like the debt and tariff questions the French do not act according to emotion. They are strictly logical. And of this characteristic there is no better type than the present Prime Minister of France. Before he accepts any view he must first be assured that it squares with his logic.

The unpleasant fact is that foreign countries are beginning to show strong resentment against what they consider our unjust tariff system, and they are neglecting no opportunity of imposing tariff duties that will check or destroy altogether the market for our goods. We ought not to grumble at this since the aim of the American tariff duties is pretty much the same. Actually the existing tariff is hardly so effective in this respect as some of our foreign critics make out. There is a large free list and many commodities on which the duty is not heavy enough to hinder their importation, as the foreign trade returns amply attest.

There is one point on which our existing tariff is open to attack: it has not been revised to meet the changed economic situation of the country. Such readjustment must be made in time. In making it we may find that true protection can be better assured by reducing existing duties than by maintaining them; for, after all, the wisest policy is not that which will merely protect certain lines of favored industries, but that which will be best for the country at large.

SCIENCE HAS ITS SAY

FROM the distractions of his daily wrestling with money and markets the banker may occasionally turn aside with mental relaxation and profit to the consideration of other things, either

those that are serious or the contrary. A recent book declares that a man who does not read books beyond his capacity to understand fully, does not really think. Judged by this standard some recent assertions made at the meeting of the British Association should be thought-stimulating. Dr. G. P. Ridder, president of the zoology section, read a paper in which the theory was suggested that the sponge was the ancestor of man. Considering the power some men possess of absorbing liquid refreshment, and certain other characteristics that need not be named, it would seem that the ancestral trait still prevails, although Dr. Ridder expressed the belief that the ocean has existed for more than 1,000,000,000 years at a habitable temperature. The derivation or evolution of the sponge into a man is thus lucidly stated in the *London Times*:

"He suggested that the evolution of the flagellate or primitive mobile organism took the great step, probably in some ten or a hundred thousand millions of generations, of forming permanent filaments of protoplasm of which one side was more gelled, more elastic, and less easily extensible than the other. This led to the formation of the flagellum. It was possible to correlate the lashing movements of these, whether used to move the organism or to draw currents toward a fixed organism, with principles of surface tension as osmosis.

"Dr. Bidder then proceeded to trace the possible steps by which, under definite physical principles, these simple flagellates formed hollow or solid aggregates and passed into simple sponge-like forms. In his opinion it was relatively easy to deduce the development of the grade of animals with central digestive cavities from sponge-like forms. In conclusion he said: "When metazoa arose, the world contained protista, sponges, and algae. It seems more easy to imagine the evolutionary steps which would convert a sycon into an enterozoon than those which would build one up out of unicellular protozoa, or convert into a beast of prey

the green and innocent volvox. That must be decided by those who study the metazoa and their embryology. As a student of sponges I entirely reject the view that there is any common ancestor, above the flagellate monad, from which the two branches of parazoa and metazoa have diverged. If the hypothesis be acceptable that parazoa were parents to metazoa, the word "animals" may still be used phylogenetically to include alike the enterozoa and the sponges from which they sprang. If those who study metazoa reject this hypothesis the microphaga must be recognized as constituting a third kingdom of multicellular organisms, specialized for the intracellular digestion of living organisms of extreme minuteness."

This is probably beyond the capacity of the average banker fully to understand. But his reading of such stuff establishes his status as a thinker, according to the book above cited. What he thinks may be incapable of expression in polite terms.

ENGLAND WINNING THROUGH

WHILE Englishmen are credited with having a good opinion of themselves, perhaps there is no country in the world where the habit of grumbling about national conditions is so prevalent as it is in England. Of this habit the "gloomy Dean" is a fitting example. But he has plenty of company. Not infrequently the newspapers in London carry articles under headings like this: "Is England Done?" The writers generally give an affirmative answer to their question.

This habit of self-depreciation has been ascribed to the weather, but probably unjustly, for contrary to a current belief in this country, it is not always foggy in the British metropolis. Americans might ascribe the habit to the consumption of a rather heavy diet, and perhaps with some reason. It would be more charitable, and no doubt quite as correct, to attribute this tendency toward national self-depreciation to an honest

desire to search out faults and to amend them.

But all the voices raised in England are not those of gloom and despair. Speaking shortly after returning from his trip to Canada, Prime Minister Baldwin struck this hopeful note:

"There has been much evil propaganda running about the world of recent years, especially in the new countries, telling people that Great Britain is a decadent country, that we have forgotten here how to work, that we have lost heart, that we have lost hope, and trying to imply to these great new countries that their association with our islands is none that can be of help to them, that it is dying, that it is a corpse. I was able to tell the people of Canada that this country, far from being decadent, is the same country that it was ten years ago, when we stood shoulder to shoulder with the Canadians in the Great War.

"I was able to tell them that our spirit is undimmed, our courage is unquenched, and that of all countries in the world none has had greater difficulties to face; that we primarily a manufacturing country, have seen the whole system of world credit and exchange broken by the war, our markets desolated, our people thrown out of work in consequence, and the whole of our wage system, built up over three generations, shattered, and having to be reconstructed in a new world. Few people could face such a catalogue of difficulties and troubles as our people have faced them. Mistakes we have made, mistakes we shall make, but take our people as a whole, I am proud of the courage and of the patience with which our people, our working people, have stuck grimly to this almost impossible task through these years, and are slowly but surely winning through."

It is this spirit of "sticking grimly to an almost impossible task" that has in the past pulled England out of serious situations. There is no doubt that the maintenance of the same spirit will win in the present contest.

REDUCTION OF THE NATIONAL DEBT

WHILE gratifying progress has been made in recent years in reducing the national debt, it would be a mistaken policy to be satisfied with what has been done and to allow the debt to remain for any length of time at its present inconvenient size with the heavy annual outlay for interest charges.

It is said that President Coolidge strongly favors a reduction of the debt as rapidly as circumstances will permit. With a large surplus, and with many interests clamoring for Treasury assistance, it will not be an easy matter to enforce this view upon Congress. But it is hoped that banking opinion will come to the President's support.

This question is far from being one of mere sentiment. It bears a severely practical aspect. The future of this country and of the world for the next twenty-five years contains enough uncertainties to make it imperative that we should be scrupulous in maintaining the public credit. When the United States became involved in the Great War it was particularly fortunate that the national debt was so small. This enabled the Treasury to float immense loans with comparative ease and on favorable interest terms. Should we now be confronted with a similar necessity, the process would be more difficult. While it is hoped that such an emergency may not soon arise, it is manifestly the part of wisdom to be prepared for it.

In times of prosperity an individual can make no wiser use of surplus funds than in the purchase of his own obligations. What holds true of individuals is also true of the Government. Debt reduction need not proceed so rapidly as to put too heavy a burden on the industry and trade of the country; but, fortunately, there seems no indication that the present scale of taxation may be fairly charged with doing this. Besides, as the principal of the debt diminishes, the outlay for interest grows correspondingly

less. So long as our present prosperity lasts, we can make no better use of it than to get out of debt as rapidly as possible.

OUR JUDICIAL PROCEDURE

EMINENT lawyers have frequently pointed out that judicial procedure in the United States is in urgent need of sweeping improvement. Fresh attention to this matter has arisen on account of a famous case in the State of Massachusetts. Now that the storm of emotion provoked in this instance has subsided, some of the matters involved may be calmly examined with interest and possibly with profit as well.

There was vigorous protest in this country over what was regarded as the impertinent interference of other countries with what was looked on as a matter of purely domestic concern. But had it been true that any substantial injustice had been done, would not this outburst of world sympathy have been rather creditable than otherwise?

"For mankind are one in spirit, and an instinct bears along,
Round the earth's electric circle, the swift flash of right or wrong;
Whether conscious or unconscious, yet Humanity's vast frame
Through its ocean-sundered fibres feels the gush of joy or shame;
In the gain or loss of one race all the rest have equal claim."

In the Massachusetts case the charge was made that the jury's verdict was biased because of the political views of the defendants. This charge, in one way or another, is an old one, and in some cases it has been justly made. Socrates, the Knights Templars, Joan of Arc, Mary Stuart, Galileo, Servetus, Katharine of Aragon, Sir Walter Raleigh and Dreyfus, are among familiar examples. Jesus Himself was looked on as a political revolutionist. To mention these famous instances does not imply that the Massachusetts case offered a parallel. In fact,

political beliefs, however radical, hardly enter into judicial procedure in the United States so far as defendants are concerned. There may be, however, some danger in the fact that prosecuting officers frequently make their position a stepping-stone to higher political honors, and seek to gain popular approval for the zeal of their efforts to secure conviction rather than by an impartial inquiry to bring out the truth. This danger could be avoided by making the prosecuting officers more judicial in their nature than they are at present, putting them more on the basis of the judges, whose function is not to insure conviction of those charged with offenses, but to see that justice is done.

A great deal of criticism in the Massachusetts case arose on account of the long delay involved. These critics pointed out, and with truth, how much more swiftly justice travels in England than in the United States. But the law's delay must not be unknown in England, for Shakespeare makes "Hamlet" to exclaim against it. Prior to 1907 the English law did not provide for a court of criminal appeal, and the convicted offender had to rely on the Home Office who on review of his case when that was thought necessary, and in collaboration with the judges, decided whether there were circumstances which justified appeal to the Royal clemency in reduction of his sentence, or his liberation. Even since the establishment of this court, the opportunities of securing a reversal of sentence or postponement of execution are far less than they are in this country. The court of criminal appeal hears cases promptly, and rarely interferes with the sentence imposed by the court of first instance.

The jury system itself has been made the subject of repeated criticism. Perhaps, however, it has only the imperfections inseparable from most human institutions. As jurors are called on to pass on the credibility of evidence—something requiring special training and exceptional discernment—the method of their selection and their qualifications might be improved.



HASTENING THE TRUST PROSPECT'S FINAL ACTION

BY THEODORE TEFFT WELDON

This is the final article of a series which the author has been writing for *THE BANKERS MAGAZINE* on the general subject of selling trust company services. Mr. Weldon is vice-president of a well known Chicago financial advertising concern and was formerly advertising manager of the Northern Trust Company of Chicago.

ONE hears both as a complaint and as a defense of trust companies that trust business is a matter in which the prospect cannot be rushed. Anything approaching high pressure selling methods is decried first on the grounds that the dignity and conservatism of trusteeship could not condone such tactics, and second that the problem confronting the prospect is of too intimate and vital a nature to succumb to rough-shod selling.

Yet in spite of this defense and this complaint a trust company is found occasionally that flouts tradition and with selling methods that are anything but conservative literally claws its way into the lead within its community. It may be argued that this way of getting business makes many enemies; that it leads to much undesirable business; that it offends and frightens away that type of prospect whose business is more valuable than a much larger total of small fry; that the good-will of the trustee suffers to an extent which offsets the temporary gain in appointments.

All this may be true to a greater or less extent. Still, the fact remains that companies employing these methods do grow, and that fact should provoke thought to see if there is not a middle course—one which will take the sound material from both extremes and develop a sales technique which will be neither complacently slow nor offensively progressive.

WHAT KIND OF A SALES EFFORT IS NEEDED?

What seems to be needed in the trust business is a sales effort more in the tempo of big business of today, one which does not pester or coerce, and still demands the prompt action and initiative which the importance of the services for sale deserve. Therefore in approaching the subject of hastening the prospect's final action the illusive talent of salesmanship must be dealt with. No set of rules can be laid down as a cure-all. Instead one must study the successful trust salesman, watch what he does, understand why he does it, note the result, and develop sales strategy from this study.

Probably the greatest deterrent to prompt action in the getting of trust business is that the trustee himself expects delay. He has become used to it, and believes it is logical and inherent in his business. This leads inevitably to many abuses of the art of salesmanship. It makes the trustee condone procrastination to an almost ridiculous point. It makes him sit back and wait for the prospect to make up his mind instead of making up his mind for him. In short, it causes him to look at his business in such a professional light that contacts with a prospect become "interviews" rather than sales talks.

Under the impression that they are going out after trust business, one finds companies ably and interestingly explaining the advantages of their services, telling about their experience and building

up a case for themselves in the newspapers and in messages sent through the mail to their logical prospects. And right there, too often, they stop. Instead here is where they should begin. The advertising effort is the introduction, the calling card, the opening wedge. It is the means of familiarizing prospects with the benefits of trusteeship and of getting the community as a whole to accept a particular company at its own estimate of itself as trustee. Of course, in a few cases this alone makes the sale, but in very few cases. The next step and all succeeding steps should be merchandising and should be taken with the idea of closing the sale at once.

When the advertising has, even in the most roundabout way, given the most minute clue to certain people who are interested, it has completed its mission. From then on the getting of business from these people is a sales problem. A prospect may ask for a booklet; he may mention to an employe, an officer or director that he is going to make a will, that he has just taken out more life insurance, that he is troubled about this or that in planning the future welfare of his dependents. How systematically the trust company is organized to get and then capitalize on this information measures the speed with which it gets action out of this man.

WHEN THE CLOSE OF THE SALE BEGINS

Probably the close of the sale begins when the prospect and the trust officer meet. Advertising will bring them together in a good many cases. In others some salesmanship is needed to get the prospect this far, for when he has taken this step he has gone most of the way toward becoming a client. Perhaps the trust officer, finding through some clue that this prospect is interested, will pursue him with personal letters, enlightening him and stimulating him to learn more along the phase of trusteeship in which his interest manifests itself most strongly. He may invite him in, tele-

phone him for an appointment, call upon him.

When he meets the prospect, the trust officer must become a salesman. Instead of being surprised if he *does* conclude the business in one interview, he should be surprised if he does *not*. If the trust officer takes any other attitude it is almost certain to communicate itself to the prospect and leave him with the feeling that here is a grave business which must be thought upon and pondered at great length. After putting the poor man in this state of mind one can hardly complain because he does not act promptly.

It is undoubtedly true that when an earnest man talks over his problems with a competent trust officer, and gets from him a satisfactory solution, he is pretty well sold. Salesmanship of a high order has been used, first to sell the trust idea, to get him to apply the idea to himself, to open his mind to a discussion of it, to bring him in and set him on the buyer's seat. Then the trust officer has sold him the services of his company. The prospect's mind is made up. Yet the sale is not completed and may drag on for years with the repeated expense of advertising, letters, calls, awaiting the final close. He is sold, but the company has no action.

Here is where trust selling technique can be strengthened. In selling almost everything else, the salesman is in a position to clinch the sale at exactly the time when he senses that the prospect will say "yes." He takes the money and wraps up the merchandise; or produces the contract and marks an "x" where the customer is to sign his name. But how does one strike at the exact moment when the iron is hot in getting trust business?

If one tells the man to go and see his lawyer, he slips out of grasp, cools off, procrastinates, and the psychological moment for closing has passed, perhaps forever. If the interview has been merely general and informative, one puts upon the prospect the burden of selling himself—which is anything but salesmanship.

So, first, one should make the confer-

ence count; should get right down to the prospect's problem and solve its definitely and specifically so he knows just what the company has to sell *him*, individually; so it meets his needs and his ideas; so he has a reasonable chance of deciding then and there whether or not he wants it.

Second, one should commit him to do it so he will leave feeling that the job is done and there is only the formality of his signature left. One can do this by handling the details of the will or the trust agreement for him. A prescription has been given, the prospect has agreed to take it. Why send him to his lawyer? Why not ask him who his lawyer is and go oneself to the attorney, give him all the information, have him draw the document and then all three meet for its approval and signature? Thus the trust company closes the sale in many cases indeed when a less definite procedure would lead almost inevitably to the delay of which it complains.

In getting the prospect to commit himself to go ahead it may frequently be found of immeasurable assistance if the idea that this is a final and irrevocable move is eliminated from his mind. When he understands that the will or trust agreement may go through many changes and alterations as family and property conditions change and that even tomorrow he may revoke it if a better plan suggests itself, the feeling of finality, which always make one pause, is removed. He then goes ahead with the feeling that he is doing something today to protect his dependents which, though it may not be in its final perfect state, is a big step over doing nothing at all.

This thought is particularly effective in securing the wills of persons contemplating travel or protracted vacations. They should not go away without attending to this important matter, and in such cases the close is almost immediate as arrangements must be completed before they leave. Every one who comes into the bank to buy travelers' checks or who lets it be known that he is going away should be sized up with a will in view, and when desirable taken over to

the trust officer for a quick-fire sales talk.

Probably no trust officer will find anything new in the foregoing or following points, yet it is remarkable how seldom he applies them in a sales sense. Trustees are given to discussing with prospects the sound underlying arguments in favor of their services. In dwelling upon these they win the argument and lose the sale.

A man may be fully convinced of the desirability of naming a trustee and yet fail to do so because the spark has not been kindled which finally decided him. That spark in more instances or not is some little whim or fancy of his own quite unrelated to the orthodox reasons for using trust services. Finding that little whim which the prospect perhaps has never analyzed and knows only subconsciously that it exists in his mind, is salesmanship. When the trust officer plays upon it his mild interest becomes enthusiastic and action is swift.

Hastening the prospect's final action is not alone a matter of closing the sale, although that is the final measure of success. It is a matter of co-ordinating advertising and merchandising, and bringing sound selling sense to bear throughout the entire new business effort. Thus the prospect is never left alone to grope his way. He is taken right through the sales plan step by step to its conclusion; he is led by the hand past all the temptations to stop, to put off, to drop the matter. The way is cleared, the gaps are bridged and he is accompanied and helped until the appointment is concluded.

When to send him advertising literature; when to write him a letter and what to say to him; when to send him an outline for a will or an insurance trust agreement; when to call on him; when to attempt to close are individual questions to be decided with each prospect. Many letters, brochures, arguments and tricks which have been extremely successful in closing trust business could be discussed, but they are tricks of salesmanship. What is needed is the spirit of salesmanship in trust new business effort. Put that in a trust company and the tricks will develop themselves out of experience.



THE NEW DEPOSITOR

BY W. R. MOREHOUSE

This is the second of a series of short articles written by Mr. Morehouse for **THE BANKERS MAGAZINE**, about various kinds of bank depositors, their influence on bank growth, and how to handle them. Mr. Morehouse is vice-president of the Security Trust & Savings Bank of Los Angeles, Calif., and president of the Savings Bank Division of the American Bankers Association.

AS a rule, a bank's service is at its best in the new account department. At no other time does its service rise to such great heights. The banker opening the account is alert to extend every attention which will add to the depositor's convenience. Smiles and bows on the banker's part are profuse. In fact, courtesy is invariably played to the limit. The new depositor is promised "the half of my kingdom," figuratively speaking, all of which assures him that he has finally found a bank where his business is fully appreciated. Although he does not know it, he will perhaps never again be so graciously received in the same bank.

It is at this point that a majority of banks make every possible effort to make a good impression on their new depositors, and they usually do. But the writer suggests that the new account department should be more than a reception parlor for new depositors. At least, it should also be a sorting department, where the "chaff is separated from the wheat," and only the "wheat" retained.

Too many irresponsible persons are finding banks too easy, for it is a well known fact that even a crook can walk into almost any bank and open an account. If one bank closes the account of the check-kiter, within five minutes he has a new account with a neighboring bank. If it closes the account of a person who habitually overdraws it is only a matter of minutes before he has an account elsewhere. This is because in the average bank undesirable persons

find the bars down at practically every new account department.

As a matter of good banking every new depositor should have his "measure taken," figuratively speaking, and on the first indication that his past record is shady or that his business is not desirable his patronage should be declined. If, however, his account has already been accepted, it should be closed without delay.

TOO MANY UNDESIRABLES

The truth is, too many of our banks are keeping too many undesirable new depositors. In an effort to remedy this situation they have purchased rubber stamps worded as follows, "Take No Chances," which stamp they place on the signature card and the ledger card of the irresponsible and undesirable depositors. What they should do is to sever their relations with the irresponsible and undesirable depositor and throw the rubber stamp away. Any person who is so unreliable that he must be constantly watched is a dangerous person, and no bank should continue relations with such a person. For a bank to nurse along or to tolerate new depositors who need constant watching is in itself an indictment of the bank's policy, for at some unguarded moment the bank may meet with a loss as a consequence of its leniency toward irresponsible persons. Just as stunt flying is a dangerous practice, so is it a dangerous practice to continue business relations with new depositors of the "take-no-chance" type.

One of the most glaring weaknesses in the system of many banks is that of receiving new depositors without thoroughly investigating their past records. Too much is left to luck. Too often banks take the chance that the new depositor is gilt-edged. Too much is left to introductions which, in many cases, mean nothing. The fact that Carter & Carter introduce a new depositor doesn't mean that the introduction is always dependable, and certainly the introduction doesn't carry any responsibility with it. The probability is that in many cases Carter & Carter have known the depositor only a few minutes, and then only by the name which he gave when introducing himself to the company.

The writer believes every new depositor should be thoroughly investigated unless introduced by some person who is highly regarded by the bank and who has more than a passing acquaintance with the person introduced.

Still another reason why this investigation should be thorough, is in order to disclose to the bank those depositors whose past records reflect high business ideals. Again the writer says, the new account department should do more than open accounts. Besides making it easy for desirable persons to open accounts it should make it as hard as possible for the undesirable to obtain the same privilege.

EUROPEAN STEEL COMPETITION IN THE AMERICAN MARKET

WARNING that the steel industry in America may have to struggle to retain its own home market against European competition was sounded by O. H. Cheney, vice-president American Exchange Irving Trust Company, New York, in address at the fifth annual meeting of the American Institute of Steel Construction at Pinehurst, N. C. during the week of October 24. Mr. Cheney was discussing the new competition between industries, which he regards as one of the significant developments in modern business conditions. His address follows in part:

"It may appear, in the not far future, that the American steel industry has been a little too confident and self-satisfied about international competition. It has been telling the world that it does not fear English and continental competition in the world markets. Suppose that some powerful combination of foreign steel producers should feel that the Americans have been "kidding" themselves and sets out to call their bluff—what would happen?

"The pressure of international competition forces more international competition. European steel producers have been aided by cheap labor, government subsidies, special railroad rates and exchange conditions—and as a result English steel producers find it hard to fight continental competition. They therefore join together and agree to give rebates to customers who use only British steel. And when foreign producers are thus shut out of one market, will they not seek other markets? Canada, India, Australia and Japan are building up their own steel production and the world market for steel is narrowing in area, even if the potential volume may be increasing. Will not the competition for the few remaining markets become more intense? Our American steel leaders have been reassuring us that we have nothing to fear from the continental steel entente—that the cartels know that the American steel industry is not to be trifled with. But so far the cartels, even by stringent fine systems, have been unable to keep down production in some countries—and a desperate man will dare anything."



THE FIRST FINANCIAL ADVERTISEMENT

BY RICHARD W. SAUNDERS

UNDER the above heading, further described as "An Inscription by Theocritus, in the 3rd Century B. C." a recent number of the *Golden Book* contained the following. The original Greek, also given, was translated by W. R. Paton.

"This bank pays citizen and foreigner alike. Withdraw what you deposited, the reckoning counters (books) meeting their liabilities.

"Let others find pretexts for not paying; Caicus pays money deposited with him on demand, even at night."

It is evident that this old time banker was like all modern banks, calling attention to the service that he was prepared to render. Foreigners were greatly discriminated against in olden times and yet he states explicitly that notwithstanding any regulations in regard to them he is prepared to waive whatever laws might be in force giving him an excuse for withholding money belonging to foreigners and treat them in the same manner as citizens.

In passing he calls attention to his equipment, his "reckoning counters," the Burroughs adding machines of his day, and then goes on to say, "I am prepared to meet my liabilities at any time, all you have to do is present your claim and you will be promptly paid whatever sum my books show you have deposited with me.

"Let others," says he, "find pretexts for not paying." He evidently had no thirty or sixty-day clause in his pass book or whatever took its place. This is not to be considered as a criticism against the clause, which no doubt has its value in modern banking, for certain funds are permitted to be invested in slow assets. But the point is our old banker distinctly states that no delay of any kind would

be experienced and whatever was due would be paid on demand.

Then he concludes "even at night," showing that our modern night banks are not so new after all. No doubt he would be equally willing to accept deposits at night. He was on the job all the while.

Twenty-two centuries after we have not added a great deal to the old banker's rules for service. He says nothing about making loans, probably because whatever sums were deposited with him were invested in his own business. This would make it possible for him to have monies on hand sufficient to meet all comers. The great industrial corporation is a thing of yesterday and the great merchants of the past were individuals into whose hands their neighbors were only too glad to put their funds for safety. In England, for example, in the middle ages, the goldsmiths were such depositaries. That is why when certain English kings seized the goldsmiths' money it caused such widespread alarm. There were no banks and if such funds were not safe from confiscation, where could one look for safety?

Should we not then honor old Caicus, although all that we know of him is this reference to him by Theocritus, the founder of pastoral poetry? Away back in the past his face seems to be looking at his successors in the field of banking. We know not how successful he was. But the principles he enunciates are clear and honest. There are no "ifs" about them. And one can hope that as a result of following them he lived a useful and well-spent life and at the end his depositors received dollar for dollar (in or course the proper Roman equivalent) and his family and descendants, as the result of his toil, flourished for many generations. What more can man desire?



LIABILITY OF SAFE DEPOSIT COMPANIES

BY ARNOLD R. BOYD

This article will appear in three instalments, of which this is the first. This and the succeeding instalment will deal with the obligations and liabilities of safe deposit companies to the trust interests represented when dealing with such fiduciaries as executives, administrators, trustees, receivers and guardians. The third instalment will have to do with the obligations and liabilities of a safe deposit company to individuals, co-partnerships, corporations, and the like, when dealing with their agents and representatives. Mr. Boyd is a member of the New York firm of Boyd, Chapman and Adams, counsellors-at-law. He is well known to the safe deposit fraternity and has rendered valuable service to the New York State Safe Deposit Association as counsel for that organization.

THERE is such a large volume of business transacted and property handled these days through fiduciaries and representatives of various kinds that safe deposit companies are constantly dealing with them and questions frequently arise regarding the extent to which safe deposit companies may go in meeting the requests and demands of such box users without violating some duty to the trust interests or principals they represent.

The power of fiduciaries and representatives varies from small ministerial acts involving no judgment or discretion to unlimited authority on their part to commit the interest they represent or to dispose of the properties they handle. In most instances the powers of fiduciaries and representatives are limited and what the safe deposit manager wants to know is how much, if at all, his company is bound or affected by such limitations when boxes are rented for the safe keeping of properties handled by such fiduciaries and representatives.

For the purpose of clearness it should be first pointed out that where business transactions are handled through representatives there are at least two, and very often three, distinct relationships created. The obligations and liabilities of these three relationships differ substantially from one another although they may have a number of points in common.

First, there are the mutual obligations

and liabilities between the representative and principal or interest represented, which are created at the time the representative accepts his office as such. These obligations and liabilities, and the restrictions they impose on the powers of the representative, are peculiar to and binding only on the principal and the representative themselves. They concern third parties, or safe deposit companies, only to the extent to which such safe deposit companies may through transactions with the representative bind themselves by contract to the principal to take cognizance of and conform to such obligations and liabilities.

Second, there are the obligations and liabilities created between the representative and the third party, or safe deposit company, which are peculiar to and affect only that relationship.

Third, there may exist or be created in any business transactions with fiduciaries or representatives certain mutual obligations and liabilities between the safe deposit company and the principal or trust interest represented. The obligations and liabilities of this third relationship bind and affect only the principal represented and the safe deposit company.

The distinctions in the relationships named and the contracts and rules of law governing them are fundamental and must be borne firmly in mind in order to

arrive at a correct solution of the problems here to be discussed.

We shall not concern ourselves at this time with the obligations and liabilities created by the first and second relationships mentioned. Our discussion will be confined to the obligations and liabilities, if any, which are created between a safe deposit company and the trust interests or principals represented whenever access is granted or boxes are rented to fiduciaries and representatives for the safe-keeping of properties handled by them. These obligations and liabilities, whenever they exist, are fixed and determined by the expressed and implied terms of the rental contract under which space is made available for such purposes, and the rules of law governing the construction of such contract.

It will simplify matters, perhaps, if we divide the discussion into two main parts and devote the first part to the obligations and liabilities of safe deposit companies to the trust interests represented when dealing with such fiduciaries as executors, administrators, trustees, receivers and guardians, and the second part to the obligations and liabilities of a safe deposit company to individuals, co-partnerships, corporations, and the like, when dealing with their agents and representatives.

Executors, administrators, trustees, receivers and guardians are all on a par so far as safe deposit companies are concerned in providing boxes for their use in the handling and safekeeping of trust property. It is true that these fiduciaries may all be created to accomplish different purposes and they may derive their existence and powers from different sources and by different procedure but the material points, so far as safe deposit companies are concerned in dealing with them, are that they all handle trust properties and their powers and authority are usually limited.

DELEGATION OF ACCESS

For the purpose of discussion we will assume a concrete case. The duly ap-

pointed executor of an estate applies to a certain company for the rental of a box and requests that he be authorized by the rental contract to delegate access to any deputy he may designate from time to time. The will of the testator and the letters of administration under which the executor acts we will assume are silent regarding the executor's power to appoint a deputy, and the company was in no way previously connected with the estate or the testator. Could the company safely comply with the executor's requests regarding the delegation of access? The writer's answer is that a box may be rented to the executor in his own name as such, or in the name of the estate, with the right to appoint one or any number of deputies for access, and in so doing the company would not render itself liable to the trust estate represented for any defalcation of such deputies. The case of *West v. State Street Exchange*, reported on page 201 of *Safe Deposit Decisions and Practice*, is a clear-cut case supporting this suggestion. The facts of that case are as follows: Four executors of an estate rented a safe deposit box from the State Street Exchange under the name of the estate for which they were acting. In the rental contract it was agreed by the executors and the safe deposit company that the executors could appoint a deputy for access to the box, and in conformity with this agreement the executors appointed the attorney who was handling the affairs of the estate. The attorney proved dishonest and misappropriated the properties which were deposited in the box. Action was commenced against the safe deposit company to recover the loss and it was alleged in the complaint that the safe deposit company had violated the duty imposed upon it by law in permitting the executors to appoint a deputy for access to the box. The court held that the safe deposit company owed the estate no duty, either by contract or by law, to prevent the executors from appointing a deputy under the circumstances of the case and was, therefore, not liable for the loss of the securities.

Now, the question arises, how can this conclusion be reconciled with the much heralded doctrine of law to the effect that fiduciaries, such as executors, administrators, trustees, etc., are not permitted to delegate their authority, and that third parties dealing with such fiduciaries are charged with notice of and bound by any limitations in their powers? The answer is that this rule and doctrine of law has to do with duties and powers involving discretion and judgment on the part of fiduciaries, such as selecting investments for trust funds, committing the estate to substantial obligations, encumbering the trust assets, and the like. These are all acts and operations which involve discretion and judgment, and for that reason the law obligates the fiduciary not to delegate them, unless expressly or impliedly authorized so to do by the instruments or powers by which the trust was created.

But the renting of space for the safe-keeping of property, the delegation and granting of access thereto for the purpose of removing or depositing property all have to do with the physical handling of such properties and they are all incidental, routine and ministerial acts involving no elements of judgment and discretion, which the law, as a rule, prohibits trust fiduciaries from delegating.

Delegating access to a safe deposit box for the purpose of depositing or removing properties is the same in principle as sending a representative to some bank or bond house to deliver or receive trust securities, and it is a well known fact that the latter is a ministerial act which the fiduciary may delegate, and is a common practice of trust fiduciaries in handling assets in all sizeable estates. These acts may involve responsibility and confidence and the fiduciary himself may be negligent and held personally liable by the estate for carelessness in selecting an irresponsible or dishonest deputy, but the third party delivering securities to the deputy, or the safe deposit company in granting him access, cannot be held responsible for the executor's misplaced confidence or carelessness. The deputy is

selected by and is agent of the executor, who in turn is selected by and represents the creators or beneficiaries of the trust estate involved. If, therefore, the executor, or his deputy, prove dishonest or careless, then the creators or beneficiaries who are responsible for them should take the consequences. Third parties, or safe deposit companies, who have no control over or part in selecting fiduciaries, cannot be held responsible for their bad judgment, carelessness, or dishonesty, so long, of course, as the safe deposit company is not guilty of fraud or collusion. So much for the contention that delegation of access is a ministerial act which fiduciaries of trust estates are not prohibited by law from delegating.

A PREVALENT CONCEPTION OF THE LAW

There is a prevalent notion that the law imposes upon safe deposit companies certain fixed obligations and liabilities from which the safe deposit company cannot escape regardless of the kind of rental contract they may make with box renters. Out of this assumption there has grown up a school of thought which contends that the safe deposit company is by law made a bailee with certain fixed liabilities which cannot be changed by contractual stipulations. This is not a correct state of affairs in the writer's opinion.

It is true that the law will not, as a matter of public policy, permit a safe deposit company to relieve itself by contract of its own fraudulent acts, but short of this the safe deposit company has the right to select and choose its customers and in dealing with them to exclude itself by contract from such liabilities as it may see fit. Public service corporations, such as railroads and the like, are bound by law to accept all applicants who present themselves in the proper manner for transportation, etc., and the laws governing public service corporations specify certain fixed and specific obligations and liabilities which such corporations must assume and from which there is no escape, any contractual stip-

ulations to the contrary. But safe deposit companies are private corporations. They are not in the same class as public service corporations and the rules of law governing public service corporations have no application to them. Being private corporations, free to limit their liabilities, except as to their own fraudulent acts, safe deposit companies have the right to refuse to rent space to any fiduciaries altogether, or they have the right, if they so elect, to rent space to a fiduciary as the contracting party and exclude themselves by contract from liability to the creators or beneficiaries of the trust estate represented for any wrongful acts or negligence of such fiduciaries.

ANOTHER POINT OF CONTENTION

It is contended by some that although safe deposit companies are as a general rule permitted by law to exclude themselves by contract from any liabilities they may choose, transactions with fiduciaries form an exception to the rule and safe deposit companies are by law charged with a duty to trust estates to deal with fiduciaries as representatives of limited powers. The writer does not think this is true. In the first place trust fiduciaries are vested with legal and equitable title to all personal properties of the trust estate and box rental contracts are made, not with the trust estate represented, but with the fiduciaries themselves as the contracting parties and as principals in the transactions. This is true whether the box stands in the name of the trust estate or in the name of the fiduciary as such. The rental of a safe deposit box to a trust fiduciary creates no contract, therefore, between the safe deposit company and the trust estate. Admitting that there is no contractual obligation under such circumstances, the question then arises as to whether the law does not impose a duty on the safe deposit company independent of contract, to see that fiduciaries do not exceed their authority in appointing deputies for access. The writer thinks not.

That amounts to imposing upon the

safe deposit company the duties and liabilities of a co-fiduciary as to the properties deposited in the box. Control over the delegation of access is in effect and to a degree control over the handling and possession of the trust properties. Such control and authority not only are not imposed upon the safe deposit company by law, but it would seem to amount to an unauthorized interference with the trust properties for the safe deposit company to assume such authority and control.

The writer's conclusion on this point is supported by the case of *Clifford v. United States Trust Company*, cited on page 127 of *Safe Deposit Decisions and Practice*. This was not a safe deposit case but it involved the same principles of law as in the point here under discussion. The facts of that case were as follows: A testator died leaving a will which provided that the trustees named in the will should convert the assets of the estate into cash and deposit the cash with the defendant, United States Trust Company of New York City. The will further provided that the monies were to be kept on deposit with the trust company and the interest accruing therefrom paid over to the testator's surviving widow during her life. The interest from such source proved inadequate for the widow's support and the trustees, in order to increase her income, withdrew the monies with the knowledge of the trust company, and invested them in various securities netting a higher yield. After a number of years the securities in which the monies were invested depreciated in value, and the value of the trust estate at the death of the widow was much less than it was at the time of the death of the testator. As a result of this, the beneficiaries who were entitled to the corpus of the estate upon the death of the widow instituted action to recover from the United States Trust Company the amount of the depreciation in the value of the estate. In the action the beneficiaries contended that by accepting the deposit the trust company obligated itself to see that the trustees applied and

handled the property according to the terms of the will of which they had complete knowledge. The court held that the trust company, even though it had knowledge of the trust character of the funds and the limited powers of the trustees under the will, owed the beneficiaries of the trust no legal duty to supervise or restrict the trustees in the handling and application of the trust funds. The company was therefore not negligent for having permitted the trustees to withdraw the funds on de-

posit in violation of the terms of the will.

This same principle of law was followed in *Manufacturers Trust Company v. United States Manufacturing and Trust Company*, Misc. 726, (N. Y.) and in the case of *Whiting v. Hudson Trust Company*, cited on page 130 of *Safe Deposit Decisions and Practice*. All of these cases arose in the State of New York, but they are good illustrations of the principle of law followed by the weight of authority.

(To be continued in December)

THE PROBLEM OF SURPLUS MONEY

BY JOHN MCHUGH

The following article is taken from an address by the author before the Nebraska Bankers Association in October. Mr. McHugh is president of the Chase National Bank of New York.

THE problem of what to do with surplus money is troubling a great many bankers in the country today. Today, loanable funds have been multiplied in the United States far in excess of the ability of commerce, industry and agriculture to use them. This has been due partly to incoming gold, partly to low discount rates at the Federal Reserve banks, and partly to purchases of Government securities by the Federal Reserve banks, all leading to an immense expansion of loans, discounts and investments, on the one hand, and deposits of the commercial banks of the country, on the other. The result has been an immense flow of bank money into real estate mortgages and high yield securities. As a rule, high yield in securities means either that the securities lack marketability or that they lack safety or both. There are high yield securities which are safe for a widow, for example, since they will pay her interest and return her principal at maturity, but these securities are apt to have a very narrow market, and though a widow may hold them to maturity, a bank may not properly hold them and may not wish to hold them, since a bank must look to its investment list for cash in times of stress.



JOHN MCHUGH

President the Chase National Bank of New York.

But many country bankers feel compelled to buy investments primarily with reference to yield because they are paying high interest on their deposits. They hesitate to offer less interest to depositors, fearing that the deposits will then go to

competitors. They feel themselves caught between an upper and nether mill stone. If they pay high interest on deposits, they cannot buy Government securities, acceptances, outside commercial paper and other highly liquid obligations with their depositors' money. If, on the other hand, they pay low interest on deposits, they fear they will lose business to competitors.

Now, for my part, I do not hesitate to declare that the banker facing this situation had better choose the latter alternative. He had better be content with less business and keep his funds in liquid form. But I believe that the American banking community is intelligent enough to face the facts, and that a campaign of education with respect to the dangers of high interest on deposits will make it possible for banks all around to avoid unsound competition of this sort. I believe, too, that the customers of a bank can be made to understand that nothing

is of so much importance to them as that their bank should stand liquid and strong at all times.

If, in the process of reduction to lower interest rates on deposits, certain time deposits are withdrawn and the proceeds used in the purchase of securities and real estate mortgages by the depositor, this is precisely what ought to happen. The country banker who can market part of his holdings of mortgages, and safe, high yield securities with narrow market, to his own depositors has improved his position and the community's position. The mortgages and securities are then where they ought to be, namely, in the hands of private investors. The banker meanwhile has reduced his high interest deposit liabilities. His gross assets and his gross liabilities are both reduced, but his ratio of quick assets to quick liabilities is improved, and his net worth is made safer and bears a better ratio to his total liabilities.



Headquarters of the Equitable Trust Company of New York, official bank of the American Legion's Paris convention, in a canvas-covered barracks which served as convention headquarters. The temporary bank was open week-days and Sundays and in rainy weather the tellers held umbrellas over them while they doled out damp franc notes to the Legion members. The company also handled the financial affairs of the various organizations—Salvation Army, Red Cross, Knights of Columbus, etc.



HARVEY A. BLODGETT WINS BANKERS MAGAZINE \$500 PRIZE CONTEST

First prize, Harvey A. Blodgett, president Harvey Blodgett Company, St. Paul, Minn.

Second prize, Fred B. Barrows, credit department Rhode Island Hospital Trust Company, Providence, Rhode Island.

Third prize, D. C. Elliott, statistical department Federal Reserve Bank of Cleveland, Ohio.

Fourth prize, S. T. Bitting, International Banking Corporation, Tientsin, China.

PRIZE winners are announced above for THE BANKERS MAGAZINE \$500 Prize Contest for 1927 for the best essays on modern banking problems. The contest was announced in January of this year and closed July 1. Since that time the papers have been gone over by the three distinguished bankers who acted as judges and the decision announced above reached as to the winners. Judges

were Arthur W. Loasby, president the Equitable Trust Company of New York; R. S. Hecht, president the Hibernia Bank and Trust Company of New Orleans; and Craig B. Hazlewood, vice-president the Union Trust Company of Chicago.

First prize is \$200; second prize, \$150; third, \$100; and fourth, \$50. In addition, \$25 will be paid for each article published, but not awarded a prize.

The titles of the four prize winning articles follow:

First prize, "The Dilemma of Diminishing Bank Profits and the Way Out," by Harvey A. Blodgett; second prize, "Systematizing Credit Analysis," by Fred B. Barrows; third prize, "Our Gold Supply," by D. C. Elliott; fourth prize, "A Direct Interest in Profits," by S. T. Bitting.

The following papers received honorable mention:

"The 'New Business Problem' for the Average Bank," by Wayne L. Thieme,



ARTHUR W. LOASBY
President Equitable Trust Co.
of New York



R. S. HECHT
President Hibernia Bank and
Trust Co. of New Orleans



CRAIG B. HAZLEWOOD
Vice-president Union Trust Co.
of Chicago

new business manager the Tri-State Loan & Trust Co., Fort Wayne, Ind.; "Co-operation of Banks in Treatment of Customers," by Henry W. Fraas, Woodside, Long Island; "How to Get on the Officers' Platform," G. H. Branch, cashier the Russell State Bank, Russell, Kan.; "Bank Salesmanship," by Mrs. Zelda Brown, advertising department the First Trust and Savings Bank, Akron, Ohio; "The Why and Something of the How of a General Department," by Miss L. G. Sproul, Old Colony Trust Company, Boston; "A Financial Advertising Campaign," by Howard B. MacAdams, assistant manager of publicity the Fidelity Union Trust Company of Newark, N. J.; "An Advertising Campaign for a Bank with Total Resources of Five Million Dollars," by C. E. Auracher, assistant cashier the Cedar Rapids Savings Bank and Trust Company, Cedar Rapids, Iowa; "A Complete Advertising Appropriation for a Bank in an Average Sized American City," by Mahlon D. Miller, manager new business the Lake Shore Trust & Savings Bank, Chicago; "The Future Source of Profits," by Ralph B. Blodgett, Harvey Blodgett Company, St. Paul, Minn.; "Co-operative Friction," by V. C. Schoenberg, cashier the Bank of Hawaii, Ltd., Waipahu, Hawaii; "An Advertising Budget for a Bank with \$5,000,000 Deposits," by G. Edwin Heming, assistant cashier and trust officer the First National Bank and Trust Company, Freeport, N. Y.

Publication of the prize articles will begin in the December number.

THE BANKERS MAGAZINE asked each of the three judges his opinion of the importance of bank educational work, such as the recent contest, to be published at the same time as the announcement of the contest awards.

LOASBY CITES BENEFITS OF CONTEST

Mr. Loasby, president of the Equitable Trust Company, made the following statement:

"I want to congratulate all those who submitted manuscripts in this BANKERS MAGAZINE prize contest.

"While there is keen pleasure and satisfaction in being numbered among the prize winners, the real benefits from a contest of this nature are shared by all who participate. It teaches our young men to look out beyond their own particular jobs, to study this business of banking, to know what it is all about, what it is for and how it is done.

"It takes study, application and knowledge to write a bank essay. And the banker who keeps abreast of these busy times must study, must apply himself and must add constantly to his store of financial, business and economic knowledge.

"Our jobs as bankers have broadened to such an extent in a brief span of years that it taxes the imagination to conceive of future development following at the same swift pace.

"Yet it is obvious that we are just scratching the surface of the possibilities of financial service, and I derive great satisfaction from the knowledge that many young men are giving serious consideration to the problems of the future and studying to fit themselves for the bigger banking jobs of the future."

HECHT STRESSES VALUE OF FINANCIAL EDUCATION

R. S. Hecht, president the Hibernia Bank and Trust Company, said:

"The more our profession progresses the greater becomes the need for men well versed in the history as well as in the uptodate practical problems of banking. Consequently the man who is studiously inclined and who takes advantage of every opportunity to gain a thorough education in financial matters will in the long run be certain to gain recognition as a bank executive.

"Year after year more men achieve success in the banking profession as the result of hard work and thorough preparation, and fewer and fewer become the cases where men reach the top because of the accident of birth or because of the favor of others. The simple moral is that the man who expects to succeed

must make the most of his educational opportunities."

HAZLEWOOD CALLS CONTEST INCENTIVE TO STUDY

Mr. Hazlewood, vice-president the Union Trust Company of Chicago, wrote as follows:

"It has been both a privilege and a pleasure for me to have had an opportunity to serve as a judge in this contest which THE BANKERS MAGAZINE has conducted. A contest of this kind provides a splendid incentive for study, investigation and research in the many phases of banking and the problems associated with it.

"The basic soundness of the banking system, as well as its success in efficiently discharging the responsibilities which a complex business world places upon it, are to a remarkable degree dependent upon the proper educational training and practical experience which those who enter the banking profession receive.

"A number of our universities have equipped themselves to provide training in the fundamentals of economics and finance. Within the profession, the American Institute of Banking has long conducted practical educational work of the finest kind, the results of which have been most gratifying. One always finds that in the development and progress of any profession those agencies which devote themselves to the education and training of young men and women are indispensable to the welfare of the profession.

"As has often been said, one of a banker's greatest personal assets is judgment. But we must remember that judgment is merely the practical and sound application of knowledge and experience to the solution of a particular problem. It is my deep personal conviction that the reward which the study of economics, credits, banking systems, investments, and other phases of banking

brings to the earnest student greatly exceeds the effort expended.

"I congratulate all those who have taken part in this contest, whether they have been so fortunate to win prizes or not for I feel certain that the knowledge which each has gained is its own reward."

The contest, as announced in the January, 1927, issue of THE BANKERS MAGAZINE, was planned to "follow the precedent set by previous prize contests of a similar nature, designed to encourage the study of some of the problems of present day banking."

RULES OF THE CONTEST

Papers entered in the contest were limited to 3000 words or less on any practical banking subject with which banks and bankers of today are concerned.

It was specified that all papers be typewritten, addressed to the Contest Editor, THE BANKERS MAGAZINE, 71 Murray street, New York, and mailed not later than July 1, 1927.

Papers were signed by a nom de plume and accompanied by the name and banking or business connection of the writer on a sheet separate from the article. The names of the writers did not appear on the articles themselves and were not known to the judges until after the awarding of the prizes.

THE BANKERS MAGAZINE reserved the exclusive right to the publication of all articles submitted, it being understood that all articles published would be paid for whether they won a prize or not.

THE PRIZES

- For the best paper\$200
- For the second best paper.... 150
- For the third best paper 100
- For the fourth best paper.... 50
- For each article published, but not awarded a prize..... 25

"THE ELEPHANTS ARE COMING"

BY GEORGE WOODRUFF

The following article is taken from an address delivered by the author before the convention of the Associated Business Papers in Chicago in October. Mr. Woodruff is vice-chairman of the National Bank of the Republic, Chicago.

IF the history of the past is any guide as to what will happen in the future, we may be more than reasonably sure that inflation will be the factor that will finally terminate our present prolonged period of great and widespread prosperity.

It is true that for some time after our present prosperity got under way, it ap-



GEORGE WOODRUFF

Vice-chairman the National Bank of the Republic, Chicago.

peared that good times would continue only until competition from Europe developed to such a point as to force gradually increasing business depression upon us, and to bring about a radical readjustment of our continuing war time costs. While disturbing competition from Europe has not yet developed, it should not, however, be relegated too

far into the background in any consideration of our business future, because, if the adverse results of inflation do not first overtake us, it may yet become a factor of great importance in the slowing down of our present unprecedented business boom.

Many careful observers have pointed out that each of our periods of great prosperity has wound up with inflation and a slump. But these same people usually hasten to say that our present business activity has not developed any inflation, and base their assertion upon the fact that commodity prices have not risen and inventories have not increased. They do not seem to realize that they may be thinking too much about the inflation that culminated in 1920, and may finally wake up to the old familiar fact that it is hard to recognize inflation until it is too late.

THE PANIC OF 1907

Let us consider some facts in connection with the panic of 1907, the first that the present generation of active business men went through. Surely this was not a crash of inflated commodity prices, for Bradstreet's commodity price index of 8.13 in 1900, had only increased to 8.96 in 1907, despite the great activity of all those years. As a matter of fact, inflation had chiefly appeared in securities prices and industrial plant construction, and had been made possible by the easy credit conditions that followed a great increase in the production of gold. The loans reported by all of the banks in the United States rose from \$5,657,000,000 in 1900, to \$10,744,000,000 in 1907, and the investment securities owned by these banks gained from \$2,398,000,000 in 1900, to \$4,352,000,000 in 1907.

This great increase in the credit that was extended to borrowers made it possible for them to bid against each other for securities until they forced the average price of a selected list of the leading stocks of that day from a low of 62.98 in 1900, to a high of 114.16 in 1907. Of course, it was quite apparent to many in 1906 that securities had gone too high, but so long as credit was available, inflation held the middle of the stage and warnings went unheeded.

Easy credit conditions also brought forth a great expansion in industrial plants as the whole world was entering into intense industrial activity at that time. Total new building increased, according to figures compiled by the National Bureau of Economic Research, from \$1,601,000,000 in 1902, to \$2,675,000,000 in 1907, and the larger part of the increase represented the gain in industrial plants.

Unfortunately for the business men of 1907, we did not then enjoy the advantages of an elastic currency system and any demand for an increased amount of currency led to the withdrawal of actual money from the reserves of the banks. In the fall of 1907, credit had been expanded as far as it was possible to go with the bank reserves available, and when these reserves were depleted to provide actual money with which to move the crops, the last straw was added to the camel's back and the bubble burst, accompanied by such demands for actual cash as to force the temporary suspension of specie payments.

The panic of 1907 was the culmination of an inflated stock market and an inflated plant situation, together with a wild scramble for actual cash.

THE DEFLATION OF 1920

The great deflation of 1920 is, of course, still fresh in the minds of business men of today, and it will be conceded that it and the panic of 1907 were entirely different propositions. Of course, as we should have expected, unsound conditions had behind them the old

familiar background of plentiful credit at low rates. Large gold imports, the lowering of the legal rates of reserve required to be carried by the banks, and the new ability to create reserves by rediscounting with the Federal Reserve banks, led to a huge expansion of credit, the loans of all of the banks in the United States having risen from \$15,323,000,000 in 1914, to \$30,782,000,000 in 1920, and the investments held by these banks having increased from \$5,539,000,000 in 1914, to \$11,387,000,000 in 1920. This enormous amount of new credit was used to finance the many activities incidental to the conduct of the war, and finally made possible the wildest kind of competition between business men for the accumulation of all sorts of inventories, Bradstreet's commodity price index having risen from 8.76 in 1914, to 20.71 in 1920.

That the increased credit put out by the banks was loaned almost exclusively to business men, may be further illustrated by a perusal of the reports of the national banks, which show that plain business paper in those particular banks gained nearly four and a half billion dollars between 1914 and 1920, while such increase as took place in other loans and in investments owned by the banks, was confined almost entirely to loans on Liberty bonds and Government securities bought outright.

While at this particular time inflation took the form of a wild melee in which every man seemed to wish to outdo his neighbor in accumulating commodities, there did not develop any outstanding inflation in stocks and there could not be said to have been any unhealthy expansion in new construction, except in connection with industrial plants that had been created for the purpose of turning out munitions of war.

The average price of fifty leading stocks reached a high of 73.30 in the depression year of 1914, 94.13 in the recovery year of 1915 and only 94.07 in 1920. The total new building, as compiled by the National Bureau of Economic Research, was \$2,819,000,000 in

1914, \$2,880,000,000 in 1918, and \$4,120,000,000 in 1920, the larger figures representing needed construction delayed by the war.

It was quite apparent to many in 1919 that commodities had gone far too high, but just so long as credit is available, inflationists love to play with fire, and the usual inflationary program was carried out, for it was not until available credit was exhausted in 1920 that prosperity collapsed.

The collapse of 1920 was a slump of inflated commodity prices, and this fact is so recent in men's minds that they forget that, while our prosperity booms have always ended with inflation, the elements in the situation that have become inflated have varied.

INFLATION IN 1927

In 1927 we are undoubtedly in a period of great inflation, but people will not recognize this fact now any more than they would a year or so before the panic of 1907 and the deflation of 1920. Our business men have been so busy watching for inflation in commodity prices that they have failed to see it as it has made its appearance in a different suit of clothes.

The good old inflationary background is, as always, strictly on the job, loans of all the banks in the United States having risen from \$28,687,000,000 in 1921, to \$36,040,000,000 in 1926; the investment securities held by these banks having increased from \$11,379,000,000 in 1921 to \$15,814,000,000 in 1926; and there having been an estimated further increase, based on incomplete reports, of around \$1,400,000,000 in loans, and over \$1,000,000,000 in investment securities, between June 30, 1926, and June 30, 1927.

The gold supply has been the basis of our expanding credits, for the total stock of money gold in the United States has increased approximately \$1,900,000,000 from the middle of 1920 to the middle of 1927.

Unlike the situation just before the collapse of 1920, there has been no rise

in the index of commodity prices, the Bradstreet index standing at 12.66 early in 1921 and at 12.38 on June 30, 1927. These figures prove conclusively that there is no present inflation in inventories, and this fact is further borne out by the reports of the banks, which indicate that money has not been loaned to business men for the accumulation of commodities, as was the case in 1920. The plain business loans of all of the national banks—the national banking system includes the largest proportion of commercial banks—stood at \$7,361,000,000 in 1921, and at \$7,197,000,000 on June 30, 1926. Furthermore, the statements issued by the reporting member banks of the Federal Reserve System, would indicate that when the Comptroller of the Currency gives out the classified figures of the entire national banking system for June 30, 1927, there will be no appreciable increase in business loans between June 30, 1926, and June 30, 1927.

As a matter of fact, the huge increase in loans and investments between 1921 and 1927 is wholly represented by investment securities and real estate mortgages owned, and by loans to customers made for the purpose of carrying stocks, bonds and real estate obligations.

In New York alone, loans to stock exchange brokers have increased from approximately \$750,000,000 in 1921, to around \$4,000,000,000 in the fall of 1927. Loans on real estate mortgage securities, reported by those banks alone that are members of the Federal Reserve System, have increased from \$460,000,000 in 1918 to \$1,135,000,000 in 1921, and to around \$3,000,000,000 in the early fall of 1927.

The average price of fifty leading stocks has jumped from a low of 58.35 in 1921, to a high of 180 so far in 1927. New building has increased, according to the figures compiled by the National Bureau of Economic Research, from \$2,827,000,000 in 1921 to \$7,172,000,000 in 1926, and current reports would in-

(Continued on page 633)



MELVIN A. TRAYLOR

Retiring president the American Bankers Association; president the First National Bank, Chicago.

THE FIFTY-THIRD ANNUAL CONVENTION OF THE AMERICAN BANKERS ASSOCIATION

THE subject of bank failures was the dominant theme of the Fifty-third Annual Convention of the American Bankers Association, held in Houston, Texas, from October 24 to October 27, just as branch banking was the dominant theme at the Los Angeles convention last year.

In the address of almost every divisional or sectional president of the association there was some reference to the enormous number of bank failures in the last six years, and the necessity for a remedy. Before the meetings of the State Bank Division and the Clearing House Section whole papers were devoted to the subject, in addition to the presidents' remarks. The Economic Pol-

icy Commission of the association submitted a special report on bank failures. And the general convention adopted a resolution on the subject.

There was no such divergence of opinion on bank failures as on branch banking last year. All parties were pretty much agreed as to the causes and remedies for such failures. They agreed that further legislation would be of no assistance in checking failures. They further agreed that probably the best preventive of bank failures yet found is the clearing house association examination system. And, since the organization of such associations all over the country is slow work, they were agreed that the state and national bank examina-

tions should be adapted to this system—by locating an examiner in a district for two or three years at least.

It was gratifying to learn that the clearing house examiner system is already being tried by the State Banking Department in Nebraska. The details of the plan and what it is expected to accomplish are given in the address of Dan V. Stephens before the State Bank Division, reported elsewhere in this issue.

CARAWAY CAUSES TROUBLE

Senator Caraway of Arkansas attracted a great deal of public attention on the first day of the convention by his unsuccessful attempt to stampede the Agricultural Commission into indorsing the McNary-Haugen bill.

Accompanied by a committee composed of George W. Donaghey, former governor of Arkansas; C. V. Truax, director of agriculture of Ohio; Dr. W. B. Kilgore, chairman of the board of trustees of the American Cotton Growers Association; Art T. Lewis, president of the Arkansas Bankers Association; Robert E. Wait, secretary of the Arkansas Bankers Association; and Colonel Clarence Owsley, Senator Caraway applied to the Agricultural Commission for a hearing.

Inasmuch as the program of the commission had already been made up, Burton M. Smith, chairman, told Senator Caraway that he could give four speakers from his committee only five minutes each.

This was at first indignantly rejected. Then it was accepted and the speakers used most of their time in vituperative attacks on the American Bankers Association, charging that "the bankers have prejudiced leaders of the country, even the President of the United States, against any relief for farmers."

The committee left, very much disgruntled, after issuing a statement that the A. B. A. is "still hostile" to the American farmer.

Prevailing opinion at the convention

was inclined to consider Senator Caraway's move simply as an attempt to make capital out of the meeting of the A. B. A.

MILLER AND MERSHON RESIGN

During the convention, two of the faithful officers of the association presented their resignations.

Dr. Stephen I. Miller, educational director of the American Institute of Banking, resigned, effective November 1, to assume the executive managership of the National Association of Credit Men.

Leroy A. Mershon, deputy manager of the Trust Company Division, tendered his resignation, effective May 1, 1928.

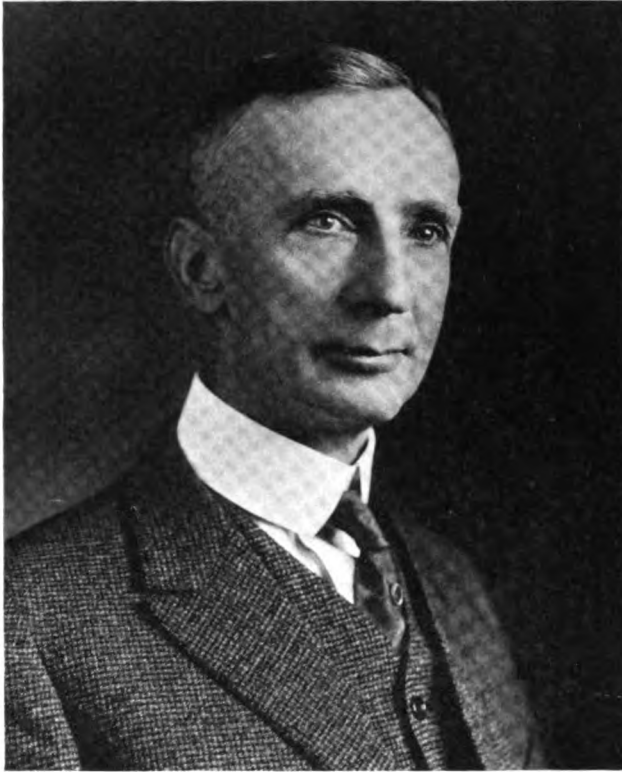
Harold J. Stonier, vice-president of the University of Southern California, Los Angeles, Calif., was appointed to replace Dr. Miller. No appointment has yet been made to fill Mr. Mershon's place.

Mr. Stonier has been in bank educational work most of his life. He took graduate work in economics and finance at the University of California and at Columbia University. Then for more than six years he was instructor in public speaking at the Los Angeles Chapter of the American Institute of Banking.

Eight years ago he left the field of investment banking to organize the College of Commerce and Extension Division of the University of Southern California. He later advanced to vice-president of the University, which position he leaves to become educational director of the A. I. B.

EDUCATIONAL FOUNDATION FUND STILL SHORT

John H. Puelicher, chairman of the board of trustees of the A. B. A. Educational Foundation Fund which was started as a celebration of the golden anniversary of the association at the Atlantic City convention two years ago,



THOMAS R. PRESTON

New president the American Bankers Association; president Hamilton National Bank, Chattanooga, Tenn.

reported that more than \$445,000 of the \$500,000 desired has been paid in or definitely pledged. There are two months left to raise the \$60,542.75 necessary to complete the fund.

BANK ROBBERIES INCREASING AGAIN

During the year ended August 31, 1927, according to the report of James E. Baum, manager of the protective department of the Association, bank robberies increased from 112 daylight robberies and 29 burglaries to 114 holdups and 62 burglaries.

However, the loot taken in the 62 burglaries this year amounted to only \$113,042, while \$122,353 was secured in the 29 burglaries last year.

There is, he said, "a growing tendency on the part of banks with insured losses to compromise or relent in

the prosecution of confessed criminals. . . . The spread of crime in this country warrants no compromise in the prosecution of criminals, and the committee deprecates the fact that the possibilities of salvage on an insured loss too often seem to determine the underwriters' action in prosecuting those responsible for losses which are insured."

OLD TIMERS OUT IN FORCE

An interesting feature of the convention this year was the "old-timers' census" suggested by W. D. Vincent, president of the Old National Bank, Spokane, Wash.

It was found that of the 4000 delegates at the convention, forty-one had attended their first A. B. A. convention thirty or more years ago.

Two of them, A. H. Ellis, vice-



CRAIG B. HAZLEWOOD

First vice-president the American Bankers Association; vice-president the Union Trust Company, Chicago.

president the Calcasieu National Bank, Lake Charles, La., and H. W. Koreger, vice-president the Laclede Trust Company, St. Louis, Mo., divided the honor of having been at the 1885 convention, forty-two years ago.

One hundred and four more began their attendance more than twenty years ago, and an additional 324 attended their first convention more than fifteen years ago.

The entertainment at the Houston

convention contained two unusual features—a trip through the Houston Ship Channel, and a special performance of the "Ziegfeld Follies." In addition to these, there were, of course, the usual reception and card parties for the women, the golf tournament for the men, the automobile tour of the city, and the grand ball.

Before adjournment, it was decided to hold the convention next year in Philadelphia, Pa.



JOHN G. LONSDALE

Second vice-president A. B. A.; president the National Bank of Commerce in St. Louis, Mo.

THE GENERAL SESSIONS

**Capitalism, Law, and Medieval Big Business Subjects of Addresses;
A Plan to Prevent Bank Failures; A. B. A. Organization
to be Revised.**

BANKING is seldom the theme of any of the addresses in the general sessions. These meetings are concessions to culture. They are devoted to getting the viewpoint of men outside the banking field on various aspects of national and international affairs. At this convention, the general sessions speakers included a former congressman, the president of the American Bar Association, and a college professor. They spoke on such topics as capitalism, law, and big business in the Middle Ages.

CAPITALISM'S ACCOMPLISHMENTS

Honorable James Francis Burke was the former congressman. While in Congress he was a member of the Banking and Currency Commission. He is now general council of the Pittsburgh Chamber of Commerce.

In his eloquent address on "A Few of the Fruits of Combined Capital" Mr. Burke called the roll of the many advances made during the last century—the development of railroads, public utilities, oil, manufactured gas, steel, alumi-

Central Mercantile Bank and Trust Company

OF NEW YORK

MEMBER FEDERAL RESERVE SYSTEM



Main Office

**Fifth Avenue at 44th Street
NEW YORK CITY**

CONDENSED STATEMENT

At the close of Business October 20, 1927

RESOURCES	
Cash and Due from Banks	\$11,636,254.67
United States, New York State and Other Bonds and Federal Reserve Bank Stock	5,388,209.81
Loans and Discounts	41,073,123.78
Customers Liability a/c Acceptances	1,088,006.10
Loans for a/c Customers	345,000.00
Bank Building and Safe Deposit Vaults	682,318.55
Other Assets	142,428.12
Total Resources	\$60,355,341.03
LIABILITIES	
Capital	\$ 2,500,000.00
Surplus and Undivided Profits	2,122,036.01
Reserve for Taxes, Interest, Unearned Discount, etc.....	377,591.79
Acceptances Executed	1,091,112.10
Loans for a/c Customers	345,000.00
Deposits	53,919,601.13
Total Liabilities	\$60,355,341.03

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num, electricity, radio, aviation, the telephone.

It must not be forgotten, he said, that a good deal of the credit for these advances is due to the work of individual genius. In addition, the United States is fortunate in possessing a spirit of cooperation, in contrast to the constant conflicts which impede progress in Europe.

But aside from these two factors, it is combined capital—the corporation as distinguished from the individual enterpriser—which has made possible our present day industrial development.

“Let the carping critics and political pygmies rant as they may against combined capital,” he said. “In their never ending struggle to promote their own fortunes by engendering hatreds among men, they will continue to contribute to the world’s confusion.

“Our answer is that out of all the forces at work in America today there is looming a new era, a new relationship between industry and individuals, between combined capital and the community—an era of understanding, an era of healthy, harmonious and helpful cooperation, out of which are being evolved higher standards of living and an ever increasing diffusion of wealth and comfort.

“In a word, we are passing through an industrial and social revolution and the glory of it all lies in the fact that it is a peaceful one.”

DANGER IN BEING ACCOMMODATING

Most of the address of Silas H. Strawn, president of the American Bar Association, on “Within the Law,” before the second session, consisted of summaries of cases involving banks.

Perhaps the most novel case he cited was that of *Golden v. Cervenka*. The officers of a national bank in Illinois decided to convert the bank into a state bank. There is in Illinois no legal procedure for such conversion. So they simply organized a state bank and later

transferred the assets of the national bank to the state bank.

However, in the process of organizing the state bank, it was necessary to get the \$1,250,000 capital in cash for the state auditor to certify as paid in, before the bank could get a charter. The organizers of the new bank asked a third bank, the “accommodating bank,” to furnish the money, temporarily, on a cashier’s check drawn by the liquidating



W. D. LONGYEAR

Vice-president and director the Security Trust and Savings Bank, Los Angeles; treasurer the A. B. A.

national bank. The “accommodating” bank agreed, cashed the check, the state auditor counted the money—after which the cash was returned to the “accommodating” bank, which, in turn, returned the cashier’s check to the national bank.

Two years later the state bank failed. The receiver sought to impose on the “accommodating” bank liability for having temporarily furnished the capital to qualify the new bank to do business.

“The court held,” said Mr. Strawn, “that the creditors could hold the ‘accommodating’ bank liable to the credi-

**INTERNATIONAL
ACCEPTANCE BANK**
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*International
Banking Transactions*

Reimbursement Credits

Foreign Exchange Collections
Bonds and Securities Bullion and Currency

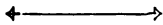


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Chairman

F. ABBOT GOODHUE
President

52 Cedar Street, New York



JAMES FRANCIS BURKE

Former member the Banking and Currency Committee of Congress
and general counsel of the Pittsburgh Chamber of Commerce.

tors, but not to the stockholders of the insolvent bank, for participating in the misrepresentation that the capital and surplus of the state bank had been paid for in cash. . . . The amount of the recovery was the difference between the capital stock of \$1,250,000 and the actual value of the assets of the national bank at the time they were transferred to the new state bank.

"The case is a warning that banks may not accommodate other banks undergoing reorganization in the manner described above, with safety, in reliance upon the book value of the assets of the bank undergoing reorganization."

This case, said Mr. Strawn, together with the many others he cited, "covers but a small part of the vast opportunities for the banker to incur liability not for malfeasance, but for acts of inadvertent omission.

"Considering the volume of business

done, the daily temptations to which they are subjected, and the many opportunities to make mistakes," he concluded, "I submit that cases in which bankers have been held liable civilly or criminally are surprisingly few. Therefore, may we not conclude that the banker in the conduct of his business as well as in his daily life is generally well within not only the civil law but the moral law."

ECONOMIC POLICY ON BANK FAILURES

At the same session, Evans Woollen, chairman of the Economic Policy Commission of the association, presented the commission's plan for reducing the number of bank failures.

After citing the alarming number of failures in the last six years, and stating positively the opinion of the commission that these failures cannot possibly be prevented "through the imposition of

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Charles E. Rogerson, *President*

BOSTON SAFE DEPOSIT & TRUST COMPANY

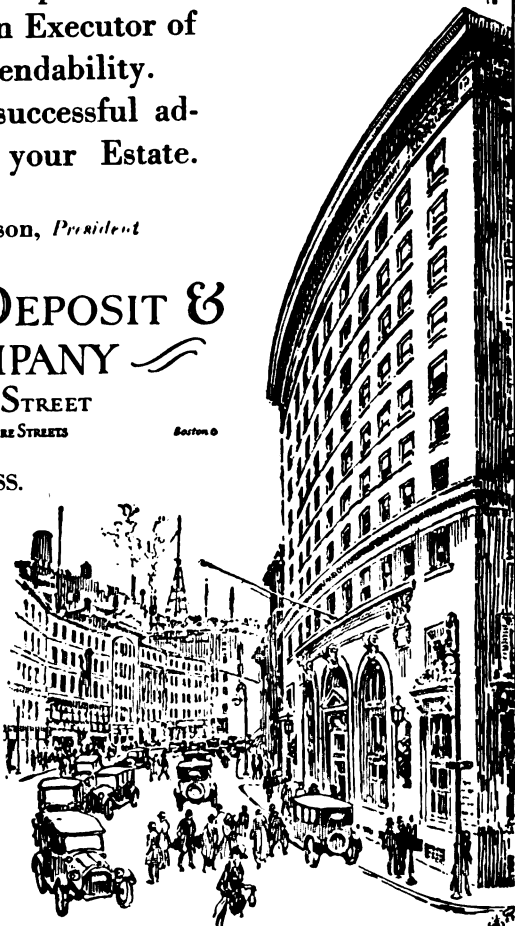
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Our Safe-Deposit Vault is one of the largest in New England. Sixty coupon rooms eliminate waiting and afford complete privacy. Some rooms comfortably accommodate ten or more persons.





SILAS H. STRAWN

President the American Bar Association, who spoke to the convention on "Within the Law."

further legislative restriction of the details of banking operations," Mr. Woollen summarized the recommendations of the commission thus:

"Your committee . . . finds large promise in a plan which would subject the banks to no appreciable expense, is flexible, and involves no implication of a guaranty against loss to depositors. The basic feature of this proposal is the organization of all banks, both state and national, in regional groups of from 50 to 100 banks for the purpose of improving and making more effective use of the present system of state and national examinations.

"To improve and make more effective use of the examinations, it is essential that examiners should be assigned for a period of at least two or three years to the banks of a definite area by the banking departments of the states, and that

reports of examinations should be considered with the directors of the banks before they are forwarded to the office of the bank commissioner."

The details of this plan have been worked out and are now being tried in eastern Nebraska. They are more fully described in the address of Dan V. Stephens before the State Bank Division, elsewhere in this issue.

GENESIS OF THE INTERNATIONAL BANKER

In a scholarly and interesting address on "Early European Banking and Big Business," Dr. James Westfall Thompson, professor of History and Philosophy at the University of Chicago, told the bankers how "the Italian Renaissance of the fourteenth and fifteenth centuries was just as truly an economic revolution as



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it was a new literary and artistic movement."

He described in detail the rise of several of the large Italian and Lombard banking houses, their business, and their eventual failure, due to excessive loans to various kings who later defaulted.

It is impossible to summarize this address briefly, so packed was it with facts. The best that can be done is to quote his closing paragraphs:

"Some conclusions may be reached as a result of the brief survey of early banking conditions in Europe. In the thirteenth and fourteenth centuries, as today, banking was a factor of business development. Its growth in that day was stimulated by the church, which then played a much larger part in everyday activities than is the case at present.

"The organization of the institutions and their relation to the governments of Europe varied within the period according to the time and place and circumstance, even as present banking systems have been the product of varying conditions. For one of the outstanding phenomena of the epoch is the close connection between the government and the bankers.

"Then, as today, the unrestricted activity of banking houses proved disastrous and a system of regulation was resorted to with the double effect of curtailing action while rendering the residue more secure.

"A final characteristic which strikes home forcibly in this day of international financial activity is the wide scope of operation of the early banking houses. The international banker is not a product of the twentieth century, nor yet of the nineteenth."

TO REORGANIZE THE ASSOCIATION

The executive council of the association recommended that President Traylor be authorized to appoint a committee "to consider the possibility of a revision of the organization of the American

Bankers Association along functional lines."

Mr. Traylor explained that "this means that the association may be organized in the same modern fashion as are organized the best modern banks in this era; that is, with a commercial department in which any member of the American Bankers Association may voice his sentiments with respect to any problem of commercial banking, whether he be state banker, national banker, trust banker, or savings banker, because most of those engaged in either of these respective lines of banking are also commercial bankers. Likewise, there will be a trust department in which national bankers, state bankers, or anyone else may likewise appear and act as a member. The same will be true of the state bank department, the savings bank department and the investment banking department."

The convention adopted the recommendation of the executive council, and Mr. Traylor appointed the following committee: Chairman, Walter S. McLucas, chairman of the board Commercial Trust Company, Kansas City, Mo., and president of the Trust Company Division; M. H. Malott, president Citizens Bank, Abilene, Kans., and president of the State Bank Division; E. A. Onthank, president Safety Fund National Bank, Fitchburg, Mass., and president of the National Bank Division; George L. Woodward, treasurer South Norwalk Savings Bank, South Norwalk, Conn., and president of the Savings Bank Division; and O. Howard Wolfe, cashier Philadelphia-Girard National Bank, Philadelphia, Penn., and president of the Clearing House Section.

NEXT YEAR'S OFFICERS

At the close of the convention, the following officers were elected to serve for the ensuing year: President, Thomas R. Preston, president Hamilton National Bank, Chattanooga, Tenn.; first vice-president, Craig B. Hazlewood, vice-president Union Trust Company,

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FROM RUNNER TO PRESIDENT

Thomas R. Preston was born on November 28, 1869, on a farm near Woodbury, Tenn. He was undecided, when he finished Woodbury Academy, what his career should be. So he spent a few years teaching in the county schools. Studying law during vacations in the office of the president of the Bank of Woodbury, who was also an attorney, gave him the idea that banking was his field.

To get a start, he worked for a time for the Bank of Woodbury, his only pay being experience. Then he found a job with a small salary as a runner in the Traders National Bank of Tullahoma, Tenn. Even there, he had to work nights in the freight office of the Nashville, Chattanooga and St. Louis Railroad to make enough to live on.

Finally, he transferred his services to the Hamilton Trust and Savings Bank in Chattanooga, as a runner at first, and later as a bookkeeper. At the age of 22 he was made cashier of the bank. He held this post until 1902, when he became president of the bank.

He is also president of the Hamilton National Bank, Chattanooga, which he and his brother and associates organized in 1905.

A HARD WORKER

Craig B. Hazlewood, long and favorably known to association members as a tireless advocate of clearing house associations and account analysis, was born on May 7, 1883, at East Aurora, N. Y.

He knew what he wanted to do. As soon as he finished his education at Lewis Institute and the University of Chicago, he got himself a job as messenger for the Commercial National Bank, Chicago.

From there he went to the Union Trust Company as advertising manager,

later manager of the credit department, and, in 1910, after organizing the new business department, he was admitted to the official family as assistant secretary.

Through his next post, assistant to the president, he advanced to a vice-presidency of the bank in 1917, and a directorship in 1921.

He is also chairman of the board of the Lake Shore Trust and Savings Bank of Chicago.

LONSDALE STARTED AT THE TOP

John G. Lonsdale was born on April 4, 1872, in Memphis, Tenn. He was educated at St. John's Military Academy, Manlius, N. Y., and attended college in Baltimore, Md.

Unlike his two senior officers in the A. B. A., Mr. Lonsdale entered banking at the top. His first commercial banking job was as president of the National Bank of Commerce in St. Louis, the position he now holds.

This was after he had proved his ability in finance, however, by establishing his own bond and stock brokerage business in New York.

Mr. Lonsdale is also a director of the Federal Reserve Bank of St. Louis.

THE CONVENTION RESOLUTIONS

Before adjourning, the convention passed the following resolutions:

"Agriculture. Agricultural conditions are improving, though there is still much room for betterment. The indexes of price levels of farm produce are approaching the level of other commodities. Partly as a result of good crops and partly as a result of higher prices, the farmers of the country are likely to have much less cause for complaint than they have had for some time past. The community of interest between bankers and farmers cannot be too strongly emphasized. Many members of this association are themselves farmers by long experience and the prosperity of practically all bankers is dependent upon that of farming communities. They are deeply



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interested in the developing of sound economic policies for the stabilization of this basic industry.

"Taxation. This association desires to reiterate the opinion expressed at the convention last year, that the ever growing burden of state and local taxation is becoming a detriment to the development of trade, industry, transportation, and finance in this country. There continues to be a tendency to have overlapping and competitive taxes, especially as regards taxes on inheritances and transfer of estates.

"This association recommends that in the event of a revision of our income tax law, special consideration be given to the tax now levied on corporations with a view to reducing it greatly. This would be effective in maintaining proper competitive conditions in this country by aiding the development of smaller corporations.

"This association believes that time has proved that the limitation contained in Section 5219 U. S. Revised Statutes is a wise one and has protected state banks as well as national banks. It is, therefore, urged that Section 5219 be retained without any modification. The states of New York, Massachusetts and Wisconsin have substituted a system of taxation of banks on their incomes in lieu of the ad valorem tax on shares with successful results. It is believed a system of income taxation of banks can be successfully adopted in many other states and thereby escape the vexatious questions of discrimination which grow out of taxation of credit investments and intangibles at a lower rate than bank shares.

"Flood control. The general convention of the association heartily indorses the action of its executive council in aiding the sufferers of the floods which occurred in the Mississippi Valley earlier in the year. It believes that every effort should be made to avoid the recurrence of this national calamity and urges the Congress of the United States to take prompt action to provide for the construction and maintenance of the neces-

sary works to prevent floods of this nature in the future. The Federal Government should assume the sole responsibility for financing, placing, building and operating the necessary works needed to bring about permanent relief. The seriousness of the situation is such that it demands immediate and comprehensive legislation dealing solely with this problem. It is also urged that, because of the seriousness of this flood problem, it be divorced from all other national issues and dealt with in legislation and administration upon its merits apart from all other undertakings.

"Foreign relations. Occasion is taken to express gratification at the remarkable progress that has been so clearly evident in most of the countries of Europe during the last two years and to extend to their peoples our sincere congratulation on the improved conditions that now prevail.

"Since the World War the countries of the world have become increasingly interdependent and ill-advised expressions from the platform and in legislative halls which are often wrongfully construed by the peoples of foreign countries as reflecting the sentiment of our people are to be deplored.

"Bank failures. In accordance with the report to this convention by the Economic Policy Commission, it is believed that one of the most potent causes of bank failures is the excessive number of banks; that this situation can be corrected in part by increased capital requirements and more completely by the limitation of new charters to the needs of each community; that, to the end that directors better discharge their obligations, this association should prepare standard forms for the presentation of business to directors' meetings; that additional restrictive legislation covering loans and investments is not desirable but rather the better enforcement of existing statutes; that the clearing house examination system having been in general highly advantageous, its further development is strongly recommended, and that the appropriate agency of this asso-

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ciation should promote the organization of local regional associations of banks for the purpose of supporting and securing a most effective use of the existing system of government examinations.

"*President Traylor.* Thanks are due due to President Traylor for the time and energy he has devoted to the business of the association. Especially should bankers of this country be grateful to him for his activity in carrying out the instructions of the Los Angeles convention in reference to the McFadden Act. This law definitely strengthens our national banking system and insures the continuance of the Federal Reserve System.

"*Hosts and speakers.* This association extends its sincerest thanks to the bankers, hotels, press, ladies, and general public of the City of Houston and the State of Texas for the manifold kindnesses and gracious hospitality extended to all of the delegates and their families. Likewise, the association is indebted to the speakers at the various sessions of the convention, divisions and sections who by their carefully prepared addresses have helped to make the fifty-third annual convention of this association one

of profit and enjoyment to all those who were privileged to be present.

"*Necrology.* This association notes with regret the passing away since the last general convention of three of its distinguished ex-presidents, Lyman J. Gage, formerly Secretary of the Treasury, John L. Hamilton and William E. Knox.

"This association records its sorrow and sense of irreparable loss in the death of Charles W. Carey, president of the National Bank Division. Beloved for his modesty and gentleness of spirit, he was admired for his ability as an executive and the dominating force of his personality. Faithful to every trust imposed upon him by the division of which he was a member, his clarity of judgment and his fidelity to duty made for him a respected place in the councils of this association and the hearts of its members. It is peculiarly unfortunate that his illness and untimely death prevented his being the recipient of even greater honors. The sympathy of this body is conveyed to the members of his family and his associates in the business and banking life of Wichita and Kansas."

THE PRESIDENT'S ADDRESS

BY M. A. TRAYLOR

WHY retiring presidents should not be permitted to slip away into that engulfing obscurity which seems to await an ever-growing army of ex's, without being obliged by custom to punctuate their departures with an outburst of alleged wisdom, I do not know. In this association, the custom seems to be as inexorable as it is inflexible, hence, confessing to a lack of sufficient courage to abandon it, I come now along the path followed by that long line of my illustrious predecessors, to submit herein a brief account of the work of the administration during the year now closing, together with certain comments and observations, perhaps

neither germane nor pertinent to the problems of the day.

The business of the association since your last convention has gone forward in an even and somewhat uneventful manner, reflecting the harmony and efficiency at headquarters, which is possible only in an organization where intelligence, experience, and loyalty prevail. The work of the president during the year has been greatly minimized and made vastly more effective because of such a staff in the executive offices in New York. My grateful acknowledgment to them!

The divisions, sections and committees, under the wise leadership of those in

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command, have in harmony and co-operation made real contributions to the solution of the every-day problems of our business. Detailed reports of all these bodies have been printed and distributed. I commend their careful reading and consideration, because, after all, much of the worth-while work of the association is done by these smaller units, which seldom, I fear, are given the credit they deserve. They are the real points of contact between the individual member and the larger organization. They are the diagnosticians of our business and discoverers of the remedies for our ills. May I urge you to attend the business sessions of all divisions, sections and committees during this week?

GROUP RESPONSIBILITIES

The ever-increasing complexities of the banking business seem to me, more and more, to justify our existence as an organization. Yet, I sometimes wonder if we fully appreciate the powers and corresponding responsibilities of our group. This thought was forcibly brought to my mind recently by an address delivered by that leader of American business, Owen D. Young, on the occasion of the dedication of a group of new buildings comprising the George F. Baker Foundation of the Graduate School of Business Administration of Harvard University. I can pay no more fitting tribute to the dean of American banking, the sole surviving member of the group of men who founded this association, than to quote briefly from the address of Mr. Young, who, in calling attention to the fact that this is the day of organizations, associations, and group action, said:

"Let me say, however, that so far as the public is concerned, organized business has been quick to take the advantages of group action, but has been slow to assume group responsibilities. Too frequently business men have acquiesced, even if they did not participate, in objectionable practices until an outraged

society compelled amateurs to interfere. The amateurs were frequently in the legislature, and unwise laws were enacted. Legislatures reached out for abuses they could readily observe but the causes of which they did not fully understand."

As the problems of our business multiply, complicated often as we think by unwise legislation or regulations, we sometimes wonder if we haven't too often approached these problems from a selfish viewpoint, without sufficient regard for public welfare—if, in fact, we have not been too ready to accept benefits without making a corresponding contribution in the interests of others.

BANKING A PROFESSION

There may have been a time when banking required little training and when any ordinary, intelligent business man could run a bank more or less successfully. Perhaps this was never entirely so, and it certainly isn't true today. Banking is well on the road to becoming a profession, as distinguished from a trade. In other words, banking requires theoretical as well as practical knowledge. It is rapidly developing codes of procedure and ethics, such as are characteristic of law, medicine and the other older professions. Consequently, there is an ever increasing danger in permitting amateurs, whether in or out of the profession, to settle our problems.

If we are to discharge intelligently and well the duties that rest upon us as the custodians of the world's credit supply, we must have the best banking and financial machinery in the world, manned by the most competent and thoroughly trained executives, whose vision can comprehend national and international problems alike; men whose caution and conservatism will not circumscribe that degree of courage and faith which leads to adventure upon uncharted courses, because it seems to me that much of the way we shall have to go, in the years that lie ahead, will be

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Have we such a banking system—the machinery necessary for the job? It seems to me that we have. With the so-called McFadden Bill now a law, liberalizing and equalizing the rights and privileges of national banks, with constantly improved state legislation adding greater protection and security to the state chartered institutions, with the Federal Reserve System under indeterminate franchise, there is apparently little of major legislation necessary to perfect our banking equipment.

SHOULD LET FEDERAL RESERVE ACT ALONE

It is only natural that here and there experience will develop weaknesses in these respective pieces of human creation, but nothing would be more unfortunate, I think than that there should be either agitation for or actual further legislative action with respect to our banking system for some time to come, and most of all, that anything should be done to change the fundamental structure of the Federal Reserve Act. Let those who think otherwise give careful consideration to the cause of their complaint. After all, are not the criticisms leveled at the system largely those arising from matters of administration rather than from inherent defects in the law itself? If this assumption is correct, may we not ask those in authority to cooperate with us in an effort to strengthen the administrative organization without undermining the foundations of the structure?

The future welfare of this country, and of other countries as well, is certain to be greatly influenced by the financial policy which this country pursues. Is it too much, therefore, to insist that this policy be made and carried out by those who have practical experience as well as theoretical training in matters of finance and banking? Intelligent self-interest ought to impel every citizen of the coun-

try, whatever his occupation or employment, to demand that the banking system of the country be supervised only by those familiar, by practice and experience, with the problems of banking, not only in this country, but in the other countries of the world.

Since I have mentioned the necessity of those directing our financial affairs having a knowledge of international financial questions, may I enlarge upon that subject for a moment. In spite of the fact that international finance, as we know it today, goes back in its beginnings to the middle ages, economists and bankers are far from agreement on many of the questions which this subject presents. In part, this is due to the magnitude of the operations which have resulted from the war and from the treaties of peace.

FOREIGN INVESTMENTS

The information service of the Foreign Policy Association published in June a series of tables and figures illustrating above all the changes which have resulted in our own economic situation in this respect. Most of you are familiar with these figures and without quoting details of the changes which have followed 1914, the net result has been—according to Dr. Max Winkler, who wrote the pamphlet—that we have not only ceased to be a debtor nation but at the close of 1926 we held foreign investments in excess of twelve and three-quarter billion dollars, not including the debts owed to our Government. We know that this figure has been materially increased during the current year.

I am very well aware that many bankers dismiss this subject with the thought that they neither originate nor participate in foreign loans and that, therefore, the problem of foreign investments is one for Wall Street and the big private banking houses and security companies of that district. Let me remind you, however, that the problem isn't one for these particular gentlemen alone—it is daily brought to the doorstep of

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I hope it may be as interesting to you as it has been to me briefly to take stock of what America has done with her money in the matter of foreign investments in the last three years. In that time, we have loaned to Germany alone considerably more than \$1,000,000,000. These loans have been made to cities, states, banks, churches, tramways, automobile companies, housing corporations, steel mills, electric companies, dye works, cigarette companies, harvester companies, water power companies, film companies, in fact, almost everything.

AMERICA AS CREDITOR OF FOREIGN NATIONS

There is hardly a country in the League of Nations which hasn't borrowed money in America in this period, among them: Argentina, Austria, Belgium, Brazil, Bulgaria, Chile, Colombia, Costa Rica, Czecho-Slovakia, Denmark, the Dominican Republic, Ecuador, Finland, Germany, Greece, Honduras, Hungary, Italy, Japan, Jugoslavia, Liberia, Mexico, Norway, Panama, Peru, Poland and Salvador. These and others, directly or through their states and municipalities, all got money from the United States in 1926, and these are only the governments themselves which borrowed.

In the same period, American investments abroad include stocks in oil corporations in Cuba, Mexico, Canada,

Venezuela, Peru, British Guiana, Persia, and Trinidad; Norwegian aluminum, Russian gold mines, French perfume and silk, Finnish co-operatives, automobile factories in a dozen countries and railways everywhere, Italian shipping, Belgian and Spanish telephones, Brazilian coffee and African rubber plantations, Caribbean sugar fields, Central American fruit, Caucasian manganese, Ural platinum, in fact, a little of everything everywhere and a great deal in many cases.

I wonder if these figures conjure up in your mind, as they do in mine, any answer to that master political phrase "America First," or any interpretation of that political fetish of "American isolation." It is perfectly true that the total sum represented by all these loans and investments is a mere bagatelle compared with the aggregate of American wealth, but unless human nature has changed, or effects a rapid transformation, I have an idea that there are hundreds of thousands of American citizens whose instincts of self-preservation, and whose sense of property rights, may somewhat incline them to take heed of what is happening in the rest of the world.

Not often in the past have the property rights of our private citizens been put in jeopardy by the action of foreign governments, but if we may judge by the reaction that has followed the attempt of our neighbor to the south in matters of this kind, we may well imagine that the day may come when no mere small fraction of our people will be not only interested in what is happening in other lands but insistent upon our Government likewise taking cognizance of such facts.

Let no one think I am condemning the making of foreign investments. Such a thought is farthest from my mind. I believe, in fact, I know, that if we are in truth and reality the world's banker—and it seems indisputable that we are the custodians of the world's available credit today—we must make foreign loans and investments both for the preservation of our own economic posi-



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tion and in justice and fairness to the rest of the world.

Such has been the experience of those countries, which, for hundreds of years, have been the world's bankers, and I am sure we cannot escape the economic laws which impelled them, and which necessarily impel our citizens, to seek investments for their surplus funds in those markets of the world where returns are most remunerative. The economic effect of this policy has scarcely been considered, and certainly few, if any, have fully appraised it.

THE DAWES PLAN

When the Dawes plan was adopted, most economists and bankers expected it to fail at an early date—some because they questioned whether Germany could raise the large sums demanded—others because they regarded the transfer to other countries of the sums involved an impossibility, and yet, as a matter of fact, Germany has borrowed more from us since the adoption of the plan than she has been compelled to pay to her debtors and, consequently, she has had no difficulty in raising the money or in making the necessary transfers.

To be sure, the day may come when the interest payments required to be made by Germany on her foreign loans, together with the payments required under the Dawes plan, will bring about a crisis in her financial affairs. If and when that time comes, the plan itself provides a method of procedure and it is reasonable to believe that the healing influence of peace and tranquility, which in the meantime will ensue, will make possible, in an atmosphere of justice and equity, an easy adjustment upon a basis fair to all.

Until that time arrives, mere speculation as to what should be done is more than futile and quite as likely to hinder as to further the interests of comity and good will, which in recent years have made so much progress in the former enemy countries.

America is interested in German fiscal

policy because, after all, to no small degree, it is the determining factor in the whole problem of the large intergovernmental debts. As long as Germany can pay the Allies, the Allies ought to have no great difficulty in meeting their international obligations. So long as this is true, discussion of our attitude toward the debts due us by the Allies appears quite academic. When and if, however, there is at some time a further consideration and adjustment of Germany's reparation payments, then conscience and good faith will undoubtedly dictate a further review of the subject of the international debt from our standpoint.

GROUP REFORM MOVEMENTS

Turning from the field of foreign affairs to matters of more intimate, if not more immediate, concern, there is much to attract and hold our attention, though perhaps little to give us cause for alarm. It has always seemed to me that one of the richest blessings of a democracy is the latitude of its individual citizens to criticise "things as they are," their freedom to demand change—a prerogative, the exercise of which, contributes largely to the charm of living, and incidentally does little harm. These outbursts of fervor for some particular cause usually find birth in the otherwise unoccupied intellect of some one individual. Not infrequently, however, converts are rapidly attracted to the alleged cause, thus forming our various sects and groups, which are most industriously working for the accomplishment of their cherished ambitions.

It is perfectly true that many of the so-called reforms are worse, in realization, than the disease they attempt to cure. Thus there is laid the foundation for another assault upon "things as they are." These merry-go-rounds of group reformers are, so to speak, the leaven in the loaf, the salt that saves our body politic from deterioration. The history of our Government is one long story of these forays of mere freeborn average men, and recently women as well, to get

Our Service is Nation-Wide in its Scope

The "United States" in the name of the United States Mortgage & Trust Company means something because the business of this institution is nation-wide in scope.

Besides the customary services rendered to correspondent banks by a New York financial institution, this Company offers special service to banks elsewhere in the preparation and certification of municipal bonds and in appraisals and loans on real estate in New York and other selected cities.

Correspondence is invited from banks, bankers and individuals on any of these matters.

United States Mortgage & Trust Company

CAPITAL, SURPLUS AND UNDIVIDED PROFITS, \$8,000,000

New York

what they want. Sometimes these experiments are brilliant, sometimes merely stupid, many times just ludicrous. Nearly always they reflect so large a measure of selfishness as to rob them of any appeal to the unprejudiced mind.

Given, always, to voicing our protests and demands after this fashion, it is doubtful if we have ever been more thoroughly organized than now, and it is interesting to observe in what diametrically opposite directions the varying groups seem to work. On the one hand, there is no small group which is demanding more and more from those in political control. We want more public schools, more paved streets, more highways, more free bathing beaches, public parks, anything and everything that will add to the joy of living but which requires large expenditures for development. This group is offset by another group, perhaps not so numerous, but no less vociferous, which demands economy in government and ruthless reduction in taxation. They assert, with mounting stacks of figures, that taxes are crushing the life out of business and sooner or later, sooner perhaps, unless controlled, will destroy our very prosperity.

Between these two warring factions, what is a poor public official, or even one who votes for bond issues, and pays the taxes, to do? Perhaps a middle course would be wise. Some public improvements might be deferred and tax burdens made somewhat lighter, but will this happen? Many people doubt that it will. After all, most of us want all the comforts that money or credit will buy, and this in spite of the fact that we know that ultimately we will have to pay.

Someone has said that there is nothing the matter with taxes except that we have to pay them, and since the pain of paying is felt on the average about once a year, whereas the joy of the comforts for which we pay is with us the year round, I am not optimist enough to hope for any marked change in the present trend of such affairs in the immediate

future. Nor am I greatly alarmed about the matter since our largest taxpayers are likewise our largest bond buyers.

And thus it goes, all through our social and political existence. If things as they are do not suit us, we organize our own pet party and start out on a war of reform. As soon as one group finds a serious defect, imagined or real, in any part of our machinery, another group as promptly proposes a remedy, or rushes to the defense of the status quo.

It may be cigarettes or the length of hair and dresses. It may be Wall street or Main Street. It may be agriculture or alcohol, and in passing may we observe that in recent years the former of these two has had rather a rough deal, while the latter has not gotten half it justly deserves.

It may be our banking system, or it may be our business practices. No matter what or where, you are certain to find one group that says everything is all wrong and another group which insists that if people will only do it *their* way, everything will be all right.

FAITH IN "THINGS AS THEY ARE"

The most astounding fact is that the smallest group of all is the group that voices a faith in "things as they are" and a confidence that the nation will endure without radical changes being made; and yet, we seem to be doing fairly well in spite of all the critics of "things as they are," and it seems to me we may reasonably expect a continuance of these conditions for some time to come. We will continue to be governed just about as we have been governed in the past. Honesty and integrity will continue to dominate most human reactions, which means that capital and labor, now happily enjoying the most sane and satisfactory relations in their history, will continue their joint contribution toward a still higher and better standard of living for all our people.

The directing influence of honesty and justice also means that the best intelli-

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gence of public official and layman must continue to focus upon the problems of those who produce the nation's food supply until an equitable and effective solution is found which will restore this fundamental industry to its rightful place in our economic life. In just what direction the remedy lies, does not yet appear, but that it revolves around two cardinal facts seems to me perfectly clear. Justice demands more for those who produce without increased burdens for those who consume. Our next peacetime national hero may well come from the ranks of those who are now devoting their time to a study of our complex and rapidly changing systems of transportation and distribution, especially as applied to our food supply.

This brief digression has taken me away somewhat from my text "things as they are," on which, however, I have undoubtedly said enough to convince you that I believe—barring unthinkable stupidity on the part of all of us—our political and economic future is reasonably secure.

MATERIAL IS NOT DISPLACING SPIRITUAL

There is another group—in fact several of them—which is not satisfied with "things as they are," or as they portend for the future moral and spiritual welfare of our civilization. They fear that the god of the material is displacing the God of the soul. I do not subscribe to their theory, though I do believe that as our wealth and leisure increase, so does our duty of devotion to the finer things of life. Paradoxical as it may seem, it is undoubtedly true that the problems of wealth for the nation, as for the individual, are often as difficult as are the privations of adversity. Humbleness of character and faith in the destiny of man—the sustaining factors of high ideals—do not seem to thrive as they should in the land that flows with milk and honey. And yet, in spite of what our dissenting groups may say, I do not

despair. I am not even discouraged, because I do not believe that this is the first era in human history when apparently men everywhere were chiefly concerned with accumulating wealth and material comforts. The cottage, the vine, and the fig tree of another age were no more than the mansion, the motor, and the money of today. They are all only symbols of man's ambition to provide for those whom he loves. No sadder day could come for art, science, religion, or civilization itself than that wherein the incentive of man to work, to achieve, and to accumulate should fail.

Those who cry out that we are surrendering the things of the spirit to the things of the material, overlook the fact that at no time in the history of the world have men of wealth given as liberally as now to churches, universities, libraries, museums, and all those institutions wherein high ideals are instilled, sterling character is built, and the hope of civilization preserved.

Critics are a splendid influence in the world. Their pointed shafts serve to keep us to the paths of rectitude while they prod us on to the accomplishment of greater good, but we must never allow them to shake our faith in ourselves, our fellowmen, or our national destiny. Perhaps what we need most today, individually and as a people, is a genuine revival of tolerance, a fresh baptism of faith—tolerance for the views and acts of others—a belief in something beyond ourselves, and faith in the destiny of life. If we can have these, it will not matter what our lives are, for we can live them finely.

This then is my hope for our future—that we may be rich without forgetting to be righteous; that we may have leisure without license; that we may be powerful without being offensively proud; that we may be nationally minded without being narrow minded; and finally, that we may live in a world of fact without surrendering our faith.

COMMERCIAL BANKER'S RESPONSIBILITIES FOR HIS INVESTMENT ACCOUNT

By HUGH H. SAXON

THE commercial banker's first responsibility is not to make profits. It is to safeguard his depositors.

When commercial banking was strictly commercial banking, that is when loans were all short time loans, sixty to ninety days or less, it was comparatively easy to safeguard depositors, if one had the necessary credit experience to determine the quality of the commercial credit risk. Of course, there were plenty of men in the banking business who did not have such training and experience, and this fact in part explains why there were so many bank failures. There were other reasons, but this was part of the story.

But today commercial banking is not merely commercial banking. Commercial bankers to an increasing degree have bought long time investment securities for the investment of their funds. Thus, on June 30, 1922, a total of 18,232 state commercial banks held investment securities amounting to \$2,289,487,000, including governments, while four years later, June 30, 1926, a total of 16,493 state commercial banks held investments totaling \$3,192,850,000, including governments. So, under these changed conditions, we have commercial banking with a dash of investment banking.

A number of people have recently been alarmed over the increase in collateral loans and investment holdings by commercial banks. I do not share the feeling of alarm that has been expressed. But I do feel that those of us who are commercial bankers must put ourselves in a position to appraise investment securities as part of our earning assets and as part of our secondary reserve.

It is not my intention to try to talk to you in the jargon of the investment banker or bond salesman. I couldn't if I wanted to. But I've found myself in a position where I have had to learn more about investment securities than was the case some years ago, and a lot of my

friends have told me that they are finding themselves in much the same position.

OLD ORDER HAS CHANGED

The old order of commercial banking has changed, at least for a time. The new order means new problems to study, but the old responsibility continues—the responsibility of safeguarding our depositors. We simply have to face this age-old responsibility with the application of new investment principles.

Roughly speaking, investment securities go up in price when money rates go down, and vice versa. This has always been and is likely to be throughout the rest of our lifetimes. When money is easy and security prices are rising, there is always the temptation to speculate with bank funds—that is, buy investment securities with an idea of making a profit. The only trouble with such procedure is that most of us are not able to foretell exactly what is going to happen to the money market, and none of us has the right to speculate with depositors' money if we are going to adhere to the cardinal principle of commercial banking—safety first for depositors.

So far as I know, there is no mechanical forecaster that will tell us when to buy investment securities and when not to buy them, or when to sell them. One of my economist friends tells me that there has never been a decline in the securities market when prime commercial paper rates have not stood above $4\frac{1}{2}$ per cent. for more than a seasonal period. But as for blast furnace tests or any one of the thousand and one mechanical forecasters, I take no stock in them and maintain the old, conservative position that when a banker is buying investment securities he should buy them as investments and not for a quick profit.

While it is true that investment security prices move inversely with money rates, and that when investment securities are rising all investment securities tend to follow the procession, still it is also true that some investment securities move more rapidly than others and they do not all move at the same time. Some even break loose and run in the opposite direction from the course of the big parade. So, as a commercial banker looking into the matter of investment securities, I find it necessary to ask and get answers to certain questions just as if I were the ordinary bond buyer: What is the capital structure of the borrower? What is the earning record of the company over a period of years? What is the quality of the management of the concern? What are the conditions in the particular line of business, if the security is an industrial one? What have been the conditions in the past and what are the future prospects of the industry? These questions, at least, must be answered to my satisfaction before I feel that I can invest some of our depositors' money in the particular security.

SHOULD ESTABLISH RELATIONS WITH SECURITY HOUSES

Frankly, I do not believe that most commercial bankers are equipped to answer these questions on their own. I know I am not. And I feel sure that the best way is the normal way, to establish investment banking relations with a high-grade, or several high-grade, security houses which can provide us with detailed analyses. Then we must use our own best judgment. Few men have the power to judge 100 per cent. accurately all of the time, and I know of no cut-and-dried rule to follow. It is no professional secret that every banker at some time in his career has rejected loans that later turned out to be perfectly good, and conversely, has made loans which he felt at the time of making were sound, but which later turned out to be sour. But the prize comes to him who makes few losses, and we cannot

yield to the lure of high interest rates without facing a hazard. The temptation for profits is great, but we must remember—safety first for depositors.

If the investment bankers from whom you buy your securities have a connection with commercial banks and understand the problems of a commercial banker, so much the better. All of which is not an advertisement for some of the New York banks, because the bank with which I am connected has a securities



HUGH H. SAXON

Vice-president the Continental and Commercial Trust and Savings Bank, Chicago, who addressed the State Bank Division at the convention.

division itself. I find that I am much better informed if I consult this company and use the facilities it has.

Of course, the nub of the whole matter of safeguarding depositors is the age-old question of liquidity. It is our first job as commercial bankers to keep our assets sufficiently liquid. The question of marketability also enters here, but the bond that is marketable today may not be marketable six months from now.

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Through our National Department we issue mortgagee title policies backed by our Capital Funds of over \$42,000,000, **the largest title guarantee fund in the world.** Our service is prompt and our title policies are issued upon the opinion of an approved attorney in your community, familiar with local conditions.

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SECURE AS THE BEDROCK OF NEW YORK

IMPORTANCE OF MATURITIES

We know about our primary reserves and the regular requirements regarding them, but when it comes to secondary reserves, we have the nice problem of not only getting the right kind of securities but also getting them with the right maturity dates.

We know that we are going to have seasonal requirements and we therefore buy short time bonds or commercial paper to meet these requirements. But even in the case of our long time security holdings it is desirable for us to have maturities arranged so that year in and year out the securities that we buy in the expectation of holding to maturity will give us an inflow of funds regularly and at desirable intervals.

In other words, it would not do to load up with everything maturing in, say 1940 or 1945, because we cannot foresee what conditions will be in that particular year. We should have our maturities spreading over a period of years. Yet you would be surprised to know how many commercial bankers overlook this fundamental point of considering maturity dates when buying securities.

BUILDING AN INVESTMENT ACCOUNT

A proper investment account for commercial banks cannot any more be built up in a year than can an acorn grow into an oak in that period. I would not attempt to lay down a formula or strict rule or even to suggest how much of certain classes of securities should be held in your portfolio, but I have found that some very able bankers in starting to build up an investment account have restricted themselves to bonds of approximately five year maturity for 20 per cent. of what they might expect their investment account ultimately to be. The other 80 per cent. is put into municipals and corporation bonds of a shorter maturity or those that have been called.

The second year about 20 per cent. is put into approximately five year maturi-

ties and 80 per cent. in short term obligations, and so on into the third and fourth years.

At the end of that time, they have 20 per cent. of these bonds maturing each year, and have an automatic, revolving investment account.

This plan, of course, may be extended to longer maturities with the same general principle in mind.

Banks will always find a commercial market for its one, two, and three year maturities because they rightly fall into the class of prime, short time paper. And with its maturities current, it should be able to cash in on short notice, if necessary, 80 per cent. of its investment account, if indeed not 100 per cent.

LIQUIDITY

Liquidity, of course, ties in with the matter of marketability. Even though maturity dates are well planned, something unforeseen may happen that will cause us to need funds. If we do not have commercial paper maturing at that time, we have to dispose of some of our security holdings. Sometimes we even have to dispose of them without making a profit, but the point is that when we have to sell we should be able to sell. Frequently, listed securities are the most marketable investment securities. On the larger exchanges, such as New York and Chicago, there are usually buyers for the securities offered. Listing on such exchanges is then an indication of marketability, but is not an infallible indication. Sometimes listed securities move very slowly. Sometimes trade in unlisted securities is very active. In other words, there is no ready-made formula to guide us in our testing of a security for marketability, and herein lies another of our problems in discharging our obligation to safeguard depositors.

Frankly, I have come to feel that the inclusion of some commercial paper in our secondary reserve program is ordinarily very desirable. Just how big a proportion of commercial paper, I can-

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**Resources Over - - - \$95,000,000.00
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Corporate Trusts - - - 960,000,000.00**

**Accounts of Banks, Bankers, Corporations, Firms
and Individuals Invited**

Acts as Trustee for Corporate Mortgages

PHILADELPHIA, PA.

not say. That is a matter for individual judgment.

In the fall of 1924, when money rates were unseasonably easy, due in part to the open market purchases of governments and bankers acceptances by the reserve banks, many banks throughout the country found it difficult to do much more than cover expenses. They were particularly interested in yield and disinclined to give proper consideration to liquidity.

The feeling was perfectly natural and was one that bond salesmen could have used to considerable advantage, but many of the bankers I know felt that it would be unwise, even under such conditions, to give over the standard of liquidity.

And so, under changed conditions of commercial banking that have been due in part to the Federal Reserve System, that have been due in part to the tremendous inflow of gold from abroad, that have been due to the building up of enormous corporate surpluses, that have been due to a hundred and one other causes—many of us who were jogging along comfortably, making short time commercial loans, find that we have new problems thrown at us for the employment of our funds, whether we will or no.

The old obligation continues; that is, to safeguard depositors. But under changed conditions, we have become security buyers. We are investing part of our bank funds in securities as a secondary reserve. We are asked to

buy securities for customers and give them investment counsel. And whether we like it or not, in the discharge of these obligations, we must know about securities.

SUMMARY

In the investment of our banking funds, we must consider marketability, liquidating maturity dates, as well as price and yield. It is not enough to know what security markets are doing generally; we must know the facts as to each security that we consider. And frankly, gentlemen, there is no ready-made rule we can follow. We must have connections such that we can get at the facts behind securities, and we must learn how to exercise that same quality of credit judgment that we have long been accustomed to exercise in the case of commercial loans. Admittedly, the job of forecasting what is going to happen five or ten years from now is more hazardous than is the task of forecasting what is likely to happen within a period of thirty to ninety days, just as it is more difficult to forecast the weather for 1929 than it is to say what the weather will be tomorrow. However, the very difficulty of this task of exercising credit judgment with respect to long time investments is merely a challenge to our sources of information and to our intelligence.

I do not know the answer to the problem I have raised, but I do know that the members of this organization will meet the challenge.

Opinions Based Upon Facts

MANY enterprises frequently find necessity for impartial and accurate appraisals of situations which have a vital bearing upon their decisions of policy. Being in close touch with the Pittsburgh situation, we are often in position to render important aid to the executives of out of town banks and corporations, who must have facts quickly and accurately.

Your correspondence will be treated with confidence, and welcomed as an opportunity to demonstrate our capacity to serve efficiently.

The
Bank of Pittsburgh
National Association

NATIONAL BANK DIVISION MEETING

New Scheme for Protecting National Bank Depositors; Banks' Battle against Discriminatory Taxation; President Carey Dead.

AN atmosphere of sadness was cast over the meeting of the National Bank Division on October 25, by the fact that Charles W. Carey, president of the division, was absent from the chair. Mr. Carey was taken ill in the early part of the summer. It was hoped that an extended trip would restore him to health. Instead, he grew worse and, shortly before the opening of the convention, he passed away.

The division, however, carried out the program which he had originally arranged. Elmer A. Onthank, vice-president of the division, read the annual address which Mr. Carey had prepared for the meeting.

SAFETY FUND FOR NATIONAL BANKS

In this address, Mr. Carey had written of "a proposal which . . . is thought of as possibly affording greater protection to depositors in national banks. . . . It would provide," he continued, "a fund of \$50,000,000, which would not be reduced at any time, to save weak banking institutions and to prevent failure.

"Briefly summarized, but not worked out in detail, the idea advanced is that when the capital of a bank becomes impaired and the loss is not immediately made good, the Comptroller's office would close the bank, appraise the assets and dispose of such of them as are salable at par, borrow from the \$50,000,000 fund a reasonable amount on the remaining assets and, with the funds thus gathered, pay off as large a percentage of the deposits as possible.

"The bank would then be liquidated in due course, the amount borrowed plus 6 per cent. would be returned to the revolving fund, and out of the remainder of the assets the last of the creditors would be paid and the balance turned over to the shareholders.

"The theory is that were the Comptroller permitted to step in at the first sign of impairment of a national bank and before actual insolvency, the loss to creditors would be practically nothing.

"The question of securing the \$50,000,000 has not been given much consideration, although it has been suggest-



C. W. CAREY

President the First National Bank of Wichita, Kans., and president of the National Bank Division during the last year, who died on the eve of the convention.

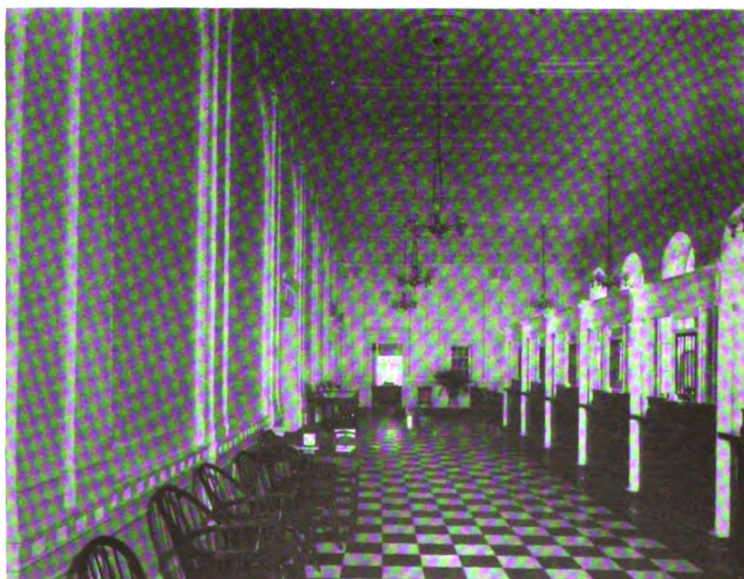
ed that it might be obtained either from direct appropriation or through amendment to the Federal Reserve Act, making it possible for that amount to be taken from the surplus of the Federal Reserve System. . . .

"This proposition has been discussed by the executive committee of the National Bank Division, and there is considerable variance of opinion on the advisability and feasibility of the plan. I

OLD COLONY HOUSE



Entrance Portico



Main Banking Room

Thomas M. James Company

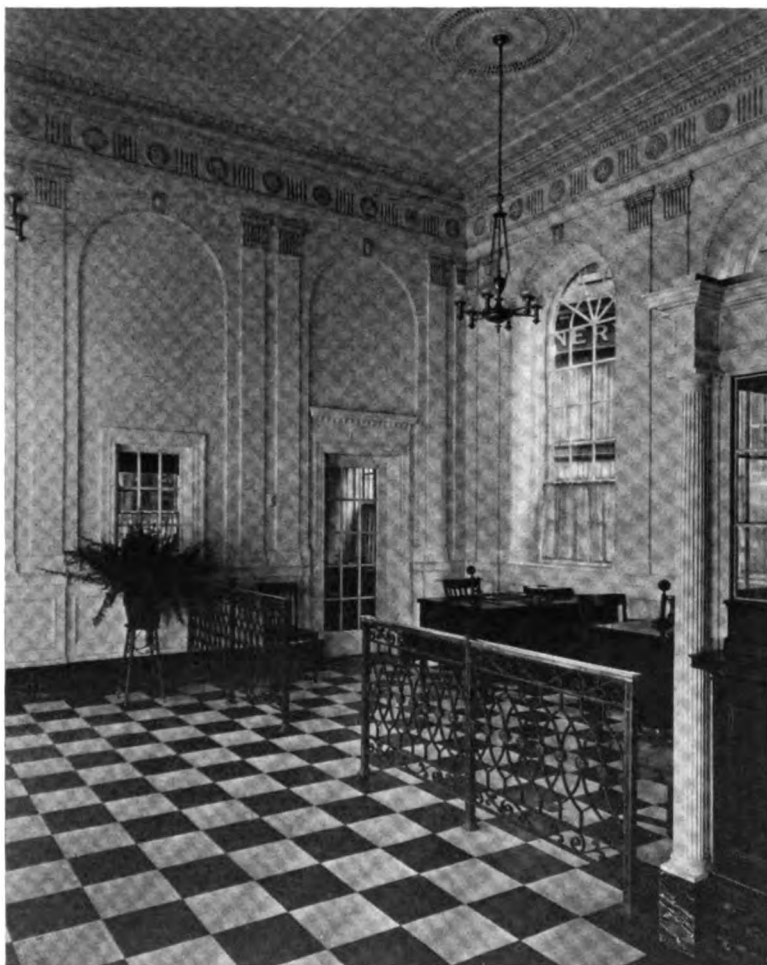
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OLD COLONY HOUSE



Looking toward Officers' Space

These are views of the new home of the Old Colony Cooperative Bank at Providence, R. I., recently designed, supervised and completely equipped by

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The Royal Bank of Canada

Head Office, Montreal

Condensed Statement to the Dominion Government

August 31, 1927

LIABILITIES

Capital Paid up	\$ 29,840,220.00
Reserve Fund	29,840,220.00
Undivided Profits	1,409,674.58
Dividend No. 160, payable September 1, 1927...	891,272.51
Notes in Circulation	36,905,273.94
Deposits	619,446,826.95
Due to other Banks	24,076,412.17
Bills Payable (Acceptances by London Branch)	6,791,753.01
Letters of Credit outstanding	33,670,017.20
	<hr/>
	\$782,871,670.36

ASSETS

Cash on Hand and in Banks	\$101,565,382.76
Deposit in the Central Gold Reserves	11,000,000.00
Government and Municipal Securities	108,292,071.94
Railway and other Bonds, Debentures and Stocks	18,714,296.78
Call Loans in Canada	39,008,049.40
Call Loans elsewhere than in Canada	60,589,177.36
	<hr/>
	\$339,168,978.24
Loans and Discounts	390,910,435.72
Liabilities of Customers under Letters of Credit as per contra	33,670,017.20
Bank Premises	14,482,146.09
Real Estate other than Bank Premises	1,912,087.84
Mortgages on Real Estate sold by the Bank	1,428,005.27
Deposit with Dominion Government for Security of Note Circulation	1,300,000.00
	<hr/>
	\$782,871,670.36

873 BRANCHES IN CANADA, NEWFOUNDLAND, WEST
INDIES, CENTRAL and SOUTH AMERICA, also LONDON,
NEW YORK and BARCELONA.

Auxiliary: THE ROYAL BANK OF CANADA (France)

may say, however, that this committee, including your president, recognizes the fact that any additional protection or safeguards which can be given to depositors in banks should be provided."

Mr. Carey also touched briefly on the declining earnings of banks, which, he said, "is brought about largely by a supply of credit funds greater than the demand, and this, in turn, is due in great measure, to the gradual encroachment of our Government upon the business of loaning money."

BANK INVESTMENTS

Among the proper purchased investments for banks, said H. C. Nicholson, vice-president Packers National Bank, Omaha, Neb., speaking on the above subject, are "call money, acceptances, commercial paper, and bonds. . . ."

"Funds put out on the call money market are well protected by highly negotiable collateral, and by their very nature are extremely liquid. . . ."

"Trade and bankers acceptances enjoy a wide market, have sound security, and are admitted to discount by Federal Reserve banks within ninety days of their maturity. . . ."

"Records show if all commercial paper names were purchased indiscriminately, without credit investigation, buying banks would have lost only 20 cents on each \$1000 purchased. . . ."

"The ideal investment is recognized by certain characteristics: Security of principal; equitable income return; and wide, active marketability. It should be acceptable for rediscount and collateral purposes; be exempt from direct taxation and have a good chance for appreciation.

"Bonds possess these qualities in varying degrees." Government bonds stand in a class by themselves. Municipal bonds, foreign dollar bonds, railroad bonds, public utility bonds, and particularly industrial bonds must be scrutinized carefully. In buying them, Mr. Nicholson said, "the investor might well keep in mind certain fundamental principles:

"The higher the rate, the lower the security.

"Don't keep your eggs in one basket.

"A bond may be known by the company it keeps.

"Don't guess when investing.

"Don't try to guess the exact month to buy nor the exact month to sell.

"Don't try to speculate."

Following these rules, he said, in conclusion, "there is available today such an abundance of vital information concerning investments that the investor



© BACHRACH

ELMER A. ONTHANK

New president the National Bank Division; president Safety Fund National Bank, Fitchburg, Mass.

can, with reasonable certainty, keep his funds profitably and prudently employed."

BEWARE OF TAX COMMISSIONERS

Thornton Cooke, president Columbia National Bank, Kansas City, Mo., chose as his subject "Taxation—National Safeguards."

The safeguards he referred to are:

(Continued on page 761)

“INDEX”

Showing the Handelsbank's Position

On 31st August 1927

in percentage of all Swedish Commercial banks combined



Total Resources23.6%

Deposits25.7%

Comprising:

Deposit and Capital Accounts.....26.2%

Savings Accounts26.7%

Cheque Accounts23.9%

Advances24.8%

Comprising:

Domestic Bills26.6%

Loan Accounts24.4%

Cash Credit Accounts and Current Accounts23.8%

Svenska Handelsbanken

STOCKHOLM

SWEDEN

Branches throughout Sweden • Telegraphic Address: “HANDELSBANK”

STATE BANK DIVISION MEETING

Stricter Regulation Suggested to Prevent Failures; A Needed Change in the Law of Bank Checks; George Demands Tax Reduction.

HOW to check the epidemic of bank failures is the big problem of the State Bank Division. At the meeting on October 24 two speakers devoted most of their addresses to suggesting cures.

President G. E. Bowerman placed most emphasis on the elimination of small banks. Many of them, he said, should never have been created. In the future, applications for charter must be more carefully scrutinized. And the bank commissioner must be freed from political influence.

Dan V. Stephens thought that the supervision of the banks already existing is more important than those yet in limbo. He urged an entire reshuffling of bank examiners—an adaption of the clearing house system of examination to the state and national banking departments.

Of the other three speeches of the meeting, one—that of Hugh H. Saxon on "The Commercial Banker's Responsibility for His Investment Account"—was important enough to be reproduced in full elsewhere in this issue.

O. Howard Wolfe suggested a much needed change in the law concerning the collection of bank checks. Senator George added the political atmosphere to the meeting with a demand for a reduction of the corporation tax.

HOW TO CHECK BANK FAILURES

"Covering the period from 1921 to 1926 inclusive," said Guy E. Bowerman, president Fremont County Bank, Sugar City, Idaho, and also president of the division, "there were 3124 bank failures in the United States—more than a bank failure a day for every day of the entire time. . . .

"During this same period, plus the first six months of 1927, there were 5784 bank charters granted. . . . It would be

interesting to know if all of them served a public need and were under experienced and capable management. . . .

"It is my opinion that, under present methods, the country is or is rapidly becoming, overbanked. . . . One state with 845 banks reporting for the year ending June 30, 1926, shows an average net profit per bank of \$1970. . . .

"Branch banking and chain banking . . . have taken their places in the scheme of things financial in this coun-



G. E. BOWERMAN

President the Fremont County Bank, Sugar City, Idaho, and retiring president the State Bank Division.

try, and are here to stay. . . . If unit banks are to continue and individual banking is to be perpetuated, there must be some change in present methods. . . . Unless we are to finally drift toward the European system of banking . . . it behooves everyone interested to recognize the new conditions which exist, to understand and appreciate that:

MODERN BANK BUILDINGS are generally regarded as the most important institutions in any community.

The public judges a bank largely by its appearance—such a structure should be a monument to the success of the organization.

There are eminently successful banks—housed in inadequate unattractive premises that do not create confidence or express a substantial institution.



Bank and Office Building for City Savings Bank and Trust Company, Alliance, Ohio
Designed by and erected under the supervision of
SIMONS, BRITTAIN & ENGLISH

For a number of years we have given our undivided attention to bank building plan and design never unmindful of the artistic or architectural effect necessary to inspire a feeling of satisfaction in the public mind to cast their lot with a wholesome, healthy organization. The number of buildings designed by us attests our ability.

SIMONS, BRITTAIN & ENGLISH

Designers of Bank Buildings since 1914

GEORGE & WALTER SIMONS, ARCHITECTS

336 Fourth Avenue, Pittsburgh

Philadelphia

Columbus

*We solicit inquiries, furnishing prompt and efficient information
without obligation.*

There should be more bankers in the banking business.

There should be fewer and stronger banks.

The general adoption of better banking methods is imperative.

Greater care should be exercised in investigating the qualifications and fitness of those applying for bank charters.

There should be non-political banking boards in all states.

Bank superintendents should be better paid and should have longer terms, in order that men of the highest integrity and ability may be secured for such positions."

That, in informal phraseology, is the program of the State Bank Division. It will take time to accomplish. The curing of legislative ills is usually a slow process. In the meantime, however, Mr. Bowerman said, individual bankers can do the following things to keep their own banks safe:

They can diversify their loans.

They can keep their loans liquid.

They can co-operate to check duplicate borrowing.

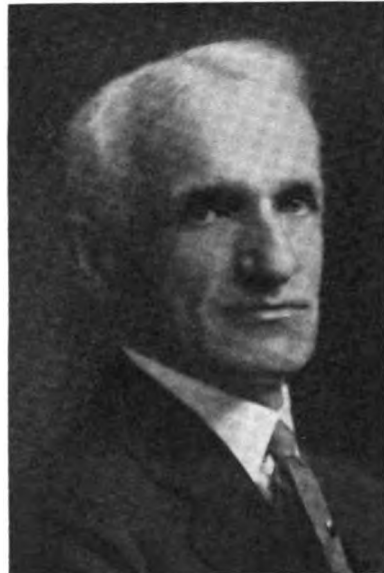
Finally, he urged for voluntary segregation of savings deposits by state banks. "It has happened in the case of a number of failed banks, that commercial depositors, being in closer touch with conditions, have largely withdrawn their deposits, leaving the savings depositors to bear the greater portion of the loss. Moreover, a bank in difficulties and striving to keep going, could, and usually does, demand notice of the savings depositor while it uses its best and most available assets to meet the withdrawals of demand depositors." People are beginning to understand this, and it is destroying confidence in the savings departments of state banks.

STEPHENS' SUGGESTIONS

Agreeing with President Bowerman that "the first and primary cause of bank failures is the excessive number of banks," Dan V. Stephens, president

Fremont State Bank, Fremont, Neb., advocated "Adjusting Banking to Changing Conditions" to remedy the situation.

"The second cause," he said, is the inefficiency of bank supervision by banking department. . . . Remove these two causes, first, by limiting the number of banks to the needs of the country; and second, by adequately super-



M. H. MALOTT

President the Citizens Bank, Abilene, Kans.; new president State Bank Division.

vising those that are created, and bank failures will disappear. . . .

"An independent banking board for each state, made up in the manner the Federal Reserve Board is constituted, would guarantee to the banking business of the country an intelligent consideration of the subject of granting charters."

It is equally simple, he said, to get efficient examination and supervision of existing banks. "All we have to do is to readjust our viewpoint; change the method of approach by adapting the banking departments of the various states

(Continued on page 762)

TRUST COMPANY DIVISION MEETING

How to Judge an Investment Trust; Pooling Trust Investments Opposed; The Insurance Underwriter's Viewpoint; Use of Corporate Fiduciary Urged in Resolution.

THE assets of the trust companies of the United States now total over \$20,000,000,000, said Edward J. Fox, president of the Trust Company Division, in opening the meeting of that division on October 26.

He cited, as the most important work of the division during the year, the publication of the book *Fiduciary Advertising* on which the committee on publicity has been at work for over seven years.

Edgar Lawrence Smith, president the Investment Managers Company, New York City, delivered an interesting address on "Investment Trusts."

He warned the trust men that "as trustee, or as registrar or transfer agent, the name of a trust company is likely to appear upon the circular issued by an investment trust to the public. And it is incumbent upon trust companies to make sure, so far as they are able, that their names do not appear upon circulars describing investment trusts whose activities are likely to prove of doubtful service to investors."

TO ANALYZE AN INVESTMENT TRUST

There are certain fundamental criteria, he said, based upon common sense, by which an investment trust may be judged:

"First of all, an investment trust must serve a purpose useful to the investor." It must not be a mechanism for a quick profit for the organizers.

"It is appropriate to consider next whether its management is competent to achieve this purpose. . . .

"We may next consider the field of investment in which it proposes to operate, and this is to be considered in its relation to the experience and ca-

capacity of the men who are charged with its management. . . .

"In appraising the soundness of an investment trust, then, one cannot neglect to consider the effect upon the security market of its own activities, should they attain to any great proportions. . . .



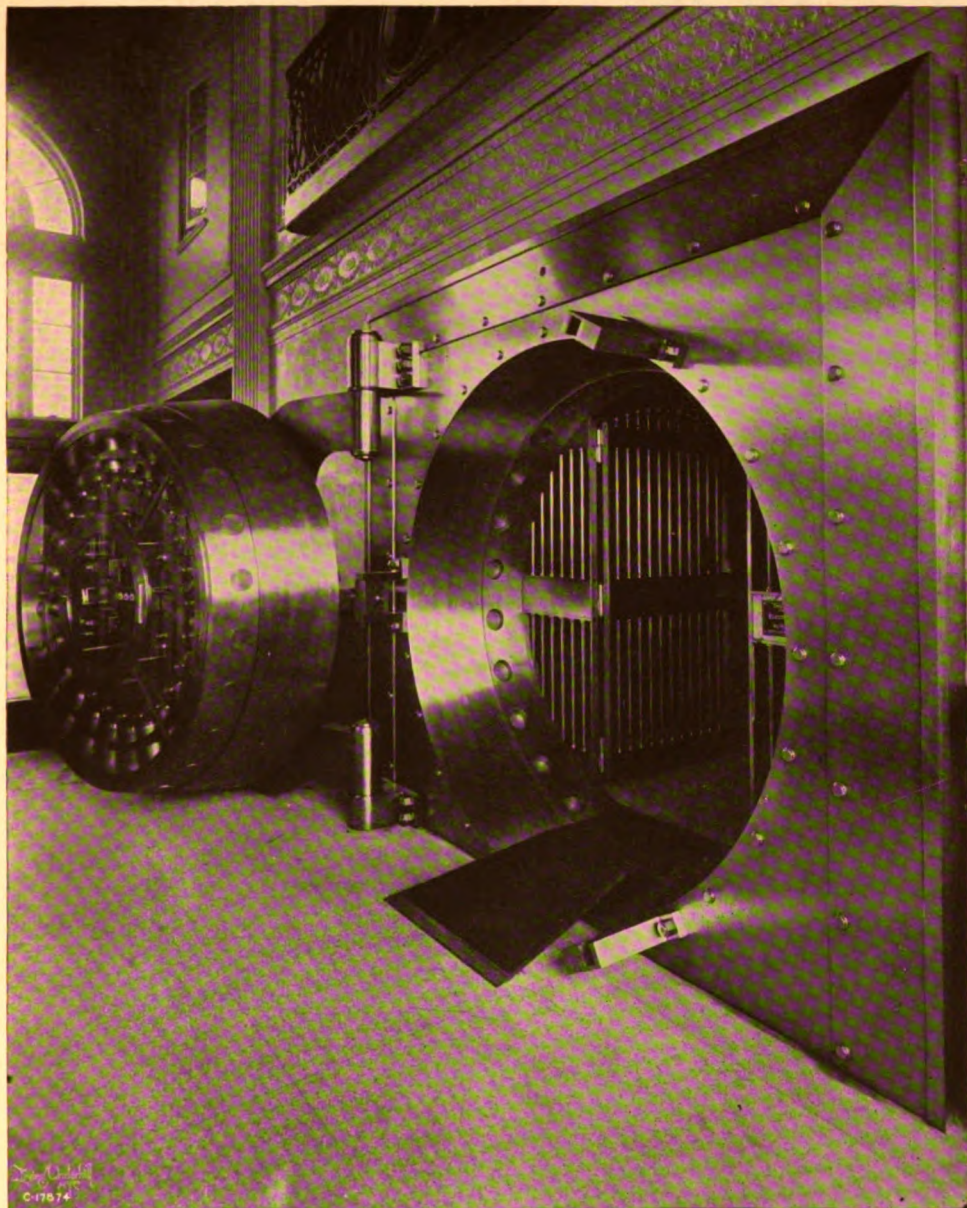
EDWARD J. FOX

Retiring president the Trust Company Division; president Easton Trust Company, Easton, Pa.

"Strangely enough, it may be desirable to learn whether or not the field in which the trust is to operate has any limits. . . .

"Similarly, within whatever field an investment trust operates, it is desirable to know that it has an effective organization competent to serve investors within the field it has chosen.

"Finally, we come to the question of whether or not the structure of the trust is sound."



Entrance to Safe Deposit Vault, Bank of Nutley, Nutley, N. J.

Designed, manufactured and installed by
Herring-Hall-Marvin Safe Co.
Factory—Hamilton, Ohio

New York Chicago San Francisco Birmingham Rochester Boston

Cable Address "Fireproof" New York

The Herring-Hall-Marvin Safe Co. for nearly a century, has built and will always continue to build the same undeviating quality into its product.

NIGHT DEPOSIT SAFE



Customer using the night depository at the Flatbush branch
of the National City Bank of New York

Designed, manufactured and installed by

Herring-Hall-Marvin Safe Co.

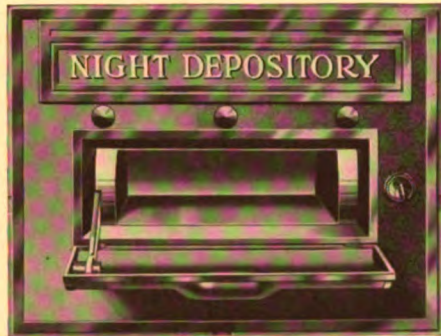
Factory—Hamilton, Ohio

New York Chicago San Francisco Birmingham Rochester Boston

Cable Address "Fireproof" New York

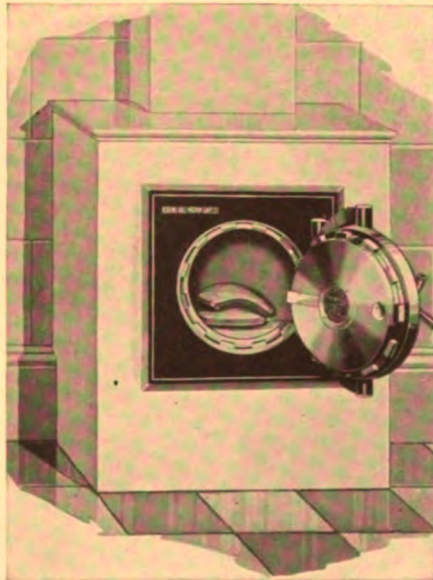
*The Herring-Hall-Marvin Safe Co. for nearly a century, has built and will
always continue to build the same undeviating quality into its product.*

NIGHT DEPOSIT SAFE



Front entrance to night depository in open position ready to receive the customer's deposit bag. In this position the solid bronze cylinder has been rotated so that the hole through cylinder is in a horizontal position with the rear end closed.

Sectional view (above) of bronze entrance showing customer's deposit bag. Cylinder is ready to be rotated by means of closing the outer door. When rotated the cylinder is automatically locked in the closed position. Key can only be removed when cylinder is locked in closed position.



The night safe showing circular door burglarproof safe surrounded with reinforced concrete. Safe may be located in basement or on first floor and made any size.

ADVERTISE YOUR INSTITUTION AS

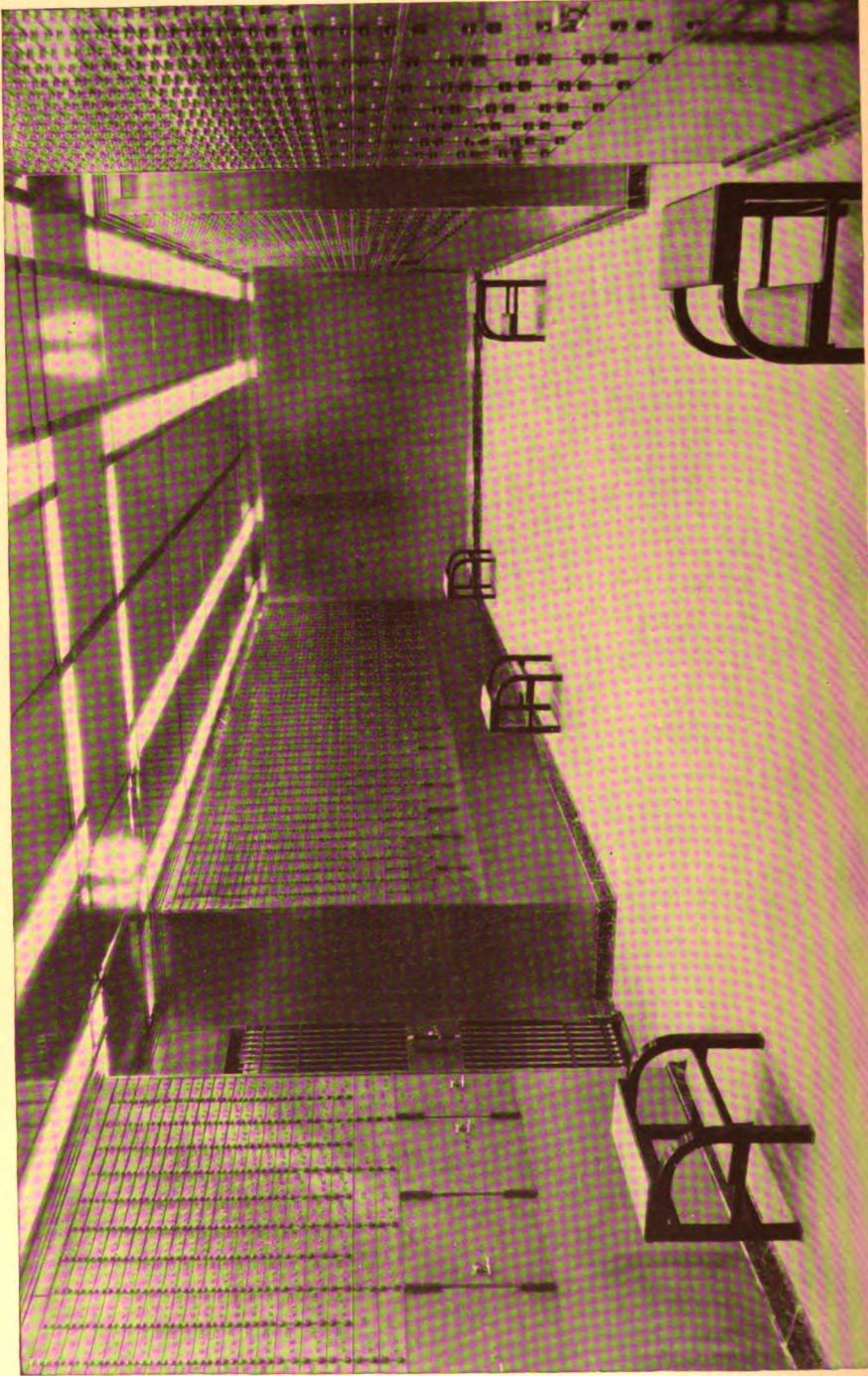
"THE BANK THAT NEVER CLOSES ITS DOORS"

By Installing

**THE HERRING-HALL-MARVIN SAFE CO.
NIGHT DEPOSIT SAFE**

Write for particulars

HERRING-HALL-MARVIN SAFE CO. - 400 Broadway, New York, N. Y.



Interior of vault of the Norristown-Penn Trust Co., Norristown, Pa. A feature of this vault is the diffused lighting system which illuminates evenly the entire vault.
Designed, manufactured and installed by Herring-Hall-Marvin Safe Co., New York, Chicago, San Francisco, Birmingham, Rochester, Boston—Factory at Hamilton, Ohio

A Generation Of Personal Service

The success of this company is the direct result of more than a generation of confidential and **PERSONAL** service in the interests of its customers.

**FULTON
TRUST COMPANY**
OF NEW YORK

149 Broadway
Established 1890

Member Federal Reserve System



NECESSARY RESTRICTIONS

For the protection of the investor, he continued, it is necessary that there should be some restrictions which will clearly define the field in which the trust is to operate. "Some of these restrictions are obviously quite desirable. With regard to others differences of opinion are sure to arise.

"It is obvious, for instance, that an investment trust should insure a reasonable diversification in the investments which it may hold at any one time. . . .

"It is not so generally recognized that a limit should be placed upon the percentage which it is permitted to invest in any one industry. . . .

"Similarly, in those trusts which operate in many countries, a limit should be placed upon the proportion of the fund which may be invested in any one country. . . .

"An investment trust of the conservative type will contain restrictions against investing in newly floated issues

which have not established their markets.

"History again suggests that an investment trust dedicated to the service of investors should contain restrictions to preclude any possibility that its sponsors may in time of stress be tempted to use the trust as a repository for securities which would otherwise find no market. . . .

"There is no necessity," said Mr. Smith to the trust men, in conclusion, "for your institution to accept the trusteeship for any investment trust or otherwise to encourage its organization until you are sufficiently familiar with the investment trust field to rely upon your own judgment as to whether a particular trust for which you are asked to act is likely to bring credit or embarrassment to your company."

AN INTRIGUING IDEA

"The proposition of pooling trust investments is one which has undoubtedly intrigued the thought of most of us at

Pick your pen point by Color!

Red—STANDARD—Suits most writers. A splendid correspondence point. Medium flexibility. For home and general use.

Green—RIGID—Tempered to armor-plate hardness. Will not shade even under heavy pressure. Unequaled for manifolding. The salesman's friend.

Purple—STIFF; FINE—Writes without pressure. Makes a thin, clear line and small figures with unerring accuracy. Popular with accountants.

Pink—FLEXIBLE; FINE—As resilient as a watch-spring. Fine, tapered point; ground fine to shade at any angle. Loved by stenographers.

Blue—BLUNT—An improved stub point. This point makes a broad line. May be held in any position. Liked by rapid writers.

Yellow—ROUNDED—A different pen point. The tip is ball shape. Makes a heavy, characteristic line without pressure. Suits left-handed writers.

The COLOR BAND on the holder tells the story. It indicates, at a glance, whether the pen point is fine or coarse, stiff or flexible. It enables you to quickly choose a pen point exactly suited to your writing.

Waterman's Number Seven

is the only fountain pen that has this simple guide to proper purchase. In addition to the identifying color band, Number Seven has all the features that have made Waterman's pen of preference for years:

The hard *ripple* stainless holder that feels so good and looks so well; the patented clip-cap that grips firmly but does not tear the pocket; the patented spoon-feed that insures instant and continuous flow of ink; a self-filling device easy to manipulate and safe, and big ink capacity.

Truly, Waterman's is a remarkable pen!

Waterman's Ideal Blue Black Ink is recommended for use in Banks — or wherever permanent, non-fading, records are required.

L. E. Waterman Co., 191 Broadway, New York
Chicago Boston San Francisco Montreal

Waterman's

H-2763



\$7.00

one time or another," began the address of L. H. Roseberry, vice-president Security Trust and Savings Bank, Los Angeles, Calif., an attack on "Pooling Trust Investments." Mr. Roseberry was detained at home, and his paper was read by his colleague, Edward Elliott, also a vice-president of the Security Trust and Savings Bank.

The proposal to pool trust investments was most recently brought up by Joseph Chapman, president of L. S. Donaldson Company, Minneapolis, Minn., before the recent mid-continent trust conference.

"It has been an axiom of trust company administration," Mr. Roseberry had written, "that individual trusts shall be kept separate and distinct from each other, without commingling of assets."

If it were found advisable to adopt the policy of pooling trust investments, then, "the practical difficulty of overcoming the previous law and traditions to the contrary, revising and amending the statutes of the various states, and completely revamping public opinion, would be a formidable task which it would take years to accomplish. . . .

"The idea of pooling trust investments undoubtedly originates from the investment trust. . . . Proponents of the investment trust idea assume that there shall be losses on some of the securities in the portfolio, but frankly state that they expect such losses to be outweighed by exceptional profits on other investments in the portfolio.

"Here we have two premises, that of possible losses, and that of occasional speculative profits, that are repugnant to good trust company policy. . . .

"The idea of pooling trust investments is another form of introducing the practice of permitting the trustee to purchase, with trust funds, beneficial certificates or shares in investment trusts; in other words, to create a new classification of securities or investments for trust funds. . . .

"One of the most frequent criticisms of the investment trust plan is that the

management often refuses to publish a statement showing its holdings. . . . Yet any idea of withholding information from beneficiaries as to the contents of portfolios in which they have beneficial interests is repugnant to trust company policy. . . .

"There are other grave practical difficulties which would have to be over-



WALTER SCOTT MCLUCAS

Chairman of the board the Commerce Trust Company of Kansas City; new president the Trust Company Division.

come. It is well known that different earning rates are sometimes advisable for different trusts, and in many cases trusts must have assigned to them specially selected securities in order to protect them against high income taxation. In fact, nearly every trust requires some special kind of treatment, and it would seem to be necessary to have a dozen or more different kinds of pools, varying in earning rate and taxability, maturity dates, etc., to suit the various kinds of trusts in hand. . . .

"Another serious difficulty is that many trusts, both living and testamentary,

(Continued on page 764)

Established 1874

HATHAWAY & CO.

Commercial Paper

Investment Securities

45 Wall Street, New York

Chicago	Boston	St. Louis	San Francisco
Philadelphia	Pittsburgh	Seattle	Los Angeles
Portland	Denver	Hartford	Atlanta
Spokane	Scranton	Richmond	

CLEARING HOUSE SECTION MEETING

Accomplishments of the Division; Ideal Clearing House Association Described; New Orleans' Plan of Co-operative Advertising; How to Check Declining Bank Profits and Bank Failures.

THOUGH not so much of the time of the Clearing House Section meeting on October 25 was devoted to discussing the declining profits of banks this year as last, it was still the most prominent subject on the program. Two of the addresses had it as their major theme.

The address which had attracted most attention on the program, however, was not delivered. Senator Carter Glass was to present "Some Thoughts on the Federal Reserve System." Illness prevented his doing so, much to the disappointment of the newspaper reporters. They had hoped for more fiery utterances from the Senator on the Gov-

ernment's policy of scrutinizing foreign loans.

Mr. Glass was replaced on the program by Governor Ben S. Paulen, of Kansas, who delivered a short address on the need for banks taking an active interest in civic matters and making themselves "the dominant factor in determining whether or not the place called home shall be bigger and better than it ever was before."

WHAT THE SECTION HAS DONE

During the last year, said John R. Downing, president of the section, in his annual report, the Clearing House Sec-



The Oldest National Bank in Worcester

SEND YOUR COLLECTIONS

To this substantial old institution which confines itself almost
exclusively to general banking and collection business

Courteous, Efficient, Prompt Service

Mechanics National Bank

Worcester, Massachusetts

Capital, Surplus and Undivided Profits, \$1,220,000
Deposits, \$16,500,000

FRANCIS H. DEWEY
Chairman of the Board

FREDERIC B. WASHBURN
President

SAMUEL A. ELLSWORTH
Vice-President

EDGAR L. RAMSDELL
Vice-President

NELSON C. KEYES
Cashier

ALICE F. SHEEHAN
Assistant Cashier

RODNEY WASHBURN, Assistant Cashier

tion has accomplished the following:

Organized seventeen new clearing house associations, bringing the total number in the United States to 406.

Prepared and issued in pamphlet form Standard Articles of Association, Rules and Regulations for Clearing House Associations.

Conducted a vigorous campaign for the universal adoption of the standard check sizes and uniform face arrangement.

Revised, in collaboration with the American Warehousemen's Association, the Standard Warehouse Contract Terms and Conditions.

Reported uniform standard credit forms for corporations, partnerships, individuals, and farmers.

Prepared, in collaboration with the Associated General Contractors of America, a standard financial statement and experience questionnaire for contractors.

Assisted in the establishment of the First Nebraska Bankers Credit Clearing House Association.



JOHN R. DOWNING

Retiring president the Clearing House Section; vice-president Citizens Union National Bank, Louisville, Ky.

Conducted a study of the payroll problem and published a report thereon.

Worcester County Institution for Savings

Incorporated 1828

Assets over

\$50,000,000

The Largest Savings Bank in Worcester

Corner Main and Foster Streets
Worcester, Massachusetts



O. HOWARD WOLFE

Cashier Philadelphia-Girard National Bank of Philadelphia and new president the Clearing House Section, who also addressed the State Bank Division on "Archaic Court Decisions Affecting Check Collections."

Begun the preparation of a proper budget applicable to banks of all sizes. This work, however, will not be finished before next spring.

THE IDEAL CLEARING HOUSE ASSOCIATION

C. A. Chapman, president First National Bank, Rochester, Minn., painted a picture of what the ideal clearing house association should be in his remarks on "The Clearing House, Preserver of American Independent Banks."

The ideal clearing house association, he said, has a credit bureau, wherein is centralized all detailed credit information covering the entire field of the association. It realizes that a safe and sound bank is one which is making liberal profits, otherwise it cannot sustain unavoidable losses. It examines into and restrains destructive, cut-throat and predatory competition among its members. It examines into taxation, fixes the hours for doing business, and intermediates among the members whenever found necessary.

Providence National Bank

PROVIDENCE, R. I.

Second Oldest Bank in America

ESTABLISHED 1791

**Local and Out of Town Accounts Handled
Correspondence Solicited**

DIRECTORS

Robert W. Taft
Charles H. Newell
William B. McBee
John Ormsbee Ames
William Gammell, Jr.
John B. Lewis

Moses J. Barber, *Chairman*
Paul C. DeWolf
Frank E. Richmond
Richard S. Aldrich
Edward P. Jastram
Earl G. Batty, *Vice Pres.*

A. Livingston Kelley
Wilson G. Wing
John Nicholas Brown
Thomas L. Pierce, *Pres.*
Lauriston H. Hazard
William L. Sweet

Capital \$1,500,000

Surplus \$2,500,000

Undivided Profits over \$300,000

The ideal clearing house association provides a system of examination carried out by the aid of an adequate staff of highly trained and broadly experienced bankers devoting their lives to the specialty of bank examination. Directing the work of the clearing house examiners, and determining policies and remedial measures there is the executive committee of the clearing house association, composed of five or more committeemen elected by the members of the association for terms of years.

The ideal association combats the organization of promotional banks or the creation of institutions for which there is no public necessity and continually brings its influence and prestige to bear on banks which do not comply with the best practice and ethics. It presents to the public a solidarity in the banking group which invites and supports the public confidence.

The ideal clearing house association maintains the necessary system of protection, and where necessary installs intercommunicating burglary-alarm sys-



FRED W. ELLSWORTH

Vice-president Hibernia Bank and Trust Company, New Orleans, La., who spoke before the Clearing House Section on "How Co-operative Advertising Cuts Costs and Builds Business."

100-fold diversification in a single investment

An investment in Cities Service securities is an investment in a nation-wide organization made up of more than 100 companies. Cities Service subsidiaries operate in 32 states and foreign countries.

Not only are Cities Service activities diversified geographically but industrially as well. The organization's earnings come from three essential industries—electric light and power, natural and manufactured gas, and petroleum. This diversification means unusual protection for investment dollars.

With this safety feature also goes good yield. Cities Service Debentures yield $5\frac{1}{2}\%$ and more, Cities Preferred stock $6\frac{1}{2}\%$ and Cities Service Common stock over $8\frac{1}{4}\%$ in cash and stock dividends. Since 1911 the Company has paid total dividends on its Common stock in excess of \$90,000,000.

It will pay you to investigate the strong securities of the \$650,000,000 Cities Service organization.

**Clip and mail
the coupon**

**Henry L. Doherty
& Company**
60 WALL ST. NEW YORK
BRANCHES IN PRINCIPAL CITIES

HENRY L. DOHERTY & CO.
60 Wall Street, New York City

Please send me, without obligation, full information about Cities Service securities.

Name

Address

(158C-138)

tems, policing, transportation of money and securities, and, in general, presents a solid front to the criminal world with which it makes no terms and with which it will neither settle nor compromise, even on restitution.

Finally, it conducts continuous study, through appropriate committees, of all local conditions in which it participates, investigates new methods and new practices, and keeps itself abreast of the best banking knowledge applicable to the local needs.

Unfortunately, he concluded, all the clearing house associations do not possess all these attributes. "Still we ought to have them. We could possess both the mechanism and the spirit to use the mechanism if we really wanted them. . .

"Then the foundation would be laid for a new era, in which banking would come to recognition as a learned and ethical profession. It would make its mistakes, but would know how to correct them skilfully. It would have its times of stress, but would be fortified against them, and with diversification and diffusion of risk, the possession of common counsel and recognized aims of skilled service adequately compensated, we should again come to be proud of our day's work, and the depleted prestige of banking would be restored."

HOW CO-OPERATIVE ADVERTISING FOR BANKS WORKS

For some years New Orleans has been experimenting with co-operative advertising for banks. Bankers in other parts of the country have wondered how effective it was, what it cost, and whether it was worth while. Fred W. Ellsworth, vice-president Hibernia Bank and Trust Company, New Orleans, La., answered these unasked questions in his address "How Co-operative Advertising Cuts Costs and Builds Business."

"The New Orleans plan," he said, "is achieving the five-fold purpose of: (a) Building mutual good will among

(Continued on page 766)

— BI-CENTENARY YEAR —

Royal Bank of Scotland

(INCORPORATED BY ROYAL CHARTER 1727)

Capital (fully paid) £2,500,000

Rest or Reserve Fund £2,571,249

Deposits, (October 1926) £40,457,710

HEAD OFFICE : St. Andrew Square, Edinburgh

General Manager : Sir Alexander Kemp Wright, K.B.E., D.L.

Secretary : J. B. Adshead

With 26 District Branches

LONDON CITY OFFICE : 3, Bishopsgate, E. C. 2

Wm. Whyte, Manager

John Robb, Deputy Manager

LONDON (Drummonds Branch) : 49, Charing Cross, S. W. 1

Under the charge of the Messrs. Drummond. W. H. Smith, Manager

GLASGOW OFFICE : Royal Exchange Sq. and Buchanan St.

Thomas Lillie, Agent

W. Donald, Sub-Agent

With 32 District Branches

220 BRANCHES THROUGHOUT SCOTLAND

Every description of British, Colonial and Foreign Banking business transacted

Accounts opened and Agency Business undertaken for Foreign and

Colonial Banks and Financial Establishments

Correspondence Invited

SAVINGS BANK DIVISION

Morehouse Lists Signs of the Times; The Reason for School Savings; How the Crooks "Pluck a Lily."

WHOWER arranged the program of the Savings Bank Division is to be complimented. It was among the best of this or any other convention. The addresses were timely, interesting, informative and—best of all—they were delivered, not read. The program had balance. It was not too long. Altogether it was just about all that a divisional meeting program ought to be.

SIGNS OF THE TIMES

President W. R. Morehouse, vice-president Security Trust and Savings Bank, Los Angeles, Calif., in speaking on "The Trend of Banking" listed the following "signs of the times:"

Bank mergers are becoming quite

common. This means, stronger, more efficiently operated banks.

The number of bank failures is declining.

There is a reduction in the number of bank robberies.

Bankers are meeting in groups to consider co-operation in solving their community financial problems.

The bank depositor is getting advice on investments from his banker.

There is a concerted movement on the part of bankers to discourage the promiscuous use of the term "banker."

More attention is being given to a new phase of thrift—the wise spending of money.

Banks are educating their customers and their clerks in every day banking.

Finally, there is a tendency to show

BANK OF SCOTLAND

CONSTITUTED BY ACT OF PARLIAMENT 1695

AUTHORISED CAPITAL	£4,500,000
PAID-UP CAPITAL	£1,500,000
RESERVE FUND and BALANCE CARRIED FORWARD	£1,785,966
DEPOSIT and CREDIT BALANCES as at 28th February, 1927	£31,936,520

Governor . . THE RIGHT HONOURABLE LORD ELPHINSTONE, K. T.
Deputy Governor . SIR RALPH ANSTRUTHER of Balcaskie, Baronet

Head Office: THE MOUND, EDINBURGH.

GLASGOW, Chief Office: 2 ST. VINCENT PLACE, JAMES T. MACDONALD,
and A. W. M. BEVERIDGE, Joint Managers

LONDON Office: 30, BISHOPSGATE, E.C.2, J. W. JOHNSTON, Manager

**227 Branches and Sub-Bran­ches in Edinburgh, Glasgow,
and throughout Scotland.**

**Every Description of British and Foreign Banking Business
transacted.**

GEORGE J. SCOTT, Treasurer

a higher regard for the part the American girl and the American boy play in banking.

"Briefly summed up," said Mr. Morehouse, in conclusion, "the signs of the times give assurance that banking is approaching a period of great improvement. Never before have there been so many constructive banking movements under way at one time. . . .

"If I read the signs of the times correctly, there is every reason to believe that banking in the United States is on the verge of a great advance—that in the future our banks will be greatly strengthened and their service improved, as the natural result of the many constructive movements under way."

In recognition of his success as president of the division, Mr. Morehouse was presented with a handsome scroll, signed by all the members of the executive committee, expressing the appreciation of the division for the most successful year in its history. The certificate cited Mr. Morehouse as a "distinguished American" for his work in the interest

of all those who seek to improve their position and to achieve financial independence, and for his eminent and constructive services in combatting falacious advertising, inspiring a high hope of accomplishment and encouraging initiative among all people.

SCHOOL SAVINGS OR INCOME MANAGEMENT?

To explain "School Savings" which he said is a misnomer, W. Espey Albig, deputy manager of the A. B. A., traced the steps by which the United States has developed so that "shortened hours of labor, the high wages, the sales pressure, have made more imperative the education of the people in the matter of thrift and income management.

"The elimination of all home industry," he continued, "has sent the various members of the family into different occupations, and has eliminated the family council from a consideration of a basic budget for operating the home. . . .

"In the face of this change in Ameri-

ESTABLISHED 1810

Commercial Bank of Scotland Ltd.

Incorporated by Royal Charter and Act of Parliament

CAPITAL

Subscribed	£5,500,000	Reserve Fund	£ 1,850,000
Paid Up	£1,750,000	Deposits (1st Nov. 1926)	£33,180,000

HEAD OFFICE

14 GEORGE STREET, EDINBURGH

ALEX ROBB, General Manager

MAGNUS IRVINE, Secretary

Princes Street, Edinburgh, Branch, 118 Princes Street

LONDON OFFICES

City Office: 62 LOMBARD STREET, E. C. 3

AND. W. RUSSELL, Manager

JOHN M. ERSKINE, Asst. Manager

Kingsway Branch: IMPERIAL HOUSE, KINGSWAY, W. C. 2

JAMES O. DAVIDSON, Manager

GLASGOW CHIEF OFFICE

113 & 115 BUCHANAN STREET

ANDREW SCOTT, Manager

W.M. COCHRANE, Asst. Manager

The Bank has 315 Branches and Sub-Offices in Scotland, and is in direct touch with every district, and in a favourable position for dealing with general banking business. Banking Correspondents throughout the United Kingdom, and in the principal cities of the world.

Foreign Exchange business transacted, and Agency for Colonial and Foreign Banks undertaken.

The Bank is prepared to undertake the duties of Executor or Trustee under wills and settlements, and to act as Trustee, for Debenture Holders, and for Public Bodies and Institutions.

can life, there has been no commensurate development in training the children in the meaning and use of money. . . .

"Fifty years ago, the ordinary child, upon reaching 18 years of age, had a pretty exact knowledge of how it was necessary to spend his income so as to secure its utilization for his best interest. Today, at 18 years of age, the youth, in many cases, has not begun to earn an income, and is spending upon emotional reactions funds which are contributed by his parents, the value of which, in terms of work, he has no knowledge, and scant consideration. . . .

"Bankers, economists, and social workers saw the result of this lack of education. As a result, desiring to improve the situation but without an analysis in many cases of the underlying factors, they have supported the first movement which gave promise of remedying the situation. The agency utilized was school savings. . . .

"The teaching of thrift, however, does not solve the complex problem of making a living, and too frequently has



W. R. MOREHOUSE

Vice-president Security Trust and Savings Bank, Los Angeles, Calif., and retiring head of the Savings Bank Division.

The Union Bank of Scotland

LIMITED

Established 1830

Subscribed Capital	£5,000,000
Paid Up	£1,000,000
Reserve Fund	£1,400,000
Deposits (2nd July 1927)	£24,822,049

Chairman—His Grace THE DUKE OF ATHOLL, K.T. NORMAN L. HIRD, General Manager

Head Offices:

GLASGOW—Ingram Street EDINBURGH—George Street

189 Branches throughout Scotland

LONDON OFFICES—62, Cornhill, E. C. 3

West End Branch—1, Regent Street, S. W. 1

*Adapted in Every Way to Carry Through All Forms of Banking Business
in London and Scotland*

Every description of Home and Foreign Banking transacted.

Letters of Credit issued on all places at home and abroad; Cable Remittances, Freight Collections, Ship's Disbursements Credits, Commercial Credits, &c., arranged. Bills of Exchange and Shipping Documents collected or negotiated subject to approval. The Bank also undertakes the duties of Trustee and Executor.

At London Offices Current Accounts and other business conducted on the usual terms of London Banks. Deposits received at interest.

WE INVITE THE ACCOUNTS OF FOREIGN BANKS AND BANKERS



© UNDERWOOD & UNDERWOOD

GEORGE L. WOODWARD

Treasurer South Norwalk Savings Bank, South Norwalk, Conn.; new president Savings Bank Division.

been associated simply with saving or stinginess or miserliness. . . . Happily,

however, school savings was rescued early from this category, and has had a tremendous growth in the last ten years. As more educators have turned their attention to the cause of this phenomenal development, they have discovered that its underlying cause is a desire for knowledge of income management. . . .

"The whole matter, as it concerns patriotic Americans, simmers down to this simple proposition: Are we satisfied in this democracy to follow simply the European countries into the shadows—old age pensions and unemployment doles—or do we rather prefer to continue the work for our people's personal independence, achieved through a knowledge of income management. . . .

"The materials are at hand: Reorganization in some places, refinement of method in many cases, may be necessary. The utilization of psychology to the same degree as has been done in salesmanship will bring equally good results in income management. . . .

"The important thing now, however,

(Continued on page 768)

National Bank of Egypt

Head Office: CAIRO

Capital (fully paid) - - £3,000,000

Reserve Fund - - - - £2,675,000

LONDON AGENCY

6 and 7 King William Street, E. C. 4

Branches in all the Principal Towns in
EGYPT and the SUDAN

STATE SECRETARIES SECTION MEETING

A Full Program—Discussions on County Organizations, Profits, Taxes, Robberies, Education, and Employes.

THE program of the meeting of the State Secretaries Section on October 24 included twenty-minute discussions on: County Organizations; How Can Banks Make More Money; Bank Taxation; Protective Work; The Low Down on this Public Education Business; Should there be a Limit to the Variety of Associations' Activities; Financing the State Banking Associations; The Young Banker Behind the Grilles—What Can We Do for Him; and Group Trip Excursions.

A schedule was made out for these various discussions and the speakers were, so far as possible, held to their schedule.

In spite of schedule, brief speeches, and all, two of the discussions had to be omitted. Henry S. Johnson, secretary South Carolina Bankers Associa-

tion, was prevented from leading the discussion on "Financing the State Banking Associations" by a long and serious illness. The "Group Trip Excursions" discussion had to be omitted because of lack of time.

NO NEWS ON COUNTY ORGANIZATION

Practically no new features of "County Organization" were touched on in the discussion on that subject led by M. A. Graettinger, secretary Illinois Bankers Association. The discussion consisted almost entirely of a series of reports by several association secretaries on what their states are doing. They agreed that county organization is a valuable unit in state association work. They agreed that a county credit bureau leads to a better understanding among

First National Bank

Birmingham, Ala.

United States Depository

Capital	\$1,500,000.00
Surplus and Profits over	4,000,000.00
Deposits over	42,000,000.00
Total Resources over...	50,000,000.00

Oscar Wells, President
 K. W. Berry, Vice-President
 Thomas Bowron, Vice-President
 Chas. F. Zukoski, Jr., V.-Pres. & Tr. Of.
 F. S. Foster, Cashier
 Paul Angell, Asst. Cashier
 W. D. Robertson, Asst. Cashier
 W. C. O'Ferrall, Asst. Cashier
 Wade Fleetwood, Asst. Cashier
 Earl C. Woltersdorf, Asst. Trust Officer
 B. F. Clowdus, Auditor

the bankers of a county, and that it is not expensive. Finally, they agreed that rural clearing house associations would do much to prevent bank failures.

THE PROFIT IN SERVICE CHARGES

Wall G. Coapman, secretary Wisconsin Bankers Association, in introducing the discussion on "How Can Banks Make More Money?" said that taking the country as a whole, 60 per cent. of the commercial accounts of the average bank runs less than \$50 each, and that this 60 per cent. carries not to exceed 5 per cent. of the total deposits.

The first way banks can make more money, then, is in imposing a service charge on unprofitable accounts. Another is by imposing a schedule of charges for miscellaneous services, such as the drawing of papers, etc. F. P. Fellows, secretary Minnesota Bankers Association, said that one bank in Minnesota made

\$3500 last year from all of its miscellaneous services. Haynes McFadden, secretary Georgia Bankers Association, told of another bank in Georgia which is realizing 35 per cent. per year on its capital, through miscellaneous charges.

BANK TAXATION TOO HIGH

There are three systems of taxation, said F. P. Fellows, secretary Minnesota Bankers Association, in introducing the subject of "Bank Taxation"—the uniform general property tax, the income



HARRY G. SMITH

Retiring president State Secretaries Section; secretary Kentucky Bankers Association.

tax, and the classified system of taxation.

Under all these systems, attempts are consistently made to tax banks more heavily than other moneyed capital. They are frustrated only by section 5219 of the Revised Statutes of the United States, which requires that national banks shall not be taxed more heavily than other moneyed capital. The present situation is unsatisfactory because of the number of ways in which the states avoid this prohibition.

It might be better, some have said, to amend section 5219, to permit national banks to be taxed, providing the tax was the same on state banks. However, this is hardly possible at present.

The income tax is another solution, but many state constitutions prohibit an income tax.

Another suggestion is to tax all competing intangible property as bank stock



WILLIAM A. PHILPOTT, JR.

New president the State Secretaries Section; secretary the Texas Bankers Association.

is taxed. In some states this would mean penalizing other forms of intangible property.

The only remaining alternative is to tax bank shares at what would be a fair rate of taxation on intangible property. This seems to be the most satisfactory. This is the system in use, and very satisfactory, in Pennsylvania.

AGAINST BANK ROBBERIES

A number of the state secretaries described methods of preventing or punishing bank robbers peculiar to their states,

12 Years' Growth

Assets

1915—\$318,000

1917—\$1,082,000

1919—\$2,330,000

1921—\$3,400,000

1923—\$4,742,000

1925—\$5,358,000

1927—\$6,513,000



in the discussion on "Protective Work," led by Frank Warner, secretary Iowa Bankers Association.

In Oklahoma, for example, there is a statute which provides that where firearms are used in the robbery of a bank, the penalty may be from twenty years to life, or the electric chair.

In Iowa, the state bankers association has run two annual short courses for law enforcing officials. They are attended by sheriffs, police chiefs and officers, and county attorneys. All sorts of law enforcement questions are discussed: How to observe evidence, how to make out papers, how to make an arrest, how to serve a warrant, etc.

In Kansas the state association holds an annual elimination shoot for the "vigilantes," not so much to increase the marksmanship of the men as to give them something in which they will be interested. The vigilantes are not paid sufficiently to compensate them for the

Blackstone Canal National Bank

of Providence, R. I.

THIS Bank was established ninety-six years ago, in 1831. An advertisement in the first issue of *The Bankers Magazine* would have shown capital of \$434,650, surplus of \$16,543, deposits of \$18,020, notes and exchange discounted \$543,648.

Today capital of \$500,000 is supplemented by surplus and profits of over \$900,000, deposits total over \$4,000,000, loans and discounts \$2,700,000, bonds, etc., \$3,000,000, and total assets over \$6,000,000.

Officers

ALBERT R. PLANT, President
JOHN B. BRANCH, Vice-Pres.
CHARLES P. BROWN, Cashier

**SPECIAL ATTENTION TO
RHODE ISLAND COLLECTIONS**

work they do, and this is just a little extra compensation.

In North Dakota, the bankers, instead of organizing their own vigilante system, have been prodding the public officials, with good effect.

TEACHING BANKING TO THE PUBLIC

C. F. Zimmerman, secretary Pennsylvania Bankers Association, attempted to give the other secretaries "The Low Down on this Public Education Business."

"As the work of public education stands today," he said, "it may frankly be admitted that except in widely scattered and in comparatively few communities, the banker is no longer giving consistent attention to the public speaking program. In proportion as the soberness of the people has returned, as they have had to face anew their economic problems, the senior banker has

become less conscious of the urgency of the situation."

The work of the Pennsylvania Bankers Association in public education, first of all, requires \$3000 a year.

"We have made," said Mr. Zimmerman, "a reprint in booklet form of the series of 'Talks on Banking and Elementary Economics for the Eighth Grade.'

"A carefully chosen key-banker is appointed in each county of the state. It is his duty to establish a personal contact with the county superintendent of schools, under whose direction the importance of the work is presented before the annual teachers' institute, and a copy of the booklet placed in the hands of each teacher. Teachers are asked to read one of the talks to the scholars on each of four successive Friday afternoons and to have the pupils write essays on each talk after it is read. Rural schools are especially interested in the subject matter and reports clearly indicate that the teachers themselves value the talks very highly."

Russell Smith of California reported a system much the same as that of Pennsylvania. The cost was \$3000 also. But in California about half of the money is spent for the salary of a field agent.

"It wasn't hard," said Mr. Smith, "to sell bankers with vision the idea of public education . . . but it was hard to encourage them to get out and actually take an active part in it."

The secretaries from Arkansas and from North Carolina both reported that their greatest success with public education had been through the A. I. B., or through A. I. B. men.

"In most cases," concluded Mr. Zimmerman, "the banker fails to respond because too much is asked of him. It is difficult for him to maintain his enthusiasm for a speaking program in which he is frequently called upon to go over the same ground. . . .

"The primary objective, therefore, is to enlist the help of the banker as the contact point in his county, asking him to do only the specific work of keeping

(Continued on page 770)



Remodelled Main Entrance of the Palisade Trust and Guaranty Company, Englewood, N. J.

The interesting and unique type of design of this main entrance is the result of a remodelling of the old entrance. The entire old building remained standing and it was necessary to make additions to sides and rear as well as the main entrance. The result is an unusual but complete and uniform building.

HOLMES & WINSLOW

*Specialists in Bank Architecture
and Interior Equipment Complete*

153 East 38th Street - - New York



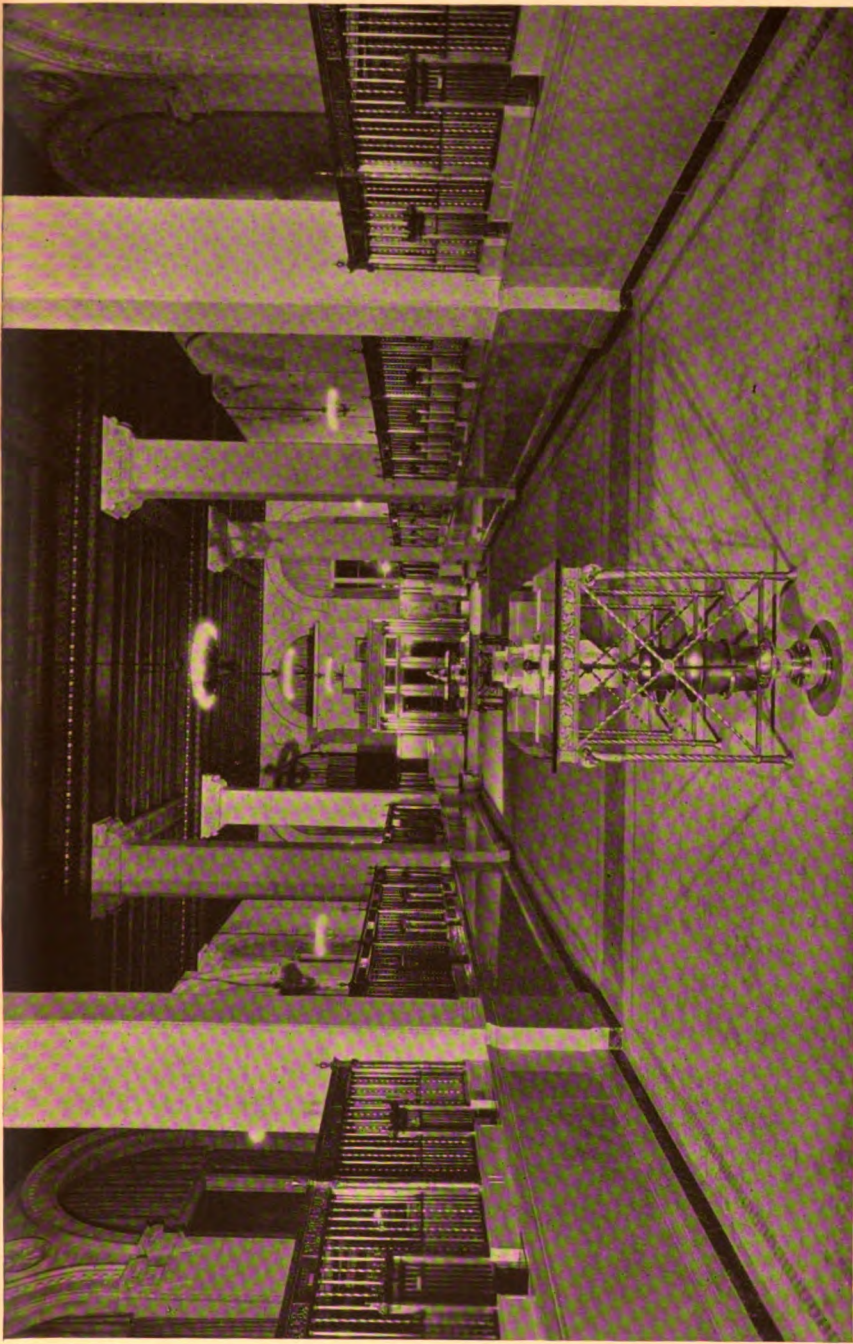
The recently completed building of the First National Bank of Tampa, Fla.

This new combination bank and office building gives the First National Bank of Tampa, Florida, one of the most completely equipped banking houses in the South.

HOLMES & WINSLOW

*Specialists in Bank Architecture
and Interior Equipment Complete*

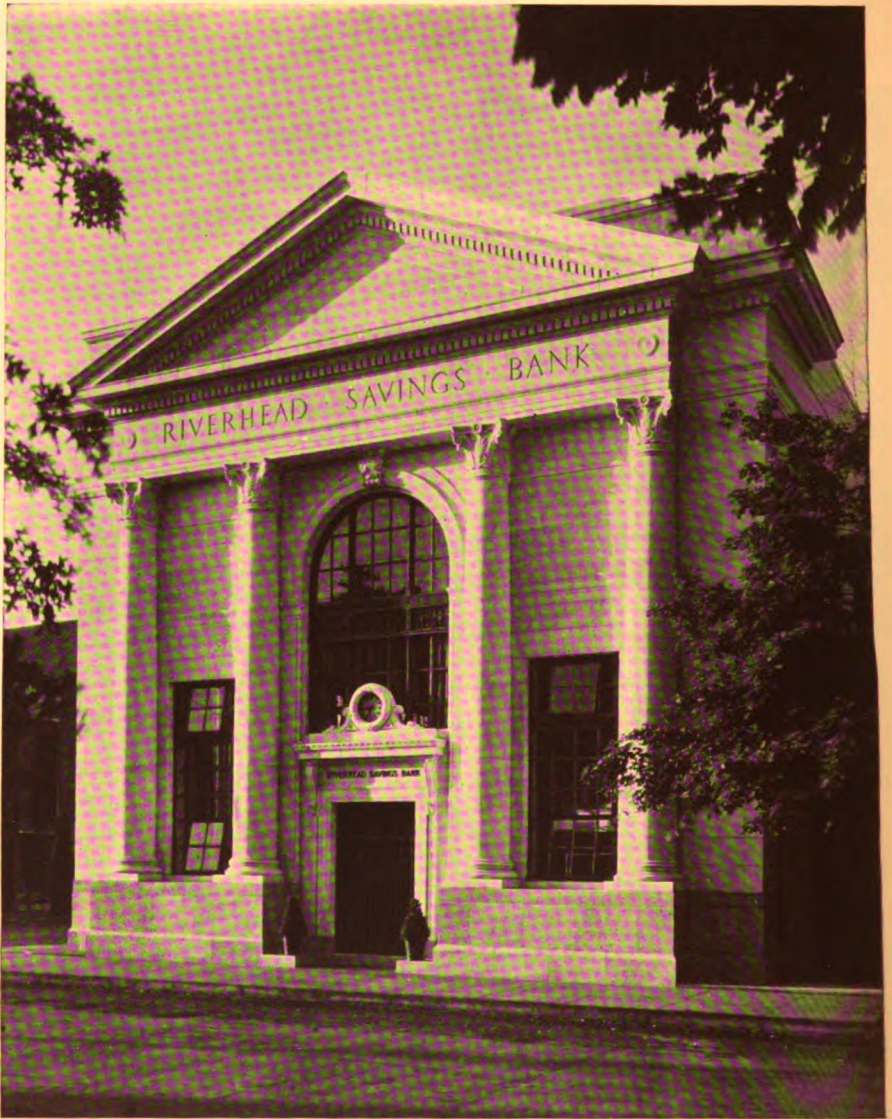
153 East 38th Street - - New York



Interior of the new building of the First National Bank, Tampa, Fla. The bank occupies the main and two mezzanine floors and there are twelve floors of offices above. The floor of the main banking room is laid with travertine and marble mosaic in various patterns. The walls are of travertine, the lighting fixtures are of bronze and iron in polychrome. The ceiling is painted in dull gold and polychrome.

HOLMES & WINSLOW

Specialists in Bank Architecture and Interior Equipment Complete
153 East 38th Street . . . New York



The new building of the Riverhead Savings Bank, Riverhead, N. Y., is entirely detached, permitting light on four sides. The building is of modified Italian Renaissance design and is faced with Dover white marble.

HOLMES & WINSLOW

*Specialists in Bank Architecture
and Interior Equipment Complete*

153 East 38th Street - - New York

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(Continued from page 568)

PROBLEMS OF THE FUTURE

dicating that the figures for 1927 will be almost as high as those for 1926.

Here is inflation with a vengeance, and notwithstanding temporary reactionary spells, the big show will doubtless go right on until the credit supply gives out or until European competition calls a halt and then losses may be suffered because of slumps in stocks and bonds and mortgages and real estate, that may equal the losses that were suffered because of slumps in commodities in 1920.

FLORIDA AS AN OBJECT LESSON

To business men and economists who believe that we cannot have inflation and a reverse until commodity prices rise, let us call attention to the case of Florida and see what happened there.

Here was a tremendous real estate inflation made possible by the influx of a golden stream from the north that became the basis for a huge increase in bank loans. The loans and the investments owned by all of the banks in Florida, rose from \$141,000,000 in 1921, to \$563,000,000 at the end of 1925.

Surely no one will deny that Florida enjoyed all of the thrills of the greatest real estate inflation of recent times, and that when the available credit became so scarce that there were no more funds for "binders," this inflation wound up with the inevitable slump, carrying with it huge losses, widespread insolvency and a general state of business paralysis and stagnation. And all the time that this bubble was expanding, hardly a man could be found in Florida who would admit that any inflation existed, and as for the commodity price index, it is interesting to note that the United States Bureau of Labor Statistics reported that the cost of living index in Jacksonville actually fell from 85.8 in 1921, to 81.7 at the end of 1925.

If this could happen in Florida, why can it not happen, in a less acute manner, in America as a whole?

While we may experience reactions from time to time, it is hardly to be expected that the great inflation of 1927 will crumple up for some little time to come, because running true to form, the inflation in securities and real estate will doubtless go on until the supply of credit becomes scarce, and the huge amount of unused potential credit in the Federal Reserve banks, together with the gold that has been warehoused to secure gold certificates, should insure us against a serious credit shortage for a considerable number of months at least.

Nevertheless we should not overlook the fact that should we finally encounter European competition or other conditions that would bring about an export of gold, the few hundreds of millions of credit might be called for that would send the banks to the Federal Reserve to rediscount, and an actual scarcity of credit might then be not far away, for the danger is not going to come from lack of available gold in the Federal Reserve, but from the fact that this gold can only be used—outside of the open market operations of the Federal Reserve banks—through the rediscounting of notes by the member banks.

When the member banks turn to the Federal Reserve for the purpose of rediscounting notes, they will be surprised to learn how little of their recent increase in loans is really eligible for rediscount under the law, and will also be grieved to know how non-liquid and unmarketable have become a large part of the securities, other than Government obligations, that they have purchased or loaned against.

The pressure will be directed against the member banks, and huge gold reserves locked up in the vaults of the Federal Reserve will be of small avail if the member banks do not possess the eligible paper that can alone be exchanged for the gold.

Politically we may hold aloof but financially we must be international in our viewpoints. Europe we must help,

The latest
**FINANCIAL
 STATEMENT**
of New England's largest bank

as of October 10, 1927



RESOURCES

Cash and Due from Banks.....	\$63,064,867.38	
United States Securities.....	28,992,607.08	
Loans, Discounts & Investments.....	308,045,205.76	
Accrued Interest Receivable.....	1,482,042.52	
Banking Houses.....	10,107,077.82	
Customers' Liability Account of Acceptances.....	28,253,712.62	
Items in Transit with Foreign Branches...	1,533,602.73	
Total	\$441,479,115.91	

LIABILITIES

Capital.....	\$20,000,000.00	
Surplus & Profits.....	23,718,044.19	\$43,718,044.19
Reserves including Interest, Taxes and Unearned Discount.....	3,185,552.58	
Acceptances Executed.....	29,952,954.19	
Acceptances and Foreign Bills Sold.....	17,997,653.58	
Deposits.....	346,624,911.37	
Total	\$441,479,115.91	

The **FIRST**
 NATIONAL BANK *of*
BOSTON

1784 :: :: 1927

Foreign Branches
 BUENOS AIRES AND HAVANA

European Representatives
 LONDON, PARIS, BERLIN

more for our own interests than theirs, and might it not push off our day of trial if our banks were to seek the liquid loans they cannot find at home, in those more conservative centers in Europe where the demands for actual liquid business loans are keen. And would it not be safer for us to induce bank funds to flow to Europe by calling to the attention of banks the dangerous nature of available loans on this side of the water, rather than by a cheapening of credit here that it is supposed to prompt banks to find better rates abroad, but that in large measure now turns banks toward

even slower loans in the quest for better rates at home?

Perhaps the time is here when we can convince business that the millenium has not arrived and that we will some day have another great reverse. Should we not try to make this period of great inflation an exception to the hitherto unbroken rule, and prove to business men that inflation really does exist, before the day arrives when they will first learn about it to their sorrow?

The elephants appear to be a long ways down the road, but they're on the march. Hold your horses!

DIRECT MAIL ADVERTISING FOR BANKS

By E. E. McCleish

The following article is taken from an address by the author before the Direct Mail convention in Chicago in October. Mr. McCleish is president of the Chicago financial advertising concern of Wm. Elliott Graves.

IF every banker in his community could personally visit once a year every man, woman and child in that community and talk to them in a friendly, informative, helpful way it would revolutionize America in more ways than one.

Since it is impossible for this busy executive personally to touch all the individuals whom he must influence—both for their sakes and for the sake of his own bank growth and personal influence—the one medium which most nearly approximates his personal visit, his personal influence, is a personally addressed message to the individual man or woman whom he would like to influence.

Direct mail, properly addressed, properly clothed—as to color, design, illustration and typography—with sane, sincere, persuasive, informative messages, is the nearest approach he can hope to reach toward insinuating his personality, his vision, into the homes, the lives and the business of his community. I believe, then, in direct mail because I believe in the banker and I believe in the necessity and the dignity of his work.

Too many direct mail people, when they talk, insist on direct mail as the one and only effective force for the building up of the bank's business. It wouldn't be so useful if it had to be that. It cannot, nor does it propose to, displace newspaper advertising; that must remain a great force, even when shabbily used. The newspaper is the medium for reaching the mass consciousness of the community. The job of direct mail, as I see it, goes deeper, quite a bit deeper, than the newspaper campaign. Direct mail begins with the fundamentals of the organization. The newspaper is its courier.

Assuming that you have accepted direct mail for banks as a sound practice, your next query is "What shall we say, and how?" And that leads us to consider our objectives. What is your advertising objective? It is one of three things: (1) the waste basket; (2) the prospect's desk; (3) the prospect's mind.

If you are aiming at the waste basket, it doesn't matter a whit what you say, and you may well hunt for whatever service or material seems to be the great-



*Choose Your
Correspondent well—
then use it well!*

**NATIONAL
BANK**

**FIRST NATIONAL BANK
IN ST. LOUIS**



St. Louis' Largest Bank

— IN ST. LOUIS

Reg. U. S. Pat. Off.

est bargain for quantity per dollar. Buy it by the ton and scatter it like dead leaves. Thus, you will be going through the motions of direct mail advertising; but, why not take the dollar bills themselves and pick out a nice waste basket and get all the fun of pitching them in yourself, because that is just about how much good thoughtless advertising and thoughtless publicity does for the bank.

If you are aiming for your prospect's mind via his emotions, then you must see to it that your message has a proper and pleasing dress; it must invite attention by the proper use of excellent art work, good paper, satisfying typography. And then your bank advertising must be made really important through copy that is strong and sincere enough to influence men and women to change the habits of a life time. This kind of copy can be written and is written only by men with brains and hearts that know how to ache and yearn and suffer in creation.

To inspire others to action, your advertising—your direct mail message—must have finally a spiritual content that is just as outspoken as this inspiring little booklet turned out by an officer of one of the great banks in New York City.

Let me read it to you, it is one of a series of a dozen vital messages:

"The Bank for Savings makes no apology for asking people to save. It has been doing it for 107 years.

"This bank was the first to promote the savings bank movement in this country. Early in 1816, it held the first meeting ever held to start a savings bank.

It has been preaching the message of thrift ever since and we have no regrets.

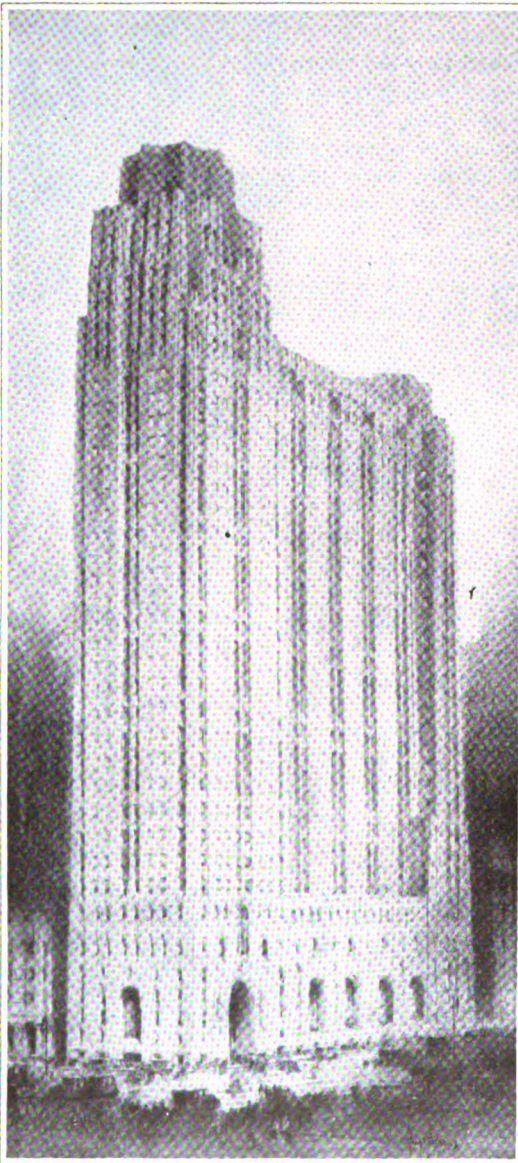
"If the Man of Nazareth were here today He would be preaching the same message. And He would be preaching it, not to the shepherds on the hillsides, but to the throngs in the city.

"Help us to help the other fellow, whoever he is."

That comes as close as I have ever seen advertising come to putting over a spiritual mission in a great community. If you ask, does it pay, let me tell you that new accounts are being opened every day by folks who heard that story and folks who answered that evangelism. The last report I had was 9800 new accounts in the first 120 days of the campaign—9800 accounts and \$6,000,000 increase in deposits.



Unusual mingling of the age-old East and the new West in this picture showing coolies and a motor truck towing a modern vault door built by the York Safe and Lock Company of York, Pa., for the Kingcheng Banking Corporation of Shanghai, China. The Chinese doubted the ability of the truck to carry such a great weight. The door was installed under the direction of Palmer Bescherer, far-eastern manager of the York Safe and Lock Company.



New Union Trust Building, Detroit, now under construction

ONE of the soundest of maxims is: "He profits most who serves best." Realization of its truth pervades this entire organization as we start construction of our new home—a memorial of more than 36 years of faithful service and an assurance of even finer and broader service in years to come.

Union Trust Company

*First Trust Company in Detroit—
Friend of the Family
Griswold at Congress Street
Detroit*

PROBLEMS IN BANK CREDIT

BY M. E. ROBERTSON

THE BANKERS MAGAZINE has secured the services of a capable credit man to answer the inquiries of readers on current problems of the credit manager. Questions of general interest to credit men and bankers will be answered and only the initials of the persons asking the question will be used. In case the question is not one of particular interest to bank credit men as a whole or is one which has been answered before, a reply will be made by mail.

In order that all questions may be answered intelligently, it is requested that they be direct and to the point, but that sufficient necessary detail be included to enable the editor to draw the proper conclusion. Inquiries should be addressed to the Editor, Bank Credit Problems, THE BANKERS MAGAZINE, 71-73 Murray Street, New York.

QUESTION: I have often noticed that industrial companies have only one account for surplus, although sometimes they head this item "surplus and undivided profits." In bank statements usually two items are shown, one of "surplus" and another of "undivided profits." Will you please advise why industrial companies do not show this slip up?
P. C. O.

ANSWER: In the case of bank accounting, the surplus account is generally held as a formal account. All earnings first go to the undivided profits account and this account is kept sufficiently large to absorb any ordinary losses or special charges without touching the surplus account. Transfers from undivided profits to surplus are made only upon action by the board of directors and enough leeway is generally kept to insure the permanence of the surplus account. The legal limit which the bank can loan is based upon its capital and unimpaired surplus account. With industrial companies, this formality does not follow. All profits go direct to surplus, charges are made against it and the same rigid practice as in the case of banks is not followed.

QUESTION: I have often wondered concerning the various expressions, own note, straight paper, indorsed paper, etc. These expressions do not seem to be used in a uniform way. Any data which THE BANKERS MAGAZINE can give re-

garding the general practice will be valued.
W. E. M.

ANSWER: You are probably well aware of the general meaning of some of these expressions, particularly the latter named. Single name paper is generally construed to be paper carrying only the name of the maker. Indorsed paper is generally construed to be paper carrying an indorser in addition to the maker. The other two expressions mentioned, i. e., own note and straight paper, are often used in a conflicting way and also often in a shrewd way. Straight paper is generally construed to be paper carrying the name of the maker only. Own note may be straight paper and it may be indorsed paper. In other words, it is a rather indefinite expression. Some shrewd bankers in replying to inquiries will state that they have loaned the person on his own note. This banker may have an indorsement which he does not want known and uses the expression "own note." It is, perhaps, an expression to question. The other expressions—straight paper, indorsed paper, single name paper—cannot be used in such a vague way. If the expression is, "own paper indorsed," that is another story.

QUESTION: When a company makes a statement showing an amount of cash held in escrow, what place should such an item of cash be given in the analysis?
F. E. D.



LIBANUS M. TODD



GEORGE W. TODD

These men have built

an "AAA₁" business on protective service to banks

IN 1899, Messrs. Libanus M. and George W. Todd started to manufacture and sell a check protector—the Protectograph. A wood-shed was the first "factory."

Today the financial rating of The Todd Company is "AAA₁," the highest. Two great plants at Rochester and Chicago cover six acres.

More than a million Protectographs—models for every business and personal need—are in use in sixty-four nations.

The Todd Check Signer—a new machine—is everywhere being acclaimed as one of the greatest achievements in the modernization of business routine. Banks, investment houses, municipalities and business organizations that issue checks in quantities now save the time their executives formerly wasted signing checks by hand.

Todd Greenbac Checks, which flash "VOID" the instant a forger's acid touches

the paper, are added protection for the circulating funds of 200,000 banks and business houses.

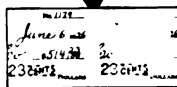
Bank depositors everywhere know Super-Safety Checks, which The Todd Company supplies to banks for their depositors. Banking institutions have found that these attractive checks bound with Antique Moorish Covers are a dignified sales asset that brings new depositors into a bank. The Bankers' Supply Division of The Todd Company, which manufactures Super-Safety Checks and Antique Moorish Covers, conducts an advertising service that has been used by thousands of banks with gratifying results.

Get in touch with a Todd representative or address an inquiry to us. The Todd Company. (Est. 1899.) 1139 University Ave., Rochester, N. Y. *Sole makers of the Protectograph, Super-Safety Checks and Todd Greenbac Checks.*

TODD SYSTEM OF CHECK PROTECTION



1 The Protectograph eliminates a large percentage of all check frauds by preventing raised amounts. It is made in a variety of standard models, one for every type of business—\$37.50 up. For private use the Personal Protectograph at \$20 has a nation-wide popularity.



2 Todd Greenbac Checks, with their patented self-canceling features, eliminate another major source of possible check losses by preventing change of paper's name, date and number and "counterfeiting." The instant the forger's acid is applied countless imprints of the word "VOID" appear.



3 Standard Forger's Bonds cover the remaining check-fraud possibilities, namely, outright forgery of signature or of endorsement. As preferred risks, Todd users qualify for such bonds at large savings from the Metropolitan Casualty Insurance Company, New York.

ANSWER: First of all, the reason why it is held in escrow must be determined. It is most naturally held pending the fulfilment of some obligation on the part of the company. The item of cash should not be counted as a current asset, unless the liability is considered as a current liability. The asset should not be considered as current in the statement if there is a chance of something happening which would take it out of current assets or its immediate use is not of benefit to working capital. Current assets and liabilities are figured to determine working capital and current position and assets which have no part in the determination of these factors should not be considered.

QUESTION: What is meant by the term "definitive bonds?"

C. C.

ANSWER: Definitive bonds are permanent bonds. That is, when a corporation will float a bond issue, the investment house will issue what is called interim certificates, which are evidence of the purchase and which are held by the purchaser to be exchanged for the permanent engraved bonds when the latter are ready. These permanent engraved certificates are the "definitive bonds."

QUESTION: We have several accounts of houses doing an import business. We have noticed, in looking over their profit and loss statements, that they add items such as freight, duties and incoming charges to the cost of their goods.

This, of course, figures into the amount of their merchandise inventory. Is this considered good accounting and is it the usual practice?

J. O. C.

ANSWER: Yes, that is quite the usual practice. On much imported merchandise the duties are very large and are an important item in the cost of the goods. These charges may rightfully be considered as additions to the purchase price when figuring inventory.

QUESTION: I am a young merchant just starting in business. It will be necessary for me to take notes or trade acceptances from time to time. Would it be better for me to take notes or trade acceptances?

J. E. H.

ANSWER: A note can be merely an accommodation paper and does not of necessity represent a merchandise transaction. In the case of a trade acceptance, a statement on the face reads that the transaction was a bona fide one and represents the actual sale of merchandise by the seller to the purchaser (the acceptor). So far as the general use of the two instruments is concerned, you will probably find the use of the note more general. There has been considerable effort to bring the trade acceptance to more general and prominent use by merchants (the use of notes having been much abused) and thereby enable the banker to readily know what paper represents actual merchandise transactions.



A dividend record uninterrupted for 47 years

THROUGH almost a complete half century, A. T. & T. and its predecessor have paid dividends regularly. Its earnings—increasing each year—provide an ample margin of safety above dividend requirements, thus increasing the stockholder's equity.

Vital facts for investors to know about A. T. & T.:

Bell System service has ever kept pace with the nation's development. ¶ Its management is far-sighted, conservative, and yet progressive. ¶ Its laboratories employ 3,500 trained workers, searching for means to bring the nation's telephone service nearer to perfection. ¶ Its plant investment of \$3,000,000,000 includes telephone and central office equipment costing over \$1,000,000,000, over 54,000,000 miles of wire, 16,000,000 poles and 2,000 owned buildings. ¶ A. T. & T. owns over 91% of the combined common stocks of the operating companies of the Bell System. ¶ Its stock can be bought in the open market to secure a good return. Write for booklet, "Some Financial Facts."

BELL TELEPHONE SECURITIES CO. *Inc.*

195 Broadway



New York City

BANKING AND COMMERCIAL LAW

Important Decisions of Current Interest Handed Down by State and Federal Courts Upon Questions of the Law of Banking and Negotiable Instruments

CHECKS SIGNED BY TREASURER OF CORPORATION AND DEPOSITED TO HIS INDIVIDUAL CREDIT

Eastern Mutual Insurance Company v Atlantic National Bank, Supreme Judicial Court of Massachusetts, 157 N. E. Rep. 520.

A BANK receiving checks for deposit is not put upon notice by the fact that the checks are signed by the treasurer of a corporation, are payable to the treasurer's order and are deposited in the treasurer's individual account. If the treasurer misappropriates the proceeds the bank will not be liable to the corporation provided it has acted in good faith.

In this case the treasurer of the plaintiff insurance company, who was authorized to draw checks against the company's account in the Boston Safe Deposit & Trust Company, drew a series of twenty checks aggregating \$46,000 against the account. The checks were payable to his own order and he deposited them in his individual account in the defendant bank, by which they were collected in regular course. The treasurer withdrew and misappropriated the proceeds. The defendant bank had no actual knowledge of the fraud. It appeared that the checks were numbered consecutively and that those bearing the higher numbers were deposited before those which bore the lower numbers. It also appeared that each check had a space in which could be indicated the purpose for which the check was given and that the treasurer had written the word "securities" in the space on each check.

It was held that the defendant bank was not responsible for the amount misappropriated by the treasurer. In reaching this conclusion the court decided that the bank was not put upon inquiry be-

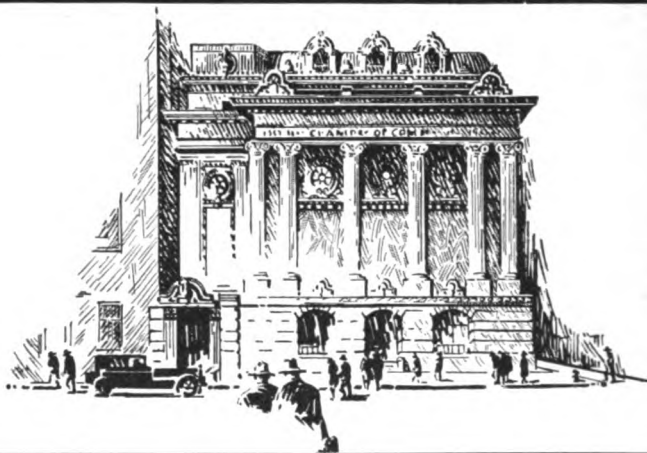
cause the checks were payable to the treasurer individually, nor by the fact that the checks bearing the higher numbers were deposited first, nor by the fact that the word "securities" was written on the checks.

This decision represents the law in Massachusetts but it is not a safe decision to follow generally. There are decisions in other jurisdictions to the effect that a bank is put upon inquiry by the fact that a check signed by a corporate official and payable to his order is offered for deposit to his individual credit and is liable if the proceeds are misappropriated. In a recent English decision, *Underwood Ltd. v. Liverpool* (1924) 1 K. B. 775, it was said: "If banks, for fear of offending their customers, will not make inquiries into unusual circumstances, they must take, with the benefit of not annoying their customers, the risk of liability because they do not inquire."

WAIT, J. The plaintiff, a mutual insurance company, seeks to compel the defendant, a national bank, to account for and pay over to it the amount of twenty checks drawn on the Boston Safe Deposit and Trust Company by one Jackson, the then treasurer of the plaintiff, payable to his order as an individual and deposited by him in his personal account in the bank. It is agreed that:

"Throughout the year 1924 and for several years before the plaintiff had a deposit account subject to checks drawn by Jackson as treasurer in the Boston Safe Deposit and Trust Company of Boston. Throughout 1924 and for several years before, Jackson had a deposit account of his own with the defendant. He appropriated funds of the plaintiff to his own use by drawing as treasurer from time to time twenty checks on the bank account of the plaintiff with the Boston Safe Deposit and Trust Company, each of which was made payable by him to his own order, indorsed by him, 'For

LOOKING AHEAD



AT the opening of a new year of service and opportunity, we wish to express to our depositors our appreciation of their past business. We hope that throughout the coming year they will make full use of our facilities and personal cooperation.

The Interstate is a bank of personal contact where all banking transactions can be transacted promptly and satisfactorily under the supervision of officers.

The increased strength and service facilities of this institution enables us adequately to meet the banking requirements of customers both large and small.

We hope you will not hesitate to call on us for any banking service.

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George S. Silzer, President

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deposit, C. S. Jackson,' and deposited by him on his personal account with the defendant. The proceeds were then checked out by him from time to time for his own purposes and benefit. There was no limitation known to the defendant upon Jackson's authority to draw checks as treasurer, except such as the law would impose. * * * The defendant in the ordinary course of business credited the checks in the above list to Jackson's personal account and promptly presented them through the clearing house to the drawee which immediately paid them and charged them against plaintiff's account and once a month sent them to plaintiff with a statement of account in an envelope addressed to Jackson, who concealed these checks from the plaintiff's other officers and employes. Jackson also deposited on his personal account with the defendant from time to time other funds not derived from checks drawn on plaintiff's bank account. The defendant never received any part of the proceeds of the checks in the above list for its own use or in payment of any indebtedness to it but paid out the amounts from time to time upon Jackson's checks. Jackson's account was never overdrawn and defendant never made any charge to him for banking privileges. The defendant acted throughout in good faith and had no knowledge or notice of any want of authority or improper conduct on the part of Jackson unless chargeable with knowledge or with want of good faith from the form of the checks and the other facts" which are referred to in this opinion.

The checks were deposited at various times. Two in each of the months January, February, April, June, and July; one in May, September, and November; four in August; and three in October, 1924. Nine of them were for \$1000 each; four for \$2500 each; three for \$1500 each; two for \$2000 each; one for \$5000; and one, the first, dated January 3, 1924, for \$13,500. They bore consecutive numbers from A 1981 through A 1996, and from A 2474 through A 2477; but those bearing the higher

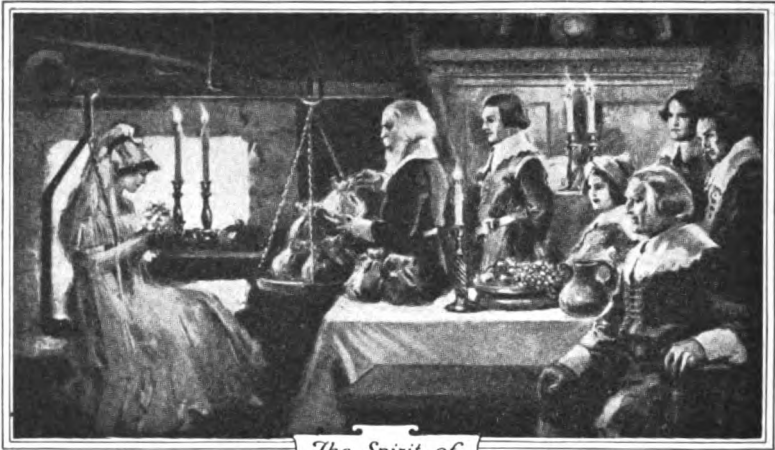
numbers were deposited before those bearing the lower ones. Each check bore on its face at the left-hand side a ruled space for an account with the heading, "By indorsement this check is accepted in full payment of the following account," and, at the foot, the words, "If incorrect please return. No receipt necessary." In this space Jackson had written the word "Securities." A transcript of Jackson's account with the bank was in evidence. His wrongful misapplication of the plaintiff's funds to his own purpose was discovered in December, 1924.

The law is settled that:

"A banker having no interest in the matter, who pays out money on deposit on the fraudulent order of the person who by the terms of the deposit had the right to draw on the account, is liable only when he is privy to the depositor's fraud." *Newburyport v. First National Bank*, 216 Mass. 304, 103 N. E. 782, citing *Allen v. Puritan Trust Company*, 211 Mass. 409, 97 N. E. 916, L. R. A. 1915C, 518, and *Gray v. Johnson*, L. R. 3 H. L. 1.

The burden of proving the banker privy to the fraud is on the party who asserts it. *Allen v. Fourth National Bank*, 224 Mass. 239, 244, 112 N. E. 650. There is here no evidence to establish privity unless it be that the checks drawn by Jackson as treasurer and payable to his order in his individual capacity; the word "Securities" in the account on the face of the checks or the reverse numbering of the several checks and the state of the account require inferences of knowledge or of reason for inquiry which would have led to knowledge.

There is nothing to cause suspicion in the account. Nor do the numbers on the checks justify an inference of wrong doing. A bank cannot be expected when a check is presented for deposit or payment, to compare the number which it bears with that on all other checks, drawn by the same depositor, then in its hands. There is no good reason to expect that checks will be presented in the order of



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WHEN John Hull, the mint master of the Massachusetts Bay Colony, gave his daughter her weight in pine-tree shillings as a dowry, he knew that each one of these coins, the first to be minted in any of the colonies, was of full weight — and exact fineness.

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their issue. There is no evidence that the bank kept a record of the numbers, and, unless it did, it would not have perceived the reverse sequence of numbers which looks so suspicious when the series from January to November is shown in a single list.

It is argued that the word "Securities" should have occasioned inquiry because of G. L. c. 175, § 64, which forbids an officer in a corporation like the plaintiff to be interested pecuniarily in any purchase, sale, or loan of its funds. The law presumes that persons are acting honestly, and there are many ways in which the treasurer of such a company could rightfully be paid money in transactions with securities. Moreover, it has been held that a bank paying or receiving a check with such a memorandum upon it is not bound to take notice of the memorandum. *State National Bank v. Dodge*, 124 U. S. 333, 346, 8 S. Ct. 521, 31 L. Ed. 458; *State National Bank v. Reilly*, 124 Ill. 464, 473, 14 N. E. 657.

The memorandum was matter of accounting placed upon the paper for the convenience of the drawer, and did not form part of the order to make payment addressed to the bank. *State National Bank v. Dodge*, supra. It is not like writing which enters into and forms part of the contract evidence by the paper or embodied in it, such as was dealt with in *Costelo v. Crowell*, 127 Mass. 293, 34 Am. Rep. 367; *Smith v. Burgess*, 133 Mass. 511; *Shaw v. Methodist Episcopal Society*, 8 Metc. 223; *Wheelock v. Frieman*, 13 Pick. 165, 168, 23 Am. Dec. 674, and similar cases cited by the plaintiff.

Decisions have been in conflict with regard to the effect, as notice of wrongdoing, that a check, signed by an officer of a corporation or by one in a fiduciary capacity, is payable to the officer or trustee personally from a deposit of the funds of the corporation or trust estate. The consistent decisions of this court and the weight of authority establish that the form of such a check is not in itself notice of improper conduct sufficient to put the holder upon inquiry. *Kendall v. Fidelity*

Trust Company, 230 Mass. 238, and cases cited at page 241, 119 N. E. 861; *Johnson, etc., Co. v. Langley Luncheon Co.*, 207 Mass. 52, 92 N. E. 1035; *Ash-ton v. Atlantic Bank*, 3 Allen, 217; *Whiting v. Hudson Trust Company*, 234 N. Y. 394, 138 N. E. 33, 25 A. L. R. 1470; *Corporation Agencies, Limited, v. Home Bank of Canada*, [1927] A. C. 318; *Empire Trust Company v. Cahan*, 47 S. Ct. 661, decided by the Supreme Court of the United States since this case was argued, which overrules *Cahan v. Empire Trust Company (C. C. A.)* 9 F. (2d) 713, cited by the plaintiff.

The only infirmity in these checks was Jackson's intent to use the proceeds for his own and not for the purposes of the company. Their form is not sufficient evidence of that infirmity to show that the bank had knowledge of facts such that its action in dealing with them amounted to bad faith. G. L. c. 107, § 79. Nor is there, apart from this or taken with it, sufficient evidence that the defendant was other than bona fide holder in due course. *Shawmut National Bank v. Manson*, 168 Mass. 425, 47 N. E. 196.

It follows that, upon the report and the case stated, the plaintiff has failed to establish bad faith on the defendant's part, and that a decree must enter dismissing the bill with costs.

So ordered.

STOLEN BONDS COVERED BY INSURANCE POLICY

Underwood v. Globe Indemnity Co.,
New York Court of Appeals, 243
N. Y. 111, 156 N. E. Rep. 632.

The defendant insurance company issued a brokers' basic blanket bond, agreeing to indemnify *Shields & Co.* against a loss of securities, money, etc. "through robbery, holdup, or theft, by any person whomsoever, while the property is in transit within twenty miles of any of the offices covered hereunder" etc.

A person named *Dunn* placed an order with *Shields & Company* for \$2500 of

Liberty bonds. When the messenger arrived at Dunn's home with the bonds, Dunn handed him what appeared to be a certified check for \$2500 and received the bonds. Dunn disappeared with the bonds and it was later discovered that the certification was fraudulent and the check worthless. It was held that the loss was covered by the clause in the policy above quoted and that the defendant company was liable for the amount.

Action by Walter H. Underwood against the Globe Indemnity Company. From a judgment of the Appellate Division, First Department (217 App. Div. 63, 216 N. Y. S. 109), reversing on a question of law a judgment of the Trial Term entered on a verdict of the jury for plaintiff, and dismissing the complaint, plaintiff appeals. Judgment of the Appellate Division reversed, and that of the Trial Term affirmed.

CRANE, J.—Paul D. Shields and Frederick F. Back were stock brokers, carrying on business of copartnership at 27 Pine street, in the City of New York. On the 20th day of May, 1923, the Globe Indemnity Company issued a policy, called a brokers' basic blanket bond for stockbrokers, wherein the defendant insured Shields & Company against loss as therein specified. By the bond, the defendants agreed to indemnify the insured, and hold them harmless from and against any loss to an amount not exceeding \$50,000 of money, currency, bullion, bonds, debentures, scrip, certificates, warrants, transfers, coupons, bills of exchange, promissory notes, checks, or other similar securities sustained by the insured, as follows:

“(A) Through any dishonest act of any of the employes wherever committed, and whether committed directly or by collusion with others.

“(B) Through larceny, whether common-law or statutory, robbery, burglary, holdup, theft, or other fraudulent means, or destruction, misplacement, or mysterious unexplainable disappearance while the property is within any of the

insured's offices covered hereunder, or upon the premises of the insured's bankers in the United States or in any recognized place of safe deposit in the United States, or lodged or deposited in the United States for exchange, conversion, registration, or transfer, not including, however, the in-transit-risk.

“(C) Through robbery, holdup, or theft, by any person whomsoever, while the property is in transit within twenty miles of any of the offices covered hereunder, and in the custody of any of the insured's partners, or any of the employes, or any messenger temporarily employed; or through negligence on the part of any such employe or messenger having custody of the property while in transit as aforesaid.”

The insured sustained a loss, which the courts below have held not to be within the terms of the policy. It occurred in this way. Michael J. Del Re, a bond salesman of the insured, employed at its office in 27 Pine street, received a telephone call in April of 1924 from a man named Dunn, in reference to some bonds which he desired to purchase. Del Re called upon him at a house in West End avenue, near 88th street, and received an order for \$2500 of Liberty bonds, together with 100 shares of stock. Three days later Del Re took the bonds to Dunn at the place mentioned, and delivered them to Dunn, receiving in return a check which he supposed to be certified, but which in fact was merely stamped as certified, being unsigned. It was a mere trick of Dunn's who was a thief, to get the bonds, as the check was valueless. Dunn skipped with the bonds, and has never been found. The face value of the bonds was \$2500. The amount of the check given was \$4500 or \$4700, being the price of the bonds and also the stock, which could not be delivered until paid for and transferred to Dunn's name.

Does this policy cover this loss? Looking at the undertaking as a whole, Shields & Co. were insured against the theft of bonds under certain named conditions. Clause A provided for a theft

IN the heart of Washington's aristocratic suburb, the Takoma Park Bank has erected its building. Its sheer



beauty appeals to cultured tastes, and its convenient layout delights the practical banker.

Urges the Stranger to Enter

WE see in one bank's advertising the words "The Bank of Courtesy", in another's "you will like our Service", in another's "a sincere welcome to you". Those banks mean just what they say. Their words speak the literal truth.

But how cold is printer's ink when it speaks such sentiments. And how motionless are the phrases spread out on paper. There is no urge about them. They do not seem to touch your elbow to incline your footsteps. They suggest no action.

More persuasive by far, is the message that the bank's building can speak. A broad facade and a cheerful entrance, such as this, invite the passerby with an appeal so sincere and courteous that he will not fail to note it. This looks to him like welcome indeed, —a welcome suffused with a warm suggestion of cordiality and service to be found within.

Day and night, open or closed, the inobtrusive message of the bank's building is being quietly seen and read by the people who pass by. And what they read there these people understand.

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THE possibilities of the bank's Building are not well enough estimated by many bankers. Our booklet, "Building the Bank for Business", describes a number of points often overlooked.

You can read the book in an evening. Still bankers in many states (from governors of the Federal Reserve to presidents in the country towns) write to tell us of the profitable ideas they have gotten from reading it. The coupon will bring a copy to you without obligation.

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Gentlemen: Without obligation, please mail me a copy of "Building the Bank for Business."

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Does Your Vault Command Admiration?

THE sum total of the admiration of your depositors for the vault in your bank rests on the respect they have for its strength and reliability.

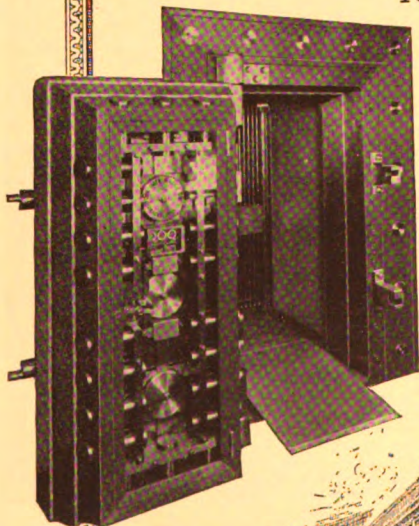
It is natural for depositors to admire, bankers to trust, and thieves to shun York Vaults. Over forty years of vault building for the country's finest banks have given York Engineers the experience that enables them to make vaults that have always proved to be impregnable to fire, water, burglars or mobs.

The story of York protection contains facts of vital importance to every banker—make sure that you write for this information without delay.

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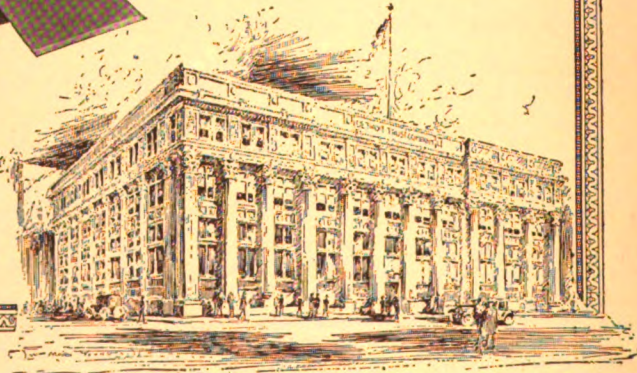
The York Vaults, installed in the Detroit Trust Company of Detroit, Mich., combine those elements of protection, utility and symmetry so typical of the York standard of vault construction.

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Co., Detroit,
Builder.*



by an employe. This theft could occur in the office, or anywhere outside the office. If Del Re had stolen the bonds, the policy would have covered the cause. Clause B covered a theft by anybody from the insured's offices or from a place of safe deposit. Clause C covered theft by any person while the property was in transit and in the custody of an employe, or through the negligence on the part of any such employe having custody of the property while in transit.

This latter clause would seem to cover this case. It must be given a fair and reasonable interpretation to cover the risks which the parties had reason to anticipate, and had reason to believe would be met by the policy. Theft by an employe was covered; theft from the offices and safe deposit places was covered; and Clause C was intended to cover and did cover thefts from employes delivering securities within twenty miles of the office. "In transit" means, in this case, while going to make a delivery to a customer. The bonds were taken from Del Re by a false token, false representations, constituting theft. Theft means larceny or stealing. Dunn stole the bonds from Del Re by reason of false representations and a false token. The bonds while handed over to Dunn, were never delivered to a customer, as Dunn was not a customer, but a thief, posing as a customer in order to steal. He was no more a customer than he would have been if he had grabbed Del Re by the throat and taken the bonds from his custody, in which case he would have committed robbery. Having procured the goods by trick and device, the crime was larceny; if they had been procured by force, the crime would have been robbery. The policy covered both these offenses; goods taken from a messenger by robbery or theft, while the messenger was in the course of making delivery, or carrying the

bonds within twenty miles of the office.

To hold that transit means actual movement, and not a period of rest, is too narrow a construction to give to this undertaking, and is contrary to its full meaning and scope. The courts below have held that the securities would be in transit while Del Re was carrying them in his possession through West End avenue, and up the stairs of the house, but ceased to be in transit when the messenger had arrived at Dunn's rooms or in Dunn's presence to make delivery. The bonds were in transit within the meaning of this policy when they were taken out for delivery, and until delivery, in the legal sense of that word, to a customer. The bonds were in Del Re's possession when they were obtained from him by a trick and false device; title never passed to Dunn; they were procured from Del Re by common-law larceny. Therefore, there had never been a delivery to end the transit. The bonds were still in transit in the process of being taken somewhere for delivery, or to be returned to the office when stolen from Del Re. It was a cash transaction. Delivery was to be made only for cash or a certified check. *People v. Miller*, 169 N. Y. 339, 62 N. E. 418, 88 Am. St. Rep. 546; *People v. Noblett*, 244 N. Y. 355, 155 N. E. 670.

If Del Re were negligent in turning over these bonds to Dunn without examining the check to see whether it were certified, the transaction would come within another clause of section C, as there would be a loss sustained by the insured through negligence on the part of an employe having custody of the property while in transit or course of delivery.

For these reasons, the judgment of the Appellate Division should be reversed, and that of the Trial Term affirmed, with costs in this court and in the Appellate Division.



His Directors Co-operate

The president of a Middle Western bank found himself with a board of directors including several leading citizens who were unfamiliar with banking problems and therefore unable to give him the assistance which may be expected from seasoned bank directors.

Out of an experience of 58 years as counsellor in such situations, we were able to suggest to this banker the development of certain reports and other material, which have given his new directors a welcome insight into the problems of the bank and have won for him their intelligent co-operation.

We invite you also to utilize the broad experience and helpful counsel which our correspondents uniformly enjoy.

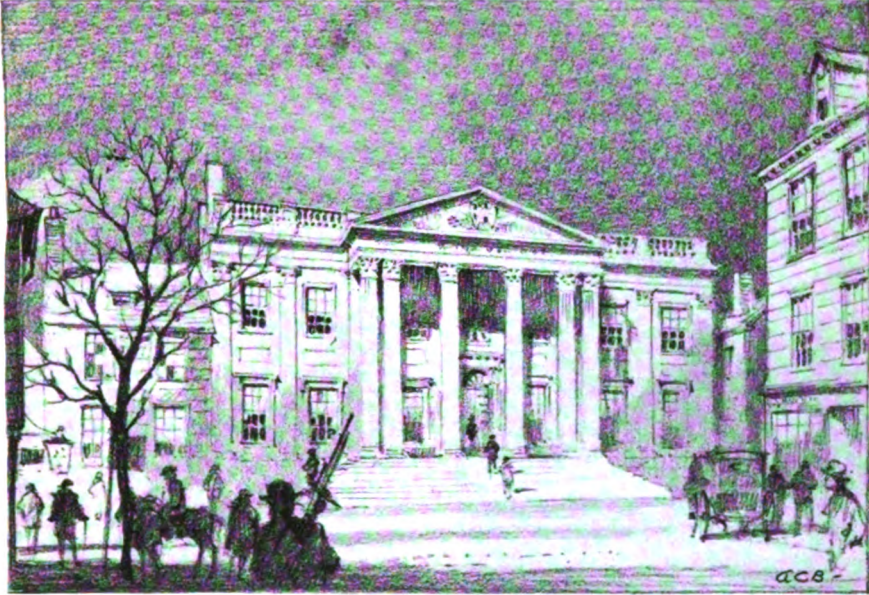


FREDERICK H. RAWSON
Chairman of the Board

HARRY A. WHEELER
President

CRAIG B. HAZLEWOOD
Vice-President

UNION TRUST COMPANY CHICAGO



FROM A SKETCH BY ALFRED C. BOSSOM

The oldest bank building in America, erected in 1795 in Philadelphia by the First Bank of the United States, owned and occupied by Stephen Girard from 1812-1831 and the home of the Girard Bank and the Girard National Bank from 1832 until March, 1926, when it was consolidated with the Philadelphia National Bank.

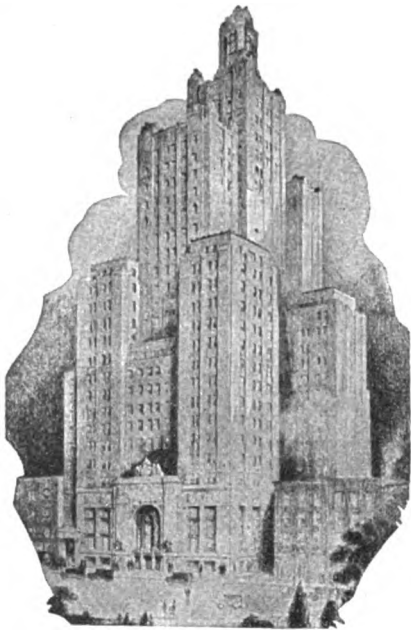
CORN EXCHANGE URGES STEPHEN GIRARD MEMORIAL

THE following article, reprinted from the September number of the *Corn Exchange*, publication of the Corn Exchange National Bank of Philadelphia, urges the conversion of the old Girard Bank of that city, the oldest bank building in America, into a public museum.

"An historic institution is calling mutely to Philadelphia for a fate worthy of its immense career. Deserted and silent, the old Girard bank building in Third street below Chestnut should arrest the immediate action of this great city. In point of historic value, no other bank building on this continent measures up to that beautiful marble temple of finance. It was built by the United States as the home of the First United States Bank. Then it was purchased by Stephen Girard, for years America's richest man and foremost individual banker.

"After Girard's death it was the home of the Girard Bank, incorporated by Pennsylvania and named expressly as a memorial to that great patriot, financier and philanthropist. For 129 years that building was occupied by a bank. For the first 35 years it was the center of the most important banking operations in the United States. That Girard Bank is the oldest bank building in this country. It was first occupied 130 years ago and was deserted only after the Girard National was consolidated with the Philadelphia.

"What financial battles have centered behind those stately Corinthian columns! That First United States Bank was the fruit of Alexander Hamilton's statesmanship. It was there Stephen Girard saved the credit of the United States during the War of 1812, when he purchased Government bonds nobody else would buy. That the First United States Bank was no novice in the realm of world



In the Center of A Prosperous Community

“Conditions have not appeared so satisfactory in months. The summer months have been the best since 1921. Other facts augur well for the months immediately

ahead”—so says the Brown University Bureau of Business Research, in referring to Rhode Island and Southern New England.

In the center of this prosperous community is the new Industrial Trust Company building. It is situated in the heart of Providence's business district, and will be the tallest in the State. Its American perpendicular style of architecture allows the maximum amount of daylight in all offices. Tenants will be able to move in on or about October 1st, 1928.

For the descriptive booklet entitled “The New Industrial Trust Company Building” and any information concerning rentals, address G. L. & H. J. Gross, Rental Agents, Providence, R. I.

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finance was proved when its stock climbed higher than that of the Bank of England, greatly to the mortification of all London.

"American banking was started in Philadelphia. The old Pennsylvania Bank of 1780 was a Revolutionary War emergency measure, created by Philadelphia patriots and backed by Congress. That bank supplied to Washington's army 3,000,000 rations and thousands of barrels of rum. But as soon as the United States Government, under the Constitution of 1787, began operations in 1789, Alexander Hamilton brought forward his epochal plan for a new national bank. Against the opposition of Jefferson, Randolph and Madison, but with the quiet and effective support of Washington and Morris, the First United States Bank was organized.

"For the first half dozen years that bank carried on its business of rehabilitating the financial credit of the United States in famous old Carpenters' Hall, where had met the first Continental Congress. But in 1797 the beautiful new home of the United States Bank was completed—the building which for the last 115 years has been known as the Girard Bank. It is one of the few bank buildings in America which stands today and which was in existence when the United States Capitol and the White House at Washington were not yet finished. This Philadelphia bank was considered by everybody the most important public edifice in the United States. It was also deemed the highest standard of architecture employed for a public use.

"Strangely enough, the old United States Bank or, as we know it, the Girard Bank, was designed not by an architect, but by Samuel Blodgett, a Philadelphia merchant. He used as his model the Dublin Exchange. Claudius Le Grand, marble cutter and stone carver, created those beautiful columns facing Third street. He did the work in his little yard at Market and Tenth streets. That was the first building seen in Philadelphia or Pennsylvania with portico and pillars.

So great an architectural authority as James H. Windrim, a century and more after the work was done, wrote of the Girard Bank: 'It is an admirable specimen of the best class of designing in which the finest examples of antique work have been followed with gratifying results. The contrast of the wealth



CHARLES S. CALWELL

President the Corn Exchange National Bank of Philadelphia, which is urging the conversion of the Girard Bank into a museum.

of detail, beautiful modeling and grouping of pilasters, windows, portico, entrance and doorway of the front facade, with the serene simplicity of the facades on either side, is admirable and gives the building a character of great dignity and civic importance.'

"The First United States Bank, while it occupied that superb home, was highly successful. Annual dividends averaged better than 8 per cent. during its entire career of twenty years. British investors regarded the American bank with great favor. The Barings bought 2500 shares of the stock at a premium of 40 per cent.



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BUHL BUILDING - GRISWOLD AT CONGRESS - DETROIT

Stephen Girard later purchased that Baring stock for about \$1,800,000. When the First United States Bank closed its doors, after Congress refused to extend its charter, it developed that Girard was then the largest individual owner of the stock.

"Not only had he unbounded faith in the United States Bank, but when it was doomed by a hostile political element in Congress, Girard at once purchased the bank building from the United States and opened up there his own private bank. For the next twenty years, or until Girard died, that was much the greatest private bank in America. He retained the magnificent building just as the United States left it. For that day, when the population of Philadelphia was about 100,000, it was considered an immense edifice to be used by one man for banking purposes.

"When Congress decided to create the Second United States Bank a few years after killing the first one, it erected in Chestnut street, west of Fourth, that building long known as the United States Custom House. It was while president of that Second United States Bank that that other Philadelphia financier of first magnitude, Nicholas Biddle, waged his battles against Andrew Jackson, but was finally conquered.

"Now the question comes: What shall be done with the old Girard Bank? It is an historic landmark for two compelling reasons. It was created by the genius of Hamilton, fathered by Washington and was the home of America's first Federal bank. Then for twenty years this beautiful edifice was the bank-

ing home of Stephen Girard, that amazing combination of thrift, energy, genius and philanthropy.

"Shall Philadelphia now let the bats make their nests in that abode of finance created by Hamilton and so long occupied by Girard? That building has everything required for a civic possession to be used by the public forever. It has history, beauty, convenience of location. It stands within that small area of Philadelphia where so much national history was made. Close by the old State House, Congress Hall, Carpenter's Hall, the Betsy Ross home, Franklin's working place and Poor Richard's grave.

"Why not convert that historic Girard Bank into a public museum to exemplify that long roster of Philadelphia's 'firsts?' First itself in so important a thing as banking, one of the oldest bank buildings on this continent, this now unoccupied Girard structure would give a magnificent background to a museum especially dedicated to those many important things which Philadelphia genius and enterprise originated for the good of mankind.

"Americans are daily erecting monuments. Here is a beautiful monument already finished. Erected by the Government of the United States. Unique in its historical associations. Use it to honor Stephen Girard, who did so much for Philadelphia in the early years and whose influence on the city, through Girard College, grows stronger each year. We appeal to the Board of City Trusts to maintain the old Girard Bank building as an historic shrine for the inspiration of the youth of the city."



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Chairman of the board of the Continental and Commercial National Bank and the Continental and Commercial Trust and Savings Bank, Chicago.

WITH the consolidation, effective December 1, of the Continental and Commercial National Bank and the Continental and Commercial Trust and Savings Bank, Chicago, George M. Reynolds, chairman of board of the two institutions, will have succeeded in building up the largest banking institution in the Middle West. For the Continental National Bank and Trust Company, as it is to be called, will have a capital of \$35,000,000 and surplus of \$30,000,000. Mr. Reynolds began his banking career as a clerk in the Guthrie County National Bank, Panora, Iowa, his birthplace, and was later made cashier of the institution. In 1893 he accepted the cashiership of the Des Moines (Iowa) National Bank, of which he became president two years later. In 1897 he was elected cashier of the Continental National Bank of Chicago; five years later he was promoted to vice-president and in four years he became president. In 1910 the Commercial National Bank was consolidated with the Continental and Mr. Reynolds remained as president of the resulting institution until 1920, when he was elected chairman of the board. In addition to his outstanding success as a banker, Mr. Reynolds is a power in financial and civic organizations. He is a director of the Federal Reserve Bank of Chicago, of the Peoples Trust and Savings Bank of Chicago, and of a number of corporations. He has been chairman of the Chicago Clearing House Committee since 1922 and was president of the American Bankers Association in 1908. He accompanied the American Monetary Commission abroad as adviser in 1908 and declined a portfolio in President Taft's Cabinet as Secretary of the Treasury in 1909.

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THE FINANCIAL AND ECONOMIC SITUATION ABROAD

BY WILLIAM HAYES

Under this heading each month current political, financial and economic events abroad are summarized for the benefit of the busy bank executive who would keep himself informed about foreign affairs without the expenditure of time necessary to examine the data from which these articles are prepared.

NATURE has not been kind to the world in recent weeks. There has been a destructive tidal wave in Japan; torrential rains have flooded almost all of Central Europe; a tornado has done serious damage in St. Louis.

In man's sphere, the business world, things were better managed. True, the State Department did withhold its approval of the \$30,000,000 Prussian loan for a while. And the tariff dispute between France and the United States has continued. But the Polish loan, in negotiation for over a year, has been signed at last. Business in England has improved a little and continental business has held up well. European crops are larger than last year. Gold has begun to flow back to Europe from the United States' great reserve supply. Generally the rest of the world seems to be headed for better times.

GLASS FLAYS STATE DEPARTMENT

This Prussian loan caused quite a little trouble. Not directly, for when approval was withheld, it was promptly changed until the State Department did approve it. But it drew attention to the policy of the State Department in approving loans.

That gave Senator Glass, member of the Banking and Currency Committee and long an authority on finance and banking, his chance. He asked several embarrassing questions in a statement to the press. Mr. Glass wanted to know:

"By sanction of what constitutional authority or Federal statute does the State Department assume to review and visa private financial transactions to which citizens or concerns or corpora-

tions of this country are parties in interest, together with their foreign debtors, and in which the Government of the United States has no stake and with which it has properly nothing whatsoever to do? . . .

"Except for the unquestioned integrity and approved patriotism of the incumbent Secretary of State, who may exactly say that the exercise of this unprecedented power, totally at variance with any proper function of the Department of State, will not some day be so flagrantly prostituted as to result in a distressing scandal? . . .

"Isn't it perfectly clear that the process itself implicitly ties the Government of the United States to these private business transactions and in the minds of many investors inevitably creates the impression that the foreign issues approved at Washington are superior in point of security, as well as in other respects, to investment issues not formally sanctioned by the Department of State? . . .

"It is a sort of quasi co-partnership in which the Government, through the Department of State, superadds its prestige, if it does not morally loan its credit, to these private business operations without any compensatory consideration. It is even suggested that in approving these foreign loans, the Government assumes a moral obligation to compel their payment.

"At all odds the State Department brings these foreign securities in sharp competition with domestic issues in the American money markets and gives them the considerable advantage of Government indorsement. In my view, this should not be done. It ought to be stopped."

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Next day the reporters called on bankers. They showed them Senator Glass' statement. They asked for comments. Most of the bankers pointed out that the State Department's approval is not compulsory. They have submitted loans for approval, voluntarily, for several years, and they are quite willing to continue. And, after all, they said, they are the parties interested. What is Mr. Glass kicking about?

Mr. Glass replied that he has no particular love for bankers. His attack was not made to help them. They are well qualified to take care of themselves. Its purpose was to check, if possible, an abuse of power, an unwarranted authority that the State Department has assumed, the continued exercise of which threatened to make trouble in the future.

LAUGHING AT THE UNITED STATES

America's protest over the new French tariff rates has been ineffective so far.

France has offered to reduce the rates 50 per cent. pending negotiations, but the United States has rejected this offer.

Meanwhile, Europe is having a good laugh. Over there they say, "The United States erects a high tariff wall against goods from all other countries, but she objects to other countries doing the same. When France raised her tariff rates on United States goods, what a protest went up. That gave the situation away. France now asks what concessions she will get for most-favored-nation treatment? The United States cannot expect to get something for nothing. And just as soon as anything is granted France, every other country in Europe is going to put up similar tariffs, in the hope of getting a similar concession. Oh, the United States is neatly caught this time."

It looks as though there is some truth in it, too.

"TAKE BACK YOUR GOLD"

The United States has half of the world's gold supply. That fact has been dinned into the ears of the American people repeatedly in the last two years. Enough gold is a very good thing. Too much is a positive menace. It is likely to cause inflation.

Happily, by skilful management, the Federal Reserve Board has been able to prevent any inflation to date. But the danger is ever present, so long as the gold remains. Eventually it will be withdrawn, whence it came, and if it supports an inflation then, great will be the crash.

Wherefore, it was welcome news that in September, for the first time in over a year, gold exports exceeded imports. Argentina took the bulk of it, proceeds of her recent \$40,000,000 bond issue. But for a month sterling, guilders, and marks have been hovering near the gold point. Small shipments have been made to those countries. This may be the beginning of the repatriation of gold. All thoughtful bankers hope so.

Meeting the Growing Needs of Banks

THE rapid growth and expansion of industry has resulted in increased demands on banks throughout the country. They, in turn, require more of their New York connections.

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"THE CLEVEREST FAKE OF MODERN TIMES?"

Here's a new slant on the Dawes Plan. It has always been understood that reparations payments come before the payment of private foreign loans in Germany. And lately, proponents of the plan have expressed satisfaction because the transfer question, which in theory so vexed the economists when the plan was drawn up, has caused no trouble. Viscount Castlerose, in a recent article in the *London Sunday Express*, disputes both these points.

"I believe," he wrote, "that the Dawes Plan is the cleverest fake of modern times. . . ."

"This is how it works out.

"Germany, since the Dawes Plan, has borrowed vast sums of money, and the interest on these loans has to be paid either in sterling or in dollars.

"So long as Germany has security on which she can continue borrowing abroad, then, of course, the exchange situation is bound to be an easy one, but what will happen when she ceases borrowing?"

"Why, of course, the flood will go against her, and it is then that the transfer committee will be faced with an impossible situation.

"It is clearly laid down that the conversion of German marks into foreign currencies is in the hands of and at the discretion of the transfer committee, and

in the event of this conversion being likely to cause an exchange crisis, then the transfer committee is instructed to let the balance roll up in Germany.

"That is exactly what is bound to happen, because when Germany ceases to borrow, and has to remit the interest on her foreign loans abroad, then her exchange position will not allow of the further remittance of the Dawes payments.

"The Allied governments will then be the proud possessor of a daily growing white elephant, housed in the Reichsbank, with the transfer committee as its keeper.

"Therefore, it seems perfectly clear to me that the Dawes payments come after payments of private loans, and, further, if Germany borrows very much more abroad, the Dawes payments can never leave Germany, because the exchange situation will not allow it."

GREAT BRITAIN

Around the table of the beautiful board room of the Bank of England sat the bank's directors. With them were a half dozen of the stockholders. A fire burned merrily in the grate at the back of the room. Through the windows on the other side, the little fountain could be seen playing in the garden.

It had been a satisfactory semi-annual meeting. They had just finished voting the usual dividend. Then, as he does at

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every meeting, the Governor asked "Any questions?" perfunctorily, and was going on to say, "Then the meeting stands adjourned."

But something happened. For the first time in many years there was a question. One of the stockholders rose and inquired, with a flowery speech, what effect the \$25,000,000 new building was going to have on the bank's dividend.

It was a rude shock for "The Old Lady

of Threadneedle Street." She hadn't been asked a question for years. She had gotten out of the habit of expecting them. It took a few moments for her to get her breath back. Then Mr. Norman told the stockholder that he did not think the new building would have any effect on the dividend. Though the expenditure is large, it is not wasteful. The new building is not a needless extravagance, but an economy measure.

The old lady is becoming very modern recently. She shows signs of turning into a flapper. This new dress of hers is only one evidence of it.

Another is the fact that she is consorting with younger folk. She has been often seen recently in the company of that youngster, the Federal Reserve Bank of New York, barely twelve years old. Lately, she has formed a definite alliance with him, by the appointment of an American adviser.

The condition and policies of the Federal Reserve System now have enough effect on British banking to justify the appointment of a liaison officer between the Bank of England and the system. Dr. Walter W. Stewart has been appointed to that position. Dr. Stewart was professor of economics at Amherst College from 1916 to 1922, specializing in banking. From 1922 to 1926 he was adviser to the Federal Reserve Board and editor of the *Federal Reserve Bulletin*. Since 1926 he has been a vice-president of Case, Pomeroy and Company, New York. What his specific duties in the new position will be has not been announced.

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Much to Britain's surprise, sterling has been rising for the last two months. The autumn decline of sterling has come to be considered as an annual event. All the summer grain and produce shipments had to be paid for then. The heavy discounting of bills to furnish money for these payments always forced sterling down in London. But this year New York has taken over a good deal of that discounting business. The strain on the London market is correspondingly eased.

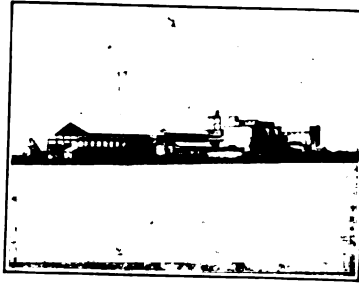
Furthermore, numerous continental loans have been floated in New York recently. Proceeds of most of these loans are transferred to the borrowing countries via London. That is another reason for the strength of sterling in New York.

The Bank of England took advantage of this temporary strength to add to its stock of gold.

The bank has enlisted the co-operation of the discount houses in an effort to perpetuate this strength of sterling. At a meeting called by the bank, the discount houses agreed that they would maintain the rate for three months' bills at not lower than 4 5-16 per cent., even though money should be easier from time to time. In return, the bank tacitly agreed not to advance its discount rate. Thus the bank hopes to prevent gold exports without penalizing the British manufacturer and business man with a higher bank rate.

It seems particularly desirable to encourage British business just now. A slight improvement is evident. Wholesale prices advanced from 140.9 in August to 142.1 in September. The steel output of 777,000 tons in September was larger than for any other month since 1924. Pig iron production was also high.

Though coal production is still under 5,000,000 tons a week, it is in excess of demand. There is no longer a tendency, however, to shade prices. Engineering and construction work is still active. There are still over a million men out of work, but the number is lower than at this time last year. The foreign trade



New Orleans XXIX

Portland Cement

The manufacture of cement is a logical industry for New Orleans as the principal raw materials, limestone, clay, and gypsum, are obtained near the city. The above plant, occupying 15 acres on the New Orleans Industrial Canal, has an annual capacity of 3,000,000 bags, most of which finds a market locally.

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returns, also are better. Prices have advanced on the stock exchange. On the whole, says the *Economist*, "the progress made by British industry is satisfactory, when compared with the situation in other countries."

GERMANY

Germany has been absorbing capital and money in recent years in the way India used to swallow up silver. Her appetite seems insatiable. In the last three years the par value of her long-term public borrowings in the United States alone amounted to \$581,000,000. Other countries loaned her \$304,000,000. The total is almost \$900,000,000.

During the first four months of 1927 she borrowed almost \$240,000,000 from her own people. That exhausted the home market. In the next four months, only \$700,000 could be raised there.

So she turned again to the United

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States. In August \$30,000,000 of German loans were floated in New York. The September total was around \$41,000,000. The October total will be well over \$100,000,000.

Dr. Schacht, president of the Reichsbank, has waged incessant war against foreign loans. He insists that they are not being used for productive purposes. They are being used to meet reparations payments. They pass through Germany as through a sieve, leaving her saddled with a load of debts, but no better off commercially.

After many months of preaching this doctrine, he has obtained some recognition of it. After conferring with him, the government decided to set up a committee of appeal, empowered to override favorable decisions on foreign loans by the loans advisory committee.

In spite of all this influx of foreign capital, money is dear and hard to get in Germany. Call loans commanded 7 to 8½ per cent. on October 10. Discounts were to be had for about 6 per cent. The Reichsbank raised its rate

on October 4 from 6 to 7 per cent., advancing the rate on Lombard loans at the same time from 7 to 8 per cent. The June increase in the discount rate, intended to check rediscounting at the bank, had failed in its purpose. Instead, rediscounts at the bank increased 18,000,000 marks in July, 149,000,000 marks in August, 500,000,000 marks in September. The gold reserve declined to 35.8 per cent.

The prosperity of German business is responsible for this. The London *Economist* says that there has been a recession in German business. Yet daily production of pig iron in September was the highest of the year. Foreign trade was more favorable—imports have been reduced and exports increased. Textiles are active. Railway business is still increasing, albeit slowly. The building industry is very active. The price index is stable. Unemployment seems stabilized for the present around 400,000.

While this does not seem to show recession, the momentum of advance has lost some of its speed. There are too



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many brakes—foreign loan restrictions, high money rates, and pessimistic forecasts by economists—for speeding now.

FRANCE

And now comes one of life's little ironies. This has been going on for several months. Every month, however, this writer is impressed anew with the pathos of it. For, no sooner does he finish reporting the capital shortage and booming business of Germany than he must start describing the plethora of money and the dull business in the neighboring country of France.

Here are two countries, side by side, suffering from complementary ills. If they could only get together and help each other, both would be benefited. It's a sort of Jack Spratt and his wife situation. Only there isn't the same delightful teamwork. Instead of licking the platter clean, they leave it full, and both starve slowly.

Here are the facts about France. Business is very dull. Merchants have all

the money they need without borrowing from banks. There is so little commercial demand for funds that discounts can be had for $1\frac{1}{8}$ per cent.

Bank deposits keep on growing. The deposits of the Credit Lyonnais increased from 7,254,000,000 francs on December 31, 1926, to 8,888,000,000 on July 31, 1927. During the same period deposits of the Comptoir Nationale d'Escompte grew from 5,981,000,000 to 6,752,000,000 francs; those of the Societe Generale de Credit from 2,247,000,000 to 2,651,000,000 francs; and those of the Credit Industriel et Commercial from 770,000,000 francs to 934,000,000 francs.

With such an abundance of funds at their command, there is no reason for the banks to borrow from the Bank of France. Its discounts have fallen below the pre-war amount, even though, to encourage loans, it has offered to lend up to 80 per cent. of the market value of securities instead of 50 per cent.

The bank has somewhat relaxed its control of franc exchange, probably in

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Aeglon	Carlovassal-Samos	Gargaliani	Missolonghi	Santa Maura	EGYPT
Aghios Nicolaos	Carpensisi	Grevena	Mitylene	Sorovitch	Alexandria
(Castri, Ky-nourias)	Carystos	Gythlon	Molai	Soufli	Calro
Agrinion	Castoria	Hydra	Nafpactos	Sparta	Port Said
Allverion	Castro-Lemnos	Isticia	Nemea	Syra	CYPRUS
Amaliss	Cavalla	Ithaca	Nigrita	Thebes	Limassol
Amphissa	Chalcis	Jannina	Patras	Trikkala	Nicosia
Argos	Chio	Kiato	Piraeus	Tripolitza	ALBANIA
Argostoli	Comotini	Kymi	Potamos	Tsotyllon	Coritsa
Arfa	Corfu	Kyparissia	Preyeza	Vathy-Samos	Durazzo
Astacos	Corinth	Lamia	Pyllos	Veria	
Calamata	Cozani	Larissa	Pyrghos	Volo	
Calavryta	Dadi	Leonidion	Rethymo	Vytina	
	Demotica	Levadia	St. Nicholas-Crete	Xanthi	
	Dimitisana	Limni			

OVER 88 CORRESPONDENTS THROUGHOUT GREECE

The Bank transacts every description of Banking business in Greece, Egypt, Cyprus and Albania.

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order to give the commercial banks a chance to profitably invest some of their idle funds in exchange

The note issue remains fairly high. It is said this is due to the fact that people are hoarding bank notes. There is no other profitable avenue of investment left open. It is a curious and unfortunate situation.

The way is now open for France to refund her New York loans at a lower rate. The Department of State has informed the French Embassy that "if and when a proposition is made by the bankers, the Government of the United States will offer no objection to the refunding. . . . This refunding transaction involves no advance of new money to France."

This announcement was made while the tariff dispute was warm. Newspaper men immediately connected it with the tariff, suggesting this was a concession on the part of the United States in the hope of getting a concession from France on the tariff. This seems rather improbable and far fetched.

ITALY

The "vademecum" check is the latest thing in Italian banking. It is the second step in popularizing the checking habit in Italy. The first was the introduction of "circular checks." The circular checks were roughly the same thing as an American cashier's check. They were issued by most of the banks to their customers, on request and without charge, and were payable at any of the branches of the issuing bank.

The "circular checks" were not popular. It was too much trouble to go to the bank and get one whenever a payment was necessary in a different city. Whence the "vademecum" checks.

"Vademecum" checks differ from the ordinary or garden variety of checks. They are not entirely blank. They have a maximum amount printed on them. For example, an Italian may go to the Credito Italiano or the Banca Commerciale Italiano (the only two banks issuing them at present) and deposit \$200. The bank will give him a "vademecum"

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checkbook, containing, say, ten blank checks. Each check, however, will have printed on it, a statement to the effect that it is not good for more than \$20. It will, therefore, be impossible for the holder of the checks to cash more than \$200 of them.

They correspond, roughly, to travelers' checks, except that they may be filled in for any amount less than \$20. And they may be cashed at any branch of the issuing bank.

On the first of October the banks of Genoa reduced their interest rates on deposits for over three months from 6 to $5\frac{1}{2}$ per cent., and for deposits for less than three months from $5\frac{1}{2}$ per cent. to 5 per cent. Interest on loans was reduced at the same time. Loans on current account are now charged $3\frac{3}{4}$ per cent. instead of $4\frac{1}{2}$ per cent., and trade bills are discounted at $6\frac{1}{2}$ per cent. instead of 7 per cent.

Thus the banks recognize the trade depression. It continues, as it has for several months, but is no worse. Prices are still declining, unemployment is still mounting, there are few orders for iron and steel, and the number of failures is still growing. The belief is expressed, however, that the peak of the crisis has been reached. The prevailing opinion for the future is optimistic.

SWITZERLAND

The Swiss Bank Corporation, Basle, has decided to increase its capital stock from 120,000,000 francs to 140,000,000 francs. New shares of 500 francs par value have been offered to the stockhold-

ers at 625 francs. The market quotation is 825.

This operation will bring the bank's capital resources more in line with its deposits. Since 1913 deposits have increased from 294,628,000 francs to 921,668,000 francs. Including the present issue of stock, the bank's capital funds have increased during the same period from 109,750,000 francs to around 180,000,000 francs.

Most of the Swiss banks have increased, or are planning to increase their capital, for the same reason.

The Bank of Geneva has announced that its capital will be increased from 8,000,000 francs to 12,000,000 francs. Eight thousand new shares of 500 francs par value will be issued. The State of Geneva will take 6000 of these.

THE NETHERLANDS

The Netherlands Bank raised its discount rate from $3\frac{1}{2}$ to $4\frac{1}{2}$ per cent. on October 3. The rate had stood at $3\frac{1}{2}$ per cent. for exactly two years. It became increasingly evident, a few months ago, that the bank would have to raise its rate to prevent the draining away of its gold. Holdings of foreign bills were declining. So were its balances abroad. Dutch money was seeking profitable investment in Germany, and German commerce and industry were being financed in the Amsterdam market. The possibility of an increase was mentioned in these columns in September. Yet a newspaper item, a few days after the increase, was headed "Rise in Dutch Bank Rate a Surprise!"

POLAND

For over a year and a half American bankers have been negotiating with Poland over a stabilization loan. On September 30, just as an agreement seemed to be signed, news came that negotiations had been broken off.

In a week they were resumed again. This time they resulted in a definite agreement. The loan was offered in the New York market late in October. Its salient features were as follows:

It is for \$70,000,000. New York took \$45,000,000 of it; England, \$10,000,000; France, \$2,000,000; Holland, \$4,000,000; Poland, \$1,000,000; Sweden, \$2,000,000; and Switzerland, \$6,000,000.

Its rate is 7 per cent. and it matures October 1, 1960.

Bonds are callable at 103, and a semi-annual sinking fund of \$800,000 begins on April 1, 1928.

The gross customs revenues of Poland are assigned as security for the loan.

An American citizen is to act as adviser to the Polish Government for three years, under the provisions of the loan. He will be a member of the board of the Bank of Poland and will advise the bank and government on all matters relating to the loan. At the end of the three years he may continue longer, with the consent of the bank. In case of disagreement over this point, the matter will be arbitrated.

Now, the loan having been floated, Poland will stabilize her currency at the present level. To assist in this, a number of the central banks have granted Poland a credit of around \$20,000,000. Next, she will withdraw from circulation the treasury notes now circulating, replacing them with notes of the Bank of Poland. She will increase the capital of the Bank of Poland 50 per cent. She will establish a reserve fund of 75,000,000 zlotys in the bank. The balance of the loan will be used for agricultural credit and state undertakings.

Charles S. Dewey, Assistant Secretary of the Treasury since July 1, 1927, has

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been appointed financial adviser of the Polish Government under the terms of the loan.

Professor Edwin W. Kemmerer of Princeton, who drew up the plan for the reconstruction of Polish finances on which the loan was based, has been awarded the Knight Commander's Cross, with stars of the Order of Polonia Restituta, in recognition of his services.

FINLAND

Finland is enjoying the best business in years. Money is easy and plentiful in supply. Deposits in banks are the highest in the history of the country.

The labor market is quiet, and there is practically no unemployment. Business in all lines is active. Timber exports are heavy. Prices are advancing. The stock market is active and strong. Things could hardly be better.

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NORWAY

There is a slight change for the better in Norway. Foreign capital continues to be withdrawn. Foreign bank deposits are the lowest in years. But in spite of this, exchange shows a rising tendency. The crown is now practically at par.

Banking conditions, however, are not at all satisfactory. Many banks still hang on the edge of bankruptcy. Liquidation of others still remains to be accomplished. This is undermining confidence.

The new Norwegian Municipality Bank, created by royal decree, began business on September 1. Its object is to grant loans to financially sound municipalities. Its capital has been provided by the bank, in the form of 5 per cent. government bonds. In view of the recent decision of the supreme court that a municipality may be declared bankrupt, it looks as though the bank may not have an easy time of it.

AUSTRIA

After a slight seasonal slackening, Austrian business is again on the up-grade. Trade is active, and unemployment has continued to decline. It is now at least 10 per cent. under last year.

The iron and steel industries and practically all the metal consuming industries are in a satisfactory position. Money is plentiful, though bank acceptances command $6\frac{1}{4}$ per cent.

The Oesterreichische Credit Anstalt fur Handel und Gewerbe is increasing its capital from 65,000,000 schillings to 85,000,000 schillings to take care of this increasing business.

Foreign trade still shows an import balance, though exports have expanded considerably. The imports of gold which the national bank has been making have influenced the balance considerably of late.

Public finance is still conservative. The tentative budget for 1926 envisages a surplus of 35,000,000 schillings. But a dangerous tendency is appearing. Expenditures are increasing faster than receipts. This needs to be watched.

JAPAN

The last mark of Japan's banking crisis has disappeared from the Bank of Japan. The excess notes have all been retired. But plenty of scars are still visible on the banking system.

The people still distrust the small banks. They are transferring their deposits to the larger banks. Some even transferred deposits out of the large banks and into the postal savings system.

The small banks are thus forced to amalgamate or close. There is a veritable stampede of mergers. More than 120 of Japan's 1300 banks have filed applications to be allowed to merge. Finance Minister Mitsuchi believes that

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(Helsingfors), Finland

143 Branches at all important business centres in Finland

Capital Fmk.	- . . .	150,000,000
Reserve Fund and Profits Fmk.		135,000,000
Total Assets (31/12 '26) Fmk.	-	2,337,000,000

All descriptions of banking business transacted

Telegraphic address: KANSALLISPANKKI

this will continue. By next spring, he says, Japan will have not over 200 banks.

Business being poor, the large banks, with swollen deposits, are hard put to it to invest their funds. They have bought government bonds until the market has developed the biggest boom in several years. The Bank of Japan has reduced its rate on commercial bills to 5.47 per cent. First class banks have reduced their interest rates on deposits to 5 per cent. Second class banks have reduced their rates to 5.80 per cent. (This division of banks into classes is on the basis of amount of deposits, not solvency.)

These are all signs of progress. Little progress has been made, however, in solving the vexing problem of what to do with the Fifteenth (or peers') Bank. Its losses amount to 300,000,000 yen. If the unpaid half of the bank's capital of 100,000,000 yen is called, and the total stock and surplus is written off, and the directors assessed for 5,000,000 the net loss can be reduced to about 162,000,000. But the stockholders haven't the money

to pay such an assessment. Furthermore, they still have hopes that, with so many peers depositors in the bank, some scheme of government aid will be worked out. But the Diet does not convene until December. And so the matter stands.

Meanwhile, the Showa Bank has been established to merge the failed banks and many others which have not failed. It has a capital of 10,000,000 yen. Six million yen of the capital has been offered for public subscription. The bank will receive liberal advances, at low rates of interest, from the Bank of Japan. It opened for business on November 1.

CHINA

The Hankow Central Bank of China has failed. It had liabilities of around \$60,000,000 silver. These will be redeemed at 20 cents on the dollar, it is said. The Hankow Government banks declared a sixty-day moratorium until the air is cleared. The cause of the failure is supposed to be the constant drain of

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New York Correspondent: BANK OF MONTREAL

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Capital Paid-up	£1,050,000
Reserve Fund and Undivided Profits	£1,512,884

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JAMES STEUART, Chief Manager

loans to the Nationalist Government.

Shanghai bankers and merchants are making every effort to prevent a repetition of these conditions there.

Canton is already involved. It is no longer able to make its usual remittances of \$4,000,000 silver to the Nanking Government. The Nanking Government, therefore, is making plans for a new loan of \$24,000,000 silver. It is expected that the new loan will bear 8.4 per cent. interest, and will be secured by the 2½ per cent. luxury surtax.

PALESTINE

Last July Palestine decided that she wanted to have a money of her own. So the British Government set up a "Palestinian Currency Board" which will be represented in Jerusalem by a special agent, and by a banking institution under its control.

The new Palestinian notes will be legal tender for any amount. They will be printed in English, Arabic and Hebrew. There will be half-pound notes, pound notes, five-pound notes, ten-pound notes, fifty-pound notes, and hundred-pound notes. The Palestine pound will have the same value as the pound sterling.

The subsidiary currency will be issued in "mils" or thousandths of a pound. The fifty and hundred-mil pieces will be silver; the five, ten and twenty mil

pieces, nickel-bronze; and the one and two-mil pieces, bronze.

For the present, no gold coins will be minted.

CHILE

At the end of its first year of operation, the Banco Centrale de Chile announced the following accomplishments:

Over 75,000,000 pesos of the bank's subscribed capital of 79,558,000 pesos has been paid in. The authorized capital is 150,000,000 pesos.

It has redeemed and canceled 274,141,070 pesos of government notes, leaving 131,488,049 pesos outstanding.

It has reduced the rediscount rate from 9 per cent. to 7½ per cent.

It has acted as fiscal agent for the government, loaning it 8,537,549 pesos.

Finally it has held the exchange rate of the Chilean peso remarkably stable, and has maintained the gold standard.

The Minister of the Treasury has announced that he will present to Congress a bill proposing the creation of an industrial credit bank. The new bank, which will be organized primarily to grant credits running for longer than a year to domestic enterprises, will have a capital of 20,000,000 pesos, the 8 per cent. dividends on which will be guaranteed by the government. This bank, it is hoped, will help to relieve the extreme depression in Chile.

The Philippine Islands Trade is Growing Rapidly

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If you are interested, the Bank of the Philippine Islands offers the highest class and most reliable Banking Services.

As the Oldest Bank in the Orient, we naturally maintain a very strong position which enables us to properly carry out the wishes of our clients, assisting them in the development of their trade and stimulating the production of the Islands.

The Bank of the Philippine Islands

Capital fully paid-up . . . (Pesos) 6,750,000 - (\$3,375,000)

Reserve funds " 2,250,000 - (\$1,125,000)

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Fulgencio Borromeo	President
Rafael Moreno	Vice-President & Secretary
J. M. Browne	Vice-Pres. & Mgr. Foreign Dept.
D. Garcia	.....	Cashier
S. Freixas	.....	Chief Accountant
P. J. Campos	.....	Manager Iloilo Branch
E. Byron Ford	.....	Manager Cebu Branch
J. M. Garcia	.....	Manager Zamboanga Branch

Correspondents in all parts of the World

Special attention given Collections

THE PAST MONTH IN CANADA

CANADA, which is primarily an agricultural country, is now approaching the close of one of the most satisfactory years in its history, says the Bank of Montreal, in its business summary of September 22. "Quantity, quality and price are the three factors which determine the result of the farmer's year. In quantity, taking the country as a whole, the yields have been generous; in quality, the general standard is high although some crops have suffered from adverse local conditions; in price, the market levels for grain and other staples assure satisfactory returns. As a whole, therefore, general business faces a winter season well fortified by a prosperous year in the country's fundamental industry, and by renewed buying power on a large scale distributed throughout the rural districts of every province."

"Industrial operations continue on a large scale, but some manufacturers are not as busy as at this time last year,"

says the *Monthly Commercial Letter* of the Canadian Bank of Commerce, "and the volume of new business may not be equal to that expected a month ago. The newsprint mills were more active in August than in the preceding month, but recent reports indicate a decline in production during September. While most of the leading automobile manufacturers have enjoyed a satisfactory season, the cessation of operations a few months ago at one of the largest plants has caused a slight reduction in the total output of motor vehicles for the eight months ended August 31, as compared with the corresponding period in 1926. The steel mills secured new orders which brought production in August to the highest point since midsummer of 1923, and additional contracts recently placed seemed to insure operations on the same scale for the next month or two. Further improvement has been noted in the boot and shoe industry, and some of the large manufac-

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New York

Price \$10

turers have been busier than in any corresponding season during the last six years."

FOREIGN TRADE INCREASE

Canada's foreign trade increased \$23,000,000 in August of this year over July and was \$13,200,000 larger than in August last year. The Bank of Montreal comments on the situation as follows: "How considerable this increase is may be learned from the fact that in the five fiscal months of the boom year 1920, the dollar value of Canada's foreign trade was only 10 per cent. greater than in the current year, against which is to be set the decrease of commodity prices. In point of volume, Canada's foreign commerce has never been so large as now. The long continued favorable trade balance has, however, again diminished. A year ago there was in the five months to August 31 an excess of exports over imports of \$47,000,000, whereas this year the excess of exports is only \$6,735,000, the decrease being caused more by in-

crease of imports than by decrease of exports. . . ."

BUILDING OPERATIONS

Building operations are seasonably active and nearly all reporting cities show gains over last year. The building activity is maintaining the demand for lumber, paints and plumbing materials.

Construction awards for the month of August totaled \$29,881,000, bringing the total for the eight months of 1927 up to \$272,086,000, a gain of 4.6 per cent. over the same period in 1926. Approximately 44 per cent. of this construction work has been undertaken in the Province of Ontario.

INSURANCE

"The recent growth of the volume of life insurance in Canada offers a good example of the increasing wealth of the country," says the Royal Bank of Canada. "Between 1920 and 1926 the amount of life insurance in force in Can-

1839—1927

Banking in the Levant

THE Ionian Bank Limited since its establishment 88 years ago has always been an important factor in the economic development of the Levant.

The Organization of this British Bank is at the disposal of American Banks interested in trade and finance in the Near East.

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ada rose from \$2,580,000,000 to \$4,610,000,000—an increase of 75 per cent. . . . Between 1919 and the end of 1926 the amount of group insurance in force in Canada rose from \$11,510,000 to more than \$200,000,000. . . . There has also been a \$2,000,000,000 increase in the volume of fire insurance in force since 1920, bringing the total amount in force at the end of 1926 to \$8,045,000,000. This constitutes a 35 per cent. increase within a period of six years."

"Indicative of the mounting volume of business," says the summary of the Bank of Montreal, "are car-loadings, which run in excess of last year, particularly in respect to general merchandise as well as to lumber, and, while grain loadings have fallen behind last year, due to a later harvest, this loss will be overtaken in the early future. . . . Traffic in the port of Montreal is greater than has been. Grain shipments exceed all previous records, while inward cargoes are larger and rates remain firm with upward tendency."

With the greater volume of business, employment has naturally increased and on August 1 of this year the Dominion Bureau of Statistics index number of employment for all industries reached 109.2—a new high level. The index of employment in manufacturing reached 98.9, the highest point since 1920. New high levels have also been attained recently in employment indexes for mining, transportation, construction, service and trade. A chart made by the Royal Bank of Canada shows that from December, 1924, there has been a steady and rapid rise in the level of employment in that country.

The same bank has compiled a table which shows well the general business situation in Canada. Agriculture, employment, the money situation and security prices are listed as excellent; mining, building, transportation, manufacturing, banking, insurance and the general price situation as favorable; forestry, immigration and bond sales as medium; fishing and the prices of animal produce as unsatisfactory.



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LONDON BANKS INCREASING IN NUMBER

BY A. C. BLACKALL

ONE of the most conspicuous facts about London since the war has been the continuous growth in the number of large and impressive bank buildings and the way in which they have occupied a great proportion of the finest corner sites in the city. The enormous wealth which is represented by these bank buildings may be estimated from the fact that the premises belonging to what are known as the "big five," namely, the Midland, Lloyd's, Barclay's, National Provincial, and Westminster banks, are in the aggregate estimated in their balance-sheets at approximately £30,000,000 (about \$150,000,000).

Actually, their value is considerably higher than this, as it is the policy of most of the British banks to put a lower value on their premises than they would actually command in the market. An exaggerated example of this conservative policy is the fact that the Bank of England does not include its site and its buildings among the assets shown in its balance-sheet, although they are worth many hundred thousand pounds.

It might have been thought by the man in the street that in London there were already plenty of banks. Altogether, including the numerous foreign banks in

the city, there are over 1500 in the metropolitan area. In London Barclay's heads the "big five" in point of the number of its branches, possessing no less than 315. Its closest competitor is the Midland Bank, with 207 branches, and this bank is in turn followed by the Westminster with 192 branches, Lloyd's with 125, and the National Provincial with 103 branches. Yet the number of banks in London is still increasing. Since January of the present year, Lloyd's Bank has opened fifteen new branches in London alone, and is about to open three more almost immediately. During the same period Barclay's has opened six new branches in London, the Westminster has opened eight, and the Midland and the National Provincial have opened one each.

The reason for the more rapid extension of Lloyd's Bank in London is that Barclay's is well established in London, while Lloyd's, which up to 1912 had its head offices in Birmingham, was stronger in the Midlands of England, and is still developing its London business.

Throughout the country the number of new branches opened since January last has naturally been much greater, as the following figures indicate: Midland,

61; Lloyd's, 35; Barclay's, 20; National Provincial, 28; and Westminster, 16.

The total number of branches of the "big five" rose from 6158 in 1920 to 7735 at the end of 1926, an increase of over 1500 since the war ended and building was freed from restrictions.

The chief reasons given for the taking over of expensive corner sites and erecting upon them luxurious buildings are the keenness of competition for new business among the "big five," and the fact that there are few better forms of investment than a good building on a good corner site.

"A bank building," said a London headquarters bank official in an interview, "must be more conveniently located and more conspicuous than those of its rivals if it is to attract the attention and get the custom of the man who is largely indifferent as to which bank he should use. It also has to convey an impression of worth and solidity, so as to inspire confidence by its mere appearance outside and inside."

It does not matter very much if the post-office decides to put its branches in side streets so as to avoid rent charges. The public is compelled to purchase its stamps there. But banking is not a monopoly. It is a competitive business,

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and one of the chief forms of the competition, the London banks appreciate, is in good sites and good buildings.

INTERNATIONAL BANKING NOTES

STATEMENT of condition of the Royal Bank of Canada, Montreal, as of August 31, 1927, shows paid up capital of \$29,840,220, reserve fund of \$29,840,220, undivided profits of \$1,409,674, deposits of \$619,446,826 and total resources of \$782,871,670. This is an increase of more than two million dollars over the resources of the previous statement, that of May 31. Total resources at that time amounted to \$780,032,735.

THE Oesterreichische Credit Anstalt fur Handel und Gewerbe, Austria, has increased its capital from Schillings 65,000,000 to Schillings 85,000,000 and its reserve fund from Schillings 25,000,000 to Schillings 35,000,000, according to recent announcement by the bank.

The board of directors of the bank called an extraordinary shareholders' meeting on October 22 for the purpose of voting on the proposed increase and of fixing the terms under which the increase was to be put into effect.

The action decided upon, it is stated, was prompted by a desire on the part of the bank to bring its own resources in line with the constantly growing volume of business. A number of foreign financial groups have already approached the bank with offers to take over the substantial blocks of the new stock to be issued.

STATEMENT of De Javasche Bank, Batavia, of August 13, 1927, shows capital of f9,000,000, reserve fund of f13,500,000, deposits of f53,378,860 and total resources of f415,436,935.

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BRUSSELS — OSTEND
CORRESPONDENTS
AT ALL BANKING POINTS

THE Queensland National Bank, Ltd., Brisbane, shows net profits for the year ended June 30, 1926, of £192,202, after allowing for re-

tion £51,351. This will be disposed of as follows:

To dividend at the rate of 10 per cent per annum for the quarter ended June 30, 1927£37,500
 To be carried forward to next account 13,851



E. C. RIDDLE
 Governor the Commonwealth Bank of Australia, Sydney.



H. T. ARMITAGE
 Deputy governor the Commonwealth Bank of Australia, Sydney.

bate on bills current, income taxes, land taxes, interminable inscribed deposit stock, reducing bank premises and furniture accounts £12,500, and making provision for bad and doubtful debts. To this amount has been added £11,649 brought forward from the previous account, making a total of £203,851.

Out of this were paid interim dividends amounting to £112,500 at the rate of 10 per cent. per annum for the quarters ended September 30, 1926; December 31, 1926; and March 31, 1927. A transfer of £40,000 was made to the reserve fund, leaving for distribu-

During the year branches of the bank have been opened at Monto, Nundah, Redcliffe and Tamborine North (Queensland) and Canberra (Federal Territory). The branch at Warra (Queensland) has been closed.

Paid up capital of the bank is £1,500,000, reserve fund £750,000, deposits £8,574,175, and total resources £14,786,766.

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S. N. POCHKHANAWALA, *Managing Director*

EUGENE M. STEVENS ANALYZES EUROPEAN SITUATION

Reprinted from the *Wall Street Journal*, Chicago Bureau

WHEN Russia is stabilized politically—which it must be some time, although no one can tell whether it will be five or fifty years from now—economic recovery in Europe will be greatly accelerated, said Eugene M. Stevens, president the Illinois Merchants Trust Co., Chicago, recently returned from an extended European trip embracing six countries, on which he was accompanied by H. G. P. Deans, vice-president in charge of foreign business. "I returned firmly convinced, however, that, until such political stabilization takes place, there can be no trade of any proportions with Russia, since there is no basis for the necessary credit.

"One of the most fundamental factors in the disturbance of the European economic situation is the practical withdrawal from the world's markets of the consuming power of the immense population of Russia, and to a lesser extent, that of China. Germany has suffered, particularly from the loss of Russian trade, and England, with its extensive interests in China, has a large stake in the restoration of more stable conditions there. The ultimate stabilization of these two countries will greatly help in the restoration of natural trade channels and the elimination of present artificial trade bar-

riers, whereby every country is trying to produce for its own necessities and shut out goods from other countries."

Discussing more specifically the situation in the various countries he visited, Mr. Stevens said:

"There is perceptible improvement in England, but the situation there can best be described as 'perplexing.' In Scotland there is some betterment, including a considerable gain in Clyde shipbuilding, which seems significant. There is a slight improvement in the English unemployment situation. A phase of this problem is the number of old and unemployable people, who have become dependent on the government owing to the loss during the war of the wage earners supporting them. The war cost England the flower of her youth, who would now have been 30 to 35 years of age and just coming into their own in national affairs.

ENGLAND LOSES CHINESE TRADE

"England has lost, at least temporarily, a considerable amount of Chinese trade, and the Lancashire cotton mills are naturally suffering in consequence. Germany once was also one of England's best customers. England is a great trading country, and the loss of large mar-

Knauth, Nachod & Kühne

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Established 1852



*Seventy-five years of continuous
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Securities

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LEIPZIG, GERMANY

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kets such as these could not but be felt.

"Adjustment to changed conditions calls for the highest type of business and governmental leadership, which the country fortunately possesses. Her principal asset in the building of her great empire has been the brain power and moral integrity of her people. One of the great developments of history to me has been that whereby 40,000,000 people on a little northern island came to control to a greater or less degree an empire of 400,000,000.

"While Germany's present industrial activity and outward evidences of prosperity are based to a large extent on borrowed capital, her people are all employed and working hard, and these borrowings have stimulated economic recovery. The country is finding it hard to build up working capital, since imports so largely exceed exports, owing to the difficulty of finding markets for output. As one example of the way in which

Germany is meeting her problems, she has developed a synthetic nitrate industry, built tremendous plants, and now produces more nitrate than is naturally produced in Chile, with the result that the import balance is reduced \$50,000,000 a year. German railroads are efficient and for that matter so is everything in the country. Their middle name in Germany is 'efficiency.'

"This marked industrial activity has eliminated unemployment and has a tendency to raise wages and thereby increase the standard of living. To avoid any inflation in this direction, conservative bankers there are discouraging indiscriminate borrowings from abroad on the theory it would be better for Germany to have to work under some pressure and live economically.

FOREIGN CAPITAL AN INFLUENCE

"With the large amount of American and other foreign capital being offered, the Reichsbank, of course, cannot control this situation as if only German currency were available. However, I do not regard this situation as serious. Before the war, the supply of German currency was about 6,000,000,000 marks, against about 5,500,000,000 now. With the index of commodity prices at a relative value now of about 140 the currency could reach about 8,000,000,000 marks and still be in line with the pre-war basis.

"One hears some talk about the difficulty of meeting the heavy reparations payments, but more particularly about the uncertainty of their transfer, and the consequent effect in Germany if ways are found to effect considerable transfers.

"There is no such political and financial uncertainty in France as prevailed a year ago. Under the present government the franc has become practically though not officially stabilized at about 4 cents, and the Bank of France, aided by better tax collections and the successful flotation of internal loans, has accumulated cash and foreign balances sufficient to give it control of an important part of the world's working capital. The bank's manage-

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Fourth Street
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trust companies, corporations
and individuals.**

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Times Square Trust Company

Seventh Avenue at 40th Street

New York

Capital \$2,000,000 Surplus and Undivided Profits \$514,697

Member Federal Reserve System
Depository for City, State and Federal Funds

One year of consistent progress for which
we thank our depositors and friends

Resources

October 5th, 1926 (opening date)	\$3,800,000.00
October 10th, 1926	4,799,701.07
November 10th, 1926	4,907,389.91
December 10th, 1926	5,290,374.74
January 10th, 1927	5,694,792.48
February 10th, 1927	6,439,253.66
March 10th, 1927	6,760,972.99
April 10th, 1927	7,280,073.00
May 10th, 1927	7,360,008.93
June 10th, 1927	7,480,549.49
July 10th, 1927	8,035,235.17
August 10th, 1927	9,001,727.66
September 10th, 1927	9,637,338.33
October 10th, 1927	10,596,182.03

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Commercial Banking, Domestic and Foreign

BANCO ALEMAN-ANTIOQUENO

MEDELLIN, Colombia, S. A.

Established 1912

Statement of Condition as of December 31, 1926 :

Capital Fully Paid In . . .	\$2,000,000	Deposits . . .	\$10,462,800
Reserves and Undivided Profits	\$1,053,500	Total Resources	\$18,981,100

Branches : Armenia (Caldas), Barranquilla, Bogota, Bucaramanga, Cali, Honda ; Bremen (Germany).

GENERAL BANKING BUSINESS

ment is believed to be in capable hands, not especially amenable to political influences, and some qualified observers hold its policy is not likely to suffer material change even if the present government is overthrown. However, until the franc has been officially stabilized and France has given longer evidence of stability in politics and finance, the rest of the world will see some uncertainty and need for caution in her situation.

"Holland, an agricultural and trading nation, is, of course, prosperous. The Dutch East Indies are extremely rich colonies. Agriculture in Holland consists largely of dairying, and I was impressed with the fertility of the soil and the rich grass growth, enabling many more cows to be pastured per acre than in this country.

"Switzerland, with its tourist trade, its wines, dairying and watches, is also reasonably prosperous. Both Swiss and Dutch prosperity can be traced to some extent to the fact that they did not take part in the war. Both countries have plenty of money and are lenders in the world's markets.

"Belgium, in contrast to Holland, is largely a manufacturing nation. The drastic and courageous conversion of its internal debt about a year ago into participating preferred shares of the formerly government-owned railways has worked out well. The railways are making money and the preferred shares are paying an additional 2 per cent. above

the basic rate of 6 per cent., with the result that they are selling freely at a considerable premium, to the advantage of the former holders of internal debt bonds, whose quotations had been below par and unstable.

"There is a distinct feeling abroad, to some extent in England, and more particularly in Germany, that we should be very careful in granting credits. When I asked one of the greatest bankers in England how we could best discharge the international obligation thrust upon us by the exigencies of the war, his only reply was 'Be economical with your credits.' This is the keynote of the opinion of leading bankers with whom I talked. German bankers especially do not want Germany to have too much borrowed outside capital, particularly for unproductive purposes such as municipal improvements, on some of which it might be difficult to maintain debt service.

"As a result of these contacts I came back with the view that having become a great creditor nation and the conservator of about half the world's gold supply, we should grant credits wisely and not too freely, considering them not only from our local standpoint, but from that of the ultimate good of the situation as a whole. This will require an increasing understanding of the international background, much of it age-old, on which wise credits can be based. In such a study most of us in America are as yet beginners."



Why The Marine Knows Buffalo

Because a directing and operating personnel of nearly 1,000 enables The Marine to keep in touch with changing Buffalo conditions.

THE MARINE
TRUST COMPANY
OF BUFFALO

Resources more than \$200,000,000



ROBERT MORRIS ASSOCIATES URGED TO CO-OPERATE

FOR some time past the Robert Morris Associates, the organization of bank credit men, has been giving considerable attention to more effective co-operation in various activities in the credit field. Among these activities is the improvement of methods in gathering and disseminating credit information.

A committee was formed, with J. N. Eaton, vice-president of the Merchants National Bank of Boston, as chairman, and for the last two years this committee has had "credit correspondence" under observation. From its investigations it is convinced that in spite of the past efforts of the association much careless letter writing and futile correspondence still continues. These involve needless expenditures of money and time in making replies.

In analyzing faulty letters, Chairman Eaton, in the report of his committee which follows, states that they fall principally into three classes:

"1. Letters which fail to indicate the reason for the inquiry.

"2. The drag net inquiry, where letters are sent to several banks in the same city without mention of the fact that a general investigation is being made.

"3. Inquiries about banks.

"Each of these abuses of practice is worthy of separate comment.

1. INQUIRIES WITH NO REASON

"In 1916, at the first winter meeting of the Associates, the futility of asking general questions was recognized and a statement regarding the practice was drawn up as follows:

"Every letter of inquiry should indicate in some definite and conspicuous manner the object and scope of the inquiry."

"Form letters which are limited to a question about the 'general standing and responsibility' of a concern provide no starting point for even a willing corre-

spondent to begin his investigation. Requests for information in connection with commercial paper purchases may be reduced to a form letter if it is intelligently prepared. Such a letter should give the following facts: The name and address of the subject, the broker handling the paper and the security or indorsement, if any. These data enable the recipient of the inquiry to frame a reasonable reply, giving the essential details about the concern and checking a possible duplication of brokers and the similarity of the form of borrowing.

"Letters of inquiry for ordinary commercial credit, exclusive of bought paper, involve a more complicated problem and unless the inquirer's question be specifically asked, the preparation of an answer is difficult. A subject may be considered perfectly good for \$500 or \$5000 as a trade risk, but not for a larger amount as a bank line. Unless the reason for the inquiry is stated, the answer must be general and frequently wide of the mark.

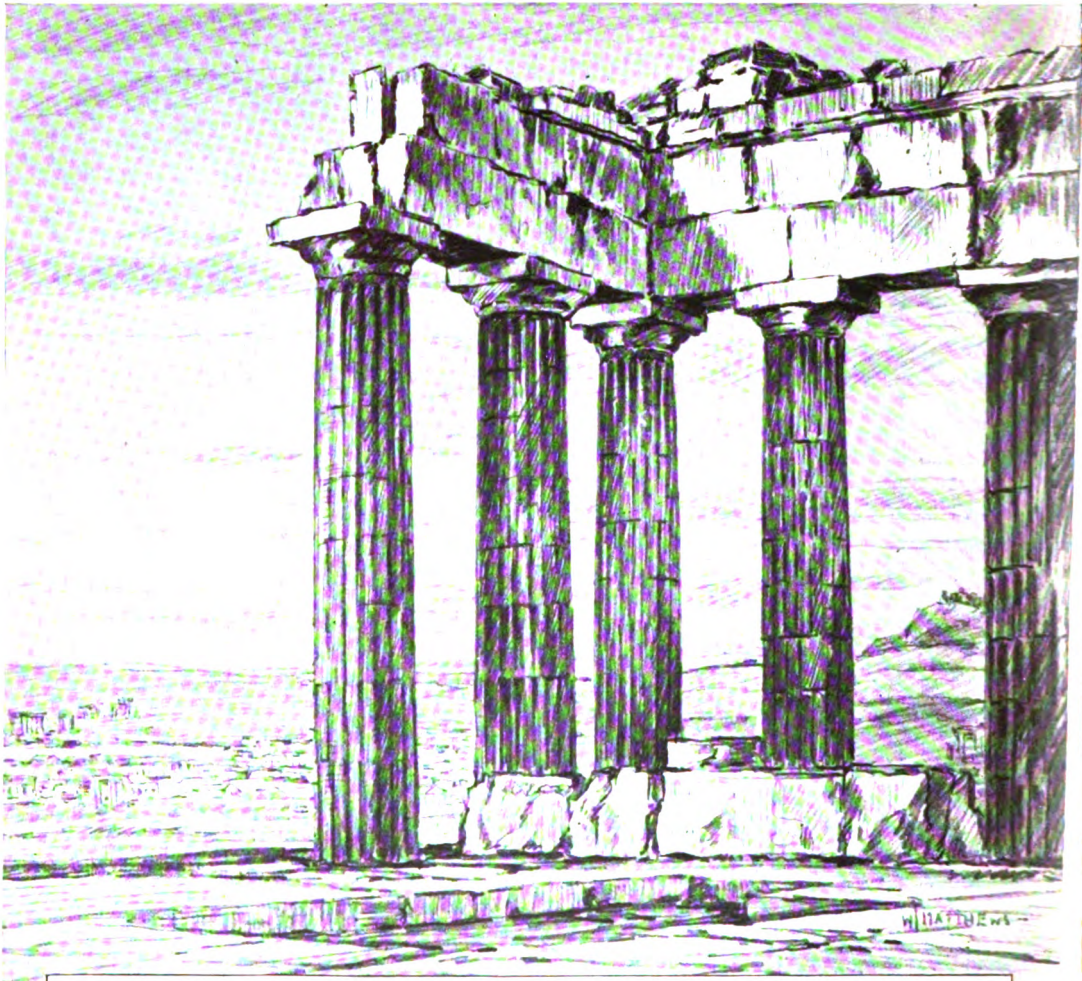
"In occasional instances we are forced to make an inquiry for a customer from whom it is impossible to learn why information is being sought. When such cases arise it would seem only ordinary courtesy for the bank making the investigation to indicate the conditions under which it is working.

2. THE DRAG NET INQUIRY

"There is hardly a member of the Associates who has not felt resentment against this practice. This resentment was in evidence in 1916 and gave rise to the following memorandum, which also was made a part of our Code of Ethics:

"When more than one inquiry on the same subject is sent simultaneously to banks in the same city, this fact should be plainly set forth in the inquiries."

"In making a search for information, any executive has a choice of two



Athens

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Ancient
World*

Every civilization has drawn inspiration from Grecian arts and letters—from the genius of her great men and the chaste beauty of her immortal ruins—the Acropolis, Areopagus and Mars Hill; the Parthenon, Temple of Zeus, Theseion, Theatre of Dionysos and many other ancient monuments. All this and more on the

Mediterranean Cruise Supreme

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HOMERIC—"The Ship of Splendor"

Sailing from New York January 21—Returning March 28, 1928
Madeira, Cadiz, Gibraltar, Algiers, Athens, Constantinople—a
long stay in Egypt—the Holy Land, Italy, the French Riviera, etc.

Ask for the illustrated Story

Thos. Cook & Son

New York Philadelphia Baltimore Boston Chicago St. Louis San Francisco
Los Angeles Portland, Ore. Toronto Montreal Vancouver

methods. First, he may select a few banks at different centers to which he will write, relying on the local knowledge and investigation of each. Second, he may prefer to apply to all of his correspondents in one locality rather than to depend upon the discretion and diligence of a single bank to cover the territory for him. Either of these two methods is proper, but it is not good sense to mix the two and broadcast an investigation with many letters, each of which looks like an individual special reliance letter. Such methods produce duplication of effort and sometimes lead to confusion and irritation. The bank that becomes known as such an offender can expect little co-operation in its inquiries.

"The best plan is to use intelligence and thoughtfulness in selecting the prospective sources of information. If duplicate local inquiries seem desirable, confusion and resentment can be avoided by a simple indication in the letters that more than one inquiry is being sent out and that direct available experience is all that is wanted.

3. INQUIRIES ON BANKS

"The institution of the Federal Reserve System has tended to decrease borrowing from correspondent banks. In the case of smaller institutions and non-member banks, the practice of borrowing from city correspondents still continues, but loans, as a rule, are confined to banks in the principal nearby cities serving their particular territories. Notwithstanding the tendency in recent years for member banks to confine their borrowing to the Federal Reserve banks, apparently many rather ill-considered credit inquiries about the standing of such banks continue to be made, not infrequently about institutions of national reputation. It would seem that many of these letters are sent out annually as a matter of routine. If the necessity and advisability of making such inquiries were passed upon by some officer familiar with the accounts, a large proportion of these letters would probably be found unneces-

sary. At previous meetings reference has been made to the prize specimen of a letter asking about the standing and responsibility of the Federal Reserve Bank of New York, but if you were given the names of some of the banks our members have inquired about during the last year they would appear almost equally ridiculous.

MISCELLANEOUS

"While most of the irregularities called to our attention fall in the above classes, there are other miscellaneous cases indicating lack of knowledge or carelessness in the proper handling of credit matters. We have been amazed to find that some of our own members have informed their customers of inquiries received, even going so far as to give the names of the banks asking about them. Such procedure has led to embarrassment. It seems inconceivable that our own members would thus violate one of the first principles of credit ethics.

"In the past we have usually been disposed to attribute incorrect credit practices to the carelessness of inexperienced clerks. In studying these improper inquiries, however, it is interesting to note that many of them are made over the signature of high officials, indicating that the chief executives apparently give little thought to such matters.

SURVEY

"During this year the committee has endeavored to make a survey of these faults, which has been only moderately successful. The number of banks which have co-operated in the work has been rather discouraging. Many members started out bravely and were supplied with forms upon which to register instances of faulty inquiries. A comparatively small number went through with the job and actually supplied data. The survey, so far, though, has brought to our secretary reports of improper inquiries made by no less than 67 of our own members. Against these 67 members there



SMARTNESS IN FUR

HALF the smartness of fur is its quality; the other half, its styling. Here, the first is assured by sixty years of high integrity; the second by the Shayne Parisian Commissionaire and a brilliant designing staff.

We should particularly like you to see our collection of very distinguished fall and winter sport coats for young ladies.

Important: Should you select a coat here of any given fur, but choose to have that same kind of fur executed in another Shayne style, we will do so without extra charge. Since every Shayne garment is custom made, and embodies the same skilled workmanship, there is no price difference between the convenient ready-to-wear coat and the coat tailored to request.

C. C. SHAYNE & CO.

STRICTLY RELIABLE FURS

126 WEST 42nd STREET
NEW YORK

Telephone 4360 Wisconsin

have been 120 complaints. This confirms the fact that many foolish inquiry letters are written. Reports from all members would undoubtedly swell the record tremendously.

"The committee has remained true to its pledge of confidence and in no case is the information concerning the details of this survey in the hands of any other than the reporting bank, the central office, and the chairman of the committee. The committee feels that it would be proper for the secretary to inform any member who might wish to know, whether or not his bank has been listed as an offender and the nature of the offense without, however, disclosing the source of the complaint. It may quite well be that some members are not aware of the fact that their departmental routine and method have subjected them to criticism. The character of the banks complained against makes this evident. Some members may wish to avoid the possibility of continuing on the secretary's list and with this in mind the committee suggests that the central office be consulted by those who may be in doubt as to the present control over or character of their letters of inquiry.

"Hitherto the reports of this committee have dealt solely with the making of inquiries. We find, however, that sufficient attention is not always paid to the making of replies. When the inquiry is in proper form it deserves a courteous reply. This description hardly fits a rubber-stamped notation on the original letter of inquiry to the effect that 'we are not in receipt of any information as to the financial standing, etc., of the above named, other than that reported by Dun or Bradstreet's, and respectfully refer you to them.' If you believe in the desirability of proper credit letters, you will show your appreciation

by real co-operation when such inquiries are received.

"This is a movement to relieve all of us of unnecessary letter writing, to help us to get greater co-operation, and to give us more valuable credit information. It has been undertaken without any thought of sharp criticism and as an educational movement along one of our avenues of legitimate activity. The committee feels that support in this work should be more general. No embarrassment will be caused anyone by your reporting to our secretary the cases that come to your attention. Frequently their correction may be effected by you direct with your correspondent. This procedure has already been followed out in a number of instances. For our records, though, we would like to have them reported. If you can prevent their recurrence this committee can soon be discharged."

GENERAL CONCLUSIONS

Further investigations by Chairman Eaton disclosed the fact that members had not co-operated and reported particular cases for three reasons: First, the danger of reporting a correspondent for fear it will get back to the correspondent; second, indifference; third, so many faulty inquiries are received, it would be too much work to try and report them.

Mr. Eaton states that fears expressed in the first instance are groundless, as no one but the one making the report, the secretary and the chairman of the committee knows the details of the cases. Mr. Eaton naturally believes the second and third excuses are not adequate.

Chairman Eaton believes that while his committee has not accomplished as much as was hoped, the work was needed and if every member gave his full co-operation much more could be accomplished.

TO HIS ORGANIZATION in 1921—"Gentlemen, you are to be so well informed, such disciples of the gospel of sound advertising for the institution you seek to serve through Graves Service that, whether he becomes your client or not, you will have contributed something of service and helpful information to each banker upon whom you call, in return for the courtesy of the time he has given you."

WM. ELLIOTT GRAVES

AN ABLE ASSISTANT to the American Banker

AMORNING'S conference yesterday in serious study of intimate problems with a board of directors in a town of 15,000 . . . last night, miles away in a great city, holding with the stockholders a meeting of inspiring worth to the bank and to that community . . . today, busy with cashier and president analyzing business possibilities within the bank and a farming community . . . tomorrow, planning a year's campaign to build outstanding leadership for still another bank . . . observing, studying, informing, serving, the field representative of Wm. Elliott Graves, Inc., fulfills the ideals of the founder of this organization and finds a welcome from earnest, forward-looking bankers in cities, towns and hamlets throughout our land . . . And rightly so—for he brings the wisdom-ripened experience of a thousand successful banks and carries with him the plans and methods of the most distinguished service at the command of the American Banker.

GRAVES SERVICE

WM. ELLIOTT GRAVES, Inc., *Financial Advertising*, CHICAGO

How Banks are Advertising

Special Section of The Bankers Magazine

NOVEMBER 1927

TWO unusually well written booklets with attractive typography are used by the Corn Exchange National Bank of Philadelphia in advertising its insurance trusts. The first, "Safeguarding Your Life Insurance," is written primarily for the customer and explains clearly, without the use of technical terms, what the insurance trust is, how it differs from ordinary life insurance or that written on the monthly income plan, and its advantages over both. The simple method of creating an insurance trust at the Corn Exchange bank is then explained and an invitation is given to the prospective customer to allow the bank to explain the trust to him in detail.

The second booklet, "Cooperating with the Life Insurance Agent," is a more technical discussion intended for the life insurance agent, showing him whereby the use of the insurance trust will increase his business, and giving a copy of an unfunded revocable insurance trust agreement with the bank as trustee. It contains a brief opinion of the insurance trust written by Dr. S. S. Huebner, dean of the American College of Life Underwriters.

"The Corn Exchange National Bank believes in life in-

surance and the life insurance trust," says the booklet. "It is not our idea that all insurance should be placed in insurance trusts, nor that all income or instalment settlements should be abandoned by insurance companies. There is an enormous amount of outstanding insurance which should be protected by insurance trust agreements, and a large amount of prospective new insurance, a

great deal of which, but for the appeal of the life insurance trust, will not be written."

THE *Woman's Bulletin* of the Union Trust Company of Detroit, Mich., made its initial appearance recently. It is a four-page folder, attractively printed and devoted to items of news of interest to Detroit women. It is being sent to customers of the bank

THE STORY OF THE WORKMAN

Working the Right Way for Your Money

The peaks and valleys of the employment curve—occurring annually at the same stated periods—clearly illustrate the opportunity and the necessity of a comprehensive, planned savings and financial program for the workers of Detroit.

The First National Group, offering every financial facility under one head, has long been the ideal advisor for these workers and the obvious repository for their savings.

Workmen

CENTRAL SAVINGS BANK
FIRST NATIONAL BANK
FIRST NATIONAL CO. OF DETROIT

There's a Branch Near You

One of a series of striking advertisements, each addressed to a different group of people and published full page size by the First National Group of Detroit in local newspapers.

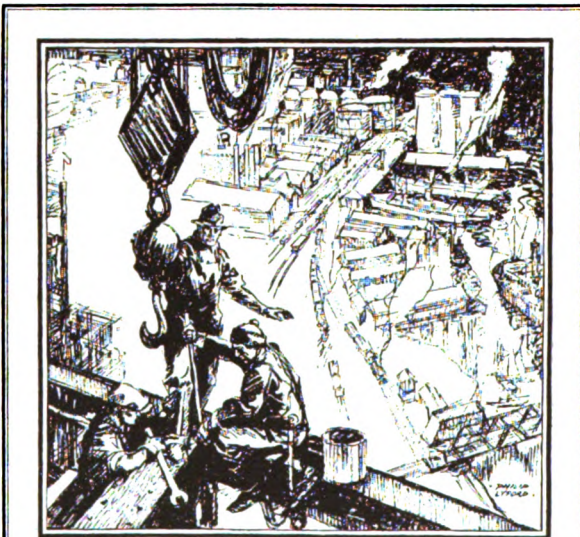
and to others who care to receive it.

The first issue of the bulletin is most readable and will doubtless meet with the approval of the Detroit women to whom it is sent. It contains a full page article about the new Art Museum which opened October 7 in Detroit

and tells of the many ways in which the museum can be of interest and assistance. There is a description of a Near East handicraft exhibit, and items about the clubhouse of the Detroit Federation of Women's Clubs, program of the Detroit Symphony orchestra for the com-

ing season, crafts guild and an exhibit of Queen Marie Antoinette's court robe.

What is probably to be a monthly feature is entitled "Detroit Women of Prominence," in which is given an interview with a prominent business woman of the city.



Underwriters as Well as Distributors of High Grade Investment Securities

INVESTORS turn naturally to the Illinois Merchants Trust Company because of their confidence in the conservative traditions of this bank—because of the valuable counsel they receive, the comprehensive lists of securities from which they can make their selections, the wealth of authoritative information at their disposal, and the individual service by which they benefit.

Likewise, borrowers, who meet their financing requirements through the issuing of bonds, are looking in ever-increasing numbers to the Illinois Merchants Trust Company with its great financial resources, its many established connections, its ability to distribute

large issues, and its complete underwriting facilities.

This large banking institution, offering, as it does, a highly developed commercial banking and trust service in addition to its underwriting and investment banking qualifications, provides definite advantages which municipalities and corporations, confronted with financing or refinancing problems, have long recognized and appreciated.

The officers of our Bond Department will be glad to counsel with you upon any matters pertaining to the underwriting and distributing of quality investment securities.

ILLINOIS MERCHANTS TRUST COMPANY

Capital & Surplus 45 Million Dollars

LA SALLE, JACKSON, CLARK AND QUINCY STREETS CHICAGO

The above advertisement is one of 350 selected by a jury of seven men from among some 3000 advertisements entered in the advertising contest of the Art Directors Club of New York. Advertisements were submitted in this contest from all parts of the United States. This advertisement will appear in the sixth annual edition of *Advertising Art*. It is an excellent example of how good art work can be used to embellish and strengthen the effect of good financial copy.

A SYSTEMATIC selling campaign in which the officers, directors and employes of the Lima (Ohio) Trust Company participated, increased the deposits of that company more than 25 per cent. in three and a half months, without the aid either of consolidations or a boom in business in the community. Deposits of the bank jumped from \$4,478,835 on April 1, 1927, to \$5,632,064 on July 16.

Several hundred customers and an organization of forty-five stockholders also took part in the campaign.

The commercial accounts opened during the campaign averaged \$2600 each; 272 safe deposit boxes were rented; the trust department obtained business having a total value of \$10,499,141, in 48 wills, 28 insurance trusts and 11 voluntary trusts. More than one and a half times as much trust business was secured during the three months as during the previous seven years in which the trust department had been active.

THE September 1 issue of the *Valley Bank Visitor*, "published in the interests of

the Valley Bank in Phoenix, Arizona," contains, in addition to its usual business review, a booster article on "The Land of Milk and Honey," discussion of surety bonds, a column of personal items and a column headed "Wills and Estates" in which is being carried on monthly a catechism on wills.

"MAKE the Dog Days Pay!" says Morris F. Fox & Co., Milwaukee, Wis., in its August investment circular, in which it urges business and professional men to take advantage of the business inactivity of the summer to plan their investments for the remainder of the year. This folder, while similar in form each month, is distinctive enough to attract attention. The August number also contains an editorial reprinted from the *Chicago Journal of Commerce* urging an investment policy for professional men.

THE Farmers and Merchants National Bank of Baltimore, Md., in adopting a \$1 service charge on all checking accounts averaging less than \$200 in any month, has published a folder explaining in clear and concise fashion why the charge was being made. "Would you operate your business at a continual loss?" asks the bank, and then explains why the small checking account is a loss to the bank.

EXCERPTS from an address by John A. Reynolds, assistant



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Phone Main 0100
and ask for Mr.—

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Vice-President
- Phelan J. McHenry
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Manager of Sales
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Affiliated with
Northwestern National Bank
Minneapolis

Our Representatives will Help you in Selecting the Right Investment

THE representatives of our bond department are especially trained to give you *impartial* advice regarding your investments. This is one of the reasons why we take a pride in welcoming *new* customers to our institution—we believe that they will find satisfaction in the personal service our organization is able to render. This institution handles all types of investment bonds, and its regular clients include, besides individuals, insurance companies, savings banks and many fraternal and business organizations. May we submit offerings for your consideration, and thus establish a contact that should prove of mutual advantage?

WILLIAM A. DURST
President
HENRY D. THRALL
Vice-President

**THE MINNESOTA LOAN
AND TRUST COMPANY**
403 MARQUETTE MINNEAPOLIS

This advertisement of a Minneapolis bank is designed to aid representatives of the bank's bond department in breaking down sales resistance and establishing the confidence of the prospective customer in the bank's representatives.

vice-president of the Union Trust Company of Detroit, delivered before the annual convention of the General Agents of the Northwestern Mutual Life Insurance Company at Milwaukee, Wis., have been reprinted in attractive booklet form by the Union Trust Company. The booklet is called "Progressive Life Insurance Trust Service."

AN excellent bit of work in a campaign to sell the South to itself and the rest of the world is a four-page leaflet published by the Hibernia Bank & Trust Co., of New

Orleans, La. Under the heading, "The Agricultural and Industrial South," the cotton-seed oil industry is discussed. A picture of a cotton-seed oil refining plant is shown on the first page, while the fourth carries an interesting description of the industry. A statement of the bank's condition and a list of officers and directors makes up the two inside pages.

THE insurance trust is effectively treated in a booklet gotten out by the Chemical National Bank of New York, in which it lists the various

Paying more taxes in order to have more money

YOUR analysis saved me a lot of money," said an investor recently. "I had 75% of my holdings in tax-exempts, never realizing that because of changed tax laws I was losing more on low yields than I saved in taxes."

His total holdings of approximately \$50,000 were distributed among municipals, government bonds, Joint Stock and Federal Land Banks, with a few second-grade rails and industrials. He held no public utilities at all.

Following our suggestion, he has now reduced his holdings of tax-exempts to approximately 35%, of which a further 10% will be taken off and reinvested in rails and utilities. This will give a distribution of about 25% in Liberty Bonds

and municipals, 25% in rails, 15% in utilities, 20% in industrials, and 15% in foreigners.

Since making these changes, he has increased his holdings by more than \$10,000, due in part to capitalization of premiums on his former list.

To help you analyze your list, we have prepared the Compton Personal Investment Guide. This book helps you classify your holdings properly. Should you want detailed advice on specific issues, we will gladly give you the benefit of our thirty-nine years of experience in handling sound investments.

A request, on your letterhead, will bring you the Personal Investment Guide.

WILLIAM R. COMPTON COMPANY

44 Wall Street, New York
St. Louis Omaha Chicago Kansas City Boston New Orleans Cincinnati

The value of citing the specific instance in advertising copy is brought out in this investment bank's advertisement. The copy relates the experience of one investor who increased the yield on his bond holdings as a result of the institution's counsel and co-operation.

kinds of insurance trusts and asks numerous questions for the prospect to answer and return to the bank, thus giving the institution an opportunity to check up on the results of that piece of advertising, as well as to find out what sort of insurance trust is suited to the needs of the prospective customer. Typography and makeup give a dignified appearance suitable to the text.

QUAINT and amusing woodcuts of Brooklyn in 1859, and half-tones of a modern bank building in that city form a pleasing contrast in an attrac-

tive and effective booklet, "Brooklyn Old and New," published by the Dime Savings Bank in Brooklyn, N. Y.

"Brooklyn in 1859—the year of the founding of the Dime Savings Bank—was hardly what we would call a metropolis today. The homes of her 200,000 inhabitants were scattered from Newtown Creek to Gowanus Bay. While a map of the period shows streets laid out to include Eleventh avenue on the east and 60th street on the south, the bulk of the population lived far within those limits."

So reads the first para-

graph of this most interesting history of Brooklyn from 1859 to the present time. The growth of the bank is told synonymously with that of the city, the latter being credited with the former. The latter part of the book contains a description of the Dime bank at the present time—its services, etc.

Two-color printing—large red initial letters which relieve the black and white—adds to the attractiveness of the publication.

PROFESSIONAL men, who are reputed to make money more easily than they keep it, are introduced to an easy method of caring for their estates in a folder issued by the Ohio Savings Bank and Trust Company of Toledo, Ohio. "What Yield from the Estates of Professional Men?" is the query on the first page of the four-page folder. The question is answered for those who look inside.

With the folder is sent a return card which reads as follows:

"Perplexing problems confront an estate. They become serious when inadequately met; dangerous when ignored.

"Inevitably, these problems will confront your estate. To anticipate and prepare for them is to avoid some, to simplify the others.

"Solving the problems that confront your estate' is an important task—and the title of a 32-page booklet that the Ohio Savings Bank &

Trust Company is now distributing to patrons and friends. To send for this interesting, instructive booklet is a prudent step toward estate preservation.

"This card, signed and mailed to the Ohio Savings Bank & Trust Company, will place a copy in your hands."

"THINK!" says the Harvard Trust Company of Cambridge, Mass., "of a separate department where the entire time and thought of the men engaged is devoted to investment research.

"Add to this an expert who, in consultation with other officers and a committee of directors, determines when to sell, to invest and to reinvest advantageously.

"You are insured all the benefits of such diligence when you open a safe-keeping account with our investors' service."

The above copy is used effectively in a simple but attention-getting folder. The first word, "Think!" is used diagonally across the first page, and repeated within, with the copy as quoted.

THE enthusiasm of business men for physical fitness is used by the Equitable Trust Company of New York in a good folder recommending a financial examination and giving a method of self-examination. A picture of a doctor examining his patient and the words, "You may be sound physically, but—how's

your health financially," on the first page, attract the attention, which is held by the readable copy within.

Four statements concerning the reader's financial condition are listed, with squares opposite them to be checked if they can be answered in the affirmative, and arrows pointing to remedies for the conditions if they are answered in the negative. For instance, the first statement: "I have asked my bank to check my security holdings and advise me both as to their latest investment rating and suitability to my needs; also

from a knowledge of my present holdings and my investment circumstances to recommend advantageous future investments." If this is not checked, the following remedy is suggested: "Send for the Equitable Investment Memorandum which outlines a plan which will enable us intelligently to suggest from the present market those bonds offering distinct advantages to you."

Spaces are left for the name and address of the reader so that information can be sent by the bank on questions not checked.

Milreis Dinar Leu Zloty

TO most of us such names as these have but small significance. They are, however, monies—the milreis of Brazil, dinar of Jugoslavia, leu of Rumania, and zloty the coin of Poland. Should you travel you will need such funds. Should you buy or sell in foreign lands your dollars must be converted to the local currency.

Through many years The

National Park Bank has established close relationship with banks and industry of many lands, and here conveniently in New York you can transact your foreign financing. We aid business too in seeking further markets, new sources of materials, and our own familiarity with foreign trade is at your constant service.

Capital, Surplus and Undivided Profits, \$34,000,000

THE
NATIONAL PARK BANK
OF NEW YORK

240 Park Avenue
at 66th Street
399 Seventh Avenue
at 32nd Street

114 BROADWAY

The names of monies of four different countries are used, in an effective arrangement of layout, as an attention getting headline in the above advertisement of a New York bank.

THE Chicago and Cook County Bankers Association, made up of banks outside the loop in the Chicago district, has recently begun a newspaper advertising campaign to promote neighborhood banking. The campaign will run for six months, during which time twenty-six pieces of copy, or one each week, will appear in each of Chicago's seven daily papers. One advertisement will appear in at least one daily paper every week day.

The cost of the campaign will be pro-rated among participating banks on the basis of total resources. It is expected that \$10,000 will be

spent monthly. No names of banks are to be mentioned in the advertisements themselves, but banks participating will receive individual publicity by being able to display in their lobbies and windows enlarged reproductions of the advertisements and by distributing reprints bearing their own names.

In connection with the campaign a slogan contest is being conducted. Awards totaling \$1000 will be paid to those persons sending in slogans which best describe the advantages and benefits of using a neighborhood bank or which concisely state what neighborhood banks mean to

the community. The slogan which wins the first prize of \$500 will be used in future advertising of the banks and association.

The campaign is being launched, according to the association, in order to do collectively what no outlying bank could do alone. The enormous wasted circulation resulting from the advertising of one neighborhood bank in a metropolitan paper makes it almost impossible for these outlying banks to use newspaper advertising, so, with the demonstrations of success from other group advertising, the co-operative plan has been taken up.

It's Only a Step
—to Your Neighborhood Bank

JUST DOWN THE STREET OR AROUND the corner is your Neighborhood Bank. Have you ever thought of the advantage of living near the manager of your own bank? If you are a merchant, perhaps, or a professional man, banks are filled with little time to spare to make a long trip to deposit the day's receipts. If on the occasion that arises when you require a loan, what to get a check, called or cleared, and what to get the local banker on your side to give you step over to the bank and in a few minutes you are accommodated. If you wish and bid draw, calling at the Neighborhood Bank to make deposits, to draw money from their savings accounts to join the Christmas savings Club, or to transact other business, just the right bank for every address, would you not prefer it? If in the matter of convenience alone, it is one of your most desirable neighbors and best friends. And added to this advantage is offered you every modern facility for increasing the value of your money. If you find this nearby bank at hand of your own home organization, it is there to help you in every way possible to the best advantage. It is a step to your Neighborhood Bank.

The Neighborhood Banks
Convenient • Safe • Helpful

Get Acquainted
—at Your Neighborhood Bank

THE FEELING THAT MANY PEOPLE now have is that a bank we rely for the well-to-do services has deserted. Today, people of all classes use the banks and all good banks are reaching the needs of their customers and becoming more helpful than ever. If that your Neighborhood Bank has deserted, there is an alternative. Why, it is really and truly belongs to your neighborhood. It is organized to serve the people who live in the business district of the city. It is independent of outside control. If you find it easy to be acquainted with an officer, who will always give you their ready attention whenever you appear, and if you find business here in special matters such as being willing to invest, or in bonds, securing and insurance on local property, value of an investment, or in which their knowledge would be useful, then address the bank's general manager. There are a great many banks the most appropriate business you can handle for the purpose of large affairs to obtain the benefits of their service. If you will look to your advantage, it will become acquainted at your Neighborhood Bank.

The Neighborhood Banks
Convenient • Safe • Helpful

Community Builders
—the Neighborhood Banks

A NEW CITY BUILT UP OF NEW ideas—that is Chicago today. Our month would build to the top limits and beyond. Where the recently added rows of apartment houses and stable rows of modern homes are densely lined with low houses or modern apartments, smart hotels, splendid office buildings, up-to-date stores, and there are the banks. If Bankers of America had once had your banks had in developing the amazing growth. One of America's best known business analysts says: "A good bank is second only to a good ideal in driving the life of a neighborhood and building up a business center." Chicago's leading banks have some projects, been called Community Builders, a great has been their ability as an attractive and profitable to their neighborhood. They are building up the city, providing for business and in building ambitious men and women make one of its greatest contributions. If The Neighborhood Banks has come to know how to help the neighborhood, the manager, the more earnest the bank, the more the use of the services of the bank. To be known at your Neighborhood Bank, it is to have friends who can and will be helpful in all of their needs and who are glad to give you the benefits of their experience. If it has never been there, get acquainted at your Neighborhood Bank.

The Neighborhood Banks
Convenient • Safe • Helpful

Three advertisements of a series which is being run in co-operative newspaper campaign of Chicago banks located outside the loop district. This campaign is described in the accompanying columns.



North Africa of Sunshine and Splendour

minarets flinging their thin spires in the blue...glittering mosques and mosaiced palaces. Golden splendours...haunting beauty. Bizarre...fantastic. Crooked narrow streets...where strange perfumes linger...every doorway breathing mystery. Flaunting, shrilling rucks piled high with exotic gaud and treasure. Oases carved in jade...shimmering dreamlike in the desert world. Caravans and dancing girls...sinuous Arabs and the savage blue-veiled silent ones...tempestuous primitive...glorious North Africa!

From one enchantment to another...luxurious motor cars speed you over flowing macadam roads or the thin winding trails of

the desert. The forty-one famous Transatlantique hotels welcome you with their Parisian cuisine and service their brilliant Continental gaiety. De luxe itinerary...57 gorgeously coloured days...all expenses...Mediterranean crossing...hotels...private automobile...\$1750. Shorter trips...such as 10-day itinerary...\$200.

Romance.. glamour...a mere step from the prosaic...over "the longest gangplank in the world." Calling at Plymouth, England...then Le Havre de Paris. The gangplank leads to the waiting boat train...three hours...Paris. Overnight...the Riviera. A day across the Mediterranean, North Africa.

French Line

Information from any French Line Agent or Tourist Office, or write direct to 19 State Street, New York City



Custom Made Garments for Dress, Business and Sport Wear. Golf Jackets and Knickerbockers a Specialty.

M. ROCK Tailor
315 Fifth Avenue, New York

Services can be had in the following cities:

Cleveland	Steubenville	Wheeling
Pittsburgh	Toledo	Youngstown

My representative visits the above cities once every month

INVESTMENT BANKERS ASSOCIATION CONVENTION

OVER in the northwest corner of the United States 1000 members of the Investment Bankers Association of America gathered in the last week of September for their annual convention. For five days—September 25 to 30 inclusive—they held meetings, listened to reports and speeches.

But the meetings were not the chief reason why they came. The I. B. A. of A. conventions are devoted principally to hearing committee reports of work done by the association throughout the year. Outside of these reports and the president's address, there were only three addresses before the I. B. A. convention. Only one of the three was on the bond business.

No, the bankers do not come to the convention primarily to attend meetings. They come, rather, to meet other bankers and exchange ideas in private talks. They have been coming thus for a number of years, evidence enough of the value of such conventions.

THE YEAR'S ACCOMPLISHMENTS

President Pliny Jewell, in his address, reported briefly the accomplishments of the year. In drawing attention to the good work of the Institute of International Finance, he pointed out that "whereas the various associations of foreign bondholders have been formed . . . after the advent of trouble, the Institute of International Finance was formed by the Investment Bankers Association primarily in the interests of the sellers of securities and, of course, with the clear object of prevention of trouble insofar as knowledge of the facts is a preventive. . . . It is the only organization of its kind in the world."

The institute was organized last year, under the direction of Dr. George W. Edwards. It does not express opinions on foreign loans, but publishes facts about the financial condition of coun-

tries with whom foreign loans are being considered. Already the publishing of these facts is credited with checking one foreign loan.

"Mention of the work of the municipal securities committee would not be complete," said President Jewell, "without a reference to the model municipal bond law drafted by the committee on



HENRY R. HAYES

New president Investment Bankers Association; of Stone and Webster and Blodget, Inc., New York.

municipal borrowing of the National Municipal League. It is a fact that this so-called 'model law' could not have reached its present excellent form without the active co-operation of official representatives of our municipal securities committee."

He illustrated the demands on the legislative committee of the association by stating that "in one of our important states over two hundred bills were introduced, having more or less direct effect

OUR short term obligations have been purchased by more than five thousand banks in the United States.

GENERAL MOTORS ACCEPTANCE CORPORATION

Executive Office • 250 WEST 57TH ST. • New York City

Capital, Surplus & Undivided

Profits • \$50,626,000

on the investment banking business. One state contemplated a law requiring payment in advance for all securities offered; again, a ruling that salesmen offering land trust certificates were required to take out real estate brokers' licenses; in at least one state a proposal was made to make it a misdemeanor to disparage the securities offered by another dealer."

NEW WORK FOR THE ASSOCIATION

Two new committees have been appointed during the last year—a committee on investment trusts (whose report appears below) and a business problems committee.

The business problems committee, President Jewell continued, was formed for research only. It will have the job of answering such questions as: Are there too many bond houses; too many salesmen? What is the relationship of overhead to turnover? Does the investment banking business know its real costs? Are dealers giving unnecessary concessions?

This last, according to Mr. Jewell, is

the most pressing problem before the committee. "Apparently throughout the breadth of the land," he said, "discounts are being given where not earned or deserved, reflecting on our intelligence as business men, and shattering our net profits. . . . Only a little consideration demonstrates that there is no simple solution . . . but in this obvious dissipation of profits there should be discussion of it until it is proved insoluble or is greatly mitigated if not entirely corrected."

FOREIGN SECURITIES MARKET

The United States is still the leading exporter of capital, the foreign securities committee reported. In the year ended June 30, 1927, about one and a third billion dollars of foreign loans were placed in the United States, almost a quarter of a billion more than in the previous twelve months.

"The percentage of foreign loans to total issues in the United States, however, is relatively small, amounting in 1926 to but 18 per cent. Foreign issues offered in Great Britain in that year were 44

per cent. of total offerings. Foreign flotations in this country will continue for a long time to constitute a relatively smaller percentage of the whole than in Great Britain, for this country is rich in its opportunities for development and presents a constant demand on capital for productive enterprises. . . .

"The margin of yield between foreign and domestic issues has declined during the last year. Its continued existence is



PLINY JEWELL

Of Coffin & Burr, Inc., Boston, retiring president the Investment Bankers Association.

due to the natural inertia of funds to move away from home."

The report then went on to discuss the present hopeful conditions in Europe and South America, and concluded with this warning note:

"However, in an easy money market, as now exists, there is always the danger that competition will result in placing on the market issues yielding a high return but at the same time involving a greater degree of risk. In the end such a lending policy may bring about unsatisfactory results which would react unfavorably on the entire foreign security market.



New Home of the State Bank of Chicago—La Salle and Monroe Streets. Ready for occupancy, March 1, 1928

Greater Facilities for transacting correspondent business

Business today—as every banker knows—is characterized by the constant demand for improvements, new methods and processes, speed and greater efficiency. Banking institutions, accordingly, must not only be equipped to meet the current requirements of their customers but anticipate and be prepared to meet their future requirements. Our new home—with its much enlarged facilities—will enable the State Bank of Chicago to offer to its out-of-town customers a comprehensive correspondent banking service. We invite inquiries regarding our new home.

HENRY A. HAUGAN
Chairman, Board of Directors

LEROY A. GODDARD
Chairman Executive Committee

OSCAR H. HAUGAN
Vice-Chairman of the Board

State Bank of Chicago

A Trust Company

LA SALLE AND
WASHINGTON STREETS

Member Federal Reserve System

CAPITAL, SURPLUS AND UNDIVIDED
PROFITS OVER \$13,000,000

SECURITY is the **NAME** to **REMEMBER**

WHEN A VALUED CUSTOMER is leaving for Southern California, remember that a letter or card of introduction to Security Trust & Savings Bank will secure for him or her special attention and courtesies, for which that patron will be grateful to you.

SECURITY BANK has 54 offices and branches, covering the cities and towns which comprise the Los Angeles Metropolitan Area. Wherever your letter may be presented, it will bring to the person introduced more than ordinary courtesies from a bank with more than ordinary facilities.

To avoid such an eventuality it is to the common interest of the members of this association to realize that particularly in the foreign field, the investment profession is co-operative as well as competitive in nature."

THE FINANCIAL MUSHROOM—INVESTMENT TRUSTS

The special committee on investment trusts reported that "the number of investment trusts in the United States has almost doubled during the last five months, and there are today some ninety-five different organizations of this kind, with total assets estimated at approximately \$400,000,000."

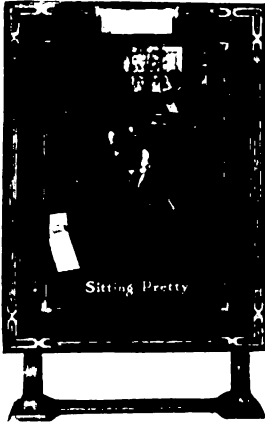
This is due to:

1. The rapid growth of capital and the investment habit in the United States.
2. The tremendous increase in number of opportunities for the purchase of securities—both domestic and foreign—which have become available to these comparatively untrained American investors.

The greatest danger, it seems to the committee, is in the information, or lack of information given out by the management of some of the investment trusts.

"At the present time there are outstanding examples of trusts which are in effect 'blind pools,' that is to say, no information is given whatever. Then, there are those which publish an annual report, showing total net earnings. Next in line come those which, in their annual reports, give considerable detail, such as percentages of various types of securities held, and, finally, there are a few which send to their stockholders periodically a complete report giving a detailed list of the various issues in their portfolios. . . .

"The immediate problem that confronts us here in America is whether this form of investment—comparatively new to us—is going to continue to grow on sound and serviceable lines, as it has in Great Britain, or, having achieved a certain amount of success at the start, it is going to get out of hand and become a playground for not only incompetent but dishonest promoters. . . .



Proven Builders of Business

N. S. B. clients display a new poster each week throughout the year. N. S. B. posters will prove a continual reminder—a *fresh reminder*—to the folks in your community who *can and might* save.

Quality work. Yes—effective too!

N. S. B. posters are usually displayed in one of three ways. For lobby or window, we recommend the handsome pedestal frame shown here. For front of building, we supply a brass or bronze shadow box.

These posters are ornamental as well as useful.

The National Service Bureau also creates advertising for direct mail and house to house distribution. Folders, blotters and post cards designed for the cultivation and development of savings accounts and trust relations are all part of our service.

NATIONAL SERVICE BUREAU

80 John Street

Of New York, Inc.

New York City

“It is recommended that in order to anticipate the trouble, which is not yet apparent, a careful investigation be made . . . before any member handles the securities of an investment trust, and it is further recommended that all those members who are in any way connected with the management of investment trusts urge higher and broader standards of publicity than have yet been attained . . . It is the best and surest method of encouraging the good ones and driving the bad ones out of existence.

INDUSTRIAL SECURITY ABUSES

During the year the industrial securities committee made a study of security circulars. Most of them followed the former suggestions of the committee.

However, from the fact that many manufactured ice companies are connected with public utility companies, many ice companies have come to consider themselves as public utilities. Their security circulars have been drawn up along public utility lines. The commit-

tee expressed the opinion that “when securities of ice companies of this latter type are offered, they should be presented as any other industrial, and that the framework of the offering circulars should follow the suggestions of the special committee on circulars for industrials and not for public utilities. Good ice securities are strong enough to stand on their own feet, without having to depend for their strength and popularity on the prestige of public utilities.

“At the spring meeting of this committee, there was presented a case where it appeared that the accountant engaged to audit the books of a certain company had omitted from his report certain information which he had in his possession, which, if given, would have changed the entire meaning of the report.” A meeting was arranged with representatives of the American Institute of Accountants, to determine, if possible, the responsibility of the auditor to the banker. “Specific cases of bad practice on the part of both accountants and investment bankers . . . were cited,” and the in-

STABILITY



The National Bank of Commerce is the Bankers' Bank, centrally located in the United States, and serving for seventy years now an ever-increasing number of correspondents.

An Advertising Service Department available without cost and helpful cooperation from all divisions of our bank for correspondents. If your bank does not have these facilities write us for free descriptive booklet.

The National Bank of Commerce

with which is affiliated the
Federal Commerce Trust Company
Investments



in Saint Louis
Commercial, Savings, Trust, Foreign,
Safe Deposits

BROADWAY OLIVE TO PINE

stitute is now considering the formation of a committee to which the various committees of the I. B. A. can submit their accounting problems. The institute already has a special committee on co-operation with bankers. "A great deal of good has resulted from the work of this committee, both in expediting business and in correcting misunderstandings."

MORE UNIFORM LEGISLATION

Most of the report of the public service securities committee was devoted to tracing the recent history of the various types of public utilities. In addition, however, the committee reported:

"Since our report at White Sulphur, the uniform law for the regulation of the national conference of commissioners on uniform state laws, has been submitted to the conference at its meeting in Buffalo, August 23 to 29 of this year. . . .

"When the uniform public utilities act is presented in final form, we would

recommend that the Investment Bankers Association take an active part in favoring the general adoption of its principle in the various states."

A DISTURBING ELEMENT

"A disturbing element has appeared," said the report of the railroad securities committee, "in the tendency of the Interstate Commerce Commission to consider the interests of certain industries as paramount to those of the railroads in decreasing rates not unreasonable in themselves, because of the condition in which a particular industry happens to find itself. It would seem advisable that railroad officials should co-operate to the fullest extent in combatting this new theory."

EXCITEMENT OVER REAL ESTATE SECURITIES

At the board of governors' meeting last spring, a resolution was passed asking the real estate securities committee

to investigate whether there is any other proper protection of construction funds than by a disinterested, independent corporate trustee.

The committee submitted the question to Root, Clark, Buckner, Howland and Ballantine, attorneys, of New York, for their legal opinion. The lawyers replied: "It is our opinion that no other method in use gives protection as satisfactory as that given by the deposit of funds with a disinterested corporate trustee."

They were then asked to define the term "disinterested corporate trustee." "We think that a trust company or bank duly authorized by law to administer trusts can properly be regarded as a disinterested trustee for the purposes referred to, notwithstanding its participation in the issue through its bond department, in all cases in which the trustee is a recognized trust institution or bank having ample resources, engaged in the business with the general public and not acting primarily for its own bond department, and subject to compulsory and periodical banking examination and supervision by proper state or Federal officers."

A motion was made that this opinion "be approved for use by the members of the association in connection with the issuance of real estate mortgage bonds on construction projects."

In the discussion which followed, H. N. Gottlieb, of S. W. Straus and Company, New York, attempted to present a minority report, stating that there was ample legal authority opposing the need of independent corporate trustees.

President Jewell refused to entertain the minority report. Under the constitution of the association, he said, a minority report cannot be submitted until allowed by the board of governors.

Later a motion was made that the minority report, the legal opinion therewith, and all conversation thereupon be expunged from the record. The motion was carried.

What Is the Future for Banking Shares?

A timely treatise on this subject, free, upon request, to holders of such securities or those contemplating their purchase.

BRANDENBURG & CO.

Members New York Curb Market

111 Broadway New York

Telephone: Rector 5022

PLEA FOR NATIONAL FLOOD CONTROL OF MISSISSIPPI

First among the speakers at the general sessions of the convention was Manson F. Backus on "The Development of the Northwest." He told of how the Northwest has grown in the last century, and concluded "all that has been accomplished up to this time is as nothing to what will be done in the future."

Governor John E. Martineau of Arkansas spoke on flood control of the Mississippi. His speech was long and eloquent. This is, in substance, what he said:

"We believe that the control of the floods of the Mississippi and its tributaries is a national responsibility, the cost of which should be borne by the Federal Government and not by the states or local communities that lie in that valley.

"As to the cost . . . estimates vary

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"As to the cost . . . estimates vary

from \$300,000,000 to \$500,000,000. . . .

"Of the 15,000,000 investors in the United States today . . . at least 10 per cent. have investments in the Mississippi Valley. . . . Now, these investments, for the most part, have been made under the direction of the men who compose this association. . . .

"We ask you, therefore, as you go back to your homes, to tell your congressmen and your senators that this is not a local proposition; that your clients, the people who live in their states and in their districts are directly interested in this proposition; that unless the Government does come to our relief, that these people who live throughout the entire country must suffer a loss themselves."

Immediately after Governor Martineau's address, the association adopted the following resolution:

"Be it resolved that the Investment Bankers Association hereby recognizes and declares that the control of the flood waters of the Mississippi River and its tributaries is a national duty; that the loss of life and property resulting from periodical overflows seriously affects and impairs the economic welfare of this entire nation and that the Government of the United States should take immediate steps to promptly, effectively and permanently deal with this pressing national problem."

SOME HELPFUL CRITICISM

Among the general speeches of the convention was that of John W. Stedman, vice-president Prudential Insurance Company of America. He told the investment bankers a few of the things which annoy the buyer of securities.

First among them comes the "subservient attitude of some distributors to the corporation having securities for sale." Evidences of this are seen in issues with too low a rate and too low call price, and in "the drafting of mortgage indentures containing the provision that a specified percentage, usually from 80 to

90 per cent., of the bondholders may alter or modify in any or in certain important particulars the rights of the bondholders and the obligations of the company." This last is "most objectionable to the investor."

Again, "a bond, in the manner in which it is worded, may be negotiable or non-negotiable. . . . Should there be in the bond any reference stating or implying a purpose to subject the bond to the terms of the mortgage or indenture, the unconditional character of the obligation is impaired and the negotiability of the bond is destroyed. . . .

"It seems to me that if the undesirable character of non-negotiable securities was properly appreciated by you bankers, they would be so shunned and discriminated against that their marketability would be adversely affected." He suggested that the investment bankers do this, as already some of them are, he went on to say.

"In concluding," said Mr. Stedman, "I might observe that the present practice by houses originating new financing of allotting to the members of the selling group an aggregate amount of bonds considerably in excess of the face amount of the issue is both a confession of the speculative and temporary character of a substantial portion of the initial sales and an attempt to neutralize its effect by creating an artificial shortage to absorb the inevitable subsequent reselling. . . . Yet might it not be feasible to arrange that the principals withhold for a week for the account of each participant in the selling group a certain percentage, say 10 per cent. of his allotment, to be devoted to making sales directly to large investors. . . .

"My parting message is that you be not content with a knowledge of the elements which go to make up credit and security, but make yourselves more familiar with the legal aspects of your business which affect not only yourselves, the borrowers and the trustee—your lawyers are sure to safeguard you and them—but also the investor."

RESOURCES

Loans and Discounts.....	\$70,699,366.31
U. S. Government Securities.....	9,262,114.17
Investment Securities.....	6,793,060.36
Stock in Federal Reserve Bank.....	300,000.00
Banking House.....	3,400,000.00
Real Estate.....	77,333.79
Customers' Liability, Account Acceptances.....	12,651.82
Interest Earned.....	285,719.56
Cash and Due from Banks and U. S. Treas.....	24,345,664.30

• \$115,175,910.31

LIABILITIES

Capital Stock.....	\$ 6,000,000.00
Surplus.....	4,000,000.00
Undivided Profits.....	1,100,922.62
Reserve Accounts.....	1,115,444.22
Unearned Discount.....	352,830.06
Circulation.....	1,665,400.00
Acceptances Executed for Customers.....	12,651.82
Deposits.....	100,928,661.59

\$115,175,910.31

Statement of
Condition ~
Oct. 10, 1927



FIRST WISCONSIN
NATIONAL BANK
of Milwaukee



THE NEW OFFICERS

At the last meeting of the convention, Friday morning, September 30, the following officers were elected for the ensuing year: President, Henry R. Hayes of Stone and Webster and Blodget, Inc., New York; vice-presidents, Arthur H. Gilbert of Spencer, Trask and Company, Chicago; Hugh W. Grove, First Wisconsin Company, Milwaukee, Wis.; Jerome J. Hanauer of Kuhn, Loeb and Company, New York; George Whitney, J. P. Morgan and Company, New York; Rollin A. Wilbur, Herrick Company, Cleveland, Ohio; secretary, Alden H. Little, Chicago, Ill.; treasurer, Frank M. Gordon, First Trust and Savings Bank, Chicago.

Governors for the term expiring in 1928 are: Gustave M. Mosler, Brighton Bank & Trust Co., Cincinnati, Ohio; and Dietrich Schmitz, National Bank of Commerce, Seattle. For the term expiring 1930, governors are: Trowbridge Callaway, Callaway, Fish & Co., New

York City; Wilbur H. Eddy, Equitable Trust Company of New York; Clarkson Potter, Hayden Stone & Co., New York; John J. English, William R. Compton Company, Chicago; Charles F. Gloré, Marshall Field, Gloré, Ward & Co., Chicago; Charles D. Dickey, Brown Bros. & Co., Philadelphia; Sidney R. Small, Harris, Small & Co., Detroit; Harry H. Bemis, Curtis & Sanger, Boston; Robert E. Hunter, Hunter, Dulin & Co., Los Angeles; Bernard W. Ford, Bond & Goodwin & Tucker, Inc., San Francisco.

A new constitution and by-laws were adopted by the convention. The new constitution created the new office of executive vice-president, and abolished the office of executive secretary. Alden H. Little, former executive secretary, accordingly, resigned that office and was elected executive vice-president.

Clayton G. Schray, for the last fifteen years assistant secretary of the association, was elected secretary.



HARRY A. KAHLER

**President the New York Title and Mortgage Company
and the American Trust Company, New York.**

HARRY A. KAHLER, president the New York Title and Mortgage Company, a \$42,000,000 corporation having the largest title guaranty fund in the world, and also president of the American Trust Company, New York, came to New York City from Dallas, Texas. A native of Ohio, he was educated in the Ohio State University at Columbus, and had his first business experience at Council Bluffs, Iowa, in the office of J. D. Edmundson, banker and dealer in bonds and mortgages. In 1897, Mr. Kahler started his own firm in Dallas, Texas, in the name of H. A. Kahler. As the business gradually expanded, branch offices were opened covering Southern states. To broaden the services, it was decided to put it into corporate form and, in common with other associates, the Dallas Trust and Savings Bank and the United States Bond and Mortgage Company of Dallas were organized. Mr. Kahler was president of both institutions. Primarily as an aid to his mortgage business, he was instrumental in organizing the Title and Guaranty Company of Dallas, the first title insurance company in Texas. In 1899, Mr. Kahler came to New York City and started in business under the firm name of O'Connor and Kahler, dealers in general investment securities. This firm was later dissolved. In 1914, Mr. Kahler was chosen as president of the New York Title and Mortgage Company. The history of that company, from that time on, has been one of constant growth and development, until now it stands in the forefront of those in its line, and is rated the largest in the world from the standpoint of capital funds. It is also the only important title company which insures titles anywhere in the United States. In 1919, Mr. Kahler organized the American Trust Company, which has had a correspondingly interesting growth and now has main offices at Broadway and Cedar street, New York, and branches located in key positions in Greater New York.

HOW NEW YORK STATE HAS PROFITED AS STOCKHOLDER IN NEW YORK BANK

The Story in a Nutshell

Received by the State of New York from the Bank of the Manhattan Company in cash dividends from April 25, 1809, to October 1, 1927	\$ 626,500
Received by the State in cash from sale of the Bank of the Manhattan Company stock subscription rights.....	63,000
Approximate market value of bank's stock after payment of dividend on October 1, 1927.....	615,000
Total	\$1,304,500
Original investment by State of New York	\$ 50,000
Aggregate income and profit	\$1,254,500

This is equivalent to an average return on the original investment of over 20 per cent. a year during the entire period of 119 years.

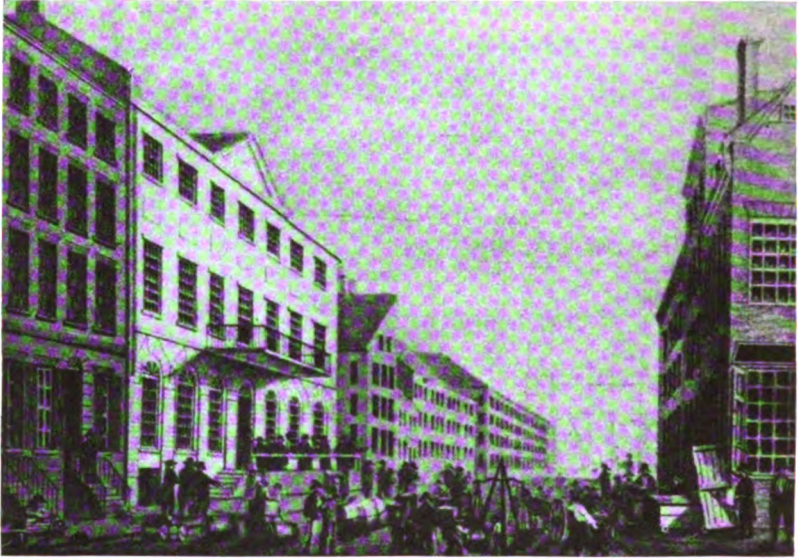
THIS brief tabulation summarizes in a few lines the history of a unique financial relationship which has existed for more than a century between the State of New York and one of the oldest banking institutions in America.

Everyone in banking circles is more or less familiar with the romantic and interesting story of the Bank of the Manhattan Company—how it was the outgrowth of a crisis which confronted the City of New York in the closing years of the eighteenth century and came into being, strangely enough, as the result of the joint efforts of two deadly rivals—Alexander Hamilton and Aaron Burr. These historic figures headed a group of public spirited men to provide means for relief from the plague of yellow fever which swept over the city in 1798 as the result of an inadequate and impure water supply. The means for relief were found in the organization and chartering of the Manhattan Company to supply pure water for the city, and the Bank of the Manhattan Company was established under the provision of the charter which authorized the water company to use its surplus funds in financial transactions not inconsistent with the existing laws of the state.

The water company and its bank both began operations in 1799 and each made steady progress from the beginning. Within a few years, however, it was realized that the time would come when the municipality itself would desire to take complete control and possession of its water supply and the facilities for furnishing it. In anticipation of this development, which did not occur until 1842, the Manhattan Company in 1808 obtained an amendment to its charter enabling it to dispose of its water works to the city. Under this amendment the company was authorized to employ in banking not only its surplus funds, but eventually its entire capital.

CLAUSE GIVES STATE RIGHT TO PURCHASE STOCK

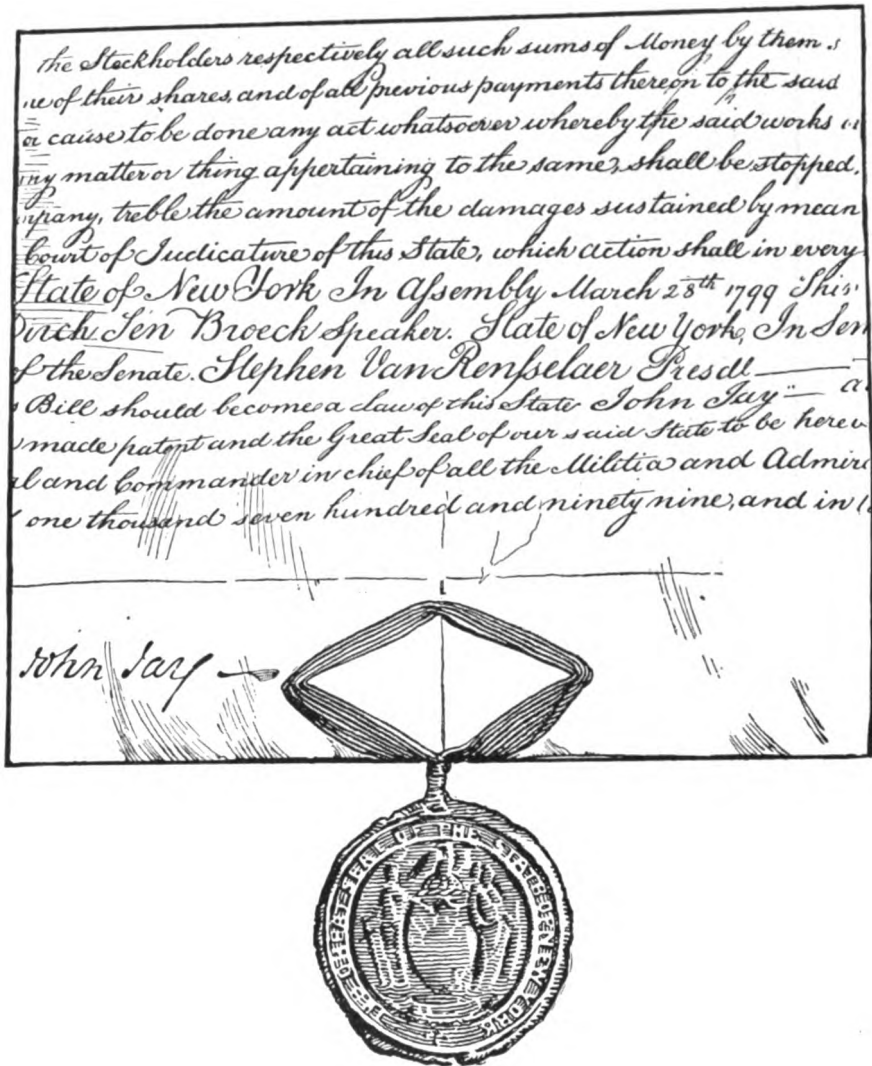
However, this amendment contained still another provision—one that brought to the Bank of the Manhattan Company its unique distinction of being the only banking institution in which the State of New York is a stockholder. This clause in the amendment reserved to the state the right to purchase 1000 shares of the Manhattan Company stock at the par value of \$50 a share and authorized the



Tontine coffee house, where the subscription books for the Manhattan Company's stock were opened in 1799.

Name of the Holder	Quantity of Shares	Amount of Dividend	Amount Received	Date	Signature
— A —					
James Brown	100	125.00	125	July 11 1800	James Brown
John Brown	200	250	250	July 11 1800	John Brown
George S. Baker	50	62.50	62.50	July 11 1800	George S. Baker
Anthony Hobbs	100	125	125	July 11 1800	Anthony Hobbs
Thomas Allen	40	50.00	50	July 22 1800	Thomas Allen
New Jersey	100	125	125	July 11 1800	New Jersey
Samuel B. Hall	20	25	25	July 11 1800	Samuel B. Hall
Benjamin Strong	10	12.50	12.50	September 5 1800	Benjamin Strong
Robert Gray	35	43.75	43.75	July 10 1800	Robert Gray
James Anderson	30	37.50	37.50	July 10 1800	James Anderson
John Jones & Co	80	100	100	July 10 1800	John Jones & Co
William Allen	2	2.50	2.50	July 11 1800	William Allen
Stephen Allen	5	6.25	6.25	July 21 1800	Stephen Allen
John & Co	25	31.25	31.25	July 12 1800	John & Co
John Brown	5	6.25	6.25	July 11 1800	John Brown
	<u>245</u>	<u>306.25</u>			

The dividend book of the Bank of the Manhattan Company of 1800, in which its shareholders received for the first dividend paid upon their holdings. This record contains the signatures of many of the most prominent men of their day, whose deeds were associated with the early history of the city and the foundation of many of the present great fortunes.



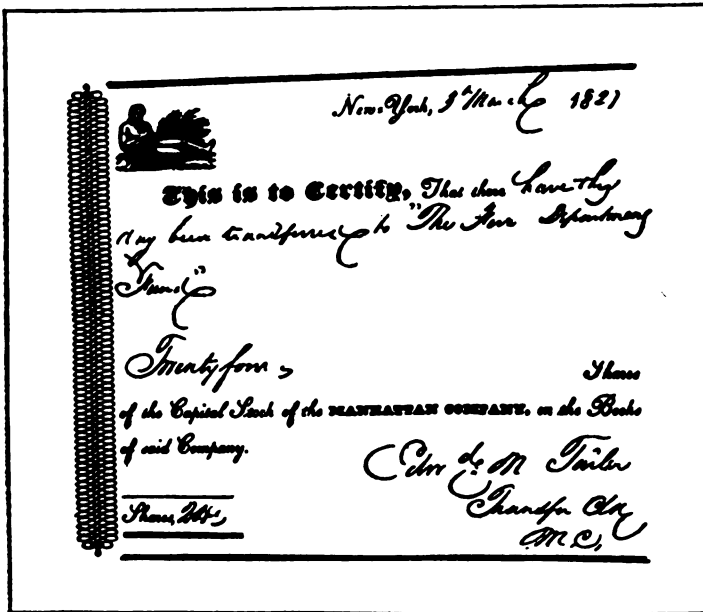
Section of original charter under which the Bank of the Manhattan Company was organized in 1799.

company to increase its capital from the original \$2,000,000 to \$2,050,000 for this purpose.

It was on April 25, 1809, that the state exercised its right and purchased 1000 shares for \$50,000. These shares were made out in the name of "The People of the State of New York" and today they are held in trust and in perpetuity for the common school fund of the state.

The total shares held by the state re-

mained at 1000 for more than a century, or, to be exact, until December, 1922, when a stock dividend of 100 per cent. was declared, increasing the state's shares to 2000. In August, 1927, however, the bank, under authority from the state, changed the par value of its stock from \$50 to \$100 a share and the old stock was exchanged for new on the basis of two shares of old for one of new. Thus the state today again holds 1000 shares



Early Manhattan Company stock certificate.

but their par value is double that of the original shares.

But the real story is to be found in the following tabulation which shows the cash dividends received by the State of New York on its 1000 shares of stock during each decade since 1809:

1809 to 1818	\$ 48,750
1819 to 1828	37,000
1829 to 1838	41,500
1839 to 1848	11,000
1849 to 1858	43,250
1859 to 1868	47,500
1869 to 1878	47,500
1879 to 1888	36,500
1889 to 1898	36,500
1899 to 1908	61,000
1909 to 1918	77,000
1919 to 1927 (to October 1, inclusive)	139,000

Total cash dividends \$626,500

In addition to the foregoing cash dividends, the state received for its rights to subscribe to new stock the following sums:

April 1920	\$ 28,000
August 1927	35,000

Total cash receipts \$689,500

It is interesting to note, in connection with the foregoing tabulation, that in every decade during its entire history the Bank of the Manhattan Company has paid dividends. In fact, the complete records show that dividends have been paid in every year since the founding, except the years 1841, 1842, 1843, 1844, 1845 and 1847. The failure to pay in those years was due to legal restrictions and not to lack of earnings.

During the entire period of its existence, from 1799 to October 1, 1927, the bank has paid in cash dividends to its stockholders the sum of \$31,959,800 and a stock dividend of 100 per cent.

NEW YORK CITY ALSO STOCKHOLDER
IN BANK

Not only can the Bank of the Manhattan Company claim the distinction of being the only banking institution in which the state is a stockholder but also of having a similar relationship with the City of New York. In fact, the city is now its oldest stockholder, having sub-

scribed for 2000 shares when the bank was organized in 1799. From the beginning until 1908, when the office of city recorder was abolished, the occupant of that office was an ex-officio member of the board of directors of the bank.

While the city is still a shareholder in the bank the amount of stock it holds has fluctuated during the years. Had it continued to hold its original 2000 shares it would have received in cash dividends and stock subscription rights from 1799 to October 1, 1927, the handsome sum of \$2,609,000, while its stock, for which

it paid \$100,000, would today have a market value of over \$1,310,000.

The original capital of the Bank of the Manhattan Company was \$2,000,000. Today its capital is \$12,500,000, its surplus and undivided profits over \$19,000,000, and its total resources over \$300,000,000. Its main office occupies the same site on Wall street where it was first established, while it has forty-seven branch offices in the boroughs of Manhattan, Brooklyn and Queens, and a controlling interest in banks with seven offices in Bronx Borough.

BANK OF ITALY GROUP PLANS RECORD CAPITAL

WHAT is said to be the world's largest aggregation of banking capital, possessed by a single financial group, either in the United States or any foreign country, will be assembled by the stockholders of the Bank of Italy organizations, according to plans announced recently.

A total capital investment of approximately \$500,000,000 and with a market value in excess of \$1,000,000,000, will be represented by the three institutions—Bank of Italy, National Bankitaly Company and Bancitaly Corporation. The stockholders of the Bank of Italy and of the National Bankitaly Company are identical, the two institutions being owned share for share by the same individuals, and the ownership evidenced by one certificate. Bancitaly Corporation, while an entirely distinct unit, numbers among its stockholders a great many of those who are also stockholders of the Bank of Italy. The three corporations have, in all, some 75,000 stockholders.

In perfecting the capital structure contemplated under the present program, the boards of directors of the Bank of Italy and National Bankitaly Company authorized a \$90,000,000 increase in the present capitalization, from \$30,000,000, represented by 1,200,000 shares, to \$50,000,000, represented by 2,000,000 shares. The capital stock of National Bankitaly

Company will be increased from \$12,000,000 to \$20,000,000. Payment of a 25 per cent. stock dividend amounting to 300,000 shares to stockholders of record October 25, has been approved, and of the remaining 500,000 shares, 250,000 will be offered to present stockholders at \$180 per share. The balance of 250,000 will be sold to Bancitaly Corporation, at the same figure.

Stockholders of record November 12 will have the right to subscribe to the new issue, on the basis of one share for each six then owned. Certificates for the 25 per cent. stock dividend will be prepared prior to November 12, and will participate in the rights. Issuance of the new shares sold at \$180 will be about March 15, 1928, but will participate in the dividend from the first of the year.

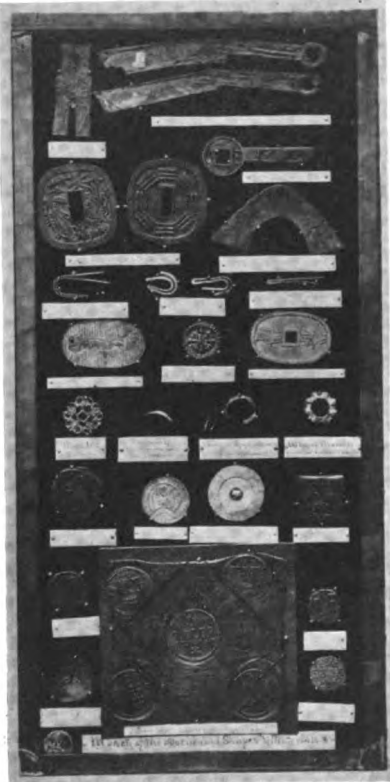
The present dividend of \$5.24 per share will be maintained on the shares issued under the stock dividend. This is equivalent to a 25 per cent. increase in the dividend rate, and represents an annual return of \$26.20 to stockholders of the original \$100 par value stock.

On the basis of the authorized capital additions the Bank of Italy and National Bankitaly Company will each have invested capital in excess of \$100,000,000 making a combined total of over \$200,000,000.

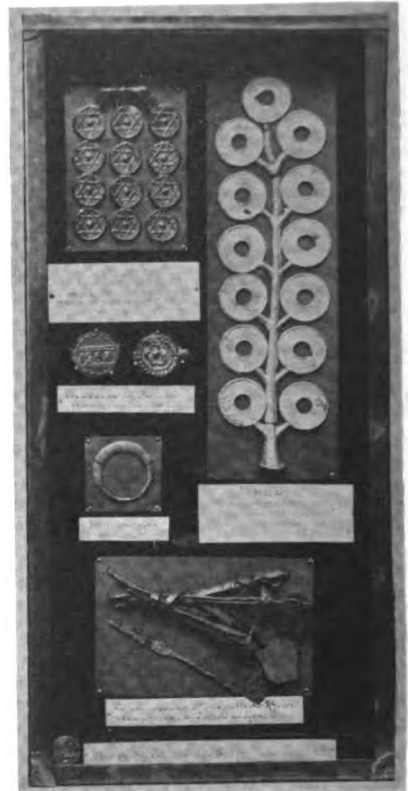
CHASE BANK HOLDS MONEY EXHIBIT

THIRTY thousand specimens of money, showing the various media of exchange in all countries from prehistoric times to the present, were exhibited under the auspices of the Chase National Bank of New York at its Grand Central branch in the Graybar building recently.

The exhibit, covering one of the most comprehensive collections of coins and paper money ever assembled, was under the personal direction of its owner, Far-



The coin shaped like a human body at the top was used in ancient China to purchase clothing. The knife or razor shaped coins were used to purchase implements. These knife coins became shorter and shorter, like the key below them, until they finally were only round coins with holes in the center for stringing, shown just below the key. The big plate at the bottom of the picture is the Swedish half daler. It is hardly suitable for pocket money, for it weighs over six pounds. These are a few of the curiosities recently on exhibition at the Grand Central branch of the Chase National Bank, New York.



The two examples at the top are coins from Morocco and Malacca, several coins cast together and afterward broken apart. Lower down on the left is an example of ring money from Africa. At the bottom are coins also from Africa, crudely formed to resemble weapons. This tray was on exhibit at the recent exhibition at the Grand Central branch of the Chase National Bank, New York.

ran Zerbe of Tyrone, Pa., former president of the American Numismatic Association and a member of the United States Assay Commission.

Beginning with evidences of primitive barter, the exhibit included implement-



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LYNBROOK, N. Y.

MORGAN, FRENCH & CO., INC.
ARCHITECTS AND ENGINEERS

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BANK OF SMITHTOWN,
SMITHTOWN, N. Y.

MORGAN, FRENCH & CO., INC.
ARCHITECTS AND ENGINEERS

19 WEST 44TH STREET
NEW YORK



THE NATIONAL BANK OF GIRARD,
GIRARD, PENNA.

MORGAN, FRENCH & CO., INC.
ARCHITECTS AND ENGINEERS
19 WEST 44TH STREET
NEW YORK



FIRST NATIONAL BANK,
SAUGERTIES, N. Y.

MORGAN, FRENCH & CO., INC.
ARCHITECTS AND ENGINEERS
19 WEST 44TH STREET
NEW YORK

shaped money tokens, clay tablet due bills and metal lump and ring money, all of which relate to more than a thousand years of commercial life before the introduction of coinage. The first coins were made about 700 B. C., from which time coinage has been continuous.

Coin gems from the period of finest art in Greece and portrait coins of the Roman Caesars were shown in contrast with the "widow's mite," the shekel and other coins of Bible mention.

The exhibition was as representative of paper money as of coins. These speci-

mens ranged from the earliest authenticated note, likewise believed to be the earliest known piece of printing, produced in China in the thirteenth century, to the new design notes of the United States not yet released for general circulation.

The evolution of commercial exchange was bridged 5000 years from the clay tablet of Babylon to the first trans-Atlantic radioed check. A copy of the \$25,000 check, constituting Colonel Lindbergh's prize for his famous flight from New York to Paris, was shown.

GOLF

GOLF is a form of work made expensive enough for a rich man to enjoy it. It is physical and mental exertion made attractive by the fact that you have to dress for it in a \$200,000 club house.

Golf is what letter-carrying, ditch-digging, and carpet-beating would be if these three tasks had to be performed on the same hot afternoon in short pants and colored socks by gouty-looking gentlemen who require a different implement for every mood.

Golf is the simplest-looking game in the world when you decide to take it up, and the toughest-looking after you have been at it ten or twelve years.

It is probably the only game a man can play as long as a quarter of a century and then discover that it was too deep for him in the first place.

The game is played on carefully selected grass with little white balls and as many clubs as the player can afford. These balls cost from 75 cents to \$2.50, and it is possible to support a family of ten people (all adults) for five months on the money represented by the balls lost by some golfers in a single afternoon.

A golf course has 18 holes, 17 of which are unnecessary and put in to

make the game harder. A "hole" is a tin cup in the center of a "green." A "green" is a small parcel of grass costing about \$1.98 a blade and usually located between a brook, a couple of apple trees and a lot of "unfinished excavations."

The idea is to get the ball from a given point into each of the 18 cups in the fewest strokes and the greatest number of words.

The ball must not be thrown, pushed or carried. It must be propelled entirely by about \$200 worth of curious looking implements especially designed to provoke the owner.

Each implement has a specified purpose and ultimately some golfers get to know what that purpose is. They are exceptions.

After each hole has been completed, the golfer counts his strokes. Then he subtracts 6 and says, "Made that in 5." That's one above par.

After the final, or eighteenth hole, the golfer adds up his score and stops when he has reached 87. He then, has a swim, a pint of gin, sings "Sweet Adeline" with six or eight other liars, and calls it the end of a perfect day.—*Selected.*



AN INVITATION TO JOIN

The American Red Cross is holding its eleventh annual Roll Call from Armistice Day through Thanksgiving—November 11-24—when all are cordially invited to become members of this organization. Membership dues paid at that time maintain the work of the Red Cross—local, national and international—throughout the coming year.

WHAT BANKS AND BANKERS ARE DOING

JOHN J. MITCHELL, chairman of the board the Illinois Merchants Trust Company of Chicago and one of the most prominent bankers of the country, was killed in an automobile accident last month. Mrs. Mitchell also lost her life.

Mr. Mitchell was born in Alton, Ill., in 1853. At the age of 20 he began his



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JOHN J. MITCHELL

Chairman of the board the Illinois Merchants Trust Company, Chicago, who was killed in an automobile accident recently.

banking career as a messenger for the Illinois Trust & Savings Bank of Chicago at a salary of \$10 a week. Ten years later he was president of the bank. This spectacular rise was occasioned by the fact that in 1878 when Mr. Mitchell was an assistant cashier, the bank was facing a crisis and the directors had almost concluded that the institution should be dissolved when the young assistant cashier presented a plan for development which was adopted and proved eminently successful. This so

impressed the directors that eight years later, when the president retired, Mr. Mitchell was elected in his place.

Eight years after his election to the presidency, the bank had grown so that new quarters were necessary. In the twenty years during which Mr. Mitchell headed the institution, the bank's deposits increased from \$1,000,000 to \$69,000,000.

Mr. Mitchell remained as president of the Illinois Trust & Savings Bank until 1919 and four years later, when that bank, the Merchants Loan & Trust Co. and the Corn Exchange National Bank were merged to form the Illinois Merchants Trust, he was called to the presidency. He held the position until February of this year when he succeeded Ernest A. Hamill as chairman of the board.



C. S. MCCAIN

President the National Park Bank of New York.

CHARLES S. MCCAIN, vice-president of the National Park Bank of New York, has been elected president of the institu-

tion to succeed John H. Fulton, who died recently. Mr. McCain was born in Pine Bluff, Ark., January 18, 1884. He began his banking career at Little Rock in 1899 and advanced to president of the Bankers Trust Company there. John H. Fulton brought him to New York about three years ago and made him vice-president of the Park Bank January 1, 1925. He served as chairman of Pulaski County War Savings Committee and chairman of Jewish Relief campaign, member of executive committees of American Red Cross and Liberty Loan drives, and treasurer Jewish Relief and Salvation Army drives in Arkansas. He was a member of executive committee of American Bankers Association 1920-1923. He is director of Arkansas Light & Power Co., Southern Power & Light Co., Mississippi Power & Light Co. He also served as president of Little Rock Clearing House, 1920-1921.

The record of the National Park Bank for stability and conservatism is enviable, and its growth during its more than seventy years of existence has been carried on entirely without absorption of any other institution. Deposits of National Park Bank are in the neighborhood of \$164,000,000. This puts it in thirty-first place among the country's leading banks and trust companies.

FRANCIS L. HINE, chairman of the executive committee of the First National Bank of New York, died recently after four months' illness. He was 76 years old. After experience in the drygoods, manufacturing and brokerage business, he began his banking career as a vice-president in the Astor Place Bank, New York, on its organization.

In 1896 he entered the First National Bank of New York as cashier, later became vice-president and entered the presidency in 1909. He continued as president until 1922 when he became chairman of the executive committee.

From the time of his entrance into financial fields, Mr. Hine was a power in Wall Street. He was a director in a dozen important corporations, a mem-

ber of numerous clubs and societies and a generous benefactor of charitable causes.

JAMES R. TROWBRIDGE has been elected president the Franklin Savings Bank, New York, to succeed Ernest K. Satterlee, who resigned recently. Mr. Trowbridge, who was graduated from Yale University in 1894, began his business career in the commercial field. Later he spent several years in Mexico and Cuba, coming to New York in 1906 where he was connected with the Astor Trust Company and later with the Bankers Trust Company. He became connected with the Franklin Savings Bank in 1918 and has heretofore been vice-president and comptroller.

The Franklin Savings Bank was established in 1859 and has deposits of over \$84,000,000, surplus and profits of over \$9,000,000 and more than 94,000 depositors.

S. STERN, vice-president the Seaboard National Bank of New York, has returned from two months' trip in Europe, where he visited the bank's correspondents and studied economic and financial conditions.

J. A. HARRIS, 3d, has been appointed Philadelphia representative of the Equitable Trust Company of New York, to succeed Thomas Graham, who resigned recently on account of illness.

Mr. Harris, who has been connected with the Equitable's organization in Philadelphia since 1925, is the son of J. A. Harris, Jr., first vice-president of the Franklin National Bank.

GEORGE W. WILSON, one of the founders of the Mercantile Trust Company of St. Louis and vice-president for almost twenty-five years, has been elected president of the institution to fill the vacancy left by the recent death of Festus J. Wade.

Mr. Wilson was born in New York but went to St. Louis at an early age. His business career started at the age of

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BOSTON or NEW YORK

12, as a cash boy, from which he became a cashier. In 1887 he turned his attention to mining in Mexico and two years later returned to St. Louis as secretary of a real estate company. After ten years in the real estate business he became one of the founders of the Mercantile Trust Company. He was made treasurer of that institution and continued in that position until 1903 when he was elected vice-president.

In addition to his banking activities, Mr. Wilson is dean of the school of commerce of St. Louis University. He was president of the St. Louis Clearing House Association in 1925 and 1926 and chairman of the committee of management of the association in 1922-23.

THOMAS L. ROBINSON has been elected a vice-president of the Guaranty Trust Company of New York to succeed George L. Burr, who has resigned to become a partner in Lazard Freres. Mr. Robinson will have charge of the bank's Fifth Avenue office.

Mr. Robinson became connected with

the Guaranty Trust Company a year ago, after leaving the American Exchange National Bank, of which he was a vice-president. He has had supervision of the commercial banking and foreign departments of the Fifth Avenue branch.

RICHARD W. JONES, of McBeck, Jones & Co., and Paul F. Fitzpatrick of the Credit Alliance Corporation, New York, have been elected directors of the First Federal Foreign Investment Trust of the same city.

M. J. CONNELL was elected chairman of the board of the Citizens National Bank of Los Angeles, Calif., at a recent meeting of the board of directors. Clark J. Bonner was elected a director.

Mr. Connell is an outstanding figure in the business life of Los Angeles, owning and operating seven large buildings valued at over \$3,000,000 which form the center of the wholesale dry-goods and allied industries. He went to Los Angeles in 1900 after a successful

business career in Montana and soon became interested in banking. He was a director of the California National Bank, subsequently consolidated with the American National Bank, which in turn was taken over by the Citizens National Bank in 1909.

During the war Mr. Connell organized and equipped an army and navy base hospital, at a cost of more than \$100,000. He is interested in many philanthropic enterprises including the Good Hope Hospital, an institution which specializes in the use of the curative rays of the sun in various diseases.

Mr. Bonner, elected a director of the Citizens National Bank, is a director of the Montana Land Company and the Los Alamitos Sugar Company, and has built up a large insurance brokerage business in Los Angeles.



FORREST G. FILLMAN

Member of the new business department, Union Trust Company of Detroit, Mich.

FORREST G. FILLMAN has become associated with the Union Trust Company of Detroit, in the new business department. He will specialize in investment trusts.



John F. Tufts, president the Union Market National Bank, Watertown, Mass., making a deposit in a night safe at his bank. The night depository was manufactured and installed by the Mosler Safe Company, Hamilton, Ohio.

MUTUAL BANK OFFICERS TO GO TO CHASE

UNDER plans made by the Chase National Bank of New York for consolidating the Mutual Bank, Charles A. Sackett and Hugh N. Kirkland, president and vice-president, respectively, of the smaller institution, will become vice-presidents of the Chase and will also be made chairman and vice-chairman, respectively, of the advisory board of the Mutual branch which is to be established at the present location of the Mutual Bank. The present directors of the Mutual Bank will become members of the advisory board of that branch. Eugene Galvin, cashier of the Mutual Bank, will become an assistant cashier of the Chase and will continue at the Mutual branch.

CHAPIN HEADS AMERICAN TRUST COMPANY

ARTHUR B. CHAPIN has been elected president the American Trust Company

The Christmas Spirit

Put it in YOUR BANK

with our Beautifully Colored
DISPLAY MATERIAL

Ask for Illustrated Circular

OUTCAULT ADVERTISING COMPANY

221 East 20th Street

Chicago, Ill.

of Boston, while Russell G. Fessenden, formerly president, has moved up to chairman of the board of directors.

Mr. Chapin, who has been vice-president of American Trust Company for the last sixteen years, was formerly state treasurer, serving the full five-year term. Later, as bank commissioner of Massachusetts, he was a member of three important commissions, including that to appraise the assets of the New Haven railroad, the commission which investigated the matter of building workingmen's homes, and that which investigated the five-mill tax on personal property in Massachusetts. Before becoming bank commissioner he was a member of the committee which suggested to the state legislature numerous changes for the betterment of state savings bank laws, which were subsequently adopted.

Mr. Chapin was born in Willimansett, Mass., in 1868, educated in the Holyoke schools, graduated from Andover in 1887, and Amherst College in 1891. He was admitted to the Hampton County Bar in 1895; was city solicitor of Holyoke in 1896 and subsequently elected six successive terms as mayor of Holyoke.

Mr. Chapin is a trustee and member of the board of investment of the Boston Five Cents Savings Bank; director of Farr Alpaca Company; director of R. H. Stearns Company; trustee of Union Safe Deposit Vaults, and trustee of Andover Theological Seminary. He was formerly president of the Massachusetts Bankers Association.

Mr. Fessenden continues his activities with the bank in his capacity as chair-

man of the board. He is president and member of the board of managers of the Boston Provident Association; trustee of the Houghton & Dutton building trust; the Suffolk Savings Bank; Trimountain



ARTHUR B. CHAPIN

New president the American Trust
Company of Boston.

Trust; and the Union Safe Deposit
Vaults.

C. L. Stevens of the C. L. Stevens
Company, consulting engineers, and
president of the Reed-Prentice Com-
pany of Worcester, has been added to
the board of the American Trust Com-
pany.

Kings County Trust Company

City of New York, Borough of Brooklyn

Capital \$500,000 Surplus \$4,500,000 Undivided Profits \$445,000

JULIAN P. FAIRCHILD, President

WILLIAM J. WASON, JR., Vice-President

HOWARD D. JOOST, Vice-President

J. NORMAN CARPENTER, Vice-President

ALBERT E. ECKERSON Auditor

THOMAS BLAKE, Secretary

ALBERT I. TABOR, Assistant Secretary

CLARENCE E. TOBIAS, Assistant Secretary

ACCOUNTS INVITED

INTEREST ALLOWED ON DEPOSITS

WARBURG REPORTS PROGRESS IN EUROPEAN RECOVERY

COMMENTING upon conditions abroad, Paul M. Warburg, chairman the International Acceptance Bank of New York, who has recently returned from a visit to England, France, Holland, Germany and Austria, said:

"During the two years I had not seen Europe there has, no doubt, been a marked progress in her recovery. There is, however, a distinct feeling of discouragement over there, partly because there is still so long a stretch to be covered, and partly because the Old World, in spite of its advance, feels that it is constantly losing ground in its effort to catch up, or at least to keep pace with us.

"The question most frequently put to an American abroad is: 'How long is your prosperity going to last?' and in this question there lies an equal fear that it might continue too long, as well as that it might come to a sudden end because at present Europe's own stability and progress is closely linked up with ours.

"One of the most puzzling questions is the world's excessive capacity of industrial production and the desperate efforts of all countries by artificial means further to stimulate the growth of their productive powers in order to conquer new markets or conserve old ones. America's natural resources, her large scale manufacturing methods, her high efficiency, her huge home market and her financial strength give her so great an advantage in this struggle, that there

is danger that the scales may tip so much in our favor that the world may become too lopsided for our own comfort. Paradoxical as it may appear, our greatest economic problem may become to master the art of not using our advantages to excess. We may have to learn that we serve our own interests better by leaving some markets to others rather than by bending our efforts on conquering them wherever we can. But the doctrine that in order to live we must let live, is one that is not likely to appeal very readily to a vigorous and progressive people even though, not as a matter of philanthropy, but as a plain business proposition, it may in the end prove the soundest course for us to pursue."

INTERSTATE TRUST'S FIRST ANNIVERSARY

THE Interstate Trust Company, New York, celebrated the first anniversary of its founding October 14 with the establishment of a new record for growth in the history of American banks and trust companies. Between October 14, 1926, when the trust company opened for business, and September 30, 1927, the last official call, the Interstate Trust recorded an increase of 833 per cent. in deposits and 400 per cent. in resources. This growth is said to be unparalleled by that of any other banking institution in the country.

Commenting upon the achievement of the new institution George S. Silzer, former Governor of New Jersey and president of the bank, said in part:

"When Interstate Trust Company

opened its doors for business on October 14, 1926, it closed the day's business showing total deposits of \$2,693,759 and total resources of \$6,596,442. As of September 30, 1927, the date of the last official call, deposits totaled \$25,124,304 and resources \$32,983,588. These figures represent an increase of about 833 per cent. in deposits and 400 per cent. in total resources. So far as we know this passes all previous records for growth among new banks in this country. . . ."

In addressing the stockholders, former Governor Silzer said in part:

"When we opened our doors we adopted the slogan 'A Bank of Personal Contact.' Our figures compared with other banks now show Interstate to be one of the fastest growing institutions in the country. But, although far larger and stronger today with three conveniently located offices, the Interstate Trust is still a bank of personal contact. Our officers and directors look forward to the future with confidence and we expect continuation of the steady progress which has marked the growth of the institution during the last year."

During its first year Interstate Trust acquired two other banking organizations, the Franklin National Bank and the Bloomingdale Brothers Bank, giving the organization two banking offices in addition to the main office at 59 Liberty street. Acquisition of these two banking organizations added approximately \$8,000,000 to total deposits, but exclusive of this amount the total of \$25,124,304 of deposits reported on September 30, 1927, represents normal growth of business.

Having been originally organized by prominent banking and business leaders, the Interstate Trust has enlarged its executive staff and board of directors to meet the rapidly increasing growth of the organization. The complete list of officers follows: George S. Silzer, president; Isaac Alpern, vice-president; Arthur P. Smith, vice-president; Howell H.

Stillman, vice-president; E. Milton Berry, vice-president; T. K. Smith, vice-president; John J. Quinn, assistant vice-president; Paul C. Beardslee, secretary and trust officer; Harry P. Aumack, treasurer; Claude H. Meredith, assistant secretary; John T. McMahon, assistant



GEORGE S. SILZER

President the Interstate Trust Company of New York, which recorded an increase of 833 per cent. in deposits in its first year of existence.

treasurer; Zimri C. Oseland, assistant treasurer; Fred W. Leimback, assistant secretary; and William Lange, Jr., assistant secretary.

The board of directors is made up of the following: E. N. Brown, Eugene P. Thomas, De Witt Millhauser, A. Curtin Fetterolf, John W. Doty, Samuel J. Bloomingdale, George S. Silzer, William V. Griffin, Carlton H. Palmer, Ralph Wolf, James A. Kenny, Herbert C. Lakin, Arthur P. Smith, Albert T. Johnston, William J. Weller, Arthur P. Williams, Fred A. Williams, Andrew Wilson and Isaac Alpern.

EXAMINATIONS - SYSTEMS - TAXES

FOR

Banks and Trust Companies

McARDLE & McARDLE

ACCOUNTANTS AND AUDITORS

Forty-Two Broadway, New York City

U. S. SHARES CHANGES ANNOUNCED

HERBERT L. Rackliff, president the United States Shares Corporation, New York, has notified stockholders of the company of the changes that have taken place in the last five and a half months in the portfolios of securities underlying the several trusts which the corporation is operating.

Of the 100 companies whose stocks originally constituted the portfolio of common stock trust shares two are no longer represented. They are the White Motor Company and the Sterling Products Company. Four companies have been added to the list, as follows: International Telephone and Telegraph Company, Northern Pacific Company, Pullman, Inc., and Remington-Rand, Inc. The changes have brought about this change: Every unit of underlying securities in the corporation's common stock trust now contains 116 shares of stock representing 102 companies, plus a cash fund of \$3.92.

In the bank stock trust shares, Series C-1, the withdrawals have consisted of one share of stocks of the Bank of the Manhattan Company, New York, one share of the United States Trust Company, New York, and one of the Foreman National Bank of Chicago; and the additions, one share of the Marine Trust Company of Buffalo, one of the Hanover National Bank of New York, and one of the Chemical National Bank of New York. There remains a cash fund in each unit of \$579.59 for further investment.

LIBERTY NATIONAL OPENS DOWNTOWN OFFICE

THE Liberty National Bank of New York opened a downtown office at 50 Broadway recently, making the third office of the institution. It was established three years ago at 256 West 57th street and a second office is at 150 Delancey street.

William C. Durant, automobile manufacturer and organizer of the bank, is chairman of the board, and Robert W. Daniel is president.

In addition to Mr. Durant and President Daniel, officers of the bank include Benjamin D. Lewis, vice-president; F. Waring Wilson, vice-president; W. Irving Granville, cashier, and T. F. Perkins, trust officer. Its directors include many men prominent in finance and industry.

The move to downtown Broadway was necessary, according to Mr. Daniel, because of the increased activity of the bank and in order to make more available its services as registrar and transfer agent for corporations whose securities are active on the New York Stock Exchange. The bank will give special attention to Stock Exchange business, but will also provide a fully diversified banking service.

BANK OF UNITED STATES HAS NEW OFFICER

JULIUS Lichter, former president the Golding Fabrics Corporation, has been elected a vice-president the Bank of United States, New York, and began his

new duties November 1. This follows the election of Morris White, president of Morris White, Inc., as a director. According to B. K. Marcus, president of the institution, these additions are in line with the bank's policy of expansion.

Since 1919 the deposits have increased from \$7,000,000 to more than \$90,007,000, bringing the bank's resources to over \$103,000,000.

BELL FINANCIAL FORMS NEW COMPANY

ANNOUNCEMENT has been made of the organization by the Bell Financial Corporation, New York, of a new bank holding company, with a capitalization of \$10,000,000 and surplus of \$1,000,000.

The company has acquired the Century Bank of New York and the Dewey State Bank of Brooklyn and is also in control of two investment corporations and a trading company. It expects to acquire other financial industrial corporations as opportunity offers and to add other enterprises in need of capital expansion.

BUILDING ACTIVITY OF NEW ENGLAND BANKS

THAT there is considerable activity in the building and remodeling of bank buildings in New England is shown by a report from Thomas M. James Company, bank architects of Boston. The report gives the following construction being done from these architects' plans:

The First National Granite Bank, Augusta, Me., is remodeling its banking room and the upper floors of its office building, making a complete renovation, with new facilities and equipment.

The Cambridge (Mass.) Trust Company is doubling the size of its banking room, putting in modern facilities and furnishings, and the building, which is the property of Harvard College, is also being remodeled.

The building occupied jointly by the Middleboro Trust Company and the

The South Carolina National Bank Charleston, S. C.

Greenville, S. C. - Columbia, S. C.

Consolidation of
Bank of Charleston, N. B. A.
Charleston, S. C.
Norwood Nat. Bank Greenville, S. C. Carolina Nat. Bank
Columbia, S. C.

Capital	\$ 1,100,000.00
Surplus	650,000.00
Resources	25,000,000.00

Middleboro Savings Bank at Middleboro, Mass., is to be completely remodeled and modernized.

The new building of the Stafford Springs (Conn.) Savings Bank is progressing rapidly. This is to be an individual bank building, of brick and stone.

The fine new building of the Newburyport (Mass.) Five Cents Savings Bank is also well under way. This is a handsome brick Colonial building in keeping with the traditions of the old city which is its home. Besides the spacious and lofty banking room there will be one floor of offices.

Extensive remodeling is to be undertaken by the Strafford National Bank, at Dover, N. H. Additions to the banking room are being built and the public space remodeled and modernized. A new vault will be installed by the Remington & Sherman Co.

The unique and extensive remodeling of the four-story building of the Peoples Savings Bank, Worcester, Mass., is well under way and will be completed about January 1. The banking rooms of the Mechanics National Bank, Worcester, are also being remodeled from the James' plans.

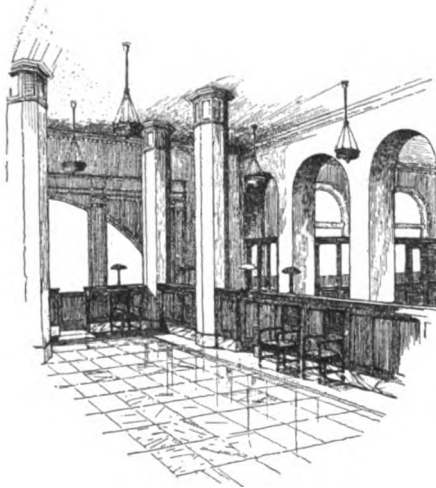
The banking rooms of the Peoples Savings Bank, Providence, R. I., are to be completely renovated, refurnished and modernized, introducing up-to-date fixtures and complete modern facilities.

The fine new \$300,000 building of the

Woonsocket (R. I.) Institution for Savings is about completed and will soon be occupied by the bank. This is a completely modern, monumental building of handsome design.

NATIONAL CITY BANK STATEMENT

STATEMENT of condition of the National City Bank of New York, as of October 10, 1927, shows capital of \$75,000,000, surplus of \$50,000,000, undivided profits of \$19,167,292, deposits of \$1,087,239,459 and total resources of \$1,460,814,797.



Architect's drawing of the lobby in the new quarters of the First Wisconsin Company, Milwaukee, Wis.

BOSTON BANK SPONSORS LECTURES FOR WOMEN

A SERIES of lectures on banking to be given in November is being sponsored by the women's advisory committee of the Old Colony Trust Company of Boston. The lectures will present in practical but interesting form the salient points about banking, so that women customers may be assisted in conducting their own financial affairs.

Some of the many human incidents

which take place behind the scenes in a bank will also be told.

According to the *Boston Globe*, an over application for seats for the weekly lectures has been received.



ROBERT W. BAIRD

President the First Wisconsin Company, Milwaukee, Wis.

RED CROSS ROLL CALL TO COVER BANKING FIELD

THE banking and financial field in New York City is being intensively covered in the 1927 Red Cross Roll Call with a specially organized banks and exchange section in the campaign organization.

Harry L. Kahler, president the American Trust Company, heads the section as chairman. Functioning within the section are the following individual groups, each under the personal direction of its own chairman: the national banks group under the chairmanship of James P. Gardner, vice-president the Hanover National Bank; trust companies under Samuel S. Conover, president the Fidelity Trust Company, of New York; state banks, under Harold C. Richards, president the State Bank; foreign banks, un-

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BOSTON-MASS

der Edward P. Hungerford, manager the Bank of Montreal; Federal Reserve bank, under R. G. Bellah, of the Federal Reserve Bank of New York; and cotton exchange under Sterling S. Beardsley.

Additional groups have also been organized to cover savings banks; investment houses; curb exchange; New York stock exchange; produce exchange; and consolidated exchange.

The vast volunteer organization of the metropolis to secure the superlative response throughout the city to the annual membership effort numbers representatives of every phase of New York's industrial, mercantile and professional life. Following the program operated with notable results in previous years, the huge volunteer alignment is based on the plan of wide-spread committee groups to carry the Roll Call message into every branch of trade and industry, it is estimated that approximately 200 such groups are in action, each under the leadership of an outstanding figure in the field being covered by the individual group.

In the financial and banking field the chairmen of the various groups, the majority of whom served with conspicuous success as chairmen of similar groups in the 1926 Roll Call, anticipate even more generous response for the Roll Call this year, and aim at a unanimous enrollment of the personnel throughout the field.

Included in the extensive metropolitan activities of the Red Cross, for whose adequate continuation the annual membership invitation is extended to every resident of the city, are the disaster relief and the public health program, under which thousands of surgical dressings are supplied each year to local hospitals and which also covers nursing service, first aid, and work in home hygiene.

Disabled ex-service men and their de-

pendents are also a large factor in the Red Cross program and activities in their behalf include legal assistance, money loans, and medical attention.

LINCOLN-ALLIANCE STATE- MENT

STATEMENT of condition of the Lincoln-Alliance Bank, Rochester, N. Y., as of September 30, shows capital of \$2,000,000, surplus of the same amount, deposits of \$54,645,361, and total resources of \$63,483,827.

INDUSTRIAL TRUST OF PROVIDENCE

STATEMENT of condition of the Industrial Trust Company of Providence, R. I., as of September 7, 1927, shows capital of \$4,000,000; surplus, undivided profits and reserves of \$9,680,871, deposits of \$144,843,903 and total resources of \$161,498,794.

HARTFORD BANK CHANGES

NATHAN D. Prince, president the Hartford-Connecticut Trust Company of Hartford, Conn., announces the following changes in the bank's executive staff:

John B. Byrne, for the last five years bank commissioner for the State of Connecticut, has been made a vice-president.

Allen H. Newton, treasurer of the bank and connected with the institution for forty-five years, has been promoted to vice-president.

Charles A. Hunter, for more than thirty years identified with the bank and an assistant treasurer, was made a vice-president.

Harold M. Kenyon, assistant treasurer, and connected with the bank for twenty-four years, has been advanced to treasurer.

TIMES SQUARE TRUST ONE YEAR OLD

THE Times Square Trust Company of New York observed the first anniversary of its opening last month with total resources of \$10,596,182 as compared with \$3,800,000 on the date of opening,



JOHN H. BRENNEN

President Times Square Trust Company, New York.

October 5, 1926. John H. Brennen is president of the institution. Table showing the bank's consistent growth follows:

	Resources
October 5, 1926, opening date	\$3,800,000
October 10, 1926	4,799,701
November 10, 1926	4,907,389
December 10, 1926	5,290,374
January 10, 1927	5,694,792
February 10, 1927	6,439,253
March 10, 1927	6,760,972
April 10, 1927	7,280,073
May 10, 1927	7,360,008
June 10, 1927	7,480,549
July 10, 1927	8,035,235
August 10, 1927	9,001,727
September 10, 1927	9,637,338
October 10, 1927	10,596,182

FIDELITY TRUST HAS NEW OFFICER

THE Fidelity Trust Company of New York has announced the appointment of Manolo Wiechers as assistant vice-president. Mr. Wiechers has been associated with the National Commercial Bank and Trust Company of Albany, N. Y., as manager of the industrial department and his work with the Fidelity will continue along similar lines.

CHEMICAL OPENS NEW BROOK- LYN BRANCH

Its first Brooklyn branch was opened by the Chemical National Bank of New York last month, located in the Terminal building at Court and Joralemon streets. This is the fourth branch opened by the Chemical this year and gives it six branches.

Officers in charge of the Brooklyn branch are Charles E. Meek, assistant vice-president; and Albert Quackenbush, assistant cashier.

The opening of the new branch is part of a program of enlargement announced some time ago by Percy H. Johnston, president of the institution. This program calls for the moving of the main office of the bank into a new building that is now being erected at 165 Broadway. This building is on the corner of Broadway and Cortland street, is a six-story building designed especially for banking and will be made a part of the Benenson building. The bank will open next year an office at 320 Broadway, in the heart of the textile district.

LOUIS G. KAUFMAN ESTABLISH- ES ENDOWMENT FUND

AN endowment fund of \$100,000 to the Graveraet High School, Marquette, Mich., has been made by Louis G. Kaufman, president the Chatham Phenix National Bank & Trust Company, New York. The school was named for Mr. Kaufman's mother and stands on ground he donated to the city. The gift was an-

nounced at a testimonial dinner tendered by citizens of Marquette to Mr. Kaufman. The banquet also marked the opening of the new bank building and office building of the First National Bank & Trust Company of Marquette of which Mr. Kaufman is the president and in which he started his financial career. Mr. Kaufman is the only bank executive who simultaneously is president of two national banks, this being made possible by a special ruling of the Federal Reserve Board.

LONGACRE BANK PLANS EXPANSION

THE Longacre Bank, New York, is considering an increase in capital stock from \$600,000 to \$1,000,000, according to a letter sent by Frederick K. Tiepel to the institution's stockholders. The bank was organized in 1924. The letter reads as follows:

"Please take notice that a special meeting of stockholders of the Longacre Bank has been duly called and will be held on November 5 for the purpose of considering and voting on a proposition to increase the capital stock of the bank from \$600,000, consisting of 6000 shares of \$100 par value, to \$1,000,000, consisting of 10,000 shares of \$100 par value and fixing the terms and conditions of the sale and other dispositions of the shares of stock representing such increase."

SHAWMUT BANK DEPOSITS REACH \$200,000,000

DEPOSITS of the National Shawmut Bank of Boston have passed a total of \$200,000,000, the highest ever reached by the institution, and representing a gain of more than \$28,000,000 since January 1, or 16½ per cent.

When Walter S. Bucklin became president of the Shawmut in 1924, deposits were \$130,400,000. Present deposits show a gain of almost \$70,000,000, or about 54 per cent. under his



WALTER S. BUCKLIN

President the National Shawmut Bank of Boston, during whose regime deposits of the bank have increased 54 per cent.

regime. In the same period the savings department has grown 30 per cent. and the trust department 60 per cent.

POTTSVILLE, PA., BANK IN NEW BUILDING

THE Miners National Bank of Pottsville, Pa., held a formal opening of its new banking home on November 4. Invitations were sent by the directors and officers of the bank to customers of the bank and their friends to inspect the new building and its modern equipment.

KASSLER TO HEAD MID-TOWN BANK

PETER E. Kassler, of Kassler & O'Connor, insurance brokers, has been elected president of the Midtown Bank of New York, which opened for business November 1 at 27th street and Seventh avenue.

Mr. Kassler is well known in banking

International Securities Corporation of America

Second International Securities Corporation

*For information about these investment trusts,
address AMERICAN FOUNDERS TRUST
(A Massachusetts Trust) 50 Pine Street, New York*

circles, having served as vice-president of both the United National Bank and the National Butchers and Drovers Bank of New York.

JOURNAL OF COMMERCE 100 YEARS OLD

A 200-PAGE edition of the *Journal of Commerce*, New York, marked the recent centennial edition of that publication. The issue was made up of nine sections.

The history of the *Journal of Commerce*, however, goes further than the 100 years during which it has borne its present name, including the earlier title, *New York Journal of Commerce*. The publication is a lineal descendant of the *Independent Journal* or the *General Advertiser*, which first appeared on Monday, November 17, 1783.

There are numerous features in the special sections of the centennial edition relating interesting facts, such as how news was gathered before the telegraph, the varying fortunes of American shipping, the growth of New York merchandising, the history of the railroads and countless other topics. The edition further pays tribute to its staff, past and present, mentioning the work and record of each individual now engaged in its service. It publishes greetings from Governor Smith, Mayor Walker and others.

COURSES IN FINANCE AT SOCIAL RESEARCH SCHOOL

THE New School for Social Research, New York, is offering three courses in

finance in its autumn circulum. Among the lecturers are Cary Snyder, general statistician the Federal Reserve bank; Elisha M. Friedman, investment banker; A. A. Berle, Jr., of the New York Bar; Arthur Lehman, of Lehman Bros.; Lucius W. Mayer, of Rogers, Mayer and Ball; J. Edward Meeker, economist, New York Stock Exchange; Alexander Dana Noyes, financial editor the *New York Times*; Mortimer L. Schiff of Kuhn, Loeb & Co.; Laurence H. Sloan, managing editor Standard Statistics Company.

EQUITABLE ADDS TO SURPLUS

AT a recent meeting of the board of trustees of the Equitable Trust Company of New York, \$2,000,000 was transferred from undivided profits to the company's surplus account. This gives the Equitable a total capital and surplus of \$50,000,000. Capital is \$30,000,000 and surplus \$20,000,000. Undivided profits are \$4,430,000.

At the same meeting two trustees were elected to the board: Clarkson Cowl and John C. Martin. Mr. Martin is vice-president and general manager of the Curtis Martin Newspapers, Inc., which organization owns the *Philadelphia Public Ledger* and the *New York Evening Post*. Mr. Martin is also a director of the Curtis Publishing Company, the Land Title and Trust Company of Philadelphia and the Union National Bank of Philadelphia.

Clarkson Cowl is chairman of the board of James A. Hearn & Sons, Inc., a predecessor company of which opened an account with the Importers and

Traders National Bank of New York in 1856. The Importers and Traders Bank was merged with the Equitable Trust Company on June 29, 1923. The Hearn account is the oldest continuous account on the books of the merged banks. Mr. Cowl is treasurer and director of the Central Mercantile Association, a director of the Washington Square Association and the Fifth Avenue Association. He is also a trustee of the Seamen's Christian Association, the West Side Savings Bank and the Van Buren Estates.

NEW ENGLAND CONFERENCE HELD THIS MONTH

THE third New England Conference, to which agricultural, commercial, and industrial organizations throughout New England have been invited, is being held November 17 and 18 at Springfield, under the auspices of the New England Council.

There are more than 800 such organizations in the six states of New England, and each organization has been invited to send three delegates with voting power to elect the members of the Council for next year. In addition, the paid executives of these organizations and their staffs have been invited to attend the conference, and the Springfield Chamber of Commerce is prepared to accommodate 2500 persons during the two days.

A preliminary program of the conference shows that the general sessions of the conference will review the work of the New England Council during the last year, and that special sessions will be held on both a state and group basis. The programs for these special sessions are being designed to allow ample time for discussion of problems facing each state or group.

The conference will open on Thursday afternoon at 1.30 p. m. with a general session in Springfield's Municipal Auditorium. On Thursday evening a "New England Harvest Supper" will be served in the auditorium, after which

state meetings will be held. On Friday morning three special sessions will start at 9.30 a. m. One will deal with the problems of agriculture, another with industry, and the third with recreational resources. The recreational meeting will continue again Friday evening and Saturday morning. Friday afternoon will be devoted to a second and final general session of the conference.

CENTRAL NATIONAL GAINS IN RESOURCES

THE Central National Bank of New York, Broadway at 40th street, shows total resources of \$14,642,822 in its statement of October 10. This is an increase of \$4,000,000 over last year. The bank was opened for business on January 28, 1926, with deposits of \$1,589,000 and its present deposits are \$9,141,000.

Letters of credit and acceptances outstanding total \$1,168,000, showing the amount of foreign business handled by the bank.

D. S. Gottesman is chairman of the board, E. V. Connolly president and J. R. Postal vice-president.

UNION TRUST STATEMENT

STATEMENT of condition of the Union Trust Company of Chicago, as of October 10, 1927, shows capital of \$3,000,000, surplus of \$4,000,000, deposits of \$84,374,586 and total resources of \$96,088,705.

F. H. Rawson is chairman of the board and H. A. Wheeler president.

CITIZENS BANKS GAIN IN DEPOSITS

ACCORDING to statement of condition of October 10, 1927, the Citizens banks of Los Angeles, Calif., showed an increase in deposits of nearly \$3,500,000 over the June 30 statement. The Citizens banks operate twenty-eight offices in the Los Angeles metropolitan area and have built up resources of \$117,000,000 dur-

ing the thirty-seven years of their existence, with but little assistance from consolidations.

SEVENTH NATIONAL TO INCREASE CAPITAL

STOCKHOLDERS of the Seventh National Bank of New York have approved an increase in capital stock of the institution from \$1,000,000 to \$1,500,000 by the issuance of warrants which entitle stockholders of record of October 22 to subscribe at \$150 for one share of new stock for every two shares now held. Two-thirds of the proceeds from the sale of stock will be credited to capital and one-third to surplus account.

As a result the bank will have capitalization of \$1,500,000 and surplus and undivided profits of about \$625,000.

BROOKLYN BANK MERGER

SAMUEL Barnett, president the Municipal Bank of Brooklyn, has announced the purchase of assets and business of the Kensington Bank, also of Brooklyn, and the assumption of all liabilities of that institution as of October 15. The present office at 743 Church avenue, Brooklyn, will be continued as the Kensington branch of the Municipal Bank. The directors of the old Kensington Bank will act in an advisory capacity there.

The Municipal Bank has a capital and surplus in excess of \$4,000,000 and resources in excess of \$40,000,000.

CHICAGO BANK TO ELECT LONDON REPRESENTATIVE

ANNOUNCEMENT has been made by the National Bank of the Republic, Chicago, that Arthur Packard will be elected this month to an official position in the Republic bank, to represent that institution in London.

Mr. Packard received his early education in England and later went to Germany where he was graduated from the University of Heidelberg. He com-

menced his banking career in that country, where he was associated with several important private banking institutions. He also spent several years studying the banking methods of France, Italy, Switzerland and other European countries.

Returning to England in 1902, Mr. Packard became associated with the London branch of the Dresdner Bank and later transferred his activities to the London branch of the Austrian Laenderbank.

NATIONAL CITY TO HAVE NEW BRANCH OFFICE

THE National City Bank of New York has leased a space in a building at 1 Park avenue for the opening of a new branch office, the twenty-fourth to be established by it in New York City. It is expected that the branch will open this month.

COMBINED STATEMENT OF AMERICAN BANKS

COMBINED statement of October 10 of the American Banks of Nashville, Tenn.—the American National Bank and the American Trust Company—shows capital of \$2,500,000, surplus and profits of \$1,867,921, deposits of \$25,433,378 and total resources of \$31,512,434.

BOSTON BANK INSTALLS MOSLER NIGHT SAFE

A NEW banking service has been started by the Atlantic National Bank of Boston which makes possible all-night deposit accommodations for its customers at its Huntington Avenue office.

This innovation in banking service consists of an improved night safe, which permits the depositing for safekeeping of currency or coin at any time of night, or on Sundays or holidays.

The night safe was installed by the Mosler Safe Company, Hamilton, Ohio.

The device is attached to the outside of the building, through which entrance

Established 1837

ADRIAN H. MULLER & SON

55 WILLIAM STREET

(Corner of Pine Street, New York)

STOCKS AND BONDS AT AUCTION

Regular Auction Sales of all Classes of Securities Every Wednesday

The Business of Banks, Bankers, Investors and Dealers in Securities Receives Prompt and Careful Attention

is gained to a chute leading to the depository safe protected by the bank's burglar-alarm system. Primarily the service is installed to meet the need of merchants, business men and others who have considerable money taken in after banking hours which requires safekeeping over night, over Sunday or a holiday. This arrangement gives a continuous service to clients and gives the public "a bank which is never closed." Through its operation, the client places his deposit in a bag, unlocks the entrance door with a key furnished by the bank, drops the bag through the chute into the safe, guarded by the burglar alarm system of the bank. When the deposit bag is placed in the safe, a duplicate deposit slip is mailed to the bank in keeping with burglary insurance regulations, and also providing both depositor and bank with a duplicate check on the deposit. Through an electrical connection, the bag, in its passage through the chute, lights a red signal, assuring the depositor that his money has reached the burglar-proof safe.

The Atlantic National was one of the first institutions in Boston to install a Donsteel Mosler vault and it is in keeping that this bank should also be among the first to provide this added service.

GENERAL MOTORS HAS RECORD NINE MONTHS

REPORT of the General Motors Corporation issued October 25 shows net earnings available for dividends and surplus in the first nine months of 1927 not only greater than any previous nine months,

but also greater than those of any entire year in the company's history.

However, it should be pointed out that the General Motors Corporation's figures for 1926 did not include the earnings of the Fisher Body Corporation for the entire period. Even if such earnings are included, however, the net profit of the corporation for the first nine months of 1927 very nearly equal those for the whole of last year—a record year.

The net earnings for the nine months totaled \$193,758,302, according to Alfred P. Sloan, Jr., president of the corporation. This includes the corporation's equities in the undivided profits of subsidiary operations not consolidated with the parent organization. For the purpose of making a fair comparison with the same period of 1926, it is necessary to include the earnings accruing to the minority interest of the Fisher Body Corporation during the nine months, so that the net earnings for the first nine months of 1926 were \$157,731,833 on the present corporative basis.

These figures indicate a net increase of \$36,026,469 over the first nine months of 1926, or a 22.84 per cent. gain. Net earnings of the corporation for the full year 1926 were \$176,085,145, including the earnings of the Fisher Body Corporation from July 1 to December 31, 1926, and \$194,645,462, including Fisher Body earnings for the entire year. This is less than \$1,000,000 more than for the nine months' period this year.

The corporation's earnings for the first nine months of 1927 are equivalent to \$10.75 per share earned on the new \$25

Announcement

The new 20,000 gross ton quadruple-screw motor liner "BERMUDA,"
550 feet long, 74 feet wide, will make her maiden voyage

NEW YORK to BERMUDA

On the 14th of January. Weekly sailings thereafter.

NO more luxurious and magnificent liner was ever built.

Verandah Suites, Cabins de Luxe, Ordinary Rooms with baths, glassed-in promenade deck (of course), glassed-in deck for dancing (only one of its kind on any liner). Lounge and smoking room compare favorably in size and appointments with those on any ship afloat. A novel observation lounge, writing room, library, sun deck unobstructed by life-boats, beautiful swimming bath, three electric elevators,

gymnasium, promenade deck unusually wide and long. Special stage for theatricals and movies. These are some of the attractive features offered the discriminating traveller.

Accommodations for more than 600 first-class passengers. Over 80 rooms with baths. Comfortable and ample accommodation for maids and valets.

Neither time nor money has been spared to make the *Bermuda* the most luxurious and comfortable tourist liner afloat.

FURNESS BERMUDA LINE

34 Whitehall St., New York. Telephone Bowling Green 7800 or any tourist agent.

par value common stock, after deducting dividends of \$6,758,548 on the preferred and debenture stocks. This compares with earnings of \$8.89 per share, on the percent share basis, for the first nine months of 1926, making allowance for the increased number of shares resulting from the exchange of two \$25 par value shares for each no-par value share in September this year.

NEW INVESTMENT TRUST DETAILS ANNOUNCED

DETAILS of the formation of the Participating Investors Shares Corporation, New York, show that the original holdings of the company will consist of stocks of thirty banks and trust companies in the United States and Canada, including banks in sixteen cities in the United States and in two cities in Canada. The underlying collateral of this trust, deposited with the Guaranty Trust Company of New York, as trustee is composed of one share each of the thirty banks and trust companies, and 200 participating stock trust shares, Series "A," are issued against each unit deposited.

Among the investment trust features is a conversion privilege that allows shareholders to convert any time after October 6, 1932, two hundred shares of the trust to one share each of the banking institutions composing the trust holdings at time of surrender, and in addition, participating profits of a reserve fund.

The thirty banks and trust companies whose stocks comprise the holdings of this investment trust have a total of 1469 branches. These thirty institutions are capitalized for a total of \$280,066,700; their deposits aggregate \$5,710,630,104, and their surplus and undivided profits total \$447,822,319. The institutions are located in the following cities: New York, Philadelphia, Baltimore, Boston, Syracuse, Buffalo, Montreal, Toronto, Pittsburgh, Detroit, Grand Rapids, Chicago, St. Louis, Kansas City, Memphis, New Orleans, Los Angeles and Portland, Ore.

The trust shares, series "A," of the corporation will be offered initially at \$86 per share. No dividends, earnings or profits on the stocks in the trust are to accrue to the corporation; the manage-

ment corporation's sole compensation is to consist of a commission (not to exceed 10 per cent.) of the cost of stocks purchased for the trust and the corporation is to receive no compensation for stocks held for the trust. Excepting charges and expenses of the trustee, total earnings are available to certificate holders.

Each bank and trust company whose stocks have been selected enjoys more than local repute for financial soundness and lengthy record of earnings.

CENTRAL MERCANTILE SHOWS GROWTH

A REMARKABLE growth in deposits—from \$4,144,161 in May, 1924, to \$53,919,601 in October, 1927—is shown by the Central Mercantile Bank & Trust Company of New York in its statement of October 20.

The statement of May 3, 1924, showed the above figure of slightly over four million for deposits. A year later, May 4, 1925, deposits had grown to \$14,366,410; on May 3, 1926, they were \$21,304,699; while on May 3, 1927, they had reached the total of \$46,397,734, more than twice those of a year before. The increase from May to October of this year has been about seven and one-half million dollars.

October's statement also shows capital of \$2,500,000, surplus and undivided profits of \$2,122,036 and total resources of \$60,355,341.

C. Stanley Mitchell, president of the bank, in a statement to the directors, stated that the bank's deposits were increasing daily, maintaining the bank's record as the fastest growing bank in New York.

Mr. Mitchell, under whose leadership the Central Mercantile has shown such rapid growth, began his banking career twenty years ago with the old Astor National Bank of New York. He later moved to the Century Bank as cashier and later, vice-president. When the Chatham Phenix National Bank and Trust Company absorbed the Century,

Mr. Mitchell became a vice-president of the Chatham Phenix and remained there ten years, when he resigned to become head of the Central Mercantile.

Joseph Brown, vice-president of the Central Mercantile, was also formerly with Chatham Phenix. He was a vice-president of the Chatham Phenix for fifteen years before going three years ago to the Central Mercantile, of which he is also a director.

He was born in Long Island City,



C. STANLEY MITCHELL

President the Central Mercantile Bank & Trust Company, New York, under whose leadership the bank has gained the reputation of being the fastest growing bank in New York.

New York, and is a member of several prominent clubs, including the Union League, Uptown Club and the Bankers Club.

Robert Adamson, vice-president of the same bank, was born and educated in Georgia and came to New York as a newspaper man after being city editor of the *Atlanta Constitution*. His career in New York has been varied. From 1910 to 1914 he was secretary to

Mayors, Gayner and Kline. For the next four years he was fire commissioner of New York. In 1919 he became president of the Petroleum Heat & Power Company but resigned in 1925 to become chairman of the board of the National American Bank. When this institution was merged with the Central Mercantile, Mr. Adamson became a vice-president and director in the latter bank.

He is a director and member of the executive committee of Petroleum Heat



JOSEPH BROWN

Vice-president the Central Mercantile Bank and Trust Company, New York.

& Power Company and a director in the Empire Bond & Mortgage Corporation, Alfred A. Knopf, Inc., and Upsico Corporation. His clubs include the Bankers; Town Hall, of which he is chairman of the finance committee; and the Uptown, of which he is a member of the board of governors.



UNDERWOOD & UNDERWOOD

ROBERT ADAMSON

Vice-president the Central Mercantile Bank and Trust Company, New York.

GERMANIC TRUST EXPANDS

THE International Germanic Trust Company, which opened for business in New York last month, has supplemented its organization by the formation of the International Germanic Company, Ltd., according to statement by Julian M. Gerard, president of the trust company.

The new company will center its activities in the field of foreign loans and acceptances and in the distribution of domestic and foreign securities.

It had been planned to organize the new company at the end of the year, but the volume of business offered the trust company made necessary the immediate organization of a securities company, so that its facilities would be available at once to the depositors and customers of the trust company here and abroad.

The trust company thus negotiated with the National American Company, Inc., for the acquisition of its subsidiary, the National American Securities Com-

pany, Inc., which provides the new company with a complete and successful organization at the start.

The staff of the National American Securities Company, Inc., is being retained and New York offices are located at 26 Broadway, with foreign offices at 3A Unter den Linden, Berlin.

Harold G. Aron, chairman the executive committee of the trust company, has been elected president of the securities company, and Julian M. Gerard, president the trust company, chairman of the finance committee of the new organization.

The directors of the securities company thus far announced are all directors of the trust company. These are Harold G. Aron, C. E. Albright, Julian B. Beaty, James A. Beha, James Bruce, Marcus Daly, Julian M. Gerard, Robert F. Herrick, Jr., C. H. Huston, William O. C. Kiene, David H. Knott, Theodore Lamprecht, W. E. von Marx, Jeremiah D. Maguire, Herman A. Metz, Kenneth O'Brien, Rudolf Pagenstecher, Franklin D. Roosevelt, Woolsey A. Shepard, Max W. Stoehr and William L. Wirbelauer.

Those who subscribed to stock in the trust company had the right to purchase, when issued, 100,000 shares of the participating preference stock of the International Germanic Company, Ltd., at \$50 a share.

While the trust company will have no capital investment in the limited company, it will receive common shares equivalent to 10 per cent. of the preference shares held by trust company subscribers, and, upon the subscription of the full 100,000 shares, the whole of the common stock of the limited company. The trust company is expected to exercise its voting power in the common stock through three voting trustees, to be named by its directors.

The new company will have an authorized capitalization of 200,000 fully participating preference shares and 200,000 shares of common stock, of which it is now expected 125,000 of each will be outstanding. The pro forma opening balance sheet of the new company as of

October 31, 1927, shows total assets of \$9,192,272.

The trust company opened with a paid-in capital and surplus of \$5,000,000. More than 1000 stockholders hold its 30,000 shares of stock.

Officers of the company include Julian M. Gerard, president; W. E. von Marx, vice-president in charge of foreign office; Ernest K. Satterlee, vice-president and trust officer; William E. Dobbin, secretary and treasurer; Theodore W. Knauth, assistant secretary.

SOME RECENT BANK VAULT INSTALLATIONS

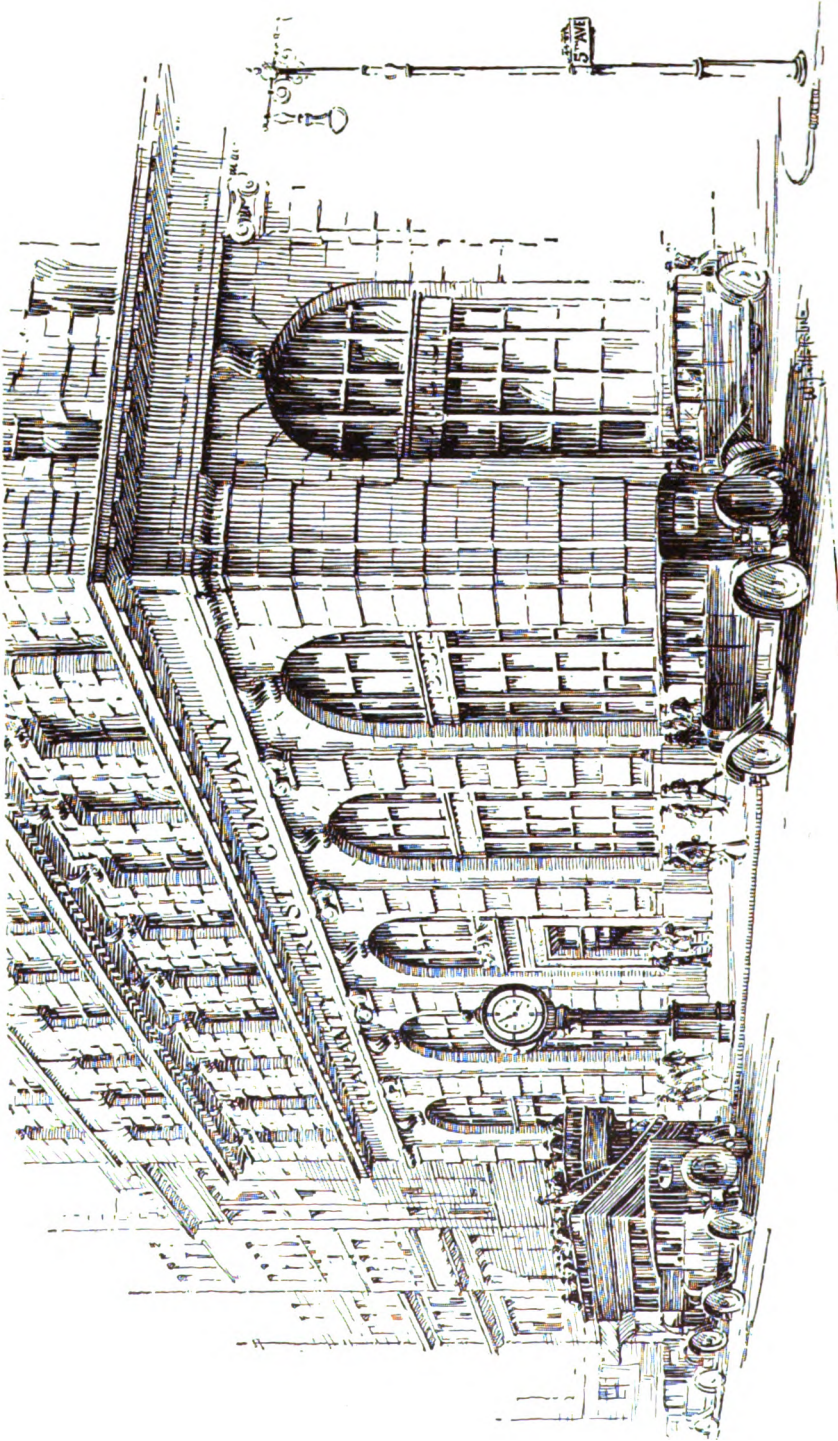
AN interesting group of bank vault installations is being completed in Charlotte, N. C., by the Herring-Hall-Marvin Safe Company of New York and Hamilton, Ohio. The Federal Reserve Bank, for which Lockwood, Greene & Company are the architects and Frederick S. Holmes engineer, will have sixteen-inch doors of the new channel frame type in a steel lined vault eighteen feet wide by approximately sixteen feet deep.

The Independence Trust Company, W. L. Stoddart, architect, will have sixteen-inch circular main and emergency doors in a large steel lined vault.

The First National Bank of the same city, with Lockwood, Greene & Company as architects and Frederick S. Holmes as engineer, has just completed a new vault installation of similar construction to that which the Federal Reserve Bank is now putting in.

A fourth bank in Charlotte in which Herring-Hall-Marvin vault work has just been finished is the Farmers & Merchants Bank.

A large number of other interesting vaults are being constructed by the Herring-Hall-Marvin Safe Company for banks throughout the country. Among these is the Manufacturers and Traders Trust Company, Buffalo, N. Y., for which Halsey, McCormack and Helmer are the architects and B. F. Tripp engineer. This bank has two twenty-one-



Midtown office of the Guaranty Trust Company of New York, Fifth avenue at 44th street, from a new sketch.

inch circular doors in a large safe deposit vault twenty-four feet wide by forty-four feet deep and a sixteen-inch door in a smaller security vault.

The vault work in the First National Bank of Louisville, Ky., for which Carl A. Ziegler of Philadelphia was architect, includes two large steel lined vaults and two sixteen-inch doors with elevating platforms. Another southern bank for which work has just been completed is the Chattanooga Savings Bank and Trust Company, in which there has just been placed a sixteen-inch circular door of the channel frame type.

Two notable California installations are those of the Bank of California, San Francisco, Bliss and Fairweather, architects, and the First National Bank, San Jose, for which T. M. Brintnall is engineer. The vault work in the former will include eighteen-inch circular channel frame main and emergency doors and a large steel lined vault containing 3000 safe deposit boxes. The San Jose bank will have sixteen-inch main and emergency doors and approximately 2500 boxes.

Two Michigan banks for which new work is being built in the Herring-Hall-Marvin factory are the Bank of Saginaw, for which Albert Kahn is architect, and the Jackson City Bank, designed by Weary and Alford. The former bank will have a large steel lined safe deposit vault with a sixteen-inch rectangular door and elevating platform.

Among the most notable vault installations in the Ohio Valley will be that of the Ohio Valley Bank at Portsmouth, Ohio, for which are being built two vaults with eighteen-inch rectangular doors, open hearth steel linings, nearly 3000 safe deposit boxes and other equipment.

Among worth-while vault installations that will shortly be set up in the East is the Chatham Phenix National Bank and Trust Company, New York, with sixteen-inch main and emergency doors in a steel lined safe deposit vault with more than 2000 new safe deposit

boxes. A door and equipment for an additional security vault will also go into this bank. It is also worth while noting that during the last year this factory has completed and installed for the Provident Loan Society of New York five heavy vault doors with two-inch steel linings.

The Phillipsburg National Bank & Trust Co., of Phillipsburg, N. J., will have a sixteen-inch circular door. Following plans made for the National Newark & Essex Banking Company of Newark, N. J., by Halsey, McCormack & Helmer, new modern vaults have been fabricated and are now being erected. Another installation designed in the office of the same architects is that of the Liberty Bank & Trust Company, Wilkes-Barre, Pa.

The First National Bank & Trust Company, Monessen, Pa., with Hopkins & Dentz architects, will have a sixteen-inch circular door and a sizeable steel lined vault containing full equipment.

Another Michigan bank that will shortly have Herring-Hall-Marvin work is the Federal Commercial & Savings Bank, Port Huron, Mich., for which there are being built sixteen-inch circular and rectangular doors with the accompanying steel linings, ceilings and other fittings.

A large safe deposit installation is that of the Calumet National Safe Deposit Company of Chicago, which will have a sixteen-inch circular door and elevating platform and more than 2000 boxes. This building was designed by John Ebersson, architect.

The National Bank of Commerce, Milwaukee, Wis., for which Kirkhoff & Rose were the architects, will have a large safe deposit installation, including nearly 3000 boxes and new heavy doors.

Among the strongest and most attractive vaults in St. Louis will be that in the new building of the Tower Grove Bank, designed by the St. Louis Bank Equipment Company. This will include a sixteen-inch circular door, more than 1000 new boxes and a heavy

rectangular door for the security vault.

Over sixty night depositories have recently been installed by the Herring-Hall-Marvin Safe Company, including the following:

Orlando Commercial Bank, Orlando, Fla.; Macon National Bank, Macon, Ga.; Manufacturers' National Bank, Lewiston, Me.; National Newark & Essex Banking Company, Newark, N. J.; Plainfield Trust Company, Plainfield, N. J.; National City Bank, Bedford branch, New York; Citizens Trust and Savings Bank, Columbus, Ohio; Third National Bank, Dayton, Ohio; Dime Savings Bank, Toledo, Ohio; Chattanooga Savings Bank and Trust Company, Chattanooga, Tenn.; First National Bank, Fort Worth, Texas; National Bank of Rochester, N. Y.; Citizens Trust Company, Schenectady, N. Y.; National Commercial Bank and Trust Company, Albany, N. Y.; First Trust Company, Albany, N. Y.; Merchants National Bank of Jersey City, N. J.; Glens Falls National Bank, Glens Falls, N. Y.; Union Trust and Hudson County National Bank, Jersey City, N. J.; Flushing National Bank, Flushing, L. I.; Peoples Bank and Trust Company, Erie, Pa.; Lawrence Savings and Trust Company, New Castle, Pa.; American National Bank, Austin, Texas.

PENNSYLVANIA BANKERS INSPECT FARMS

THE Committee on Agriculture of the Pennsylvania Bankers Association held its fifth annual tour of inspection the latter part of August—visiting a number of modern farms throughout the state and studying methods used so that the information might be passed along to other sections of the state.

Stimulation of co-operative work between the county agents, groups of farmers, local bankers associations and other allied organizations is one of the principal purposes of these annual tours.

An account of this year's trip has been published in booklet form by the association.

ST. LOUIS UNION TRUST ELECTS TWO

JOHN R. Shepley and Erastus Wells were elected vice-presidents of the St. Louis Union Trust Company, affiliated with the First National Bank in St. Louis, at a recent meeting of the board of directors. Both men are well known and prominent in financial affairs in St. Louis.

CHELSEA EXCHANGE STATE- MENT

TOTAL resources of the Chelsea Exchange Bank of New York have passed the \$25,000,000 mark for the first time in the bank's history, according to Lewis H. Rothchild, vice-president. Resources are shown as \$25,846,156 in the latest statement, an increase of \$5,018,137 over the \$20,828,019 total of a year ago, or a gain of 24 per cent.

ROUND DOOR TESTED BY UNDERWRITERS

THE Underwriters' Laboratories, Inc., of Chicago, has tested the new relocking device on the round door burglary chest manufactured by the York Safe and Lock Company of York, Pa., and has found that it successfully withstood the severe tests of the engineers.

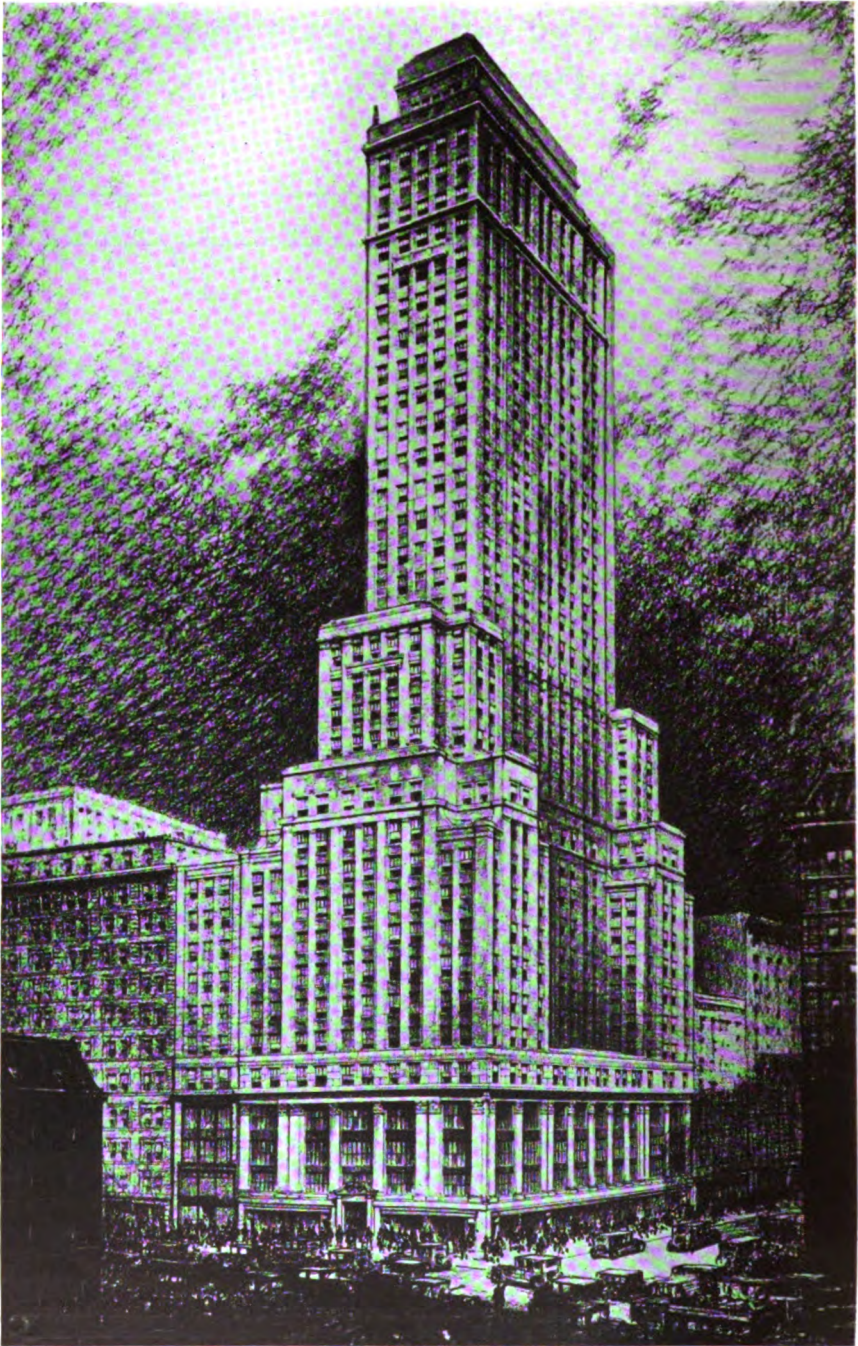
The indorsement of this organization entitles the owners of the chests to a reduction of 10 per cent. on their burglary insurance rate.

The York round door chest is used extensively in connection with the night depository manufactured by the York Safe and Lock Company. The perfection of the relocking device adds greatly to the security of the deposits kept over night in these chests.

EXAMPLES OF RECENT BANK BUILDING OPERATIONS



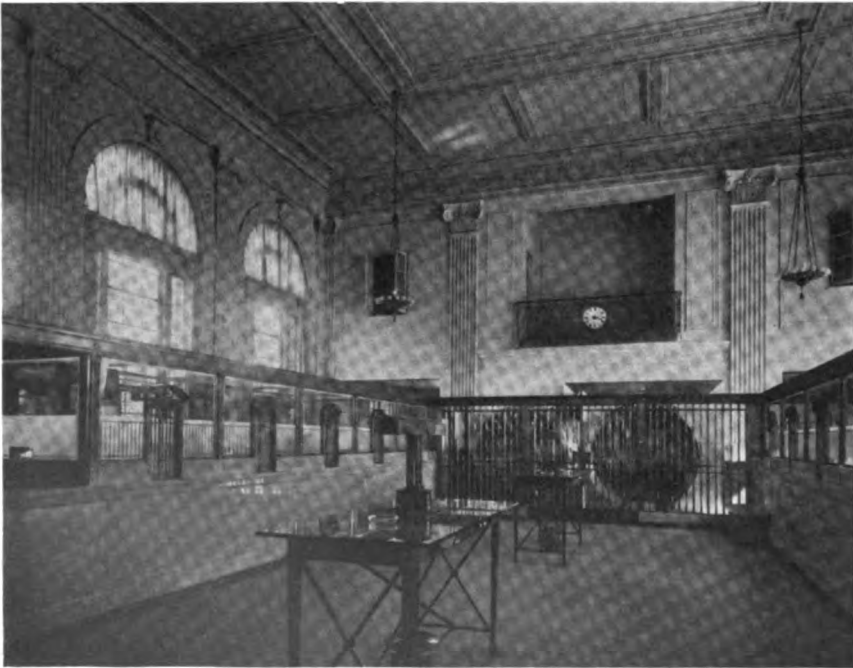
Exterior view of the building now under construction* for the Clifton National Bank, Clifton, N. J., which was designed by and is being erected under the supervision of Morgan, French & Co., architects and engineers, New York City.



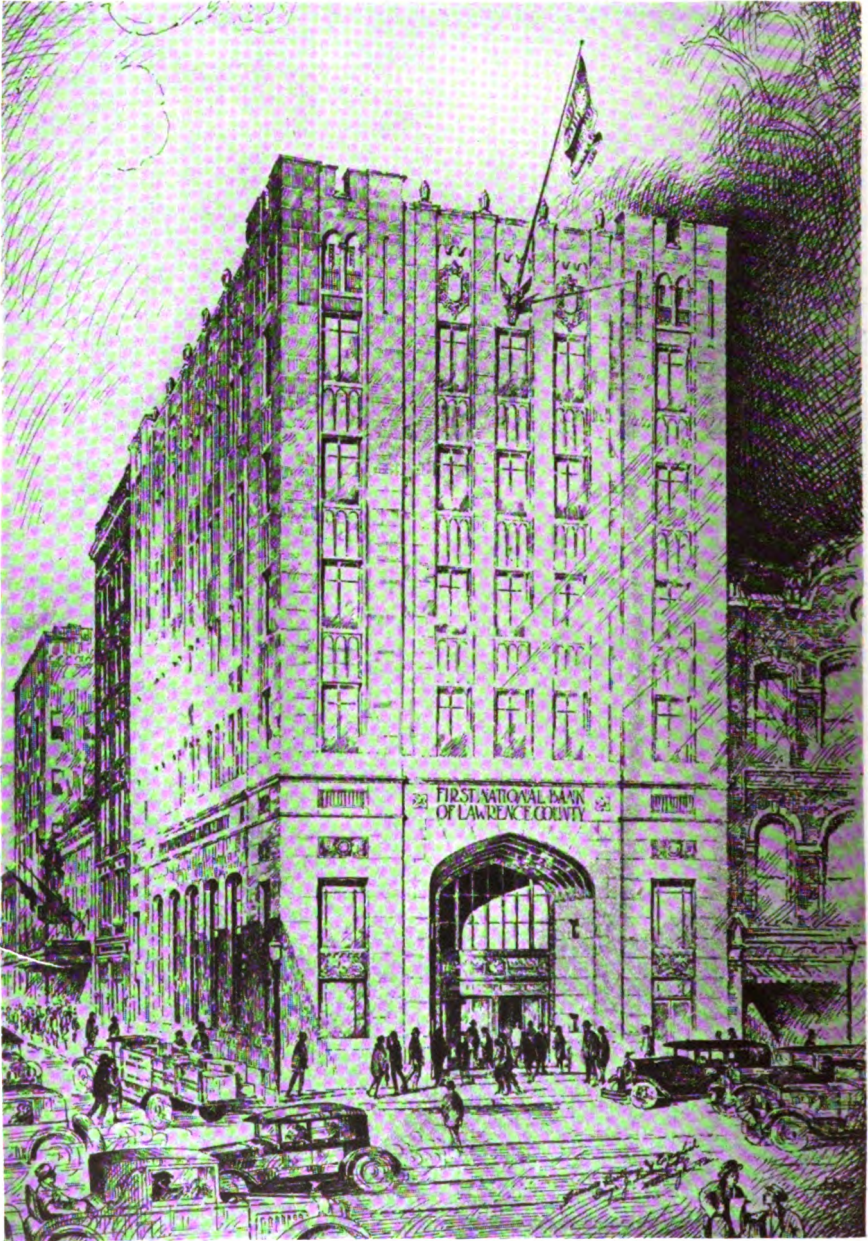
Central Mercantile building, in which is located the Central Mercantile Bank and Trust Company, Fifth avenue at 44th street, New York.



The Colonial building of the Bank of Nutley, Nutley, N. J., is of red tapestry brick, with a base of Woodbury granite. Pilasters and cornices, etc., are of Bedford limestone and the roof is of slate shingles in various shades.



The main banking room of the Bank of Nutley, Nutley, N. J., is situated in the center of the building and is unusually well lighted, since the structure is in the middle of a large corner plot of ground. At the rear of the banking room is a large safe deposit and security vault, while a silver storage vault is located in the basement. The building was designed by and erected and equipped under the supervision of Holmes & Winslow, bank architects, New York.



Pen drawing of the new building for the First National Bank of Lawrence County, New Castle, Pa. Simons, Brittain & English, Inc., of Pittsburgh, are the architects.



Entrance to the Grand Central branch of the Chase National Bank of New York, in the new Graybar building, Lexington avenue at 43rd street.



Harvard red and the snowy whiteness of marble strike a pleasing contrast in the Farmers National Bank, Phoenixville, Pa. Imported Botticino marble and dark statuary bronze are backed by quiet wall tones in the banking room. The building was designed, built and furnished by the Tilghman Moyer Company, Allentown, Pa.



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CORN EXCHANGE BANK, New York
74 Years Old 44 Installations

AMERICAN NATIONAL BANK, Camden, N. J.
Opened Sept. 29, 1927 1 Installation

BOTH INSTITUTIONS ARE SOLD ON THE IDEA OF
24 HOUR DEPOSIT SERVICE

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Dr. I. S. Siris, V.-P. American National Bank, Camden, N. J.
Making Deposit in Rotary

351 INSTALLATIONS

Burglar Proof Receiving Chest on First Floor or in Basement as Desired

Manufactured and Patented by

The Bank Vault Inspection Co.

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Philadelphia

Sales Engineers in All Large Cities



Interior of the new banking rooms of the Havana branch of the First National Bank of Boston, opened October 10. The Havana branch of the First National was inaugurated in August, 1923.

INDIANA BANK HAS NEW BUILDING

FORMAL opening of the new building of the United States National Bank, Indiana Harbor, Ind., was held November 12, when the building was open for inspection by customers and friends of the institution.

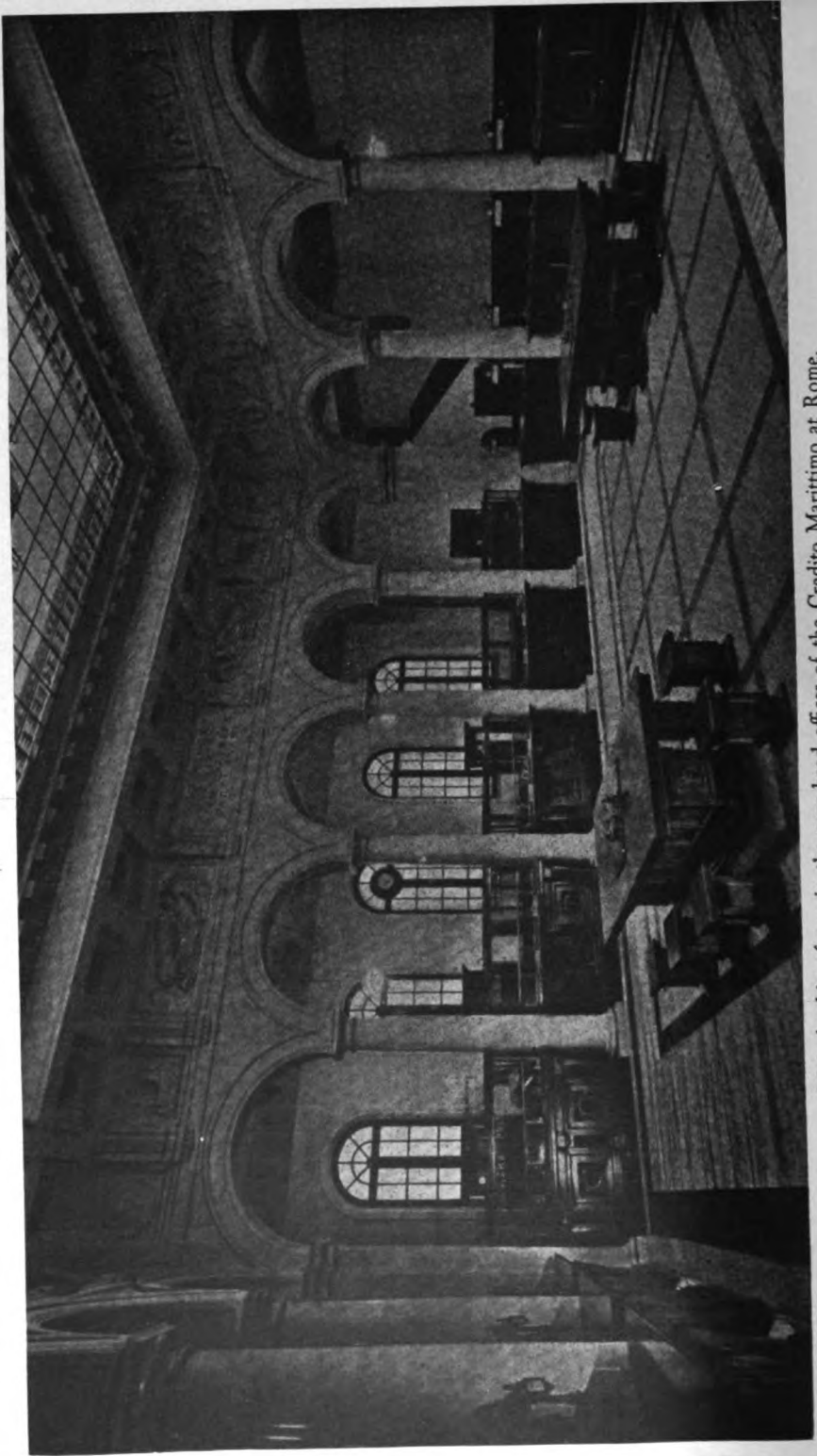
The bank was founded in May, 1914, as the First Trust and Savings Bank, with an initial capital of \$50,000. In December, 1921, it was nationalized, and the name changed to the United States National Bank. At this time the capital was increased, and the present capital and surplus are now five times the original capital stock.

COMING BANKERS' CONVENTIONS

AMERICAN BANKERS ASSOCIATION, Philadelphia, Pa., October, 1928. Executive manager, F. N. Shepherd, 110 East Forty-second street, New York City.

CANADIAN BANKERS ASSOCIATION, Montreal, November 11. Secretary, Henry T. Ross, Dominion Express Building, Montreal, Quebec.

ILLINOIS BANKERS ASSOCIATION, Rock Island, June 20-22. Secretary, M. A. Graettinger, 208 South LaSalle street, Chicago.



Main banking foyer in the new head offices of the Credito Marittimo at Rome.



New head office of the Credito Marittimo at Rome.

BANKING GROWTH IN ITALY

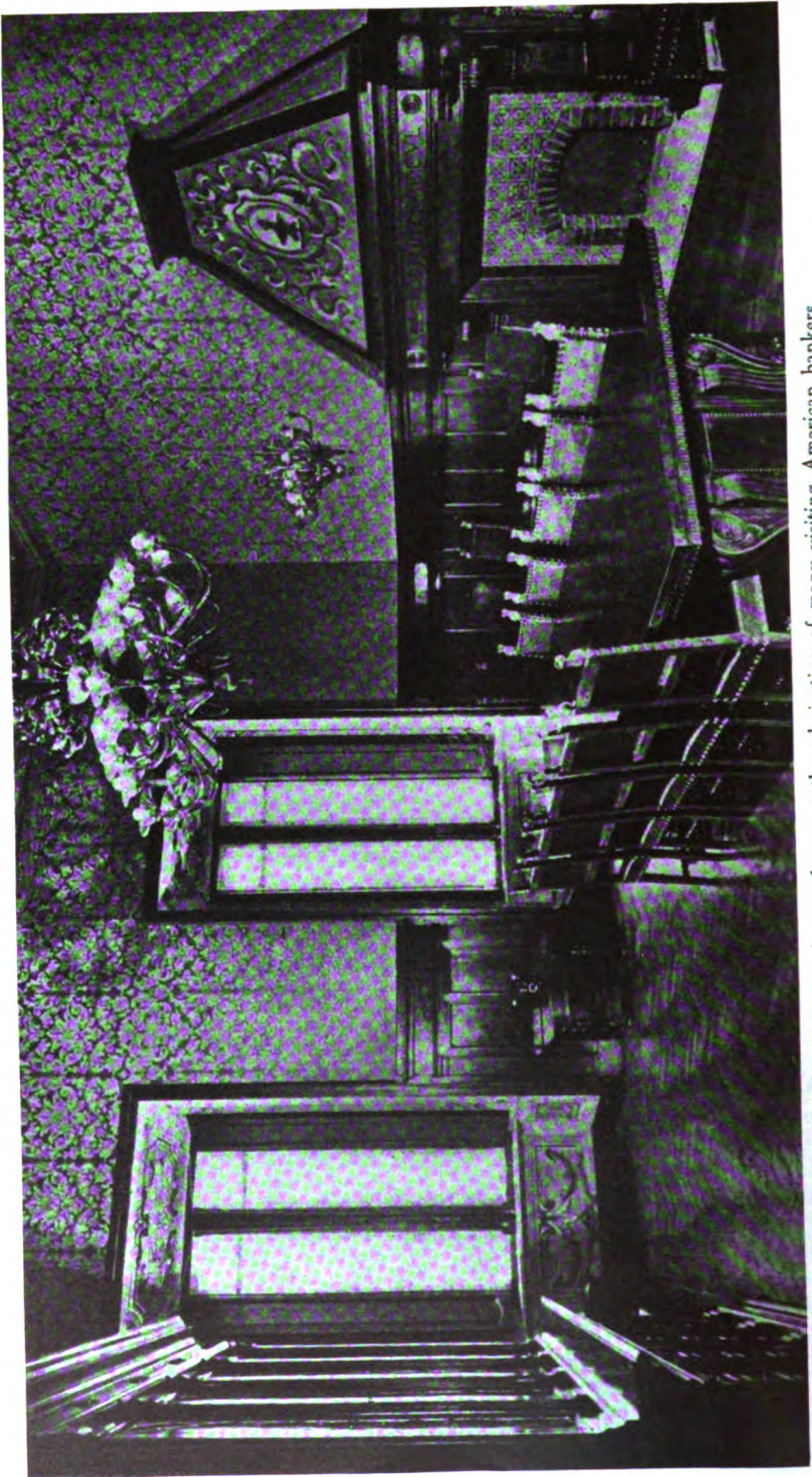
BY ROBERTO EMILIO LANG

AMERICAN bankers are particularly interested in conditions in Italy at the present time because of the large investment of capital in the industries of that country during recent years. In 1925 a total of \$110,000,000 of Italian dollar bonds was issued, \$45,400,000 in 1926 and \$142,700,000 in the first five months of 1927. Since 1925 the Italian Government has authorized loans from foreign countries for productive purposes only and since May, 1927, has done no public borrowing whatever in American markets.

An analysis of these loans aggregating \$298,100,000 for the three years (including £1,400,000 participation of-

ferred to English investors) shows that in addition to the \$100,000,000 Italian Government loan and \$60,000,000 taken by municipalities, hydro-electric installations used \$75,700,000 and the steamship lines \$22,400,000. The chemical industry required \$16,000,000 and the mechanical and metallurgical industry a like amount, while rubber companies accounted for \$8,000,000. The average yield to the purchasers of these bonds has been 7.3 per cent., and most of them are at present quoted well above the offering prices.

The Istituto Italiano di Credito Marittimo is well known to American bankers having dealings with Italy and a



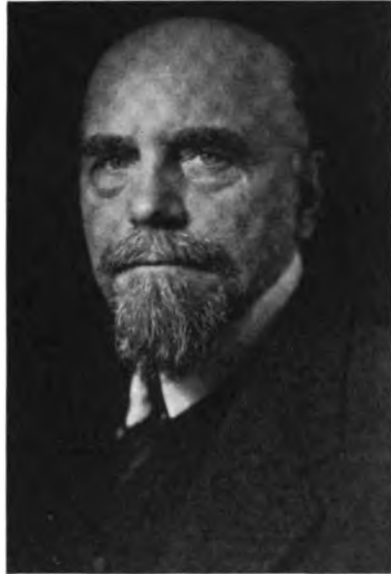
This board of directors' room has won the admiration of many visiting American bankers.

brief description of its new headquarters on the Corso Umberto at Rome may be of interest to those who have not had the opportunity of a personal visit. Although this institution was founded little more than a decade ago, its growth has been unusually rapid and it now has resources in excess of lire 1,000,000,000, being exceeded in size only by some of the old established Italian banks. Capital is lire 150,000,000, and deposits are over lire 500,000,000.

American offices are located in the Equitable building, 120 Broadway, New York, temporarily in charge of the writer, who is attached to the Direzione Generale at Rome but has spent considerable time traveling around the United States on a previous mission to this country.

The Credito Marittimo had already provided the offices at Milan and Genoa with ample quarters and now felt the need of a spacious home for the head office and the Rome branch on account of the growing extension of affairs and the necessity to offer to its constantly increasing clientele all the advantages of modern banking.

The old palazzo of the Marquis Raggi, in "settecento architecture," with the large rooms, galleries, the wide en-



● BLANK-STOLLER, INC

COMMENDATORE ROBERTO EMILIO LANG

From head office of the Istituto Italiano di Credito Marittimo.

trance and staircase, can scarcely be recognized after the transformation made to accommodate the bank's quarters. Where only two years or so ago was an immense courtyard, the customers of the bank nowadays transact their business in



Safe deposit department in the new head offices of the Credito Marittimo at Rome.



The S. S. "Dutilio" of the Navigazione Generale Italiana with the famous New York skyline in the background.



Lounge of the new S. S. "Roma," leviathan of the Italian merchant marine.

a sumptuous hall, surrounded by colonnades and covered by a crystal roof of striking appearance.

On the first floor galleries give access to the rooms of the chairman of the board and to those occupied by the managing director, the members of the central management, the board room, the reception rooms and the general offices.

The Istituto Italiano di Credito Marittimo has now in Rome a residence worthy of the name, achieved in a relatively short time and of the rank the institution assured itself among the most important Italian institutions.

The Istituto Italiano di Credito Marittimo has always been closely connected with the Navigazione Generale Italiana. It is known to all wealthy American tourists that this company owns the "Roma," the queen of ships between New York and Italy, and the S. S. "Duilio" which two ships do so much to foster friendship between the United States and the Kingdom of Italy. The Navigazione Generale Italiana has several directors on the board of the

Istituto Italiano di Credito Marittimo. Among them is its chairman, H. E. Senator Rolandi Ricci, at one time Italy's Ambassador to Washington, and who is well known in political and financial circles in the United States.

The chairman of the board of the bank, composed of leading business men, is Senator Della Torre, chief of the well known old banking house, Zaccaria Pisa, Milan, which can be compared in its structure to J. P. Morgan & Co. The Pisa Bank is interested in many of the Italian electric concerns which floated loans successfully last year on the New York market and have the fully deserved favor of the careful American investor. The managing director of the bank is Gr. Uff. Alessandro Caretoni, a banker of wide experience and large knowledge.

The bank maintains branches in the leading cities throughout Italy.

ROMANTIC HISTORY OF THE NAVIGAZIONE GENERALE ITALIANA

The history of the Navigazione Generale Italiana dates back to the middle of

the nineteenth century, when Italy's two maritime pioneers, Rubattino and Florio, controlled the shipping industry of Italy.

Rubattino started with but a single vessel with the inspiring name of "Dante." He soon increased his activities, however, and assumed the postal service between Genoa and Sardinia, thus establishing the first regular steamship route to the Kingdom of Sardinia, which until then had relied upon the occasional communication afforded by men-of-war and cutters.

By adding more vessels to his fleet, Raffaele Rubattino, always on the alert for new fields to conquer, extended his services to Naples. The constructive work was temporarily halted by a political uprising on the peninsula when the company took the opportunity of aiding the revolutionary movement by offering ships to the embryo kingdom.

Vincenzo Florio was running regular sailings between the ports of Naples, Civitavecchia, Leghorn, Genoa and Marseilles, and a new spirit of co-operation which had arisen in the new born country led the Rubattino and Florio interests to combine so that a company might be formed to better assume the bulk of the country's maritime traffic.

For them there was then one common aim, one objective, that of a greater merchant marine. It was this ideal which led to the logical solution of the problem through the subsequent fusion of these powerful shipping interests into the Navigazione Generale Italiana.

The newly formed company remained true to the traditions of Florio and Rubattino, for while it carried on a valiant struggle for marine supremacy, which by this time had assumed international proportions, it did not forget its obligations to the new Italy.

During the years in which the company materially assisted the government in its work, a program of development had been successfully undertaken, for at the end of the century there were more than one hundred of its vessels, annually sailing an approximate distance of a million nautical miles, engaged in the trans-

port of passengers and freight over the seven seas.

The World War found the Italian mercantile marine in the process of healthy growth, but still unable to provide for the maritime needs of the nation. It was necessary that all the tonnage available be placed at the service of the nation and the Navigazione Generale Italiana, conscious of its duties toward its country, left for more normal days the development of its program of enlargement and gave all within its power to the national cause.

The company sustained the loss of a total of 150,000 tons, including eleven passenger ships.

With the coming of peace the company set itself to fulfil its program of expansion. But the country had many needs. The task of reconstruction faced its people. Raw materials were to be imported and exported, and ships to replace those sunk were needed for the purpose of transportation.

The project of expansion went on and gradually the Lloyd Italiano, the Italia, the Societa Commerciale Italiana di Navigazione, the Transoceanica, and the La Veloce were incorporated into the Navigazione Generale Italiana. With this new addition to the resources of the company and with the launching of the steamships Giulio Cesare, Duilio, Esperia, Roma and Augustus, all of that which twenty-five years before had seemed a vague, ambitious dream, was now a reality.

The Navigazione Generale Italiana has also been instrumental in aiding other organizations, such as banks, maritime insurance companies, shipyards and dry docks. Further, it has established agencies in all the countries of the world under the direct control of the home office in Genoa. It has now reached its intended goal. Its premier position in Italian shipping is now a fact, but with its aim acquired the progress did not come to a halt, for tonnage is still being increased by several new vessels at present under construction.



Old Mansion House which forms the entrance to the Head Office building in Edinburgh. The banking hall is immediately behind.

THE ROYAL BANK OF SCOTLAND; A NOTABLE BI-CENTENARY

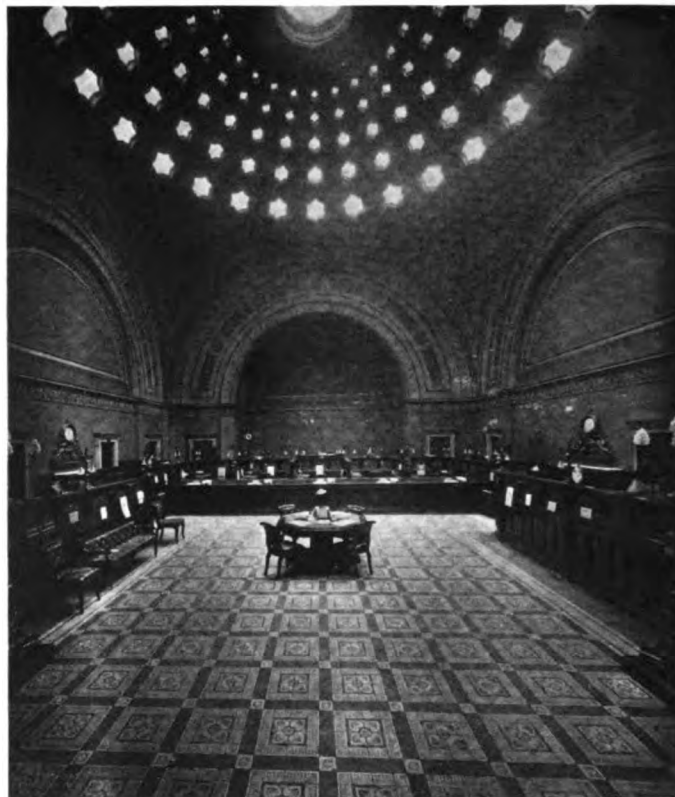
BY A SCOTTISH CORRESPONDENT

AN outstanding event of the banking year in Scotland was the bi-centenary last May, of the Royal Bank of Scotland. At the invitation of *THE BANKERS MAGAZINE*, the writer takes the opportunity of giving the record of this important and long established institution which now takes premier rank in Scotland alike as regards capital, reserves, deposits and aggregate resources.

The banking business of Scotland is shared by eight banks of issue. Of these, four are independent institutions and four are owned by London clearing banks, although they maintain their native identity in the country of their origin. The independent banks are the Bank of Scotland, The Royal Bank of Scotland, the Commercial Bank of Scot-

land Limited and the Union Bank of Scotland Limited. The affiliated banks are the British Linen Bank, the National Bank of Scotland Limited; the Clydesdale Bank Limited and the North of Scotland Bank Limited.

Established by royal charter in 1727, the Royal Bank of Scotland ranks second among its Scottish contemporaries as regards seniority. The liability of its stockholders is limited to the amount of its capital, £2,500,000, which is fully paid. The bank was indirectly an outcome of the union of the parliaments of England and Scotland which took place in 1707. Under the treaty of union, England had agreed to pay to Scotland the sum of £398,085 10s as an equivalent for the increased fiscal responsibilities to be undertaken by the smaller



Banking hall at the head office in Edinburgh.

country, and the less wealthy partner in the new alliance. Of this amount a considerable portion was destined to reimburse to some extent the unfortunate people who had suffered so seriously in the Darien scheme launched in the previous century. A board of commissioners was appointed to supervise the distribution of the funds, and this body was duly incorporated as the Equivalent Company. In 1727 the company obtained a royal charter under which those of its members who were willing to transfer their stock became incorporated as a new company to be known as the Royal Bank of Scotland. The amount of stock actually transferred was £111,347 and this formed the original capital of the bank. Between 1738 and 1829 fresh powers were acquired under successive

charters which raised the capital to £2,000,000. Eight royal charters and three acts of parliament—the last granted in 1920—now form the constitution under which the bank conducts its widespread operations.

THE EARLY DAYS OF THE BANK

With a staff of eight and an annual salary bill of £476, the bank began business in the Old Ship Close off the High street of Edinburgh, its only rival being the Bank of Scotland, established by an act of the Scots Parliament in 1695, and whose monopoly had now expired. The old bank was notably Jacobite in its sympathies. The new bank, called into being under the patronage of a Hanoverian King and with no flavor of Stuart sen-

timent in its composition, was naturally in more favorable circumstances. Its advent was all for the good, and the enterprise which is born of competition became speedily manifest. With the union of the parliaments there came an era of commercial prosperity. The old fashioned romantic attachment, which had cost Scotland so much, passed with the Stuarts. George I, under whose government the Royal Bank was founded, had few if any personal attractions, but the more sensible section of the community accepted him because he represented a steadying principle in politics which seemed to make for both security of property and stability of credit. The new government was composed almost exclusively of Whigs, and the King's wisdom as regards selection was to be commended, for the more active Tory spirits in the country were still, in many cases, pledged to the Stuart cause. Among the great Whigs who did so much to mould Scotland to its changing environment in the early eighteenth century there is no more commanding figure than George Drummond, the famous Lord Provost of Edinburgh, an original director of the Royal Bank of Scotland, whose name still survives in the streets and



SIR ALEXANDER KEMP WRIGHT,
K.B.E., D.L.

General manager the Royal Bank of Scotland, in the uniform of a deputy lieutenant of the City of Edinburgh.

squares of the ancient city and who, along with Alexander Munro, may be regarded as a virtual founder of the great medical school which to this day attracts students from all parts of the world.



From left to right: Thomas Lillie, manager of the principal Glasgow branch; James B. Adshead, secretary of the bank; and William Whyte, manager of the London (city) office.

Until well on in the eighteenth century, the social and business life of Scotland remained centered in Edinburgh. No census of the population was taken until 1801, but independent investigations would seem to show that at the time of the union and for half a century later, the population never exceeded 1,000,000. Glasgow was a comparatively small town, and a pack-horse twice a week sufficed for the transport between Edinburgh and its western neighbors. Branch extension had been tried by the Bank of Scotland as early as 1696, but the venture was not successful. The country was extremely poor and for many generations its poverty had been accentuated by civil war. It was not until 1745 that business became possible on anything like a national scale. Banking in Glasgow dates from 1750. Glasgow was on the wrong side of the island to share to any great extent in the growing continental trade, but the Clyde was a valuable waterway for Atlantic enterprise, and with the development of tobacco, sugar and other trades with America and the West Indies, banking services became

necessary. These services were to some extent provided by local enterprise, and the Ship Bank, the Glasgow Arms Bank and the Thistle Bank had their origin in this period. The Royal Bank of Scotland opened in Glasgow in 1783. David Dale, who is still remembered as important in early Glasgow commerce, was the first agent, and his drapery business shared the bank's premises. In 1790 the bank removed to more fashionable quarters in St. Andrew's Square, where a sentry box stood at each side of the door for the soldiers who guarded the entrance, a distinction which the Royal Bank of Scotland alone possessed. By this time the stage coach had superseded the pack-horse, and representatives from Edinburgh and Glasgow were accustomed to meet halfway to discuss business matters. In 1817 the Royal Bank purchased the Glasgow Mansion House of William Cunninghame of Lainshaw which was situated in Queen street, and business was conducted there for the next ten years. In 1827 it was sold to the promoters of the Glasgow Royal Exchange, and the old banking office is now in-



Principal office in Glasgow.



New West End office, Edinburgh.

corporated within the portico of the present Exchange building. It will thus be seen that Exchange square in Glasgow—one of the most dignified thoroughfares of the business center—is practically a creation of the Royal Bank, and the handsome building which is the bank's principal Glasgow office stands directly opposite the former site on which now stands the Royal Exchange. The Glasgow Royal Exchange, 100 years old this year, has next to London the largest association of private underwriters in the United Kingdom. These meet daily within its precincts to transact the business of the hour and uphold the great traditions of the past.

ADOPTION OF BRANCH BANKING POLICY

It was not until the middle of the nineteenth century that the directors of

the Royal Bank embarked upon a systematic policy of branch extension, but since that time the expansion has been of steady growth. An important addition was made in 1864 when the Dundee Banking Company—the first banking establishment north of the Forth—was taken over by the Royal Bank. The Dundee concern, which was already a century old, had a very honorable record, and the absorption in the Royal Bank gave the latter six new branches and the important connection in the east of Scotland which it still maintains.

At this period banks in Scotland for the first time in their history adopted generally the practice of publishing annual reports and abstract balance sheets, with profit and loss statements. This was in 1865. At that time the banking system of Scotland included twelve independent institutions with 682 branch of-



View showing Drummonds' branch (on left of Admiralty Arch) at Charing Cross.

fices, of which 75 were identified with the Royal Bank. Today the bank operates through 220 branch offices of which 18 are in Edinburgh and 26 in Glasgow—its system ranging from Kirkwall in the remote Orkneys to Annan on the shores of Solway.

Under its act of 1873 the Royal Bank obtained Parliamentary sanction to open in London, and its city office at 3 Bishopsgate E.C. dates from the following year. In this office there is carried on a large and growing business, which includes a department especially devoted to foreign exchange operations. In recent years however by far the most important development was the purchase of the old established private banking house of Drummond in the west end of London. This was in January, 1924. Fifty years of steady growth in the heart of London had led the administration to conclude that the time was now ripe for extension westward. Negotiations were opened with the house of Drummond at 42 Charing Cross with a view to purchase. Arrangements were completed and Drummonds' branch of the Royal

Bank of Scotland became an accomplished fact. The fusion was natural, for the house of Drummond was of Scottish origin, the founder being the son of Sir John Drummond of Machany, who was



ANDREW DRUMMOND
Founder of Drummonds' Bank.

born the year of the Revolution, 1688. Another prominent member of the Drummond clan was George Drummond, the famous Lord Provost of Edinburgh, to whom the writer has already referred and who saw the Jacobite risings of both 1715 and 1745. His diary, which contains numerous references to those stirring years—including details of the Porteous rising—is now one of the treasured possessions of the University of Edinburgh. It has frequent references to the Royal Bank of Scotland, and to the periodic meetings of the directors' court.

The purchase of a London bank by a Scottish bank of issue was a novelty in banking tradition, but the importance of the deal was amply evidenced in the first balance sheet of the Royal Bank consequent upon the fusion. The resources of the house of Drummond, as disclosed in the last balance sheet published, were over £4,000,000. A glance at the Royal Bank figures from 1910 in a representative sequence will show the progress made:

Year	Capital and reserve	Deposits	Net profit	Dividends paid (In per cent.)
1910	£3,014,000	£13,920,000	£238,000	10 tax free
1920	3,082,000	39,114,000	375,000	11 less tax
1925	4,964,000	40,790,000	472,000	15½ less tax
1926	5,071,000	40,457,000	476,000	16 less tax

In point of aggregate resources, the Royal Bank of Scotland, as has already been remarked, takes an easy lead among its Scottish contemporaries. While the pressure of war years in several instances reduced dividends—in some cases from 20 per cent. (tax free) to 16 per cent. (less tax)—the distribution of profit by the Royal Bank of Scotland has been on a steadily progressive scale, and the quiet appreciation in the value of its stock has been a notable feature of recent years. The interests of the stockholders and employes alike have always been generously

considered as successive allocations of profit fell to be made.

A banquet given by the directors in June to celebrate the bi-centenary of the bank was attended by many distinguished guests. A writer in the *Morning Post* referring to the function headed his report "Lombard Street in Edinburgh" and the expression was fitly chosen, for many leaders in empire finance traveled to the Scottish capital to assist at the celebration of what was felt to be almost a national anniversary. His Grace the Duke of Buccleuch K. T., governor of the bank, presided, and besides the Earl of Strathmore and Kinghorne G.C.V.O., the deputy governor, and the members of the directors' court, the chairman's table included the Right Honorable Montagu Collet Norman D.S.O., governor of the Bank of England; Sir Gordon Nairne Baronet, director of the Bank of England; E. N. Travers, principal of branch banks office, Bank of England; Sir Otto E. Niemeier, Comptroller of Finance, the Treasury; the general managers of

the other Scottish banks; the Lord Provost of Edinburgh, and representatives from numerous professional and commercial bodies. A telegram from the chancellor of the exchequer, who was unavoidably absent, conveyed "congratulations on 200 years of success and good wishes for the future."

H. W. Haldane C.A., who proposed the officials and staff on the toast program, paid a well deserved tribute to Sir Alexander Kemp Wright K.B.E., D.L. "who by his brains and character, had placed the bank on its two-hundredth



London (city) office.

anniversary in a higher position than it ever held before." No one will question the work he has done in raising the bank to its present high status, and the institution today reflects in a marked degree his genius and personality in its administration. Sir Alexander has risen through sheer ability from the apprentice desk to the chief place in the administration of the Royal Bank. A native of Perthshire, he entered the service of the bank at its branch in the "Fair City" and was subsequently promoted to the head office in Edinburgh, where he became an inspector and passed through the interesting and instructive period which followed the liquidation of the City of Glasgow Bank, and the temporary stoppage of the Caledonian Banking Company. Early in his career he devoted himself to the study of law and economics, gaining first class honors and several prizes at the University of Edinburgh. Sir Alexander holds the unique position among his managerial contemporaries of being a fully qualified solicitor as well as a banker.

In 1891 he became head of the bank's law department, and in 1905 he was appointed joint superintendent of branches. In 1907 he succeeded Adam Tait in the secretaryship, and ten years later on Mr. Tait's retirement he became general manager. Among many public offices which he has filled during the last twenty-five years may be mentioned the honorary secretaryship of the Edinburgh Chamber of Commerce, which he held from 1898 to 1907—to be exchanged latterly for the chairmanship—and the presidency of the Institute of Bankers in Scotland, which he held from 1922 to 1924; but his most outstanding public services have been identified with the Scottish National Savings committee, with which he became associated at its foundation in 1916 and of which he is at present deputy chairman. He has also served on several important treasury committees organized to advise financial re-adjustments following upon the war period.

Sir Alexander's local services were recognized a number of years ago when he was appointed a deputy lieutenant of the city and county of Edinburgh, and his national services in his appointment to be a Commander of the Most Excellent Order of the British Empire. In July of last year he received an additional honor at the hands of His Majesty King George V when he was created a Knight Commander of the same order.

A history of the bank by the well known Scottish author, Neil Munro, L.L.D., is at present in course of preparation. It will review the progress of its subject in peace and war, through old time jealousies and party feuds, Jacobite scares, financial crises, and Armageddon. It is sure to be a record worthy of the theme, and its publication will be a notable addition to Scottish records. Meantime congratulations are due the bank in this interesting year which marks the two-hundredth anniversary of its establishment. The traditions of its past will doubtless be an inspiration in the days to come.

NATIONAL BANK DIVISION MEETING

(Continued from page 611)

The provision in section 5219, Revised Statutes of the United States, that states must not tax the shares of national banks more than other moneyed capital; and the Fourteenth Amendment to the Constitution.

He warned the bankers that this winter tax commissioners of a number of states will probably attack the first safeguard, in Congress. He urged that the opposition to such attacks be very active.

"Yet," he said, "we cannot simply obstruct. . . . We should point out how the additional public revenue that will undoubtedly be needed can best be raised." The substitute he suggested was the income tax.

"We agree," he concluded, "do we not, that in the interest of all classes of banks, the national safeguards against over-taxation should be maintained as they are. . . . We agree that states that find their revenue likely to be impaired . . . have a considerable choice of substitutes they can tax.

"I am sure, too, that we all agree upon the grave importance of the issue, and that if it comes to controversy we shall every one of us take part, and show how necessary to the highest integrity of our banking system are the existing national safeguards against excessive taxation.

NOT IN THE FINANCIAL STATEMENT

"The problem that confronts every credit officer," said M. H. Cahill, president Utica National Bank and Trust Company, Utica, N. Y., in speaking on "The Financial Statement—Its Purpose and Character," "is threefold: First, he must by investigation satisfy himself that the credit applicant has sufficient current resources to insure the payment of the loan when due; second, he must further satisfy himself that future business conditions . . . are going to be such . . . that this particular transaction can be carried out successfully; third, he must investigate and satisfy himself of

the character and capacity of the individual or individuals involved."

To accomplish the first, said Mr. Cahill, the credit man must see that the surplus in the statement represents an actual net balance of profits over and above reserves. He must thoroughly analyze the item "bills receivable," to determine what proportion is represented by current bills, what by past due claims, and what by overdrawn accounts of officers. Finally, he must see whether the goods covered in the inventory are current goods or whether they are carried over goods which are out of style.

But, even then, he has still failed to investigate "the most important factor of the entire credit investigation, namely, the character and integrity of the personnel of the credit applicant. . . .

"The financial statement furnishes a sound and scientific method for the investigation of the financial status of a credit applicant. But we must never forget that the financial statement is not conclusive in itself. . . . Without character and integrity in the individual, the financial statement is of small use, regardless of the ratio of assets and liabilities.

THE NEW OFFICERS

At the close of the session, the following officers were elected to serve for the ensuing year: President, Elmer A. Onthank, president Safety Fund National Bank, Fitchburg, Mass.; vice-president, E. H. Sensenich, president West Coast National Bank, Portland, Ore.; and members of the executive committee—E. S. Wolfe, president First National Bank, Bridgeport, Conn.; Alan T. Bowler, vice-president American Exchange National Bank, Greensboro, N. C.; Gwynn F. Patterson, vice-president Indiana National Bank, Indianapolis, Ind.; Arch W. Anderson, vice-president and cashier Los Angeles-First National Trust and Savings Bank,

Los Angeles, Calif.; Robert Strickland, Jr., vice-president Fourth National Bank, Atlanta, Ga.; and A. O. Wilson, vice-president State National Bank, St. Louis, Mo.

Mr. Onthank was born on April 5, 1870, at West Newton, Mass.

He has worked for only two banks during his career. For nine years, beginning as a messenger in 1888, he was with the Blackstone National Bank, Boston.

In 1897 he was appointed cashier of

the Safety Fund National Bank of Fitchburg. He held that position until 1904, when he was made president of the bank, which latter position he still holds.

He has twice been president of the Massachusetts Bankers Association. He was also chairman of the Stockholders Advisory Committee of the Federal Reserve Bank of Boston from 1922 to 1925. He was elected vice-president of the National Bank Division at the Los Angeles convention last year.

STATE BANK DIVISION MEETING

(Continued from page 615)

and the Comptroller of the Currency, to the credit clearing house examiner idea. This idea cannot be brought about through voluntary associations, but the banking departments of state and nation can bring it about by the simple act of permanently locating examiners in banking districts around commercial centers and making them responsible for the banks within such districts. . . .

The results of such a plan would be about as follows:

Responsibility would be localized on the examiner for his district. The test of his efficiency would be in the soundness of the banks in his district, not in the number of examinations he makes. He could not pass the buck.

Instead of being merely an irresponsible critic, the examiner would become a co-partner in effect with the bankers of his district.

It would make the establishment of a credit bureau automatic. The examiner would become his own credit bureau, for, examining all the banks, he could easily card-index the borrowers of the district.

He could give his attention to the very weak banks, leaving the strong banks for merely perfunctory calls. Instead of devoting his whole time to auditing, more and more of it would be given to supervision.

Finally, living at home the examiner

would be more contented, which, in turn, would make him more efficient.

FREMONT GIVES IT A TRIAL

"In order to demonstrate the feasibility of this plan," continued Mr. Stephens, "an experimental district has been set up at Fremont, Neb., known as the 'First Nebraska Bankers Credit Clearing House Association.' It is the first attempt in the United States to utilize the advantages of the city clearing house with examiner through the legally established banking department.

"The state examiner assigned to this territory lives in Fremont. He has been provided an office and a secretary by the bankers of the district, who are united into an association with the above title for credit clearing house purposes.

"This association is wholly voluntary, co-operating with the examiner and for the purpose of aiding him in an advisory way whenever called upon to do so in difficult cases that come under his supervision.

"The district includes all state banks, of course, because the bankers of the district are as much concerned about the weak banks as they are about the strong ones, and the examiner, of course, examines them all because he is a state examiner assigned to this district.

"It is hoped that within a few months from the date of the organization of this district, the system will be effectively working with a complete credit bureau in operation and possibly with an assistant, furnished by the association, accompanying the examiner merely for the purpose of aiding banks here and there to carry out the findings of the examiner, whatever they may be.

"The credit bureau will be established at the same time, under the supervision of this assistant. The information gathered from bankers and from the examiner will suffice to spot every duplicate borrower and classify him. This information will be given only where it is needed and to those who are interested.

"What we are attempting to do in this district, with great promise of results, can be done by banking departments throughout the United States without practically any additional legislation. . . . The only thing necessary to change is the viewpoint of the commissioners themselves."

"THERE OUGHT TO BE A LAW"

The address of O. Howard Wolfe, cashier Philadelphia-Girard National Bank, Philadelphia, Pa., was one long protest against "Archaic Court Decisions Affecting Check Collections."

His text was the now famous Malloy case, in which Malloy Brothers sued the Federal Reserve Bank of Richmond to recover \$9000, the amount of a check drawn to their order on a state bank in North Carolina. The check was deposited with the Federal Reserve bank, sent by it to the drawee bank, was remitted for by the drawee bank with a draft on another North Carolina bank. Before this draft could be collected, however, the drawee bank failed.

The Supreme Court ruled that the Federal Reserve bank should have accepted nothing but cash in payment, and was therefore liable. Many other similar cases have been similarly decided.

Mr. Wolfe pointed out many incon-

sistencies in the decision, among them the fact that the court evidently accepted this payment of checks in cash as a banking custom, whereas no bank ever sends out by mail a check for collection with the request that it be remitted for in cash, nor does any country bank so remit.

There is no need to multiply examples. One suffices to show the need for some change. To get at the root of the trouble, Mr. Wolfe recommended uniform legislation by all the states on the collection of checks, similar to the Uniform Negotiable Instruments Act.

"Banking practice," he said "is sufficiently well established to warrant the enactment of uniform legislation by the various states. Such legislation should be comprehensive and inclusive, and it should be devised with due respect to the rights of all parties concerned in check collection. It must do no violence to established economic and business practice. Primarily it should be the purpose of such legislation to correct the inequities and limitations of common law based on court decisions which are clearly archaic and out of harmony with modern business and banking requirements.

"Clearly it is the duty of the American Bankers Association, through its various legislative committees and sections, and with the aid of state associations, to prepare and present the necessary legislation as soon as possible."

HOW TO REVISE A REVENUE LAW

Speaking on the "Relation of Government to Business" Honorable Walter F. George, United States Senator from Georgia, told how the new revenue law should be drawn up.

"That law should first be so plain and direct in its terms," he said "that the ordinary, average American citizen and average business man can understand it. . . .

"Then the new revenue act should provide for a reduction in the income

tax of corporations, from the present high rate in peace times of 13½ per cent. to at least 10 per cent. . . .

"The new revenue act should wipe out every war-time excise tax, because this is peace time and there is a surplus. . . . Then, also, we should repeal outright the Federal estates tax."

Each of these suggestions was enthusiastically applauded.

THE NEW OFFICERS

At the close of the meeting, the following officers were elected to serve for the ensuing year: President, M. H. Malott, president Citizens Bank, Abilene, Kan.; vice-president, S. J. High, president Peoples Bank and Trust Company, Tupelo, Miss.; and members of the executive committee: Felix M. McWhirter, president Peoples State Bank of Indianapolis, Ind.; W. A. Hunt, president Citizens Bank and Trust Company, Henderson, N. C.; and T. C. Hammond, vice-president Montana Trust and Savings Bank, Helena, Mont.

M. H. MALOTT

Mr. Malott was born September 21, 1865, at Bedford, Ind. His education consisted of high school and Eastman's Business College at Poughkeepsie, N. Y. That equipped him to teach for a few years in a country school.

When, however, the Citizens Bank, was organized in Abilene in 1885, he became the "bookkeeper, janitor, and general roustabout." He has been with the bank ever since. In 1895 he was made cashier, and since 1911 he has been president.

Mr. Malott is active in all civic work. He has been treasurer of his home town for forty years. He has been president of the Kansas Bankers Association. He has been a member of the Kansas Banking Board. For three years he served on the Executive Council of the American Bankers Association, and for four years on the Executive Committee of the State Bank Division. Last year he was elected vice-president of the division, from which office he succeeded to the presidency.

TRUST COMPANY DIVISION MEETING

(Continued from page 619)

prescribe the exact method of making investments. . . . In such trusts there would be no possibility of joining in a trust investment pool. . . .

"Further discussion of the plan of pooling trust investments should be invited," wrote Mr. Roseberry, in conclusion. "They may offer some constructive suggestions and thoughts for improving present methods of investing trust funds, but I doubt whether the time is now ripe to either change the numerous laws to enable its accomplishment, to win seasoned and expert trust men to its favor, or to convert the public to the idea. I can see little good that can actually result to the trusts or the trustees through such a plan. I can see a great deal of difficulty and many legal and practical obstacles."

MUTUAL ADMIRATION

Instead of a third address, the Trust Company Division, always an innovator, scheduled a general discussion on "How the Insurance Underwriter Desires to Co-operate."

But instead of being a discussion it turned out to be a sort of exchange of compliments between the insurance men and the trust men. Two suggestions were made, both of them by the underwriters.

The first was the familiar suggestion that the trust companies keep out of the insurance business, and leave it for the experts.

The second was that the trust companies set up a file of the legal requirements of all the leading life insurance

companies. Then, said the speaker, "when you trustee a bunch of life insurance policies, you can read and understand what that particular company wants, comply with that request, and the companies will warm up to you and think that you are on the job and know how to draw trust agreements, because you are using their language."

MERSHON RESIGNS

Toward the end of the meeting Mr. Fox announced that Leroy A. Mershon, deputy manager of the division, had notified the officers of his intention to tender his resignation, effective May 1, 1928. There was some protest at this, the division being anxious to retain Mr. Mershon, but the decision of the executive committee to accept the resignation was finally indorsed.

A VIGOROUS RESOLUTION

The resolutions committee brought in only one resolution, which was adopted. It read, in part, as follows:

"Whereas, it is of primary importance to investment houses, banks, trust companies and also to the general public, that interest, sinking fund and principal payments on corporate obligations be surrounded with every safeguard, and

"Whereas, such security can best be obtained by having such payments made to a disinterested corporate trustee . . . in whose hands such payments will be held as a trust fund for the benefit of the holders of the securities . . . and

"Whereas, the practice is growing of making such payments to agencies other than such disinterested corporate trustees, and . . .

"Whereas, in the opinion of the Trust Company Division of the American Bankers Association, such practice . . . constitutes a very real danger to the safety and sanctity of such funds, and

"Whereas, in the opinion of this division the continuance of such practice will lead to a loss of confidence by the investment public in the safety of cor-

porate obligations and thus result in a menace to our entire financial structure; now, therefore, be it

"Resolved, that this division hereby puts itself on record as being unalterably opposed to such practice."

OFFICERS ELECTED

At the close of the meeting, the following officers were elected to serve for the ensuing year: President, W. S. McLucas, chairman of the board Commerce Trust Company, Kansas City, Mo.; vice-president, James H. Perkins, president Farmers' Loan and Trust Company, New York City; and members of the executive committee: Thomas C. Hennings, vice-president Mercantile Trust Company, St. Louis, Mo.; W. M. Baldwin, vice-president Union Trust Company, Cleveland, Ohio; Frank Taylor, vice-president Illinois Merchants Trust Company, Chicago, Ill.; Henry L. Servoss, vice-president United States Mortgage and Trust Company, New York City; and Leo S. Chandler, vice-president California Bank, Los Angeles, Calif.

Mr. McLucas was born on July 28, 1875, at Newcastle, Ind. Soon thereafter, his family moved to Nebraska, where he attended school and the state university.

He is another example of the man who entered banking at the top. After trying the livestock commission business, serving as a court reporter, and organizing a livestock commission and loan corporation, he gained control of the Merchants Bank of St. Joseph, and became its vice-president and cashier, in 1908.

He moved up one notch, to first vice-president in 1912, consolidated the bank with the First National in the same year, and then, three years later went to Kansas City as vice-president of the Commerce Trust Company. He was elected president in 1917.

In 1921, however, he moved to New York, as vice-president of the National City Bank. The next year the Commerce

Trust, having merged with the National Bank of Commerce of Kansas City, enticed him back to his old position

as president. Three years later he was elected chairman of the board, which is the position he now holds.

CLEARING HOUSE SECTION MEETING

(Continued from page 624)

the banks; (b) spreading in the community the gospel of sound thrift and intelligent fiduciary banking; (c) eliminating programs and practically all other undesirable 'complimentary' advertising; (d) saving advertising expense; and (e) producing substantial new business for the participating institutions.

"Here is the way the plan operates:

"Each participating bank is represented by one of its officers on a committee known as the associated banks' advertising committee. This committee meets at lunch every Tuesday and swaps experiences had during the week with industrious advertising salesmen, discusses general policies, new plans, advertising copy, applications for so-called 'complimentary' or 'graft' advertising, and other essential details. . . .

"The arrangement between the banks is quite informal and can be discontinued at any time, except insofar as the several banks are jointly obligated on contracts. And nothing in the arrangement interferes with or in any way affects the advertising policies of the respective participating institutions, or the individuality of their advertising. Nor does the arrangement prevent any of the banks from conducting whatever independent advertising it may desire to carry, whether it be on behalf of its savings department, its trust department, or any other department or feature of its service.

"The joint advertising in the New Orleans dailies appears according to a definite schedule, and one advertisement is published every business day in the year. Each advertisement occupies space of approximately 450 lines, or three columns in width by about ten inches in depth.

"The arrangements for the preparation of copy are very simple: the advertising department of each bank in turn takes charge of the preparation of the copy for two months at a time. . . .

"One of the functions of the New Orleans Associated Banks' Advertising Committee is to eliminate gentle forms of 'graft' as space in programs, year books, church bulletins, school and club papers, fraternal publications, catalogues, etc., ad infinitum, ad nauseum. Every application for this form of 'advertising' is required to be made in writing, and submitted to some member of the committee, who, in turn, presents it for consideration at the next meeting, where in due course it usually is swiftly but painlessly decapitated. . . .

"The actual cost of the joint advertising campaign in the New Orleans newspapers approximates \$1000 per month, or \$12,000 per year. Each bank pays a proportion of this total, based approximately on the proportion that its deposits bear to the total deposits of all the banks. . . .

"By this means the New Orleans banks are telling the New Orleans public the story of continuous, intelligent thrift, and the story of competent and confidential fiduciary service in a big, broadminded way, continuously, logically and effectively. Moreover, the banks are thus getting larger space in the newspapers at a considerable saving in individual cost.

"Obviously, because the advertisements are not keyed, and are all necessarily general in their nature, it is impossible to trace specific results from this advertising, but the New Orleans banks are well satisfied with the appar-

ent results . . . and propose to continue it indefinitely. . . .

"For, in advertising to the people of their city and state in the co-operative method described, the New Orleans banks believe that, while serving themselves, they are also performing a worth while public service in a larger, broader, and more altruistic sense, a service that will produce future dividends in a prosperous, substantial, and intelligent citizenship."

THE CAUSE OF DECLINING PROFITS

In discussing "Declining Income and Rising Banking Costs," Honorable John S. Love, superintendent of banks of the State of Mississippi, chose the favorite subject of bankers. No convention of the A. B. A. for the last three years, at least, has been without its address on this subject. Mr. Love did not find the problem at all difficult—in theory.

"The figures of the Federal Reserve Board," he said, "indicate that while the gross earnings of banks in the system increased during the last half of 1926, the net earnings diminished. During the first half of 1926, the net profits of the member banks of the system averaged 9.34 per cent., but in the last half of the year their net profits, notwithstanding the larger gross earnings, decreased to the rate of 8.52 per cent. . . .

"Three elements have combined to cause a marked reduction in the net earnings of banks: First, reduced income; second, increased expenses; and third, losses. . . .

"In my judgment the remedy for the first two lies in adding a reasonable service charge for handling unprofitable accounts and transacting miscellaneous business of a non-lucrative nature. . . .

"Close and careful supervision . . . a weeding out of the inefficient and those temperamentally unfit for banking business . . . eradication of the atmosphere

of easy credit—these will take care of the third. . . .

"A bank should be so operated," said Mr. Love, in conclusion, "as to furnish a practical illustration of the finest and best of modern methods and twentieth century efficiency. As the structure which houses it generally symbolizes strength, stability, and permanence in the eyes of the public, so the practices of the institution itself should furnish a criterion by which all other business enterprises in the community may be judged."

THE NEW OFFICERS

At the close of the session, the following officers were elected to serve for the ensuing year: President, O. Howard Wolfe, cashier Philadelphia-Girard National Bank, Philadelphia, Pa.; vice-president, William F. Augustine, vice-president National Shawmut Bank of Boston, Mass.; members of the executive committee, C. A. Chapman, president First National Bank, Rochester, Minn., and Fred W. Ellsworth, vice-president Hibernia Bank and Trust Company, New Orleans, La.

Mr. Wolfe was born on January 7, 1882, in Philadelphia. After working with the Bryn Mawr National Bank, Bryn Mawr, Pa., and the Philadelphia National Bank, Philadelphia, in 1911 he became the first secretary of the Clearing House Section of the A. B. A., serving in this position until 1915.

Then he returned to the Philadelphia National, as assistant cashier from 1915 to 1917, and as cashier from 1917 to 1918. The years 1918-1919 he spent in war work, as chief secretary, Bureau of Personnel, Y. M. C. A., A. E. F. After that he returned to his job as cashier of the Philadelphia National Bank. When the Philadelphia National merged with the Girard, he was made cashier of the new bank, which position he now holds.

SAVINGS BANK DIVISION

(Continued from page 628)

is that those schools which, through lack of interest, too great inertia, misunderstanding of meaning, or for any other reason, have refused or neglected to install school savings, shall do so at the earliest practicable time, so that the children, who yearly are crowding from the schools into industry, shall not be handicapped at the very beginning of their careers by lack of information which, if possessed, would be basic to their professional or business careers, and which is the only certain guaranty to personal success and consequent content and happiness."

. SWINDLING BECOMES A BUSINESS

"Gold Brick Financing" takes over \$1,000,000,000 from the American public every year, said Harry W. Riehl, general manager Better Business Bureau, St. Louis, Mo.

"Highly organized effort is utilized by stock crooks to get this enormous sum of money each year. These crooks go to school, they swap 'sucker lists,' learn the very rudiments of gold brick financing through the study and the application of the various 'types of fraud' which they employ. . . .

"'Sucker lists' are a part of the stock in trade of the modern day stock jobber. The 'suckers' are now listed under the new sobriquet of 'lily.' The gathering of these sucker lists is now a regular business and names of 'lillies,' are bought and sold like cattle, at so much per head. . . .

"Stock promoters proceed on the old theory of 'once a sucker always a sucker.' . . .

"It is this theory that gives rise to that type of fraud known as 'reloading.' Reloading is nothing in the world but taking advantage of the fact that the victim is already in the toils of the stock promoter and that he will spend more of his money in an attempt to get out. . . .

I have actual cases in my files in St. Louis to show that original victims of a stock fraud have been 'reloaded' as high as eight and nine times."

Most of the swindling schemes, said Mr. Riehl, are simply variations of old schemes. The pie and sandwich vending machine, the Ponzi Plan, the endless chain system of selling—all are merely glorified editions of the "blind pool" scheme. He named the better known types of fraud: "Bucket shops, boiler rooms, blind pools, tipster sheets, mergers, fractional share schemes, switching, reloading, one call system, the telephone razz, the tap system, puts and calls, stockholders' committees, dynamiting."

The "financial triumvirate" of the stock jobbing field, however, are the bucket shop, the sucker list, and the phone room. Fraud prevention men develop a sense for detecting them like the reporter's "nose for news." Mr. Riehl gave an example of how he had suspected an office merely because of the sound of the name on the door, and upon investigation found it to be the offices of a group of fraudulent stock promoters.

"The Better Business Bureaus scattered through the country," said Mr. Riehl, "used the slogans 'Get the Facts,' 'Before you Invest—Investigate,' and 'Know Your Broker or Banker.' Backing up these slogans is a tremendous volume of publicity and educational matter that has as its purpose the educating of the public to a recognition of the type of fraud, or, to the realization, through innate suspicion, that the scheme presented is such as to warrant an investigation through the banker, broker, or other business institution in which the customer has the necessary confidence. . . .

"Crooks cannot sell to people who ridicule them or who listen to their stories with suspicion. It is this prin-



THE PETROLEUM BUILDING

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BANK ARCHITECT & EQUIPMENT ENGINEER
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Practically the entire banking business of the great, expanding Dominion of Canada is concentrated in the 9 banks whose stocks underlie Canadian Bank Stock Trust Shares, an Investment Trust of United States Shares Corporation.

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United States Shares Corporation buys blocks of stock, totaling 58 shares, in the 9 Canadian Banks listed below, and deposits these stocks, plus a cash fund of one thousand dollars (\$1,000) to provide for the exercise of stock subscription rights, in identical units, with the Empire Trust Company, New York, Trustee. One thousand Canadian Bank Stock Trust Shares are issued against every unit deposited.

The Bank of Montreal	The Imperial Bank of Canada
The Royal Bank of Canada	The Dominion Bank
The Canadian Bank of Commerce	The Bank of Toronto
The Bank of Nova Scotia	Standard Bank of Canada
Banque Canadienne Nationale	

Canadian Bank Stock Trust Shares afford the investor the opportunity to share in the prosperity of Canada—all of Canada—through a participation in the profits of the nine banks which serve, for the most part, the entire business interests of the Dominion.

PRICE AT THE MARKET
About \$20¾ Per Share

Circular MB-70-D on Request

United States Shares Corporation

50 Broadway

New York

ciple that has caused American business—retail, wholesale, manufacturing, and financial—to establish Better Business Bureaus throughout the country. . . .

"It has been well said that 'suspicion is the consumer's natural defense against exploitation.' When this innate quality of suspicion, inherent in every human being, is provided with the necessary definiteness through education; when it is directed against the foes of honest financing; then the same knowledge of gold brick financing that enables the stock jobber to get his \$1,000,000,000 a year from the American public, can be used to protect his victims against this annual loss."

COST FINDING, COMPETITION, CO-OPERATION

Stephen I. Miller, national educational director American Institute of Banking, spoke on "Fundamentals in Savings Banking."

"Cost finding, business administration, and price determination," he said, constitute the trinity of industrial progress. . . .

"The fact that many, if not most, business men do not know their costs would be about what one might expect after some experience in the business field. However, when one is brought face to face with the lamentable fact that many bankers do not know the costs of banking, it must be recognized that there remains a long road to travel before business assumes a scientific basis. . . .

"Not only does intelligent price determination depend upon a knowledge of costs, but the economic administration of any business is in large part dependent upon comparative cost findings. . . . Banking offers no exception to the rule and the bankers of the United States might profitably co-operate in the equipment necessary to reveal the best and most economical practises in their profession. . . .

"Not only does cost accounting determine the profitableness of a particular account, but also it makes it possible to

evaluate the economic importance of an entire department or line of business. . . .

"As far as the bank is concerned, the determination of department costs is fairly simple. . . . Some bankers feel that cost competition is more intensive in banking than in other business lines. This conclusion is doubtful, but it must be recognized that competition is a very substantial factor, even in banking.

"Banks are subject to several kinds of competition.

"1. In the first place, there may be competition in service. . . .

"2. In the second place, banks may compete for the product which they deal in, namely deposits. This is accomplished by an interest rate on long time accounts. . . .

"3. In the third place, banks may compete for loans. This can be done by variations in the loan rate or by the acceptance of undue risks. . . .

"Enough has been said to make certain that one of the chief problems in banking today is competition. And, we may add that oft-times it is the unintelligent kind. Strange to say, as high grade a man as the banker is, he does not, as a rule, analyze his costs of doing business. It is not enough simply to analyze the cost of carrying individual accounts; the entire business of the bank should be analyzed in order to determine if the deposits are paying for themselves. This is the first step in the establishment of a reasonable interest rate. This is the same problem that we meet out in the Pacific Northwest where many lumber mills, without knowing their costs, establish prices that are ruinous to the entire industry. Without fear of contradiction, it may be emphasized that at this very point we find the cause for over-producing and underbidding. Here is the reason for more education in the entire field of business.

"There is but one way to meet the problem of cut-throat competition, and that is by co-operation. . . . The solution rests in enough co-operation to avoid the evils of unreasonable elimination, but not so much as to discount ad-

ministrative progress and offend public and professional ethics. It is at this point that the new type of business man is being evolved; it is the reason for the emergence of a new profession; it is the chief benefit to be derived from meetings of this kind. Therefore, get together or suffer the economic consequences."

NEW OFFICERS CHOSEN

At the close of the session, the following officers were elected to serve for the ensuing year: President, George L. Woodward, treasurer South Norwalk Savings Bank, South Norwalk, Conn.; vice-president, Taylor R. Durham, vice-president Chattanooga Savings Bank and Trust Company, Chattanooga, Tenn.; additional members of the executive committee: Arlan W. Converse, vice-president and cashier First Trust and Savings Bank, Chicago, Ill.; Henry R. Kinsey, comptroller Williamsburg Savings Bank, Brooklyn, N. Y.; and Louis Betz, treasurer State Savings Bank, St. Paul, Minn.

GEORGE L. WOODWARD

Mr. Woodward was born in Norwalk, Conn. He attended the public schools there, and then started up the ladder of success as a clerk in the National Bank of Norwalk. He was next made teller. In 1918 he was made a director of the bank; in 1920 vice-president; and in 1924, president. Later he became secretary and treasurer of the South Norwalk Savings Bank.

His progress in the state association has been just as regular and steady as his work within the bank. For fifteen years he has been a member of New York Chapter of the A. I. B. In 1923-24 he was treasurer of the Connecticut Savings Banks Association. In 1925 he advanced to vice-presidency of that association, and in 1926 to the presidency.

So, too, in the A. B. A. Mr. Woodward was a member of the executive committee of the Savings Bank Division in 1924; in 1926 he was elected vice-president of the division; and this year he advanced to the presidency.

STATE SECRETARIES SECTION MEETING

(Continued from page 632)

in touch with the school authorities in order that talks should be presented to the pupils from year to year."

THE JOB OF THE STATE ASSOCIATION

"Yes" was Haynes McFadden's answer to the question "Should there be a Limit to the Variety of Associations' Activities?" on which subject he led a discussion. Mr. McFadden is secretary Georgia Bankers Association.

The most important things for a state association to do, he said, are the primary functions—organization of county associations for service charges, protecting banks from criminal attacks, giving legal advice to member banks, legislation, Federal Reserve relations, and education in thrift and savings.

Secondary in importance are the activities which contribute principally to the public good—agriculture, good roads, co-operation with chambers of commerce and civic enterprises.

It is in the miscellaneous field that most associations make their mistakes. "It is my opinion," said Mr. McFadden, "that no association should become a department store and engage in the sale of typewriters, adding machines, stationery, deposit slips, blank checks and other supplies. . . ."

A JUNIOR BANKERS ASSOCIATION

"The state associations," said Robert E. Wait, secretary Arkansas Bankers Association, in the discussion on "The Young Banker Behind the Grilles—What Can We do for Him," so far have

been directing their attention almost entirely to work beneficial for the bank, the executive, and the director. . . .

"We believe the young man and woman back of the grille in Arkansas should have the same opportunity for inspiration and learning as the executives and the directors have through the Arkansas Bankers Association.

"So a number of years ago there was organized in our state what we know as the Junior Bankers Section of the Arkansas Bankers Association."

This section, Mr. Wait continued, is organized just like the parent association. It has its own officers, and it has its own meetings and a one-day annual convention. In addition, the section is sponsoring the spread of A. I. B. educational courses all over the state.

"We look upon them as the hope of the banks," said Mr Watt, in conclusion, "and we believe every young man and woman is entitled to the inspiration

of an opportunity just as the senior bankers have, going away once a year and attending his or her own meeting."

At the close of the session, the following officers were elected to serve for the ensuing year: President, W. A. Philpott, secretary Texas Bankers Association; first vice-president, Frank Warner, secretary Iowa Bankers Association; second vice-president, M. A. Graettinger, secretary Illinois Bankers Association.

Mr. Philpott's career is unusual. There is not record of his having worked in a bank. He was born on September 17, 1885, in St. Jo, Texas.

After he was graduated from the University of Texas, he served as a reporter on the *San Antonio Express*, night editor of the *Austin Statesman*, and later as editor of the *Texas Bankers Record*. From this last position he was elevated in 1916 to the secretaryship of the association.

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This book is a necessity to banks that are contemplating organization of this department, and is full of ideas for those already organized. \$1.25

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A good working knowledge of the subject can be gained in a few hours from this little book. \$1.60



The Bank Credit Investigator

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Tells in as concise a manner as possible what problems the young man will meet in a bank credit department. Advice as to steps to be taken in a credit investigation and analysis of a credit risk. \$1.50



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By GLENN G. MUNN

Presents the functions of the paying teller and related departments in every phase—whether in a city or country bank, the East or West. A reference book on checks and disposition of money. \$1.25

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Description of the operation of a credit department, useful not only to the banker but also to the business executive in learning the banker's attitude on credit risks. \$2.50



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By WM. H. KNIFFIN

Of the few books entirely devoted to this subject, this is a safe investment; 205 pages, with 100 pages of actual statements completely analyzed on facing pages. \$2.50

New Business Department

By T. D. MACGREGOR

As a complete description of how to conduct a publicity and new business department in any bank, large or small, this book serves as an excellent guide. \$1.25

Cause and Prevention of Bank Defalcations

By M. K. FOWLER

Written to point out to bank directors and officers their responsibility for the prevention of defalcations. \$1.50

Bankers Publishing Co.

71 Murray St., New York

BOOKS FOR BANKERS

Special Section of The Bankers Magazine

NOVEMBER 1927

THESE BANKERS GET THE RAZZ

All reports to the contrary, every now and then some banker flings aside his cloak of dignity; tosses his high hat into the air; and breaks forth in mirth. And something always happens. What occurs when Don Knowlton, of the publicity department of the Union Trust Company of Cleveland, Ohio, and Arthur DeBebian, advertising manager of the Equitable Trust Company of New York, break forth simultaneously, is *These Bankers* (Bankers Publishing Company, \$1).

IT doesn't seem possible, of course—in fact, it isn't possible—but here it is, ready to lay before your very eyes—two bankers being funny about banking.

Anybody can be funny about politics or prohibition; it isn't even very hard to make a joke about editors or lawyers; but seldom does anyone dare to poke fun at that eminently respectable and reputedly mirthless figure—the banker.

And here are two bankers doing it, and doing it successfully, in *These Bankers*, which is to be off the press December 1, just in time to present to your relatives, friends, enemies, or yourself, for Christmas.

Of course they take away part of the sting by "Tradition"—

A banker is supposed to be
A man of utmost dignity
Whose high silk hat and long black coat
Distinguish him from common folk.
His haughty mien and frozen face
Should fit his station and his place—
His mouth be rounded to an "O"
From many years of saying "No."

Of all the bankers I have met,
I never saw a banker yet
(And don't believe one can be found)
Who dressed or spoke or froze or frowned
Or acted or behaved, in fact,
The way he was supposed to act.

But let us treat with charity
This "banker" of mythology.
Nor with the light of truth assail—
This product of a fairy tale—
He's very useful in this age,
In films, and books, and on the stage.

But after this brief apology, they go on to have a perfectly glorious time,

razzing everything and everybody in the banking business, from the office boy to the chairman of the board, from the women's department to the business forecasts. Those that Don Knowlton, of the



Rule 1 for employes' contest for new business: The use of firearms, brass knuckles, etc. is prohibited except when the prospect is known to be a depositor of another bank.

publicity department of the Union Trust Company of Cleveland, Ohio, omits in the verses or sketches, Arthur DeBebian, advertising manager of the Equitable

(Continued on page 776)

Books for Bankers

BETTY ETTER, *Editor*
Monthly Book Section

THE BANKERS MAGAZINE

71-73 Murray St., New York

NOVEMBER 1927

SHOP TALK

WE just can't resist saying a little more about *These Bankers*, about which we trust you've been reading on page 1 of *Books for Bankers*. Technically, we don't know much about it. It may be bound in pink cambric, like our childhood scrapbooks, and it may be 5000 pages long—we hope it is, in fact—but it's really the cleverest thing we've seen since we threw away the reportorial walking shoes and started associating with bankers. And for one dollar—well, if the whole office isn't overflowing with orders within a week, we shall go back to our original opinion of bankers, after all.

WILLIAM H. Kniffin, whose books on practical banking are always in demand, has finished a complete revision of his book, *The Savings Bank and Its Practical Work*, and the new edition will be off the press shortly. Copies of the old edition, which has been out of print for some time, have been selling for as high as \$14 at the second hand book shops.

Already we have received a number of orders for this book which we will fill immediately when copies are received. If you wish a copy of *The Savings Bank and Its Practical Work* as soon as possible send in your order now and you will be assured of an early copy.

MR. Kniffin is now at work revising another of his books, *The Practical Work of a Bank*, which will be published in its revised edition within a few months. Almost every day we receive a request for this book, which has also been out of print for some time. We will put you on the waiting list for this one, too,

if you want to be certain of receiving one of the revised copies.

THE meaning of a bank statement has always been a deep, dark mystery to the layman, but that he would like to find out what it is all about is evidenced by the number of orders we receive from non-bankers for *How to Analyze a Bank's Statement*, a reprint from the "Bank Credit Problems Department" of THE BANKERS MAGAZINE.

THE annual meeting of the Association of Bank Women, which meets each year in conjunction with the American Bankers Association, gets bigger and better each year. The number of women in banking is increasing constantly, as the number of women who transact their own banking business grows.

The Women's Department, by Anne Seward (Bankers Publishing Company, \$1.25) tells how to organize the woman's department and get worth-while accounts from women. It is of value to every woman banker in charge of a woman's department.

EVERYONE who has read *Your Money's Worth* by Chase and Schlink will enjoy this review of it from the *Buffalo Arts Journal*:

Would anybody walk a mile
To buy a certain cigarette?
Is Queen Marie's persuasive smile
With her O. K. a cinch to get?
What is the sense of Blisterine
When acid can be had so cheap?
And why go in for mist de chine
With wool still growing on the sheep?
Ah, these be haunting, hateful fears
Awakened by these ruthless men,
And these be sad and graceless years
With every store a robber's den.
You shell out gold to pep your gas—
A pinch of salt would do as well!
Who does not feel a sickly ass
As they elucidate the sell?
Ah, give us back our simple trust
In soap for skin we'd love to touch;
In soup that makes us wise and just
As well as curing hives and such;
Tell us of tooth-paste, good for gout,
Rede us that rune of beauty clay;
Give us the antidote for doubt—
Let us be happy one more day.

FOR CHRISTMAS

WHY NOT GIVE

“THESE BANKERS”

BY DON KNOWLTON

Illustrated by
ARTHUR DEBEBIAN

THE FUNNIEST BOOK
EVER WRITTEN ABOUT
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NEW YORK

BOOK REVIEWS AND NEW BOOKS

Recent Announcements of Other Publishers

INVESTMENTS ABROAD. By A. Emil Davies. New York: A. W. Shaw Company. \$4.15.

IN view of the fact that the United States has only recently taken over the role of universal investor and lender, this book should prove unusually interesting to those of this country who are leaders in that role—the bankers. Especially should it prove valuable since its author is an unquestioned authority on the subject—president the First Co-operative Investment Trust, Limited, London; a Fellow in the Royal Economic Society; formerly lecturer on business finance in the University of Leeds; financial editor the *New Statesman*, London; and, in his own words, “an habitual investor.”

Beginning with a history of the origin of the “Bourse,” as the stock exchange is called in all save English speaking countries, the book takes up the early development of the foreign investment field, discusses the effect of foreign investment on the countries investing and those invested in; shows the educative value of these investments.

There is a double trend in foreign investments, one toward a certain object, such as street railways, the other toward a particular country or group of countries. Both these are taken up.

The place taken by the United States in foreign investments, before and since the war, is described. The position London holds as a market for foreign investments and a discussion of other international markets take up two chapters.

The latter part of the volume is concerned with a study of the investments themselves—the various kinds and their yields, the taxes and ways to avoid double taxation, etc. The last chapter, entitled “The World’s Investment Fields,” names the principal countries whose securities are quoted on international stock exchanges, with a brief description of each, combining the author’s opinion with those of London financiers. It is meant to serve as a guide-post for foreign investors.



(Continued from page 773)

Trust Company of New York, catches in his illustrations.

Even the vice-president, that seemingly harmless individual, comes in for his share—

That old V. P. was a bear, was he,
A grouch with a grizzled chin—
And an overdraft just drove him daft,
Till he brought the culprit in—
Took the culprit then to his private den
And razzed him for his sin. . . .

And, “Speaking of Women’s Departments”—

Yes, Madame, for freckles the cure, I would say,
Is, I think, to deposit ten dollars today.
Yes, indirect lighting’s the thing, there’s no glare—
Start a savings account (it’s a simple affair).
Sweet peas should be planted quite early in Spring,
A savings account is the easiest thing.
Your fine vase is broken—you ask, can you glue it?
A savings account, my dear lady, will do it.

For business arrangements as to number of copies, etc., consult the coupon just opposite.

BANKERS PUBLISHING Co.,
71 Murray St., New York.

Please send me copies
of

THESE BANKERS

at \$1.00 each.

I enclose \$

Name

Address

.

THE BANKERS MAGAZINE

Published Monthly by

THE BANKERS PUBLISHING COMPANY

Boston

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VOLUME CXV

DECEMBER, 1927

NO. 6

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Service

THE service rendered by a financial institution is the chief factor in retaining customers.

In both our Banking and Trust Departments we are still serving many of the grandchildren and great-grandchildren of those who originally opened deposit or fiduciary accounts with us.

Experience—Fidelity—Permanence



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PHENIX**



**NATIONAL BANK
AND
TRUST COMPANY**

OVER 100 YEARS OF COMMERCIAL BANKING

A Necessary Ingredient In The Sale

Monday: Mr. A—, from Georgia, asked of our credit department "Is B—, of New York 'good' for any amount up to \$20,000?"

B, a cotton mill operator, had been negotiating to buy unoccupied mill property owned by A.

Monday Afternoon: Chatham Phenix informed A that B was a thoroughly dependable risk.

Tuesday Morning: The sale was consummated.

Chatham Phenix— with correspondent banks in practically every banking point in America — is constantly rendering similar alert, thorough service to the customers of correspondents all over the country.

MAIN OFFICE

149 Broadway, Corner Liberty Street, New York City

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The Bankers Magazine is on file in banking, reference and public libraries and is indexed every month in the Industrial Arts Index. For further references on the above subjects consult The Bankers Magazine semi-annual index and the Industrial Arts Index.

SEE THE PUBLISHER'S PAGE ON PAGE XI



All-Year-Round
Special for Banks

Superior Transit Service

Commerce Trust Company

Capital and Surplus 8 Millions

Kansas City



When you come to Washington

drop in to see us. It often pays to be
"personally acquainted."

Who knows but what we may have
something your way some day, or you
have some important matters to be look-
ed after here.—Let's get together!

FEDERAL-AMERICAN
NATIONAL BANK
WASHINGTON, D. C.

John Poole, *President*
Wm. John Eynon, *Vice Pres.*
W. J. Waller, *Vice Pres.*
C. B. Lyddane, *Vice Pres.*
C. D. Boyer, *Cashier*

W. T. Galliher,
Chairman of the Board



The bank with the
"cageless counters."

Resources \$15,000,000.00

The Publisher's Page

WRITING in the January number of **THE BANKERS MAGAZINE** on the subject of "Systematizing Credit Analysis," the author, **FRED B. BARROWS** outlines a system which begins with the transcribing of the borrowers' balance sheets on to a comparative form which not only reduces all balance sheets to a comparable basis, but also presents four or five consecutive balance sheets on a single page, facilitating comparison. With the original balance sheet, and income account if it is provided, before him, together with the comparative form, the credit man, armed with a slide rule, draws off and tabulates various items and ratios. A printed form for the analysis is not used, for the reason that all accounts cannot be analyzed by means of the same ratios, and if a sufficient number of headings and columns are laid out to cover all requirements, there are too many for the average case. A stereotyped form lacks flexibility. Under the system described a loose-leaf note book with the accounts filed alphabetically is used and is indexed according to industry or line of business. If desired, each analysis may be made in duplicate or triplicate, so that one copy may be filed in the credit file and one each in binders for the credit manager and loaning officer. This article by Mr. Barrows was awarded second prize by decision of the three judges in **THE BANKERS MAGAZINE** Prize Contest for 1927. The author is with the credit department of the Rhode Island Hospital Trust Company, Providence, R. I.

In an article, "Window Displays as Bank Business Getters," to appear in the January number, the author, **JOHN WALKER HARRINGTON**, says: "Banks are getting new and desirable business through window displays at relatively small expense. This visual appeal, therefore, is worth careful trial and experiment even by institutions which are hesitant about employing it, for its effects can be easily measured. In this article are set forth the principles of fenestral showmanship, together with the experiences of bankers who have practiced them with profit and success. At the outset, such display presents peculiar mechanical problems and difficulties. Except in newer types, the homes of finance seldom have windows designed especially for exploitation of the 'goods' and services offered. The department store reserves a large space back of its

[Continued on page xiv]



56 BRANCHES

Argentina - Brazil - Chile

and throughout the Americas,
France, Spain and England

The Anglo-South American Bank, through its 39 years of export and import banking experience, has acquired an intimate knowledge of the needs and habits of the natives of the countries in which it has branches.

Trade Information Furnished

ANGLO-SOUTH AMERICAN BANK, LTD.

Represented by

**THE ANGLO-SOUTH AMERICAN
TRUST COMPANY**

49 Broadway, New York



The Bank of United States

Member Federal Reserve System

Resources Over \$100,000,000.00

Main Office
Fifth Ave. at 32nd Street
7 Other Offices

DEPOSITORY FOR
United States Postal Savings Funds
State of New York City of New York

Foreign Exchange
Domestic and Foreign Letters of Credit Issued

The steady and consistent growth of this bank is evidence of its constant attention to every detail of banking service. A thoroughly organized foreign department is equipped to handle all classes of foreign financial transactions.

Accounts of Banks and Bankers Invited



Have you ever had occasion

to write to your city correspondent thus:

“ It might interest you to know that since we adopted your Advertising and New Business Service two weeks ago, we have secured close to five hundred new Savings Accounts. ”

The above is quoted from a letter recently received from one of our Mid-Western correspondents. This is not a mere “happenstance,” nor is it the result of an *unusual* situation. It is merely further evidence of the extent to which we go to be of real and constructive service to our correspondents. An inquiry addressed to our Service Department will bring detailed information on how we can assist you to *increase your business and step-up earnings.*



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



Office of New York Representative, No. 1 Wall St.
Office of Pacific Coast Representative, Citizens National Bank Bldg., Los Angeles

JOHN A. LYNCH, *Chairman of the Board*
DAVID E. FORGAN, *Vice-Chairman* GEORGE WOODRUFF, *Vice-Chairman*
H. E. OTTS, *President*

[Continued from page xi]

glass front, shuts it off by solid backgrounds from the store's interior, and there arranges merchandise with the aid of costly fixtures and elaborate scenic and lighting effects. The banker with his hundred cents to the dollar wares needs no such extensive facilities. Besides, he needs daylight for his work. He can, and does, however, gain many useful hints from methods of commercial window dressing and adapts them to his purpose."

"Truth in Investment Advertising," is the title of an article by EDWARD J. REILLY, JR., which will appear in the January number. The author says: "The phenomenal expansion of liquid investment capital during the last five years, and the broader, more general public participation in the fruits of prosperity have created a huge reservoir of capital seeking safe investment and a strong active demand for securities through which this plethora of funds may secure profitable and reasonably safeguarded employment. And as the wish is often father to the thought there has been no noticeable shortage of available channels through which the funds may be invested. New investment banking institutions have sprung up almost over night and small companies which had for years been content to prosper in a modest way in familiar territory have, through the medium of national advertising and concentrated sales effort, blossomed forth in gigantic efforts to supply the new demand. Certain issuing and distributing houses, particularly in the real estate bond field, in their fierce competition to secure stock in trade have been guided often by standards which would not have been tolerated a few years ago and, in disposing of that stock at times resort to methods, arguments and statements, which in many instances kick the traces of salesmen's license and become distortions of the truth, intended to convey an unwarranted conception of fact at times fraught with possibilities of severe loss." Mr. Reilly is trust officer of the National Bank of New Jersey, Brunswick, N. J.

In the January number, writing on the subject "The Value of Tact in Service Charge Correspondence," R. EDWARD HOTZE says: "Certain wise policies inaugurated by banks in several typical cities in promulgating decided changes in policy have well demonstrated the value of tactful measures in dealing with the public when a delicate situation is involved. Errors of omission or commission can undo in an amazingly short while the good-will built on years of confidence. As the question of the service charge on unprofitable accounts has seemingly intrigued the banker so that we find scores of cities ready to follow the path blazed haltingly by others, the writer attempts to point out in this article a detail in the handling of the correspondence, which, alas, the banker is too often prone to regard as mere routine."

Nederlandsche Handel-Maatschappij.

(NETHERLANDS TRADING SOCIETY).

Established by Royal Charter A.D. 1824.

BANKERS

Capital Paid up..... f.80,000,000 Neth. Currency (£6,666,666)
Statutory Reserve Fund..... f.40,000,000 “ “ (£3,333,333)

Head Office: AMSTERDAM.

Branches in HOLLAND: ROTTERDAM, THE HAGUE.

Branches in the NETHERLANDS INDIES: BATAVIA, SOURABAYA, SAMARANG, MEDAN, and further Principal Ports.

Branches in the STRAITS SETTLEMENTS, BRITISH INDIA, CHINA and JAPAN: SINGAPORE, PENANG, RANGOON, CALCUTTA, BOMBAY, HONGKONG, SHANGHAI and KOBE.

Grant Drafts and Issue Letters of Credit on all their Branches and Correspondents in the East, on the Continent, on Great Britain, Africa, America and Australia, and transact Banking Business of every description.

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The National Provincial Bank, Ltd., LONDON.

The Union Bank of Australia, Limited

Established 1837. Incorporated 1880.

CAPITAL AUTHORIZED £12,000,000

CAPITAL ISSUED £10,500,000

PAID-UP CAPITAL £3,500,000

RESERVE FUND £4,250,000 } together £7,750,000

RESERVE LIABILITY of Proprietors £7,000,000

Head Office—71, CORNHILL, LONDON, E. C. 3

Manager—W. A. LAING Assistant Manager—G. S. GODDEN
Secretary—F. H. McINTYRE

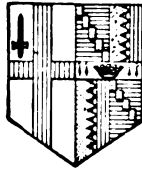
197 Branches throughout Australia and New Zealand, viz.—

In Victoria, 47; South Australia, 15; New South Wales, 45; Western Australia, 21;
Queensland, 18; Tasmania, 3; New Zealand, 48.

Agents and Correspondents in all parts of the World

The Bank offers facilities for the transaction of every description of Banking business in Australia and New Zealand.

Bills negotiated or sent for collection. Commercial and Circular Credits issued available throughout the World.



A Complete Banking Service

The Midland Bank offers exceptional facilities for the transaction of banking business of every description. Together with its affiliations it operates nearly 2400 branches in Great Britain and Northern Ireland, and has agents and correspondents in all parts of the world. The Bank has Offices in the Atlantic Liners *Aquitania*, *Berengaria* and *Mauretania*, and a foreign branch office at 196 Piccadilly, London, specially equipped for the use and convenience of visitors in London.

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LIMITED

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Affiliated Banks : Belfast Banking Co. Ltd., Northern Ireland; The Clydesdale Bank Ltd., and North of Scotland Bank Ltd., Scotland.



GLYN, MILLS & Co.

(Established 1753.)

Registered with unlimited liability 1885.

Incorporating
Child & Co. — and — **Holt & Co.**
 (Established before 1600) (Established 1809)

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 ERIC GORE BROWNE, D.S.O. FREDERICK WILLIAM FANE
 MARTIN DRUMMOND VESEY HOLT

Head Office : 67, LOMBARD STREET, LONDON, E. C. 3

Childs Branch : 1, FLEET STREET, LONDON, E. C. 4

Holts Branch : 3 & 4, WHITEHALL PLACE, LONDON, S. W. 1

The Bank, which is represented by Agents and Correspondents in all the principal Cities and Towns of the United Kingdom and throughout the World, conducts every description of Banking business, both British and Foreign.

Letters of Credit issued.

Home and Foreign Credits established.

Executorships and Trusteeships undertaken.



Commonwealth Bank of Australia.

(Guaranteed by the Commonwealth Government)

Directors:

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(chairman)
- R. S. Drummond, Esq.
- Sir Samuel Hordern, Kt.
- J. Mackenzie Lees, Esq.
- J. T. Heathershaw, Esq.
- E. C. Riddle, Esq.
- R. B. W. McComas, Esq.
- C. H. Reading, Esq.

BALANCES HELD AT JUNE 30th, 1927

General Bank and Rural Dept. Deposits	\$161,386,689
Other Items	61,260,339
Savings Bank Deposits	\$232,395,104
Note Issue Department	\$242,166,132
	<hr/>
	\$697,208,264

THE Bank has established Branches in the principal towns of Australia and in London (36-41 New Broad Street and Australia House, Strand) and has Agents and Correspondents throughout the world. Banking and Exchange business of every description transacted.



Commonwealth Bank of Australia Service

- Bills negotiated or collected.
- Drafts may be drawn by or upon foreign Banks direct.
- Letters of Credit.
- Cable Remittances.
- Encashment of British, American and Canadian currency at ruling rates.

E. C. RIDDLE,
Governor

Head Office:
MARTIN PLACE, SYDNEY AUSTRALIA



THE NATIONAL BANK OF AUSTRALASIA LTD.

HEAD OFFICE
MELBOURNE

Chief Manager:
E. H. WREFORD

Deputy Chief Manager:
JAMES WILSON

Chief Inspector:
J. A. G. HADLEY

*Inspector and Manager
Foreign Department:*
E. J. OSBORNE

LONDON OFFICE:
7 LOTHBURY, E.C.2

With its 483 well distributed offices provides a complete banking service throughout Australia, and is well equipped for the transaction of all classes of foreign business.

Authorized Capital (@ \$5 to £1)	\$50,000,000
Capital Paid Up	\$24,808,000
Reserve Fund	\$14,428,000
Total Assets March 1927	\$214,548,630

English, Scottish & Australian Bank, Limited

Authorized Capital	\$25,000,000
Paid-up Capital	\$14,925,000
Further Liability of Shareholders	\$9,950,000
Reserve Fund	\$14,550,000

HEAD OFFICE:—5, GRACECHURCH STREET, LONDON, E.C. 3
and 414 Branches and Agencies in Australia

Chief Office in Australia—Collins Street, Melbourne

BANKING AND EXCHANGE BUSINESS of every description transacted with Australia. BILLS NEGOTIATED or sent for COLLECTION REMITTANCES made by TELEGRAPHIC TRANSFER. WOOL and PRODUCE CREDITS arranged. LETTERS of CREDIT and DRAFTS issued on all the Branches of the Bank.

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SAN FRANCISCO—Crocker First-National Bank.

E. M. JANION, Manager.



THE BANK OF AUSTRALASIA

(Incorporated by Royal Charter, 1835)

Paid-up Capital - - - - - £4,000,000
Reserve Fund - - - - - £3,810,000
Reserve Liability of Proprietors
under the Charter - - - - - £4,000,000
£11,810,000

Head Office, 4 Threadneedle Street, London, E. C. 2

EDMUND GODWARD, Manager

West End Branch, 17 Northumberland Avenue, London, W. C. 2

Branches in Australia

VICTORIA

Melbourne: 394 & 396 Collins St.; 384 Elizabeth St.; 388 Bourke St. East; 71 Collins St. East
 Brunswick
 Burnley
 Coburg
 Collingwood
 Elsternwick
 Footscray
 Malvern
 Middle Brighton
 Northcote
 Port Melbourne
 Prahran
 St. Kilda
 Williamstown
 Yarraville
 Bairnsdale
 Ballarat
 Benalla
 Bendigo
 Bright
 Castlemaine
 Charlton
 Chiltern
 Cobram
 Corryong
 Drouin
 Echuca
 Euroa
 Fish Creek
 Foster
 Geelong
 Horsham
 Katamatite
 Kingston
 Kororoit
 Korong Vale
 Korumburra
 Leongatha
 Mirboo North
 Mooroopna
 Morwell
 Nathalia

Victoria, Contd.

Numurkah
 Port Fairy (Belfast)
 Rutherglen
 St. James
 Sale
 Shepparton
 Stawell
 Strathmerton
 Tallangatta
 Terang
 Traralgon
 Tungamah
 Walwa
 Warracknabeal
 Warragul
 Warrnambool
 Weidernburn
 Weloopool
 Wycheproof
 Yackandandah
 Yarram
 Yarrowonga
NEW SO. WALES
 Sydney: Martin Place; 85 Pitt St.; 555 George St. No.; Westworth Ave.; 236 William Street
 Bondi Junction
 Castlereagh St.
 Hurstville
 Kogarah
 Leichhardt
 Marrickville
 Newtown
 North Sydney
 (84 Mount St.)
 Petersham
 Albury
 Ballina
 Bathurst
 Bega
 Bellingen
 Berrigan
 Blayney

N. S. Wales, Contd.

Broken Hill
 Canberra
 Cessnock
 Cootamundra
 Corowa
 Crookwell
 Deniliquin
 Dorrigo
 Dubbo
 Forbes
 Glen Innes
 Goulburn
 Grafton
 Grenfell
 Hamilton
 Howlong
 Jerilderie
 Kempsey
 Kyog
 Llanore
 Maitland (West)
 Maitland (East)
 Moree
 Murwillumbah
 Muswellbrook
 Narrabri
 Narromine
 Newcastle
 Orange
 Parkes
 Peak Hill
 South Grafton
 Stroud
 Tamworth
 Tullamore
 Wagga-Wagga
 Wee Waa
 Young
QUEENSLAND
 Brisbane
 Fortitude Valley
 Cairns
 Charters Towers
 Chillagoe
 Coppar

Queensland, Contd.

Crow's Nest
 Herberton
 Hughenden
 Ipswich
 Kingaroy
 Longreach
 Maryborough
 Oaky
 Richmond
 Rockhampton
 Roma
 Toogoolawah
 Toowoomba
 Townsville
SO. AUSTRALIA
 Adelaide
 Koorunga
 Mount Barker
 Port Lincoln
 Port Pirie
 Wirrabara
W. AUSTRALIA
 Perth
 Albany
 Beverley
 Bunbury
 Fremantle
 Gnowangerup
 Kalgoorlie
 Moora
 Northam
 Wagin
 Wickiepin
TASMANIA
 Hobart
 Burnie
 Deloraine
 Deronport
 Fingal
 Latrobe
 Launceston
 Sheffield
 Stanley
 Ulverstone
 Wynyard

Branches in New Zealand

Wellington
 Ashburton
 Auckland
 Blenheim
 Christchurch
 Dannevirke
 Dunedin
 Eltham
 Featherston
 Feilding

Gisborne
 Gore
 Hamilton
 Hastings
 Hawera
 Invercargill
 Kaikala
 Levin
 Mania
 Mangonui

Marton
 Masterton
 Matamata
 Morrinsville
 Napier
 New Plymouth
 Newton
 (Auckland)
 Otaki
 Palmerston Nth.

Patea
 Raetihi
 Rotorua
 Stratford
 Taibape
 Taumarunui
 Tauranga
 Te Aroha
 Te Kuiti
 Temuka

Te Puke
 Timaru
 Upper Hutt
 Waipawa
 Waipukurau
 Waiau
 Wanganui
 Waverley
 Whakatane
 Whangarei

Principal Correspondents in North America

CANADA:

Bank of Montreal
 Canadian Bank of Commerce

UNITED STATES:

Bank of New York & Trust Co., New York
 Hanover National Bank, New York
 National Bank of Commerce, New York

UNITED STATES, Contd.:

National City Bank of New York
 Continental & Commercial Nat. Bk. of Chicago
 Illinois Merchants Trust Co., Chicago
 National Bank of the Republic, Chicago
 Franklin Fourth Street Nat. Bk., Philadelphia
 Wells Fargo Bank & Union Trust Co., San Francisco

Offer facilities for the transaction of every description of Banking Business in Australia and New Zealand. Negotiate or Collect Bills. Issue Telegraphic Transfers, Letters of Credit and Drafts, also Circular Notes and Circular Credits, on all parts of the world

THE STANDARD BANK OF SOUTH AFRICA, LIMITED

(with which is incorporated the
AFRICAN BANKING CORPORATION, LIMITED)

Bankers to the Government of the Union of South Africa
in Cape Province; to the Imperial Government in
South Africa; and to the Administration of Rhodesia.

Authorized Capital	-	-	-	-	-	£10,000,000
Subscribed Capital	-	-	-	-	-	£8,916,660
Paid-Up Capital	-	-	-	-	-	£2,229,165
Reserve Fund	-	-	-	-	-	£2,893,335
Uncalled Capital	-	-	-	-	-	£6,687,495
						£11,809,995

BANKING BUSINESS TRANSACTED IN ALL PARTS OF THE WORLD

HEAD OFFICE: 10, Clements Lane, Lombard Street, London, E.C. 4.

London Wall Branch : 63, London Wall, E. C. 2

West End Branch : 9 Northumberland Avenue, W. C. 2 (Opposite the Royal Colonial Institute)

Hamburg Agency : Bank of British West Africa, Ltd., 49-53, Schauenburgerstrasse

Branches and Agencies Throughout
SOUTH, SOUTH WEST and EAST AFRICA

New York Agency: 67 Wall Street

ROWLAND SMITH, Agent

Also representing { Bank of British West Africa, Ltd.
in New York { Bank of New South Wales

The New York Agency

offers to Bankers and Merchants throughout the United States and
Canada its unsurpassed service for facilitating trade with
the markets of Africa, Australia and New Zealand.

ESTABLISHED 1817

BANK OF NEW SOUTH WALES

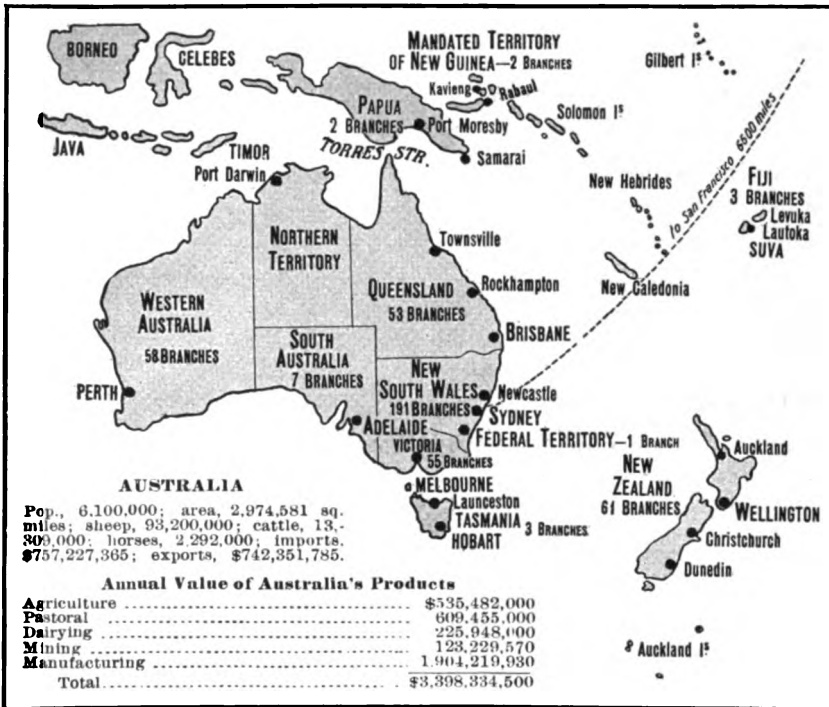
AUSTRALIA

Paid-up Capital . . .		\$34,375,000
Reserve Fund . . .		23,750,000
Reserve Liability of Proprietors . . .		34,375,000
		\$92,500,000



Aggregate Assets, 30th Sept., 1926, \$410,975,720

OSCAR LINES, General Manager



Head Office—George St., Sydney London Office—29 Threadneedle St., E. C.

514 BRANCHES AND AGENCIES

In all Australian States, New Zealand, Fiji, Papua, Mandated Territory of New Guinea and London

Cable remittances made to and drafts drawn on Foreign Places DIRECT

Foreign Bills Negotiated and Collected.

Letters of Credit Issued

NEGOTIABLE THROUGHOUT THE WORLD

The bank collects for and undertakes the agency of other banks and transacts every description of Australian Banking Business

Agents in New York :

Standard Bank of South Africa, Ltd.
 National City Bank of New York
 National Bank of Commerce in New York

Agents in San Francisco, Bank of California National Association, Crocker First National Bank and Anglo and London Paris National Bank

Guaranty Trust Company of New York

140 Broadway

LONDON PARIS BRUSSELS LIVERPOOL HAVRE ANTWERP

Condensed Statement, November 15, 1927

RESOURCES

Cash on Hand, in Federal Reserve Bank and Due from Banks and Bankers	\$164,368,689.29
U. S. Government Bonds and Certificates.....	26,529,827.47
Public Securities	23,441,568.77
Other Securities	21,940,127.81
Loans and Bills Purchased	428,194,857.84
Real Estate Bonds and Mortgages	2,902,963.33
Items in Transit with Foreign Branches	6,163,575.82
Credits Granted on Acceptances	61,620,048.57
Real Estate	7,408,686.75
Accrued Interest and Accounts Receivable.....	6,193,807.37
	<u>\$748,764,153.02</u>

LIABILITIES

Capital	\$30,000,000.00
Surplus Fund	30,000,000.00
Undivided Profits	3,979,955.20
	<u>\$63,979,955.20</u>
Accrued Dividend	600,000.00
Accrued Interest, Reserve for Taxes, etc.	7,313,684.65
Acceptances	61,620,048.57
Outstanding Treasurer's Checks	24,978,138.67
Deposits	590,272,325.93
	<u>\$748,764,153.02</u>

Editorial Comment

DISCRIMINATION IN BANK TAXATION

CONGRESS is likely soon to encounter a renewed demand—heretofore thoroughly considered and rejected—for changing the method of state taxation of shares of national banks. States can impose no tax whatever on these shares except as Congress permits. With a view to preventing discriminating taxes on the shares of national banks, the power of the states to impose taxes on them has been limited by the following provision: "That the rate or burden of tax imposed upon such shares shall not be greater than the taxing state imposes upon other moneyed capital in the hands of individual citizens." This wise limitation—existing for over sixty years and which Congress has always refused to alter—it is now proposed to change so that the qualification shall extend to "other moneyed capital used or employed in the business of banking."

The distinction between the present method of taxing national bank shares by the states and that proposed does not appear at first sight. But a careful examination of the proposal shows that the banking business will be classified by itself for taxation purposes—a sure preliminary to heavier and more burdensome taxes. In states where there has been already a classification of state and national banks for taxation purposes, the Federal limitation above cited has protected not only the national banks but the state banks also from discriminating and excessive taxes. It is therefore to the interest of the state banks that they oppose the proposed change in the method of taxing national bank shares, for once the present method is altered

as suggested, the bulwark heretofore existing against discriminating and burdensome taxation of banking will be destroyed.

That the states have frequently sought to discriminate unjustly when taxing national bank shares appears from the number of cases coming up before the Supreme Court, where the existing limitation has been uniformly upheld.

In applying this limitation, it has been said: "The restriction is not intended to exact mathematical equality in the taxing of national bank shares and such other moneyed capital, nor to do nothing more than to require such practical equality as is reasonably attainable in view of the differing situations of such properties." Or, as Plato has said: "A perfectly simple principle can never be applied to a state of affairs the reverse of simple." The decision from which the above quotation is made goes on to say: "But every clear discrimination against national bank shares and in favor of a relatively material part of other moneyed capital employed in substantial competition with national banks is a violation of both the letter and spirit of the restriction." It is against this violation, which the proposed change would make possible, that the banks of the country should make vigorous protest. The danger is all the more serious because of the changing character of banking whereby the purely commercial banks of former times have become investment institutions as well. The "other moneyed capital" with which the banks may come into competition therefore takes on a very important aspect, and it is vital to the welfare of the

banks, state and national, that the restriction which Congress has considered wise and necessary be retained.

The subject under consideration is fully discussed, and with great ability and fairness, by Hon. Martin Saxe in a paper appearing on subsequent pages, entitled, "The Threatened Discrimination in Banking Taxation." A careful reading of this paper is commended to all the bankers of the United States.

THE DEPARTING YEAR

ONE year ago many predictions were heard as to the probable course of business in the United States during the year 1927. These predictions, as a rule, were of a favorable character, and they have been fairly well fulfilled. It has been a reasonably good year. Nature has been unkind in some respects, as witness the Mississippi and New England floods; but in others kind, as evidenced by good crops. Some branches of manufacturing have not prospered, and the railways are showing reduced earnings. But the farmer seems to be catching up with the rest of the procession. Workers for wages are well off as a rule. Building operations have continued active. The mortality of banks—a distressing symptom in several recent years—has of late been declining. It has been a year of almost or quite unprecedented activity in stock market speculation.

In making their predictions at the close of 1926, bankers and other forecasters generally limited their expectations of a continuance of prosperity to the year 1927. Beyond that they did not risk foreseeing things. This may have been due to the fact that their clairvoyant powers did not extend beyond a period of twelve months, or to the fact that they could see just far enough over the horizon of 1928 to discern a cloud no bigger than a man's hand. At any rate, by limiting their prognostications to a single year, they saved their reputation as prophets from

a risk that a longer look ahead would undoubtedly have entailed.

There are two reasons which may tend to retard the pace of enterprise in 1928. Obviously, the first of these lies in the fact that we have been going so fast for some time that a resting-spell may soon become a necessity. Then there is the election for President. It may be doubted that there is any sound reason why this quadrennial event should have much effect on business, especially since it is extremely unlikely that a radical element will gain the upper hand in either party. But in a Presidential year there is a considerable diversion of attention and interest from business to politics, and this may not be without influence on the pace of business next year.

MAKING BANKING SOCIALISTIC

AN announcement in a recent issue of the *Scottish Bankers Magazine* says: "Through the kindness of the president of the Institute of Bankers in Scotland, Norman L. Hird, general manager of the Union Bank of Scotland Limited, prizes of £10, 10s. and £5, 5s. respectively are offered for an essay competition in 1928 on the subject 'A Critical Examination of the Arguments for the Nationalization of Banking in the United Kingdom.'"

The notice does not imply what might be inferred in this country, that all banks are to operate under a uniform law enacted by the British Parliament. It looks to the ownership and operation of banks by the government; in other words, socialistic banking. The arguments for such a startling innovation are to be critically examined, and it is expected that when they emerge from the scrutiny of the Scotch bankers they will wear a sickly hue.

A discussion of this character is timely, for the Labor Party—or at least a large section of it—favors the nationalization of banking in Great Britain, and even in the United States we have already taken a step in that direction by

certain provisions of the Federal Reserve Act: the Government has taken over the management of all the legal banking reserves, and appropriated to its own use all the profits above 6 per cent. (after making certain allocations to surplus). But there is no definite sentiment here in favor of Government ownership and operation of all the banks.

Banking and politics make a bad combination, as the early banking experience of the United States has clearly shown. Lacking private ownership of bank shares, the funds for banking would have to be supplied by taxation. Unless a policy of confiscation be applied, the existing capital of the banks would have to be acquired by an exchange of public obligations for the shares of the banks. This would involve complications not easy of adjustment.

LATIN-AMERICAN "ENMITY"

ONE of our South American diplomatic representatives has, according to newspaper reports, expressed himself quite vigorously as to the necessity of this country's taking measures to counteract the propaganda against the United States which, as alleged, is being carried on among our neighbors to the south.

There are some rather clear indications that this propaganda is having little effect. Our loans to the various countries of South America and the astonishing growth of our trade with that quarter of the world show that we are not only holding our own but are greatly outdistancing our leading competitors in finance and trade. Possibly the explanation of some of the propaganda may be attributed to his fact.

Our "imperialism" seems the chief ground of offense. Well, as to that, our principal competitors in Latin America have been Great Britain, France and Germany. For any of these countries to attack us on the ground of imperialism is a cause for laughter only. Perhaps they have not done so, and the

attack may have come from a less friendly source.

Just grounds of enmity toward the United States on the part of any country in Central and South America would be hard to find. Roosevelt "took" the Canal Zone; but we have paid Columbia for that transaction. Surely, the benefits of the canal have been great to the Latin American countries and to the rest of the world. We have been exceedingly patient with Mexico. We are striving for peace in Nicaragua. No covetous American eyes are turned southward. We wish every land to prosper, for as they prosper we shall do likewise.

There is one valid ground of criticism of our relations with these countries. We should, at least, speak their prevailing language. It is greatly to our cultural and commercial loss that we fail to do so.

PROTECTING FOREIGN INVESTMENTS

AS the volume of America's foreign investments increases our people are bound to show an increasing interest in foreign affairs. The motive animating this interest may be selfish, in which it does not differ much from most human motives.

In calling attention to the growth of our foreign investments, Melvin A. Traylor, in his address as president of the American Bankers Association, observed: "We may well imagine that the day may come when no mere small fraction of our people will be not only interested in what is happening in other lands but insistent upon our Government likewise taking cognizance of such facts."

This statement gives rise to the question as to what, if anything, the Government may do in case some of our foreign loans refuse to come home when called. Can the lenders sue the delinquent governments or concerns; and, if judgments are obtained, can they be

collected? The answers to these questions would probably not be all the same.

Foreign lenders to our states are without legal remedy in case of default. Are some of our loans abroad on the same footing? We should have no legitimate ground of complaint if they were.

Probably in going outside its own domain capital will have to take the exceptional risks incident to the excursion. But those who are so readily buying these foreign issues might well inquire what remedy they have in case of default. The invasion of a country to collect individual loans belongs to a bygone age. This being true, the legal safeguards should be correspondingly increased. It would seem to be an obvious function of an international court of justice to take cognizance of cases of this character. Even should this be brought about, the problem of enforcing the court's decisions would not be solved. The use of an international military or naval force to render the court's decrees effective might lead to war, and the last state would be worse than the first.

Very likely, the investors in foreign securities must take their chance. Some of them seem eager to take long chances.

PROVING TOO MUCH

IN their efforts to make the small depositor see the justice in imposing a service charge on his account, some of the banks are in danger of proving more than the case calls for. A statement attributed in the newspapers to the secretary of the Wisconsin Bankers Association runs along in this strain:

"Taking the country as a whole, it can safely be stated that 60 per cent. of the commercial accounts average less than \$50 each. A Wisconsin bank having about \$500,000 total deposits, time and demand, discovered that 20 per cent. of its open account balances were less than \$1; 17 per cent. ranged from \$1 to \$10, and another 25 per cent. ran from \$10 to \$50.

"St Louis banks, working out costs on carrying checking accounts, found that after allowing 50 per cent. reserve and 200 entries at ten cents each, a bank lost \$11.50 a year on a \$200 balance."

This would be interesting if true, which it isn't. It can hardly be supposed that the St. Louis banks have been telling anybody that they keep a reserve of 50 per cent. So far as the national banks are concerned, the only legal reserves they are required to have are deposits with the Federal Reserve bank of their district. And this is nothing like the figure stated. While the banks are talking about reserves, they might be fair enough to the small depositor to tell him that every deposit he makes expands the lending power of the bank by several times the sum deposited. And the charge of ten cents per entry indicates a rather slow-going clerical staff in the banks selected to prove the case against the small depositor. Possibly cumbersome and antiquated methods are responsible for some of the high cost of handling these small accounts. Nor is the small depositor alone to blame for unprofitable banking. Bankers say that not infrequently depositors with large balances demand free services to which they are not entitled.

The banks have unduly stimulated the opening of small checking accounts, which they now find unprofitable. By driving out these accounts they may reduce the bank's aggregate resources to an extent that will reduce its ability to serve the public. Enough accounts, individually small, bulk large in the aggregate. There are two remedies other than imposing a service charge on the small depositor: to get him to build up his account or to transfer it to the savings department.

THE FEDERAL RESERVE SYSTEM

MOST properly the annual address of the president at the annual convention of the American Bankers Association has come to be

regarded as an authoritative expression of the organization's views on the prominent banking questions of the day. The president, on these occasions, does more than express his personal opinion. He states the well-considered policy of the association as a whole respecting the matters dealt with in his address. The statements of President Melvin A. Traylor, at the Houston convention, are therefore to be regarded as declarative of the viewpoint of the American Bankers Association. In this light it will be interesting to consider the following statement made by Mr. Traylor regarding the Federal Reserve Act:

"It is only natural that here and there experience will develop weaknesses in the respective pieces of human creation, but nothing could be more unfortunate, I think, than that there should be either agitation for or actual further legislative action with respect to our banking system, for some time to come, and most of all that anything should be done to change the fundamental nature of the Federal Reserve Act. Let those who think otherwise give careful consideration to their complaint."

Carefully examined this statement indicates that Mr. Traylor did not regard the Federal Reserve Act as perfect, but that he deprecated any present attempt to alter its fundamental character. Considering existing conditions, his views may be accepted as sound.

It would be surprising had the Federal Reserve Act, as originally enacted, shown no imperfections. It did not spring, like Minerva, full panoplied from the financial Joves of the time. The frequent amendments prove that. Mr. Bryan and Senator Owen, both of whom had much to do with framing the measure, were hardly safe financial guides in all respects. Banking opinion throughout the country in 1913 and now had much to gain from further experience. Some of this experience has been gained since the act was first passed; and we are all still learning, or should be. The recent

controversy over the discount rate is a case in point. While one policy may be indicated for the reserve banks at New York and other cities on the Atlantic seaboard, it is not clear that the same policy is indicated for Chicago, Kansas City, Dallas and San Francisco. Time may show that it would have been wiser to have had one central bank for the East at New York, with branches in the chief Eastern centers, and another at Chicago, with branches at the principal Western points. The New York bank could fix its policy not only with reference to the special requirements of Eastern finance—whereof stock exchange operations are of great importance—but could have in mind world finance, to which New York sustains a peculiar relation. The Chicago reserve bank, on the other hand, could formulate its policy to meet the unique demands of the great agricultural region of the country, of which that city is the center. Time and experience will tell whether or not such an alteration of the system is advisable. We already seem safe in saying that it is proving difficult to adapt a central bank policy (and the Federal Reserve Board is in effect the head office or central bank of the Federal Reserve System) to the wide and varying requirements of a country so large as the United States.

One may agree with Mr. Traylor as to the inadvisability of seeking at the present time to change the fundamentals of the Federal Reserve System without surrendering the belief that, at the opportune time, these fundamentals will require fresh examination in the light of further experience.

EXTENSION OF CLEARING HOUSE EXAMINATION

AT the Houston convention the president of the Clearing House Section of the American Bankers Association in his address made several recommendations looking to the improvement of banking practices. The conclud-

ing recommendation proposed the extension of clearing house examiner systems not only in the larger cities, but in the smaller communities, through organization by districts, with an examiner in charge and responsible for a particular section or district.

A similar plan was drawn up some years ago by the bankers of California, but was never put in practice. The favor with which the suggestion is now being received follows as a result of the generally satisfactory experience with clearing house examination as carried on in a number of the country's banking centers. From this experience it may safely be said that clearing house examination is far superior to that usually made by state or Federal authority, and is in fact the best that has yet been devised.

The extension of this plan to all the banks of the country is another matter. It would probably work well enough in localities where banking is more or less compact, but its application to widely scattered banks is less clear. City banks have special reasons for keeping in the good graces of the clearing houses, but these reasons do not exist to anything like the same extent in the case of the country banks. The clearing facilities of the Federal Reserve banks tend further to accentuate their independence of clearing house control.

While therefore a general extension of clearing house examination so as to include all banks may not be found immediately practicable, no doubt a much wider extension of this plan could be made than now prevails. And it may be said with certainty that such extension within practicable limits would make for the safety of banking. Possibly time might show that an even further extension of the plan than is now deemed practicable could be made with advantage.

It is a hopeful sign that the American Bankers Association is devoting so much time and thought to the greater efficiency and safety of the banks of the country.

GROWTH OF INVESTMENT TRUSTS

FEW developments in American finance in recent years have paralleled the growth of the investment trust, a form of organization new to this country, though well known elsewhere, particularly in Great Britain. It was lately stated that within a period of five months ninety-five of these corporations had been formed in the United States with present assets of some \$400,000,000.

No doubt the investment trust will soon attract the attention of the legislatures, and we may shortly expect legislation defining an investment trust, and regulating its organization and management. Since commercial and trust banking has been thus publicly regulated, this new form of investment banking can hardly escape the paternal care of the legislator. Banks in England seem to get along very well under the Companies Act, at least as well as they do here with our endless banking laws. But it can hardly be expected that the investment trusts will long enjoy even the limited degree of freedom they now have under the corporation laws of the respective states.

When regulation is inaugurated the first thing to be taken into consideration will be a legal clarification of the term "investment trust." It would seem desirable, if these institutions are to have the continued confidence of the public, that their character should be limited to the scope which their designation implies; that is, the handling in a trust capacity of investment funds committed to their care. This is something essentially different from a blind-stock-pool, or an organization created for the purpose of working off on the public securities of doubtful value which have become indigestible by the owners in the first instance. So much, at least, is essential if the investment trusts are to preserve the good name and successful records several of them have already established

by adhering strictly to the scope of operations indicated by their title and by honest and capable management.

There is another essential in the public regulation of the investment trust deserving of attention, and that is the assurance that too much of the investor's money is not absorbed, by various devices, in promoters' profits. In this respect the investment trust might well be placed substantially on the level with banks.

Manifestly, there ought to be some public regulation of the issue of debentures or bonds as well as a general supervision of the manner of investing the funds of the trusts. In regulating investments, however, if legislation should go too far, it would tend to defeat what is now one of the strong points of the investment trust, namely, its ability to shift investments according to change of circumstances and thus to take advantage of exceptional opportunities of making profits. Even the mutual savings banks, closely restricted as most of them are in making investments, find themselves under the necessity of asking greater latitude from time to time.

SOUND BANKING PROGRESS

ENLARGEMENT of banking facilities has come about as a natural result of the increase of wealth and the changing conditions of our business life. To say that these new facilities should be used with great caution is not to deny their usefulness and safety when properly employed, but it is to utter that word of caution which may well be addressed to banks in entering upon new and untried fields, or in enlarging operations which experience has shown to be inconsistent with commercial banking. These admonitions, addressed to the bankers of the country by President Melvin A. Traylor at the annual convention of the American Bankers Association, should be carefully heeded:

"We sometimes make best progress by

progressing slowly. We make haste by going slowly, and if I have a thought for you at all at this time it is that in the development of the new fields of endeavor to which you may now legally turn your hand you make haste slowly, particularly in the field of trust company service, investment buying and real estate loaning. There is nothing mysterious in any of those fields, but there are numerous pitfalls. I know it is your desire not to develop these fields quickly, but to develop them soundly, to the end that banking may escape those dangers which would impair its standing and the confidence of the public in its integrity.

"The preservation of a high pinnacle for the banking business is my concern. I believe it is yours, and it is for that reason I would just utter this one word of caution, that in taking on the new opportunities haste be made slowly and progress be made soundly."

It is not every bank that can profitably or even safely conduct a trust department, the successful operation of which depends upon the amount of wealth in the community and the character of the bank's management. Trust companies generally are organized under special laws greatly tending to the safety of these institutions. Many banks are so organized and managed that they are well fitted to engage in trust services; just as truly may it be said that other banks—perhaps the great majority of them—lack the fitness for this responsible service.

Investment buying and lending on real estate, as President Traylor pointed out, contain numerous pitfalls, and the commercial bank would do well to be wary of them. The opportunities of taking on new business with the hope of making greater profits are alluring, but it was well said that these new fields should be developed soundly rather than quickly. No one questions the right and duty of the banks safely to extend their facilities and to enjoy the addi-

(Continued on page 893)

IN THE SENATE OF THE UNITED STATES

DECEMBER 12, 1927

Mr. NORBECK introduced the following bill; which was read twice and referred to the Committee on Banking and Currency

A BILL

To amend section 5219 of the Revised Statutes, as amended.

- 1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That subdivision (b) of paragraph 1 of section 5219 of the
4 Revised Statutes, as amended, is amended to read as follows:
5 “ In the case of a tax on shares, the taxes imposed shall
6 not be at a greater rate than is assessed upon other moneyed
7 capital used or employed in the business of banking.”



THE THREATENED DISCRIMINATION IN BANKING TAXATION

BY MARTIN SAXE

The author of the following article was one of the draftsmen of the New York Bank Income Tax Law and has had wide experience in tax law administration and practice. From 1902 to 1904 he was assistant corporation counsel of the City of New York, in charge of the Bureau for the Collection of Arrears of Personal Taxes; from 1904 to 1909 he was a member of the New York Senate Committee on Taxation; in 1915 he was chairman of the Committee on Taxation of the New York State Constitutional Convention; from 1915 to 1917 he was president of the New York State Tax Commission; from 1917 to 1920 he was counsel to the Attorney General of New York in special franchise tax litigation. As counsel in *Peo. ex rel. Hanover National Bank v. Goldfogle, et al.*, and other important bank tax suits, he represented the leading national and state banks in New York and also acted for them as counsel in bank tax legislation.

THE key to the taxation of banking in all states is the Federal limitation imposed upon state taxing power in respect of national banks, for generally states will not discriminate against their own institutions and citizens. But when it is proposed to invite the states to classify the banking business for tax purposes, it is timely to call the attention of national and state banks, trust companies, private bankers, investment bankers, securities dealers, commercial paper and acceptance dealers, and others engaged in the many ramifications of the banking business, to the seriousness of the situation.

As a result of the latest national bank tax decisions of the United States Supreme Court (*First National Bank v. Hartford* [Wis.] 273 U. S. 548; *State of Minnesota v. First National Bank of St. Paul* [Minn.] 273 U. S. 561) a new movement has been initiated for the purpose of further amending Section 5219 of the United States Revised Statutes, providing for the state taxation of national banks. The proposed amendment will again raise the same question with respect to the limitation on the power of states in the taxation of the shares of national banks in the hands of the stockholders which was before Congress in 1926.

For over sixty years the power granted to states to tax national bank shares has been conditioned by the limitation that the rate or burden of tax imposed upon such shares shall not be greater than the taxing state imposes upon other moneyed capital "*in the hands of individual citizens.*" In other words, Congress has given to national bank stockholders protection against taxation by states in excess of that imposed upon the moneyed capital of individuals, invested otherwise than in such shares; and, as will appear hereafter, the term "other moneyed capital" has been quite clearly defined by legislative clarification and judicial construction. The fairness of the limitation is obvious and is the embodiment of sound economic doctrine.

Notwithstanding, and merely on account of difficulties with the taxing systems of some states, it is now designed to renew the proposal, which Congress has heretofore thoroughly considered and rejected, to change the tax limitation comparative to "*other moneyed capital used or employed in the business of banking.*" On the surface and at first blush the alteration seems wholly innocuous for, as will hereinafter be pointed out, the term "other moneyed capital in the hands of individual citizens" has been definitely settled by judicial inter-

pretation to include only such "other moneyed capital" as is used or employed in operations, transactions and investments which are normally common to the business of banking. But the approved findings of fact in leading national bank tax cases conclusively show that there are far greater amounts of moneyed capital in the hands of individual citizens coming into substantial competition with the banking business through employment in operations, transactions and investments normally common to that business, than is invested in the banking business *per se* embracing that of national banks, and both corporate and private state banks.

An approximate estimate of a part of the moneyed capital in the hands of individuals, in the form of interest-bearing securities normally common to the business of banking, can be arrived at from the 1925 Statistics of Income compiled under the direction of the U. S. Commissioner of Internal Revenue. That compilation shows that the total amount of interest (exclusive of interest from tax-exempt securities) for 1925, reported by individuals making income tax returns, totaled upward of \$1,800,000,000, which sum capitalized at 5 per cent. indicates holdings of over \$35,000,000,000.

In states having constitutional provision for the taxation of all personal property at a uniform rate, no benefit whatsoever can result from the proposal. With the great changes which have taken place in the development of the banking business within the last decade there is much more reason today than ever before for not narrowing the tax limitation so as to make the standard of comparison only "other moneyed capital used or employed in the business of banking."

PROPOSAL WOULD CLASSIFY BANKING BY ITSELF FOR TAXATION

Yet the proposed change seems apparently so harmless that in some states

even bankers themselves—those who have not made a particular study of the history and practice of bank taxation—seem quite ready to acquiesce in the demand. However, when it is understood that the plain effect of the proposal is to classify the banking business by itself for taxation purposes, the light begins to dawn on the very serious consequence that will follow. Every student of American taxation knows that the classes of property or business which sustain the heaviest tax burdens are those which have been singled out in the past for separate and distinct taxation apart from the great general classes of property or business. A timely illustration of this is the gasoline tax, which the *Chicago Journal of Commerce*, in a recent article, points out as having grown from a light revenue-producing nuisance tax to a burden on industry. From 1919 to 1921 no state imposed a tax of more than one cent per gallon. In the last six years twelve states have increased the gasoline tax to four and five cents a gallon. An observer predicts that if the movement continues at the rate of the last six years the time will come when the tax will be greater than the gasoline value. The users of gasoline, politically speaking, are far more potential than bank stockholders, and the latter might well reflect upon their impotency in the light of the proposal to classify the banking business as such for separate tax treatment, without genuinely effective comparative limitations on the taxing power.

WOULD ESTABLISH VICIOUS PRECEDENT

The vice of the proposal is not alone that it would permit a tax classification of the banking business as such in connection with the share tax method. It would tend, also, to establish a precedent for the classification of the banking business as such, in the application of the other alternative methods now contained in Section 5219, and thus expose the banking business to a classified tax

which could be made much heavier than any other property or business tax, and for this there is no sound economic or equitable reason whatsoever.

The argument is sometimes advanced that banks, because they are doing business with other people's money, ought to pay a somewhat higher tax than others. But "other people" are also quite generally doing business with borrowed money. Under the present provisions of Section 5219, where the net income of the bank is the basis of taxation, the tax is imposed upon the net profit regardless of the source of the capital employed. Where the tax is on the shares, the comparison for tax limitation is upon other moneyed capital in the hands of individuals coming into competition with the business of national banks and not capital employed generally in economic production.

The men in Congress who originally formulated the principle underlying Section 5219, recognized the vagaries of state taxing methods, and in the interest of the national banking system protected the national banks accordingly. The protection thus afforded the national banks has likewise proved a safeguard to the state banks; but once the banking business as such is classified for taxation, there will be a prompt shifting of the ever-growing burden of state and local taxes to that classification, with nothing whatsoever to interfere. It may be argued that there are states in which national and state banks have been practically classified together for years, and they have always received fair treatment—so what is there to fear? But the answer is plain. Indeed, in all states, bank taxation is uniform for the two kinds of banks; but the old limitation in the case of national bank shares is the bulwark of protection against excessive taxation for both. Remove that bulwark and another and different story will unfold.

THE BUSINESS OF BANKING

Forty years have passed since the Supreme Court, in the leading national

bank tax case of *Mercantile Bank v. New York* (121 U. S. 138), described "the business of banking, as defined by law and custom." But banking, like other branches of economics of life, is



HON. MARTIN SAXE
Of the New York bar.

constantly undergoing readjustments; yet, unlike industry and commerce, it can boast of no independent development. This because banking, in many details, is narrowly controlled by law; and the nature of its functions is such as to force it to adjustment to the changing needs and technique of the general business world.

In the last decade or so, forces have been at work facilitating or compelling a redistribution of emphasis in the various lines of banking activity. Potent among those forces has been the relative slackening in the demand for bank funds for employment in the seasonal operations of many businesses. As a result of this banks have found it progressively more difficult to employ their funds in so-called commercial loans and have been compelled to seek other fields in which to put them to work. Changes of law and developments in the field of busi-

ness have blurred the distinction between commercial banking operations and those that are regarded as of more distinctly an investment nature. Legal readjustments have permitted, and practical exigencies have compelled, the banker to range farther from the purely commercial banking field and to participate more broadly in investment operations. This has enhanced his opportunities for service but it has brought him also into ever-widening competitive markets.

Taking the national banking system as typical of the general situation, reference may first be made to the enlargement of legal powers. Again, the scope of banking operations has been expanded by the Federal Reserve Act and by subsequent amendments, particularly by the recent McFadden Act. The acceptance system has been introduced, trust powers have been provided, loan limitations have been liberalized, investment opportunities have been augmented, branch banking of a sort has been legalized, and the whole system of inter-bank clearings and exchange has been modernized. The result has been an increase in funds available as well as a broadening of the occasions to use them in new fields; and this has meant in practice a steady extension of investment, as distinct from commercial, operations.

While on the one hand there was a relative decrease in the demand for working capital in the period after the war, there developed on the other hand a great increase in the demand for investment capital. Another practical factor to be noted in this connection has been the effect of post-war business prosperity. The production of goods reached unprecedented proportions, and all along the line incomes were consequently enlarged. It was little to be wondered at, therefore, that there should develop in the security markets a phenomenal boom, and that the shift in basic procedure should have greatly influenced the banks.

BANKS HAVE SPREAD OVER WHOLE FIELD OF FINANCE

Yielding to the forces briefly alluded to, banks have spread generally over the whole field of finance. The investment needs of their regular clients, as well as the desire for profit, have led the banks to the development of their underwriting and syndicate business. The demands of their depositors for good investments, the availability of abundant funds and the private business advantage growing out of a rising bond market, led the banks greatly to increase their holdings of and their dealings in bonds. Their loans, collateralized by investment securities, also greatly increased. Their real estate loans have multiplied and will doubtless continue to multiply. While it may therefore be said that commercial banking is still to be considered a distinctive type of banking, it is none the less true that there are left very few purely so-called commercial banks.

How general this development has been may be illustrated by a few references to the thirteenth annual report of the Federal Reserve Board covering operations for the year 1926. The board's report shows, for example, that while from 1914 to 1926 loans and discounts increased from \$15,260,000,000 to \$35,854,000,000, investment holdings of banks went up from \$5,578,000,000 to \$15,781,000,000. The Federal Reserve Board also calls attention to the fact that while "since 1922 net demand deposits of reporting member banks have increased 27 per cent., their time deposits have increased by 93 per cent. and the proportion of time deposits to the total of time and net demand deposits combined has increased from 23 per cent. to 31 per cent." With respect to investment holdings, the board points out that "since the middle of 1915 loans and investments of all banks in the country have increased by over \$30,000,000,000, and about one-third of this increase, or about \$10,000,000,000, was in the banks' investment holdings. These holdings constituted 30 per cent. of total

loans and investments in the middle of 1926, compared with 27 per cent. eleven years earlier." The board further says with respect to national banks, "which constitute the larger part of the system's membership, there has also been a marked tendency in recent years to use an increasing proportion of their resources in long-term investments. Between the end of June, 1915, and the end of June, 1926, investments of national banks increased from \$2,068,000,000 to \$5,842,000,000 and their proportion of the banks' total loans and investments from 24 per cent. to 30 per cent. At the same time loans on securities also increased rapidly and loans on real estate rose from \$150,000,000 to \$725,000,000, while other loans, though they also increased in absolute amount, declined relatively from 56 per cent. to 45 per cent. of the banks' total loans and investments."

INFLUENCE OF CHANGED RESERVE REQUIREMENTS

The influence of changed reserve requirements brings the following comment from the board: "As a matter of fact reserve balances of member banks have not increased since 1924 while there has been since that time a growth of about \$2,900,000,000 in the total amount of credit extended by these banks." Then the board adds: "the changing character of the business of member banks in recent years has thus been characterized by an increased use of their resources in long-time investments and in loans not arising out of the current requirements of trade and industry and by an increase in the proportion of their liabilities in the form of time deposits."

But the cost of doing business has tremendously increased with the development of modern banking functions. The payment of interest on deposits, the rendition of service to depositors and other items, have resulted in greatly reducing the net earnings on total funds. On the average the net earnings of

banks on total available funds do not exceed $1\frac{3}{4}$ per cent.

THE TAXATION OF NATIONAL BANKS

As is well known, national banks being Federal agencies, the states cannot exercise the power of taxation with respect to them or their property except as Congress permits and then only in accordance with the terms of such permission. The history of litigation over state taxation of national banks plainly shows that the United States Supreme Court has unhesitatingly declared unconstitutional, and thus void, national bank taxes levied under state laws in contravention of the Federal statute.

Section 5219 as amended in 1923 and 1926 now provides four alternative taxing methods which states may apply to national banks, as follows:

1. The taxation of shares of the bank (the only method from 1864 to 1923).
2. The taxation of the dividends as part of the taxable income of the shareholder.
3. The taxation of the banks on their net income.
4. The taxation of the banks *according to or measured by* their net income.

The adoption by a state of any one of the above methods excludes the others; except that where a state imposes income, franchise or excise taxes on corporations and also imposes individual income taxes, it may include national bank dividends in individual income to the same extent that it includes in individual income the dividends of other corporations.

But the use of the foregoing alternative methods is further conditioned by Section 5219, as follows:

- (a) In the case of a tax on the shares the tax imposed shall not be at a greater rate than is assessed upon other moneyed capital in the hands of individual citizens of the state coming into competition with the business of national banks: *Provided*, That bonds, notes or other evidences of indebtedness in the hands of individual citizens not employed or engaged in the banking or investment busi-

ness and representing merely personal investments not made in competition with such business, shall not be deemed moneyed capital within the meaning of this section.

(b) In case of a tax on or according to or measured by the net income of the bank, the taxing state may, except in case of a tax on net income, include the entire net income received from all sources, but the rate shall not be higher than the rate assessed upon other financial corporations nor higher than the highest of the rates assessed by the taxing state upon mercantile, manufacturing, and business corporations doing business within its limits.

As the general property tax is still firmly rooted in most of the states, and only about twenty have so far adopted other systems for taxing intangible personal property, the share tax alternative under Section 5219 is the generally prevailing method for national bank taxation. But recently Massachusetts, New York and Wisconsin have enacted statutes using net income as the measure for the taxation of banks. These states have opened the way for the practical solution of the problem of bank taxation in other states.

It is particularly in those states which have continued the old *ad valorem* taxation of bank shares, in face of the adoption of a system of classified personal property or low-rate intangible taxes (namely, money and credits taxes, solvent credits taxes, personal income taxes, etc.), and which have thus applied the share tax method to national bank stock, that litigation, generally adverse to the state, has resulted.

This because such states, desiring for revenue purposes to maintain the established *ad valorem* tax on bank shares, have failed to afford them the benefit of the more favorable taxation. Pennsylvania is a notable exception. In that state the four-mill tax on intangibles is applied to bank shares. That came about as a result of the United States Supreme Court's decision in the leading case of *Boyer v. Boyer*, as far back as 1885.

THE BOYER CASE

The Boyer case involved a Pennsylvania statute which removed the burden

of local taxation "from all bonds or certificates of loan issued by any railroad company incorporated by the state; from shares of stock in the hands of the stockholders of any institution or company of the state, which, in its corporate capacity is liable to pay a tax into the state treasury under the Act of 1859; from mortgages, judgments, recognizances of every kind; from moneys due or owing upon articles of agreement for the sale of real estate; from all loans however made by corporations which are taxable for state purposes when such corporations pay into the state treasury the required tax on such indebtedness."

In its decision in the Boyer case, on the point raised by the state, that such a very material part, relatively, of other moneyed capital in the hands of individual citizens within the same jurisdiction or taxing district could be exempted from local taxation to which national bank shares were subjected, the Supreme Court stated:

Indeed, such an interpretation of the statutes might entirely defeat the purpose that induced Congress to confine state taxation of national bank shares within the limit of equality with other moneyed capital; for, it would enable the states to impose upon capital invested in such shares materially greater burdens than those to which other moneyed capital in individual hands, is subjected.

Following the Boyer case, the Supreme Court in the *Mercantile Bank* case (121 U. S. 138) limited the definition of the term "other moneyed capital" so as not to mean "all capital the value of which is measured in terms of money," but to comprehend "shares of stock or other interests owned by individuals in all enterprises in which the capital employed in carrying on its business is money, where the object of the business is the making of profit by its use as money" and including "money in the hands of individuals employed in a similar way, invested in loans, or in securities for the payment of money, either as an investment of a permanent character, or temporarily with a view to sale or repay-

ment and reinvestment." The court further said: "In this way the moneyed capital in the hands of individuals is distinguished from what is known generally as personal property."

SUPREME COURT CONSISTENT IN DECISIONS

The Supreme Court, all through the long list of decisions under Section 5219, has consistently hewed to the line that in the taxation of national bank shares no greater burden of taxation can be imposed than is imposed upon other competitive moneyed capital in the hands of individual citizens in the taxing states. Hence, where the classification of intangibles for low-rate taxation is broad enough to include all moneyed capital items used in transactions, operations and investments normally common to banking, the violation of the Federal restriction is apparent on the face of the statute.

To the student of the decisions under Section 5219 an important question in national bank stock tax cases is: How is the bulk of such other moneyed capital in the hands of individual citizens of the state taxed, in comparison with the tax burdens imposed by the taxing state upon national bank shares?

As has been stated, with the progress in state taxing systems arising out of the breaking down of the general property tax and the development of the classified or low-rate taxation of intangible personal property and state individual income taxes, the continuation of the applicability of the general property tax methods to national bank shares logically brought up the question of discrimination against the latter.

THE RICHMOND CASE

In *Merchants' National Bank of Richmond v. City of Richmond* (256 U. S. 635) it appeared that national and state bank stocks were taxed a total of \$1.75 upon \$100 of valuation, for both state and city purposes; while upon in-

tangible personal property generally, including bonds, notes and other evidences of indebtedness, the total rate for state and city purposes was 95 cents upon each \$100 of valuation. The record showed that in the City of Richmond in 1915, the year of the taxes involved, the stock of national and state banks and trust companies, assessed in the aggregate value of \$14,000,000, was taxed at the higher rate; while some \$6,250,000 of bonds, notes and other evidences of indebtedness were taxed at the lower rate. The court said that it was to be inferred that a substantial part of such intangibles was in the hands of individual taxpayers, and also held that it was shown by the evidence without dispute that moneyed capital in the hands of individual citizens invested in bonds, notes and other evidences of indebtedness comes into competition with the national banks in the loan market.

The court also pointed out that the view of the Virginia Supreme Court of Appeals, to the effect that the purpose of Section 5219 was confined to preventing discrimination in favor of state banks as against national banks, was too narrow a view of Section 5219. Some of the earlier leading national bank tax cases were reviewed in this opinion, and in harmony with its prior decisions, the Supreme Court held that upon the clear showing of competition, relatively material in amount, it followed upon the undisputed facts, that the taxing statutes in question, as construed and applied, exceeded the limitations prescribed by Section 5219.

The decision in the Richmond case led to the 1923 amendments of Section 5219 with respect to the share tax method, to which amendments reference will presently be made.

In *First National Bank v. Anderson* (269 U. S. 341) the Supreme Court summarized its earlier decisions construing Section 5219, as follows:

The restriction on the taxation of the shares often has been considered by this court. The earlier decisions have been reviewed from time to time in later cases, and

all, taken collectively, may be summarized as showing, so far as is material here:

1. The purpose of the restriction is to render it impossible for any state, in taxing the shares, to create and foster an unequal and unfriendly competition with national banks, by favoring shareholders in state banks or individuals interested in private banking or engaged in operations and investments normally common to the business of banking. *Mercantile National Bank v. New York*, 121 U. S. 138, 155; *Des Moines National Bank v. Fairweather*, supra (263 U. S. 103).

2. The term "other moneyed capital" in the restriction is not intended to include all moneyed capital not invested in national bank shares, but only that which is employed in such way as to bring it into substantial competition with the business of national banks. *Mercantile National Bank v. New York*, supra, 157; *Aberdeen Bank v. Chehalis County*, 166 U. S. 440, 461.

3. Moneyed capital is brought into such competition where it is invested in shares of state banks, or in private banking; and also where it is employed, substantially as in the loan and investment features of banking, in making investments, by way of loan, discount or otherwise, in notes, bonds or other securities with a view to sale or repayment and reinvestment. *Mercantile National Bank v. New York*, supra, 155-157; *Palmer v. McMahon*, 133 U. S. 660, 667-668; *Talbot v. Silver Bow County*, 139 U. S. 438, 447.

4. The restriction is not intended to exact mathematical equality in the taxing of national bank shares and such other moneyed capital, nor to do more than require such practical equality as is reasonably attainable in view of the differing situations of such properties. But every clear discrimination against national bank shares and in favor of a relatively material part of other moneyed capital employed in substantial competition with national banks is a violation of both the letter and spirit of the restriction. *People v. Weaver*, 100 U. S. 539; *Boyer v. Boyer*, 113 U. S. 689, 701; *National Bank of Wellington v. Chapman*, 173 U. S. 205, 216.

THE 1923 AMENDMENTS TO SECTION 5219

We come now to the 1923 amendments to Section 5219. Congress, recognizing the changing tax systems of the states, saw the advisability of providing alternative methods for the exercise of the state taxing power in respect of na-

tional banks. By the Act of March 4, 1923, three alternatives were given to the states, the imposition by a state of any one of which three forms to be in lieu of the others. It was provided that the several states may tax the shares, or include dividends derived therefrom in the taxable income of an owner or holder, or tax the income of the bank. But each alternative was subject to certain conditions. With respect to the taxation of the shares, it was enacted that "the tax imposed shall not be at a greater rate than is assessed upon other moneyed capital in the hands of individual citizens of such state coming into competition with the business of national banks: *Provided*, That bonds, notes or other evidences of indebtedness in the hands of individual citizens not employed or engaged in the banking or investment business and representing merely personal investments, not made in competition with such business, shall not be deemed moneyed capital within the meaning of this section."

The Supreme Court in the *First National Bank v. Anderson* case, above mentioned, referred to the foregoing amendment, stating:

the amendment did no more than put into express words that "which according to repeated decisions of this court was implied before." By its terms the amendment *excludes from moneyed capital only those personal investments which are not in competition with the business of national banks.* (Italics supplied.)

In the recent *Wisconsin* case, the Supreme Court repeated the above quotation from the *Anderson* case. The *Wisconsin* and *Minnesota* cases were argued before the court on the same day and the decisions were handed down together on March 21, 1927. These two latest Supreme Court utterances on Section 5219, as it now stands with respect to share taxation, leave no doubt as to the meaning of the term "other moneyed capital in the hands of individual citizens of such state coming into competition with the business of national banks."

In the *Minnesota* case the court stated:

As we have held in *First National Bank v. Hartford*, the competition guarded against by Section 5219 may arise either from the employment of capital invested in a business, even though the competition be with some but not all phases of the business of national banks, or it may arise from the employment of capital invested by institutions or individuals in particular operations or investments like those of national banks. (Italics supplied.)

In the Wisconsin case the court said:

Our conclusion is that Section 5219 is violated whenever capital, substantial in amount when compared with the capitalization of national banks, is employed either in a business or by private investors in the same sort of transactions as those in which national banks engage and in the same locality in which they do business. (Italics supplied.)

And in the same opinion the court said:

Section 5219 is not directed merely at discriminatory taxation which favors competing banking business. Competition in the sense intended arises not from the character of the business of those who compete but from the manner of the employment of the capital at their command. (Italics supplied.)

Surely Congress must have had reason for according to investors in national bank shares protection against taxation thereon in excess of that imposed upon "other moneyed capital" in the hands of other citizens of the state employed in operations, transactions and investments like those in which the national banks in the state employ their funds. If a state does not wish to tax the "moneyed capital" of its citizens that they use in such operations, transactions and investments like those in which the national banks in the state engage, then such state may tax the national banks themselves as Congress has provided, as we shall shortly discuss.

SOME STATES DESIRE DISCRIMINATORY TAX

But the simple fact is that some states desire to tax bank shares at a greater rate than competing "moneyed capital" in the hands of individual citizens. That is the bald, plain truth, derived from the large number of cases holding in-

valid the state laws taxing national bank shares. These cases show how persistently the limitations upon the consent of Congress have been disregarded. Else why have no other states, except South Dakota but recently, emulated the example of Pennsylvania of forty years standing, and taxed bank shares at the same flat rate as other intangibles?

Now, by the 1923 amendments to Section 5219, in lieu of the share tax method, the dividends derived from the shares can be included in the taxable income of the owner or holder, provided that the tax shall not be at a greater rate than is assessed upon the net income from other moneyed capital. Obviously this provision was to accommodate states which had substituted personal income taxation for the *ad valorem* tax on intangibles.

Then to make it possible to tax the national banks themselves, instead of their shares or the dividends thereon, the 1923 third alternative permitted the taxation of the net income of the bank, provided that the rate should not be higher than the rate assessed upon other financial corporations nor higher than the highest of the rates assessed by the taxing state upon the net income of mercantile, manufacturing and business corporations doing business within its limits. Here the object was to accommodate states taxing corporations upon their net income, thus allowing national banks to be likewise taxed. This method was a decided innovation in that it was the first time that Congress authorized the state taxation of the national banks themselves.

THE 1926 AMENDMENTS TO SECTION 5219

In 1926, as the result of a study of the 1923 amendments to Section 5219, by a special committee of the American Bankers Association and a special committee appointed by the National Tax Association, Congress enacted further amendments for the purpose of broadening the application of the income tax

method in state taxation of national banks. In addition to the third alternative method of 1923, permitting the taxation of national banks on their net income, a fourth alternative was provided allowing taxation "*according to or measured by net income.*" In the paragraph containing the limitation on the rate under the net income method, it was provided that where the tax is imposed "*according to or measured by*" net income, the taxing state may "*include the entire net income received from all sources.*"

A further 1926 amendment makes it possible for states applying the net income method to corporations generally and also imposing a personal income tax which includes dividends from such corporations, to include in individual income dividends from national banks, to the same extent that the taxing state includes dividends from such corporations in individual income, but at no higher rate than is imposed upon such corporation dividends.

The report of the House Committee on Banking and Currency, which accompanied the 1926 bill (H.R. 9958), containing the foregoing amendments, stated:

In the states which now apply the net income tax method to corporations generally and denominate it an excise or a franchise tax, the practice is to include income from all sources, including income from tax-exempt securities, in arriving at the measure of the tax based on the net income. Therefore, it is desirable, in order to establish complete taxing parity, to remove any question as to the inclusion of the income from tax-exempt securities as part of the measure of the tax based on the net income of national banking associations; so that the same basis of measuring the tax according to net income for corporations generally may be applied to national banking associations by the taxing state.

To this end the pending bill clearly distinguishes between taxing national banking associations (3) on their net income and (4) according to or measured by their net income. In the latter case the taxing state "may include the entire net income received from all sources."

In *Flint v. Stone Tracy Co.* (220 U. S. 108) the Supreme Court upheld an excise tax on corporations where the measure of

taxation was the income of the corporation from all sources, and held that "it is no valid objection that this measure includes, in part at least, property which as such could not be directly taxed."

Therefore the proposed amendments to Section 5219 are designed to accomplish the following:

(a) The inclusion of income from tax-exempt securities as part of the measure in taxing national banking associations, providing other corporations generally are similarly treated by the taxing state.

(b) The inclusion of dividends from national bank shares as part of the net income of residents for the purpose of personal income taxation when, and to the same extent as, dividends from other corporations generally are so included by the taxing state.

The proposed amendments to section 5219 would not allow an income tax state to tax dividends received by nonresidents from national banks within its jurisdiction, but would allow the taxation of residents of the taxing state on dividends from national banks located outside the state. In both cases the theory being that the personal income tax should be levied on the individual citizen by the state where he resides. But the net income of a national banking association would be taxed only in the state where the bank is located because that is the location of the capital and business of the bank.

The language of the pending bill is broad enough to permit a state that imposes corporate excise or franchise taxes which are not based on income to apply the net income method to national banking associations, provided the burden of tax is no higher than that imposed upon other corporations generally under such excise or franchise tax.

In no way do the proposed amendments affect the established methods of states adhering to the *ad valorem* taxation of national bank shares. (Italics supplied.)

THE SO-CALLED EXCISE TAXATION OF NATIONAL BANKS

The italicized sentence above plainly indicates that states which tax financial, mercantile, manufacturing and business corporations, on any kind of a franchise or excise basis, can readily impose taxes on national banks "on their net income" or "according to or measured by their net income," providing that the rate "shall not be higher than the rate assessed upon other financial corporations nor higher than the highest of the rates assessed by the taxing state upon mer-

cantile, manufacturing and business corporations doing business within its limits."

There is no practical difficulty in ascertaining the limit of the rate which can thus be applied to the net income of the bank. Assuming that all such corporations are taxed alike, the total average tax paid by them under the state corporate tax laws is first determined; and then their average net income reported to the Federal Government is ascertained. From these average figures it can be determined what percentage is required to be applied to the net income of such corporations to produce a result approximately equalling the average taxes paid by them under the state corporate tax laws. The percentage thus arrived at indicates the rate, within the Federal statute, which can be applied to the net income of national banks in the taxing state.

If the taxing state imposes lower taxes upon financial corporations than upon mercantile, business and manufacturing corporations, then the rate limit must be determined by the average total taxes paid by financial corporations only. On the other hand, if the taxing state taxes financial corporations higher than mercantile, business and manufacturing corporations, then the rate limit to be applied to the net income of national banks can be no higher than the highest of the rates produced by taxes assessed upon mercantile, manufacturing and business corporations, as the case may be. In similar manner, Massachusetts now fixes the rate percentage which is applied to the taxation of its banks "measured by or according to" their net income.

For convenience merely, we have referred to the taxation of national banks "according to or measured by their net income," as "excise" taxation. It is absolutely unimportant by what name one may call the tax. The important thing is, that the application of the tax by the state statute, and the manner of its enforcement thereunder, shall be in accord-

ance with the provisions of Section 5219; for the courts will look through the form to the substance.

There is probably no state which does not, in some manner or other, tax its financial, mercantile, manufacturing and business corporations, or some of them. Nor is there any state which cannot treat such taxation in effect on the theory of an excise or franchise tax. Hence, any state may apply the net income tax alternative to national banks, wholly regardless of the manner in which it taxes other personal property, especially intangibles, regardless also of the form of taxation of its corporations generally.

So it is clear, that by the alternative methods now provided in Section 5219, within the limits prescribed by that statute, any state, without doing the slightest violence to its established tax system, can tax its national banks directly or it can tax their shares in the hands of the stockholders, subject to the limitations under the policy of Congress.

At the last annual convention of the American Bankers Association at Houston, Texas, a resolution was adopted urging that Section 5219 be retained without any modification. That resolution reads:

The States of New York, Massachusetts and Wisconsin have substituted a system of taxation of banks on their incomes in lieu of the *ad valorem* tax on shares with successful results. It is believed a system of income taxation of banks can be successfully adopted in many other states and thereby escape the vexatious questions of discrimination which grow out of taxation of credit investments and intangibles at a lower rate than bank shares.

Before Congress is asked by some states to depart from its traditional policy in state taxation of national banks, let those states with bank tax problems apply the so-called excise taxation of national banks by a tax "measured by or according to net income," including income from all sources, and in that manner tax them to the same extent they tax corporations generally.



THE BANK OF ENGLAND AND EUROPEAN RECONSTRUCTION

By the Rt. Hon. PHILIP SNOWDEN, M. P.

This article tells how the Bank of England has assisted European reconstruction and its probable influence in the future. The author is one of the most brilliant men of the present day. In addition to having been British Chancellor of the Exchequer, he has been chairman of the British Independent Labor Party; member of the Royal Commission on the Civil Service and has been an active member of Parliament and a leading financial expert for many years. THE BANKERS MAGAZINE reserves full rights to this article in the United States and Canada, and it must not be republished, either in whole or in part, without full credit to THE BANKERS MAGAZINE.

SOME time ago the writer prepared an article on the part which had been played by the Governor of the Bank of England since the war in the vital work of European financial reconstruction. This article aroused some interest, as it revealed certain facts of which even bankers and financiers had no clear comprehension, and of which the general public was completely ignorant.

The writer has been asked to return to this subject, and he proposes to deal with it here in a more impersonal sense.

When we look back to the state of economic and financial chaos which prevailed in Europe in the years following the war, and contrast it with the comparative stability which exists today we see the results of what can hardly be described as less than a miracle.

For this change we are much less indebted to politicians and statesmen than to the wise influence and courageous action of a few broad-minded international financiers. It is a popular delusion that the few men who exercise such tremendous influence as arbiters of the financial destinies of the world spend their time in exploiting economic situations for their own private gain.

If these men were actuated only by a desire to serve their own personal interests, and if they disregarded the consequences of their actions on public welfare and international trade and econ-

omy, they would very quickly create a financial situation which would bring ruin to themselves and the interests they represent.

The writer does not for a moment suggest that the great finance kings neglect the interests of the institutions they control. But they have sufficient perspicacity to see that their own interests are indissolubly bound up with the prosperity of the world economic and commercial order.

CO-OPERATIVE RECONSTRUCTION

In the work of European reconstruction the central banks, and the great international finance houses, have been ably assisted by the Economic Section of the League of Nations. In the promotion of the various reconstruction loans the two have worked in complete harmony, and with a common aim and understanding.

London, as the great money center of the world and as the world's greatest creditor, had a special interest in helping the restoration of the ruined countries of Europe. In addition to that, Great Britain's exceptional position as a great exporting nation made the revival of international trade a matter of vital necessity to her.

The first step that was needed to begin the work of economic and financial restoration was the establishment of the

machinery for international banking and lending co-operation.

The war had destroyed or disturbed the stability or independence of the central banks in many of the continental countries. In most of the new states no central bank existed. The first task of reconstruction was to restore the stability of the old central banks, and to establish such institutions in the new states.

This was the work to which the Bank of England, with the help of other central banks which were in a sound condition, set its hand. It was fortunate that the Federal Reserve Bank of New York had recently come into existence. Without the support given by this institution to the European Central Banks, the task of European reconstruction would have been well-nigh impossible.

The writer can only briefly summarize some of the achievements of the Bank of England in co-operation with other central banks during the last few years.

The most important of these achievements is the international help given to Germany. It was by the assistance of a large sterling credit, granted by the Bank of England, that Dr. Schacht was able to stabilize the mark and establish a gold rediscount bank.

Perhaps some day it may be possible to relate the full story of the part played by the central banks in the promotion of the Dawes Plan. But as one who was intimately associated with that matter, the writer may associate himself with what Dr. Schacht has said in his book on the stabilization of the mark, namely, that that loan would never have been successfully floated but for the almost super-human efforts of the Governor of the Bank of England, and his intimate relations and great influence with the heads of the other central banks.

The Bank of England has assisted largely in the reconstruction of the economic life of Germany, a reconstruction without parallel in history, both for its rapidity and success. One may perhaps without indiscretion add this: If advice

of the international banks had not been overborne in some respects by political considerations the Dawes settlement would have been a better settlement, and



UNDERWOOD & UNDERWOOD

The Right Hon. PHILIP SNOWDEN, M. P.
Former Chancellor of the Exchequer
of Great Britain.

would have had in it more elements of stability.

The reconstruction schemes of the central banks have by no means been confined to helping Germany.

At a critical moment Austria was saved by the Bank of England. In 1923 the Bank of England issued the Austrian Reconstruction Loan. At one moment the success of the loan seemed doubtful, and the Bank of England intervened and took up the unwritten portion. The Bank has given generous assistance to the Austrian private banks by accepting a liberal composition of heavy pre-war liabilities.

In co-operation with the League of Nations, the Bank of England came to the help of Hungary, and by a special advance of four millions sterling to the

National Bank of Hungary set that country on the path to financial and economic stability.

Similar assistance has been given to Greece. In 1923 the Bank of England gave an advance of one million sterling to the Greek Government, and later helped to make the Greek Refugee Loan a possibility.

In 1926 the Bank of England took a leading part in the negotiations which led to the stabilization of the Belgian franc, and agreed to become part of an international consortium. The Governor of the Bank of Belgium has highly praised the generous attitude of the Bank of England toward Belgium's efforts to effect currency stabilization.

The recent Polish Reconstruction Loan would have been hopeless without the

practical support of the international bankers.

The criticism is sometimes made that these various reconstruction loans have been issued at a price which imposes too heavy a burden on the borrowers. It is true that the rate of interest has been high, but the national credit of the borrowers at the time was negligible. The writer remembers the anxiety with which the fate of the Dawes Plan was awaited. It was feared that at that time war passions might not have abated to the extent of making success possible.

The assistance which has been given by the central banks to European reconstruction has never been inspired by political motives, but from a genuine and public-spirited desire to promote international prosperity.

BANKING AS OTHERS SEE IT

A RECENT issue of *Liberty* contains an article, "Why Not Use Your Bank," especially interesting from the outside viewpoint of the banking business. Here's the way the story begins:

Your bank, whether you live in Great Falls, New York City, or Hohokus, is the biggest service station of your community. Just about 5 per cent. of the people use these service stations, and a large percentage of those don't know half of what a bank can do, and does do, for its customers.

Our old prejudice against banks and bankers prevents us from facing them; that and sheer ignorance of the functions of a modern bank. Most of us hesitate and get nervous even when we enter a bank to cash a check, and we walk out with a guilty feeling.

When stress of circumstances compels us to go to a bank to borrow money, we are in a panic; and when the fishy eye of the banker lights upon us, we stammer and get ready to plead guilty to almost anything. If we need \$10,000 we weaken and beg for \$5,000, and go out firmly convinced that the banker suspects us of designs to rob, swindle, cheat, and steal.

The trouble is that few of us know how to avail ourselves of the services freely offered by banks. Instead of being panicky and half awed by the banker (or rather his money), we should realize that he makes his profits by helping others make money.

I was forty years learning what banks are for.

Isn't this a picture of the bank of a by-gone age instead of a modern bank? And isn't it true that the borrower who wants to borrow \$5,000 asks for \$10,000, really expecting to get only half of what he asks?

That the author of the article should need forty years to learn what banks are for is either a reflection on the quickness of his mental processes or on the effectiveness of present-day bank advertising; and it looks like the banks are doing a lot of really informative advertising.

Then the illustration showing the small depositor at the big bank is rather amusing in view of the fact that the small checking account is looked on as a nuisance and is being penalized by a "service charge." But the small depositor is, of course, welcomed by savings banks and savings departments.

Probably the public are less in awe of the banks than the author of this article thinks. But the story will serve a useful purpose in directing public attention to the service the banks render.



THE DILEMMA OF DIMINISHING BANK PROFITS AND THE WAY OUT

BY HARVEY A. BLODGETT

The following article was awarded first prize in THE BANKERS MAGAZINE Prize Contest for 1927, judges of which were Arthur W. Loasby, president Equitable Trust Company of New York; Craig B. Hazlewood, vice-president Union Trust Company of Chicago; and Rudolf S. Hecht, president Hibernia Bank and Trust Company of New Orleans. The author of this article is a pioneer in the field of financial advertising, and is head of the well known bank advertising concern which bears his name.

PRACTICALLY all of the nation's 28,000 financial institutions are concerned with the problem of diminishing bank profits. In the larger centers many go forward on the momentum of size, strength and prestige, underwriting large plans which yield liberal profits. Some have sustained their earnings during this unprecedented era of changes in business and social life by discovering and developing new avenues of profit. Many have interpreted new tendencies with such precision that they have captured the variable winds of new opportunity.

To the majority of banks, the financial nerve centers of communities whether in city, town or hamlet, the question of diminishing profits is still a serious one pressing for solution. There is no business more closely knit with the welfare of all, none so sensitive to the progress of single units, as the banking business. National prosperity is dependent on the stability of banks and the question of profits is of deep interest to each and every individual.

PROFITLESS PROSPERITY

Today has been called a time of profitless prosperity. The manufacturer, his field invaded by new and strange competition, is faced with the necessity of finding new sources of revenue to replace those wrested from him in the mutations of this bewilderingly inventive age; he

must retool his plant, or find new ways to cut costs and standardize operations; he must invent new devices to catch the fickle fancy of a temperamental public; he must open new fields of opportunity.

The jobber is an unwilling witness of shifting distributive methods and of the rise of formidable competition. His cause is common with that of the retailer, who finds it increasingly difficult to meet the prices of his mail order, chain store and cash-and-carry rivals, now aggressively surrounding and closing in on him.

The banker has depositors and borrowers among them all; their profits affect him; he patiently counsels with them, at the same time seeking the answer to his own problem of profit-making against odds.

If he has any time and resourcefulness left, after discussing all day long his patrons' troubles, problems and plans, he reviews the factors that interfere with an untrammelled development of his own business—the obstacles to bank profit-making which a kaleidoscopic era has ushered in.

While there are causes enough for anxiety outside the bank it is wise to begin with a candid appraisal of those which sap profits from within. Peculiar, is it not, that a bank is content to extract profit from the transactions of a small minority of customers recorded on its books? In the competitive struggle for volume, much "business" is secured

which can never be profitable—*unless something is done* to make it so. Is it not also strange that an enormous turnover of accounts is complacently tolerated, as if there were no remedy for it? The cost of getting new business runs high and comes out of profit. The cost of developing business already secured is much lower. Vastly more is expended by banks for getting volume in numbers of accounts than in developing profit for those it already has. In the average bank the earnings of every profitable account maintain several unprofitable ones before any net profit is realized.

DRAWBACKS TO PROFIT

In reviewing external conditions the following come to mind: The newly acquired American habit of investing savings in securities; the growth of saving in the form of life insurance; the unprecedented development of building and loan associations; the "larger interest" inducements which besiege depositors; employe and customer ownership of stock in corporations; higher living standards and multiplication of wants which make saving increasingly difficult; the instalment plan which inevitably reduces the saving power of those committed to it; too many banks; too much competition in many guises.

The banker finds still more handicaps in loss of profits on exchange and on farm loans; the parking problem which tempts patrons of the bank in the business center to the neighborhood bank; the dilemma of the farmer whose profits and well-being are reflected on his local bank and merchant; and, in turn, on the banks in financial centers; the predicament of urban business whose earnings, surplus and borrowings have vital association with bank profits; motor transportation which encourages the farm and village depositor to bank with the larger distant institution, to the loss of his small local bank; hand-to-mouth buying, which reduces credit demand; periodical

over-supply of deposits on which interest is paid, accompanied by inadequate demand and low interest rates.

A most important item in the bill of particulars is general apathy and ignorance on the part of the masses concerning the functions of banks, the essentials of credit, and the fundamental principles of economic independence and personal financial success. The late William E. Knox considered the last named so vital that he publicly voiced the need of a national conference of all classes to draft a set of principles upon which the nation's thrift agencies could concentrate effort.

Verily, banking at a profit has its problems; but every problem has its solution.

In the last analysis, the amount of profit a bank makes depends largely on how much its depositors know about organizing their finances—business and personal—on an efficiency basis; upon how many depositors it has who contribute to profits instead of drain them; upon how many depositors actually qualify for credit.

Bank profits are diminishing because there are not enough *paying* customers. Profits are made from innumerable small transactions; it requires many more of these transactions than formerly to make dividends. Many banks have endeavored to create volume in a profitless way. Mere numbers, regardless of their value as profit earners, has been a major objective. Fancy a Ford seeking volume which, once secured, would produce only loss. Should a Ford enter the field of banking he would forthwith inaugurate measures to put more accounts on a profitable footing. He would apply the logic of industry to the business of banking.

Banks, like every other business, must deal with the human factor, so it is in point to take account of what people of this day are thinking about, and what future conditions will be the effect of the present day accelerated tempo.

SYMBOLS OF A RESTLESS AGE

Here again a single word or phrase will suggest to the banker a line of thought which might be amplified into a chapter. The old song, "There's Music in the Air," could be paraphrased to "There's Static in the Air,"—radio, which fills millions of homes with millions of new ideas; bootlegging; modification and repeal; "step on it," smashing records; Charleston; black bottom; movies; the latest song hit; jazz; "ask me another;" the new freedom; divorce, murder mysteries; golf; base ball; million dollar prize fights; aerial flights; pornographic publications; sex novels; the latest craze; and always more distractions coming from around the corner.

Much, as symbols of a restless, temperamental age; the reorganization of modern thought; the establishment of new standards; the onrush of a new national pace; the intensification of human interests; the superficial thinking of many minds; an indifference to the future. Life has become a many ringed circus. People are trying to take in so much that they have eyes and minds on anything but the goal of financial independence.

One thing which remains unchanged is the number of hours in the day; another, the thinking capacity of the average human being. People have just so much time to be frivolous or serious minded. The juggler can keep half a dozen oranges in the air, but the ordinary mortal can do but one thing and do it well; he can have just so many real interests. He can be but one kind of a personality.

The youth of the present, the managers and capitalists and borrowers of tomorrow, are schooled in an atmosphere vastly different from that in which the substantial depositors and borrowers of today grew up. That portentous fact is worth thinking about. One may say that this is a question apart from bank profits. But he should remember that one by one his patrons are passing on, each departure extinguishing some

profits; some are meeting with reverses, and a new crop must be cultivated if there is to be a yield. The time to cultivate a crop is before it matures.

The majority of bank accounts are not making progress. Bank ledgers prove it; bank balance sheets prove it; banking reports prove it, if one studies the underlying facts. Much complaint is abroad about the unprofitable checking account. Why admit the condition and ignore the causes?

Ernest Elmo Calkins said recently, "We are living in a world that has become almost fluid with plasticity which suggests — nay commands — that we mould it in a new pattern." There is the solution. The potential profit producer must be taken in his plastic state and moulded in a new pattern. If the banker questions that Americans—his patrons—are in such a state, let him compare the national habits of today with those of a decade ago and set his doubts at rest. He has a very different sort of people from whom to earn profits than he had a few short years ago. Can banking methods stand still and the banking mind remain immutable in an era of rapid and violent change? The banker must remould the masses, but first he must have his pattern.

GETTING DOWN TO FUNDAMENTALS

Who said, "*there is a simple, fundamental answer to every problem that arises in your life?*" That question has an impressive double meaning here. There is one basic answer to the live question of bank profits; it is found by giving the fundamental answer to the question which arises in every human life, "How can I become a financial success?" Profits are earned from the transactions of the successful. Ingraft the fundamentals of success and profits certainly are assured. Teach more people how to think fundamentally about their financial growth. That is the beginning of profitable banking relations. It is the beginning of the development of the profit-paying customer. Banks' whole-

heartedly accept this principle, but are slow to put it into practice.

Banks which put a high minimum on checking accounts can possibly afford to continue to look to the aristocracy of business for profits. But the masses, so called, cannot be scorned by the average bank. They are the financial power of the nation. A minute fraction of the nation's earners enjoy incomes of \$4000 or more. In the remaining large majority are the potential profit payers of the near and distant future.

One sometimes thinks of the "masses" as a cross section of society far removed from himself. Every bank harbors a liberal quota—savings depositors whose accounts show perhaps two or three transactions a year—the composite of the whole body of depositors; checking depositors often termed "nuisance" accounts—unprofitable because of ignorance, and the pressure of environment; people who qualify for credit as they learn in one way or another what credit is and what it will do for them. These are the subsoil where profit is treasured. The banker may call them "financial illiterates" if he will, but he should educate them, for anyone can learn. He has hundreds of profitable depositors who did learn—somehow.

Those whose transactions now make up the sum of bank profits once had to learn (mostly by hard experiences) those fundamental principles of economic independence and personal financial success for which Mr. Knox voiced the need. It took most of them a good part of an active lifetime to discover those very principles which the banks of the nation could, if they would, make common knowledge in a brief time. Those old timers could better have afforded to take their time to discover these fundamentals and put them in practice than can the depositors of today, for they operated in a less competitive, less emotional, less aggressive age. There are more complexities now than in the easier going days when the present profit producers learned their ABC of finance. Today one can

learn from a single issue of a popular magazine more about how to spend money than he can in a whole high school course about the fundamental principles of money management.

To put bank earnings on a higher plane where does one begin? The first resort of many, nay most bankers, is to reduce overhead—cut expenses. Expenses are of two kinds, operating and promotional. In eliminating the latter the pruning knife may ruthlessly take the bud which might become a strong limb.

In promotional expenses the difference between the maximum and the irreducible minimum rarely suffices for a dividend. It is the mark of wisdom to view expenses together with comprehensive plans for plowing deeper into the subsoil and turning up new elements of profit. Antiquated methods, unfitted to the present tempo, should be as ruthlessly charged off as an uncollectable note. The banker is advising his perplexed clients to do precisely that thing in their own business.

HOW THE INDUSTRIALIST EARNS PROFITS

When does the manufacturer prosper? When he makes products of wide public demand at favorable costs, teaches the public their uses and advantages, and distributes to markets thus made ready through free and open channels.

And the retailer? He is in a good profit position when his shelves are well stocked with goods properly bought, and an informed public makes the turnover sufficient to assure adequate gain. The public will not buy unfamiliar devices. Both manufacturer and merchant are constantly engaged in hammering down sales resistance through public education.

The banker's position is analogous. He must constantly draw from the serious minded members of the community sufficient deposits to balance the outflow of credit and to meet *sight* demands. He

must keep the goods on his shelves moving—sell credit to responsible people who have learned its proper uses. His problem is to find profitable outlets for his stock in trade. It is, indeed, a sales proposition. He must break down sales resistance.

The writer has mentioned various factors which create an overpowering sales resistance for the banker. The only way around sales resistance is through it. It can never be overcome by ignoring it. If financial illiteracy is the prime cause, dollar-education is the prime remedy. The dollar-educated being the source of bank profits, banking necessity removes dollar-education from the realm of altruism to that of practical measure for establishing bank profits on a solid, permanent foundation. The time is not far distant when banks will take cognizance of the educational trend in sales promotion and consider advertising as education instead of business solicitation, or merely a matter of keeping the bank's name before the public. The names which the public keeps in mind are those associated with real practical services.

A NEW ADVERTISING TECHNIQUE

So this new era which is puzzling business men and bankers, urgently demands a new advertising technique to replace the style which is worn threadbare—and is certainly ineffectual. Much of this advertising will be the answer the banker would give, did his time permit, to people bringing to his friendly desk their problems of home finance, personal money management, investment, and financial progress generally. The new style of bank "copy" will be synchronized with the rapid thinking public whose thoughts fly with the airplane,

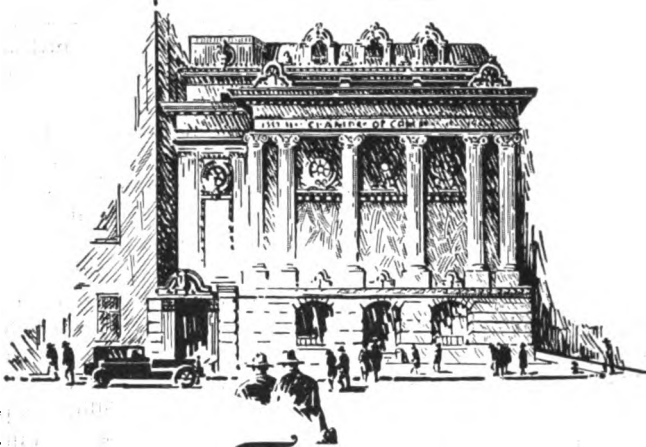
radio and automobile. As successful business is making a study of effectual advertising, employing the best counsel to aid in diagnosing conditions, relegating timeworn methods, so will banks reorganize their methods along modern lines, fitted to the present era. Indeed, those who read the signs of the times are already doing it.

The new bank advertising technique will be largely dollar-education. It will have a profound economic influence. Its literature, no longer merely hortatory, will be up-to-date text books on personal finance which will demonstrate rather than argue or exhort. New business efforts will be directed toward securing quality rather than quantity; and every new account will be met with aid and guidance in fulfilling its possibilities. Depositors will be encouraged to think fundamentally and to act as they think. The influence of the bank will be extended into the homes and lives of depositors by means of ably written and practical literature. Children will be grounded and practiced in the rudiments of money management. Unprofitable depositors will be tactfully moulded into better banking habits. People will no longer be told they "ought to" save, and that they "ought to" have checking accounts, but will instead be shown how to succeed financially. Then the broad and profitable use of their bank will follow as certainly as night follows day.

All this will be achieved when banks concentrate on instilling in human lives what one of their longest visioned leaders urged—the "fundamental principles of economic independence and personal financial success."

And there the banker has his way out of the dilemma of diminishing bank profits, by *creating more paying customers through dollar-education.*

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THE NEW YEAR brings with it twelve new months of opportunity—opportunity for our customers to expand their business and opportunity for us to help them. This is certainly our sincere hope which we trust you will help us to fulfill by favoring us with more business. At this season however we wish to thank you for your past confidence and goodwill and to assure you that we are better equipped than ever before to co-operate constructively, promptly and personally in all matters of banking or business.

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LIABILITY OF SAFE DEPOSIT COMPANIES

BY ARNOLD R. BOYD

This is the second of three instalments of Mr. Boyd's discussion. The preceding instalment, which appeared in November, and the instalment which is presented herewith, both deal with the obligations and liabilities of safe deposit companies to the trust interests represented when dealing with such fiduciaries as executives, administrators, trustees, receivers and guardians. The third instalment, which will appear in the January issue, will have to do with the obligations and liabilities of a safe deposit company to individuals, co-partnerships, corporations, and the like, when dealing with their agents and representatives. Mr. Boyd is a member of the New York firm of Boyd, Chapman and Adams, counsellors-at-law. He is well known to the safe deposit fraternity, and has rendered valuable service to the New York State Safe Deposit Association as counsel for that organization.

FROM what has been said in the preceding instalment of this article it would seem that the renting of boxes for the safe keeping of trust properties does not of itself obligate safe deposit companies to restrict fiduciaries in the delegation of access to deputies or to supervise the fiduciaries' handling of such properties. For the purpose of our discussion we have considered the class of cases in which no previous connection or contract existed between the safe deposit company and the trust estate at the time the fiduciary applied for the rental of the box.

There is another class of cases with which safe deposit companies are frequently confronted in which the rules the writer has suggested would not apply. For example: Suppose a safe deposit company should rent a box to an individual who subsequently dies. The company would then be under contract to the deceased box renter and his estate, and thereby obligated to deal with no one except the duly appointed executor of the estate until the latter took possession and control of the properties on deposit in the box. Because of the contract with the deceased box renter the company would be bound, until that contract was fulfilled, to deal with the duly appointed fiduciary as a representative with limited powers, and could not then recognize any deputy appointed by the

fiduciary unless the latter had power to make such appointment.

But the contract with the deceased box renter and his estate would be fulfilled and fully performed as soon as the company permitted the duly appointed executor to take charge of the properties of the estate in the box, which is usually done at the first opening after the death of the box renter. Thereafter the company would owe the decedent box renter's estate no duty except honesty. It might then refuse to deal with the executor altogether, or it might elect to deal with him as the contracting party and exclude itself from any further liability to the decedent box renter's estate. In the new transaction the executor would be the principal so far as the safe deposit company was concerned, clothed with the legal and equitable title to the property, and space might be rented to him either in his own name as executor, or in the name of the decedent estate, with the executor's right to delegate access to one or any number of deputies. Such transactions would not render the safe deposit company liable to the beneficiaries of the decedent box renter's estate for the misappropriation of any of the properties by any deputy to whom access might be granted. The cases of *Clifford v. United States Trust Company*, *Whiting v. Hudson Trust Company*, and *Manufacturers*

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Trust Company v. United States Manufacturing and Trust Company, which have already been discussed, support this contention.

Coming back now to the doctrine of law mentioned in the beginning, which prohibits fiduciaries from delegating acts involving discretion and judgment, unless authorized, and which charges third parties with constructive notice of any limitations in the right to delegate such acts and powers, it was found that this doctrine of law, for the reasons stated, does not operate to prevent safe deposit companies from permitting fiduciaries of trust estates to delegate right of access to safe deposit boxes. It has a wide application, however, and in order to eliminate confusion, a few of the cases in which it applies might be considered.

SALE OF TRUST PROPERTIES BY FIDUCIARIES

The first case that comes to mind is the class of transactions which involves the sale of trust properties by fiduciaries. In such cases prospective purchasers are, as a matter of law, charged with constructive notice of and bound by any limitations in the powers of fiduciaries to sell trust properties, or to appoint agents and representatives for that purpose. If a prospective purchaser attempts to buy property from a fiduciary who has no authority to sell it, the purchaser gets no valid title, and he cannot hold the trust estate responsible for any monies which he may have paid to the fiduciary on account of the purchase price of such property. The same rule regarding constructive notice applies to transactions in which fiduciaries, through agents or otherwise, attempt, without authority, to hypothecate or encumber properties of the trust estate as security for loans, etc., or where fiduciaries attempt to distribute properties without authority among trust beneficiaries. In all of these cases it will be noted that attempts are made to convey or acquire title to or an interest in the trust prop-

erties, but no such attempts are made where safe deposit companies rent boxes or safes to fiduciaries. Safe deposit companies presume to do nothing more than furnish space and facilities, safe from fire, thieves and burglars, where trust properties may be stored.

In connection with the renting of space for the safe keeping of trust properties there has been a great deal of controversy as to whether the box should be rented under the name of the trust estate or in the name of the fiduciary, as such. From what has been said it would seem that the liability of the safe deposit company does not vary according to the name under which the box is rented. The company's obligations and liabilities are the same regardless of the description or title under which the box stands. The fiduciary who is vested with legal and equitable title to the trust properties is the principal in the transaction so far as the safe deposit company is concerned and the rental contract is made with him as the contracting party. The mere fact that the box is listed under the name of the estate does not of itself constitute the rental contract as made with the estate. There is a prevalent idea, however, that if the safe deposit company rents the box in the name of the fiduciary instead of the estate it becomes party to a wrongful act and thereby renders itself liable to the estate for any wrongful acts of the fiduciary, or his deputy. This view, in the writer's opinion, is erroneous.

In the case of *Whiting v. Hudson Trust Company*, which has already been mentioned, the same principle of law was involved as here. In that case the depository knowingly permitted a trustee to deposit trust funds under the title "special" instead of "trustee," and the trustee withdrew the funds from the special account for illegal purposes. The court held that the title or description under which the funds were deposited did not affect the liability of the depository, nor did the title in any manner charge the depository with notice of the



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fiduciary character of the funds, or obligate the depository to see that they were handled or applied according to the terms of the trust instrument. Judge Cardoza, in delivering the opinion of the court, stated in effect that liabilities, rights and wrongs, are not built upon distinctions so inconsequent, and the style of the account, the terms of description attached to it, has no bearing on the results, nor does it determine the liability of the parties involved.

ANOTHER IMPORTANT QUESTION

Another important question often arises in connection with renting boxes for the safe keeping of trust property, and that is, who is entitled to access upon the death of the fiduciary. This question must be answered in the light of the contractual obligations of the safe deposit company to the deceased fiduciary and his estate. The executor of the deceased fiduciary is not entitled, by reason of his representing the deceased fiduciary, to assume the duties of administering the trust estate which the deceased fiduciary handled prior to his death. A substituted fiduciary must be appointed for that purpose, and he alone is entitled to administer the first trust estate. The executor of the deceased fiduciary, however, is legal custodian of the properties held by his testator until they are taken over by the substituted fiduciary of the first trust estate, and the estate of the deceased fiduciary and his executor are accountable to the first trust estate for all of the trust properties of such estate handled by the deceased fiduciary. Because of this liability the executor of the deceased fiduciary is entitled to be present when the substituted fiduciary first opens the box for the purpose of taking possession and control of the assets of the first trust estate, and the safe deposit company, by reason of its contract with the deceased fiduciary, is obligated to protect his executor in this right. Whenever, therefore, the substituted fiduciary presents himself for access on the first opening of the box,

after the death of the deceased fiduciary, the safe deposit company should and is obligated to have the executor of the deceased fiduciary present or else obtain his consent that the substituted fiduciary be granted access without his presence. This is necessary in order that the safe deposit company relieve itself from its contractual obligations to the deceased fiduciary and his estate.

We have been thus far discussing the rights, liabilities and obligations of safe deposit companies in renting space for the storage of trust properties, and the writer has endeavored to show when and why safe deposit companies are not responsible to trust estates and their beneficiaries for the wrongful acts of fiduciaries and their deputies in the handling and application of such properties. Before passing to the second part of the discussion we might consider briefly the rights and remedies of creators and beneficiaries of trust estates where fiduciaries and their deputies are improperly handling trust properties deposited in safe deposit boxes. Although safe deposit companies cannot be held responsible, the creators and beneficiaries of trust estates are by no means left without adequate and effective remedy for putting an end to the wrongful acts of fiduciaries and their agents, or to recover from them the possession of the properties deposited in the safe deposit boxes, or the value of any properties they may have misappropriated. Application may be made to court for the removal of such fiduciaries and deputies and that is the proper source to which the creators and beneficiaries of a trust estate should apply for relief. If the fiduciaries or their deputies have exceeded their powers or misappropriated any of the trust properties they may be removed from the office and judgment may be obtained against them for the amount of any loss occasioned by their wrongful acts. If they have absconded, or have no private properties out of which the loss may be recouped, then resort may be had to the bond of the fiduciary. And if none of



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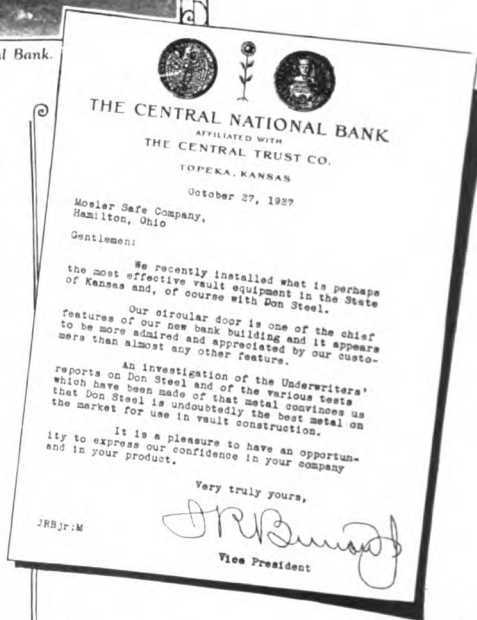
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these remedies be sufficient to fully reimburse the trust estate, then that is no fault of the safe deposit company. The fault rests with the power that created the trust. This power should have selected a more reliable fiduciary and required of him more adequate security to insure against loss resulting

from his wrongful acts and mal-administration. The powers or interests who select fiduciaries and constitute them their representatives must bear the consequences of the wrongful acts and carelessness of such fiduciaries. Innocent third parties cannot be held responsible.

(To be concluded in January)

THE YEARS AHEAD

BY RICHARD W. SAUNDERS

BEFORE entering into a business venture the wise man has learned the necessity of considering carefully all the various factors that enter into the situation. The amount of money needed, the degree of supervision required, the strength of competition—all these phases and more are studied from the available facts. And there is one further factor which cannot by any means be overlooked, the degree of permanency which the business may be able to attain.

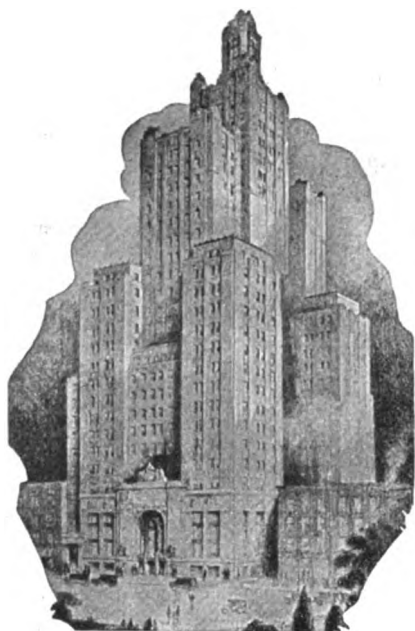
There may be a few business ventures which are transitory in their nature and so understood from the beginning. For example, people often rent stores which are to be torn down in a short while and conduct in them sales of bankrupt stock. But the lure to most men is in the hope that their venture will prove successful and expand to a considerable size. It is here that many businesses fail. The desire to expand is greater than the degree of caution exercised. Too much credit, which enables this attempt to operate on a larger scale, can and often does become the real reason for a business failure.

There is one business, however, in which everyone is vitally interested, so to speak, and that is the business of living. Yet how few men consider seriously, as they would a business venture, the question, how many years ahead they have to operate. It is not impossible to

do this with a good measure of accuracy and the study itself may lead to a prolongation of these years.

Statistics compiled by life insurance companies give the life expectancy at any given age. For example, of those living at age 53 it is certain that 90.99 per cent. will live five years; 79.39 per cent., ten years; 46.77 per cent., twenty years; 28.39 per cent., twenty-five; and 12.86 per cent. thirty years. No man, of course, can say into which category he may come, but through physical examinations, made at least once a year with careful correction of any defect or tendency that may be disclosed, one can reach a fair measure of accuracy. Even deaths from accidental causes have been tabulated and expectancies measured. A resolution to be unusually careful and take no chances will help one to avoid injuries.

With these figures and other facts bearing upon the case of "himself" a man can pretty well figure how much he must save to enjoy the blessings of comparative comfort. If he has a family, he can figure how much life insurance or estate he must leave them to keep them from want. In his early days for example, when money to pay premiums is hard to get, and the need for protection is great, the cheapest term insurance will probably be the best for his individual case. For a man of more advanced years this might be entirely wrong and a high-



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1515 Broad St. 220 Atwells Ave.
602 Elmwood Ave.

Member of Federal Reserve System

E. PROVIDENCE BRISTOL
WOONSOCKET WARREN
PASCOAG NEWPORT
PAWTUCKET WESTERLY
WICKFORD

er form of insurance with a substantial investment in good securities be preferable.

In this the investor will be greatly aided by the banker. The service now rendered, through the selection of suitable bonds or stocks and through the "insurance" or "investment" trusts, gives to each investor the best advice obtainable in order to accomplish his particular aim.

The point is that a man in himself can be investigated and viewed by himself or good advisers in exactly the same manner as a business enterprise. There is at hand and for a slight cost all the measuring apparatus needed for his physical self and all the facts and figures necessary to foresee what the length of his life will probably be and how best he can achieve financial success. This is

entirely aside from the viewpoint of psychology, which even now has done much toward directing an individual to the line in which he is most likely to succeed.

There should be perhaps a word of warning that fear of the future, especially of its limited extent, might slow up a man's activities. It should have the contrary effect as, his time being limited, he must work all the harder to achieve his aim. No man was ever injured by following the adage "Know thyself," while thousands fail to achieve what they could by not recognizing its necessity. Lecky has written a book called "The Map of Life." Maps to be made must be based on a study of the facts and life, to be lived properly, must have the same basis. Not "live and learn" but "learn and live."

NATIONAL BANK RESOURCES PASS \$27,000,000,000

ACCORDING to J. W. McIntosh, Comptroller of the Currency, the total resources of 7804 reporting national banks in the continental United States, Alaska and Hawaii on October 10, 1927, the date of the last call, aggregated \$27,213,824,000, the largest amount ever reported in the history of the system, exceeding by \$631,881,000 the resources reported by 7796 associations on June 30, 1927, the date of the previous call, and \$1,529,975,000 the total figures shown for the call at the close of business on December 31, 1926, when there were 7912 national banks.

Loans and discounts, including rediscounts, of the banks on October 10, 1927, amounted to \$14,366,926,000, and showed an increase since June of \$411,230,000, and an increase since De-

cember last of \$793,651,000. Investments in United States Government securities of \$2,675,542,000 were increased since June and December, \$79,364,000 and \$392,971,000, respectively. Other miscellaneous bonds and securities totaling \$3,941,438,000, exceeded the June figures by \$144,398,000, and were \$433,617,000 more than reported in December, 1926.

Balances due from correspondent banks and bankers, including lawful reserve and items in process of collection with Federal Reserve banks, totaled \$4,378,517,000, and showed decreases of \$45,005,000 and \$158,787,000 in the amount of these items reported in June of this year and December last year, respectively.

Leading banks, business houses and industries everywhere safeguard funds with **TODD SYSTEM OF CHECK PROTECTION**



The *Protectograph* eliminates a large percentage of all check frauds by preventing raised amounts. It is made in a variety of standard models, one for every type of business — \$37.50 up. For private use the *Personal Protectograph* at \$20 has a nation-wide popularity. Only Todd can make a *Protectograph*.



Todd Greenback Checks, with their patented self-canceling features, eliminate another major source of possible check losses by preventing change of paper's name, date and number and "counterfeiting." The instant the forger's acid is applied countless imprints of the word "VOID" appear.



Standard Forgery Bonds cover the remaining check-fraud possibilities, namely, outright forgery of signature or of endorsement. As preferred risks, Todd users qualify for such bonds at large savings from the Metropolitan Casualty Insurance Company, New York.

*Modern business practice endorses protection with speed and economy.
A partial list of Todd users.*

Aetna Life Insurance Co.
Aluminum Co. of America
American Express Co.
American Rolling Mill Co.
Armstrong Cork Company
The Bassick Co.
Bearings Company of America
Bemis Bros. Bag Company
Bessemer Foundry & Machine Co.
City of Binghamton, N. Y.
Boston & Maine Railroad
The Bradstreet Co.
H. M. Bylesby & Company
The Celotex Company
Central Public Service Co.
Central Railroad of N. J.
Chase & Sanborn
Chicago, Milwaukee & St. Paul Railway
Chicago Surface Lines
The Colorado Fuel & Iron Co.
Cecil B. DeMille Picture Corp.
DuPont Rayon Company
The Eagle-Picher Lead Co.

The Electric Auto Lite Co.
Federal Radio Corporation
Ford Motor Co.
Grand Trunk Railway System
Hamilton Watch Company
Hart Schaffner & Marx
Hercules Powder Co.
Humble Oil & Refining Co.
International Harvester Co.
Lincoln Alliance Bank, Rochester, N. Y.
Lloyds Bank, Ltd., London
Morse Chain Company
Marland Refining Company
Mayo Clinic
Michaels, Stern & Co.
State of Michigan (Auditor General's Dept.)
The Michigan Central Railroad Co.
National Cash Register Co.
National Carbon Company, Inc.
New Haven Clock Company
North East Electric Co.

New York Central Railroad Co.
Pacific Gas & Electric Co.
Packard Motor Car Co.
Parks, Davis & Co.
Pennsylvania R. R. Company
The Peepsodant Co.
Pittsburgh Plate Glass Co.
City of Rochester, N. Y.
Rochester Gas & Elec. Corp.
San Antonio Public Service Corp.
Sheffield Farms
Standard Sanitary Mfg. Co.
Standard Oil Co. of N. J.
Stromberg-Carlson Mfg. Co.
City of Toledo
Union Carbide Co.
Union Trust Co.
United Cigar Stores
USL Battery Corporation
Vanadium Alloys Steel Co.
Wm. Wrigley, Jr., Co.
Westinghouse Electric & Mfg. Co.



THE REASONABLE DEPOSITOR

BY W. R. MOREHOUSE

This is the third of a series of short articles written by Mr. Morehouse for *THE BANKERS MAGAZINE* about various kinds of bank depositors, their influence on bank growth and how to handle them. The author is vice-president of the Security Trust and Savings Bank of Los Angeles, Calif.

ONE bright spot in a banker's dealings with his depositors is that a majority are amenable to reason. The truth is, the number who intentionally break a bank's rules or who intentionally try to defraud the bank or take advantage of it in any way is small. Nearly every flare-up by depositors over treatment at the hands of the average well managed bank is due to misunderstanding or ignorance. Accounts are often hastily closed by depositors over some imaginary offense.

The point the writer wants to make clear is that the ninety and nine of depositors, if properly approached, will be found reasonable and will listen to any logical reasoning with open ears and a receptive mind.

Let us say that a depositor closes his account because of dissatisfaction as he sees it. If the banker will go and see him he will find that the customer will be an attentive listener to the explanation of his case. The banker will find him sincere about his grievances; will find that he believes that he is right and the bank is wrong. The banker will most likely find that he feels that the bank is either taking advantage of his ignorance or has been unnecessarily severe in its dealings with him. In many cases the banker will find that the bank's good intentions were misconstrued.

It has been the writer's experience that of those who close their accounts because of dissatisfaction fully 90 per cent. can be reclaimed if a bank will take time to give them all of the facts. The bank will find that when a case is

fully explained from every angle in a sympathetic, helpful way the depositor is usually ready to reopen his account. The big mistake which many banks make in their dealings with depositors is that their service becomes too mechanical. What banks should always remember is that there are times when the mere statement "yes" or "no" is not sufficient, a full explanation being necessary and nothing else will do.

Fortunately for every banker a large majority of depositors respond to reason and because of this fact there should be less dissatisfaction between banks and their depositors than there is today, for by a little attention to this matter fewer accounts would be lost.

THE EASY VICTIM—A "SUCKER LIST" DEPOSITOR

The bank depositor, more than any other saver, has always been the target for high-pressure promoters and skin-game artists. The savings banks have always been a good hunting ground for promoters. One of the reasons for this is the fact that the savings depositor is usually more susceptible to the big-profit appeal of the unscrupulous promoter than he is to the conservative appeal of the savings banker. Why be content with 3 per cent. or 4 per cent. on a savings account when by investing in stock the same money will earn 25 per cent. is the question which the glib-tongued promoter repeats over and over to the savings depositor?

That the inroads in savings from this

source are heavy there can be no doubt. That every bank in the United States is affected by these inroads is just as true. That little has been done by bankers to stop this drain on their deposits goes without dispute. It is the writer's firm conviction that it is the duty of every banker to advise with his depositors on matters of investment. The fact that he has not done so in the past does not establish a precedent as to his future action. The writer believes the time has come in the history of banking when every banker should face this situation unflinchingly and fearlessly with the determination that the nefarious business of plundering inexperienced savers must stop.

First, let it be known in every community that the banks stand ready to give advice without fear or favor. Just because a bank has the account of "Catch 'em and Skin 'em" does not justify it in keeping silent on this question. Certainly any firm which fleeces its depositors should not receive protection

from the bank. If "Catch 'em and Skin 'em" have their names on a bank's books, the bank owes it to the remainder of its depositors to kick their account out. What every bank should do, today, right now, is to clean house as to the accounts of persons known as skin-game artists, and then when this has been done, it will feel absolutely free to caution its inexperienced depositors against dealing with get-rich artists. There can be no middle ground. There is no way that a bank can protect the skin-game class except at the expense of its other depositors.

The writer hopes the time will come when all banks will hew to the line in protecting their depositors and in doing so will let the "chips" fall where they may. Let bankers give advice, for in doing so they will save thousands of dollars of deposits which might otherwise be lost. Let them protect those who need protection, for the wild-catter and the "catch 'em and skin 'em" promoter need no protection.

BANK OF MONTREAL MAKES NOTABLE GAINS

A GAIN of \$50,000,000 in resources during the year ended October 31, is reported by the Bank of Montreal, Canada. "While a portion of this large increase is probably due to the handling of some special accounts, the whole statement reflects the greater amount of business being transacted throughout the country."

Total assets increased during the year from \$781,525,145 in October, 1926, to \$831,548,967. Included are liquid assets of \$481,996,915, equivalent to 63.78 per cent. of liabilities to the public, as compared with \$424,919,084, or 60.30 per cent. a year ago. In liquid assets are cash on hand, represented by gold and subsidiary coin current, Dominion

notes and deposit in Central Gold Reserves amounting to \$107,953,213, equal to 14.28 per cent. of public liabilities, against \$100,411,634, or 14.25 per cent. in the previous year.

With the larger requirements for handling the business of the country there has been a marked gain in loans and holdings of government and municipal securities and railway and other bonds and stocks have also increased. Current loans in Canada are \$255,155,693, as compared with \$252,338,858. Call and short loans in Canada have increased to \$29,719,404 from \$15,486,054, and call and short loans in Great Britain and the United States of \$151,281,604 compare with \$145,325,247.



BANK OF NORTH HEMPSTEAD, PORT WASHINGTON, N. Y.

“SERVICE” with the Bank of North Hempstead is a fact as well as a tradition. Endeavoring, however, to provide better service and meet the demands for greater banking facilities a new building of granite and cast stone is being erected. The interior is designed to expedite transactions and place at the hands of both customers and personnel all modern banking conveniences. Large windows will flood the banking room with light and amplify a delightful color scheme. A parking space at the rear of the building is being provided for customers.

UFFINGER, FOSTER & BOOKWALTER

INCORPORATED
FORMERLY

MOWBRAY & UFFINGER

INCORPORATED

ARCHITECTS

BANK EQUIPMENT & VAULT ENGINEERS

221 WEST 57TH STREET

NEW YORK



Quality Speaks any Language

IT DOESN'T make any difference where you go—to Shanghai, Paris or Buenos Aires—the true quality of York Vaults is known and respected everywhere.

When a financial institution wants safety, whether it be in China or America, oceans and continents are no barriers. Recognized as "the world's most respected vaults," bankers everywhere look to York for the highest standard of quality.

Just as this bank came to York for the standard of quality it required, so have banks throughout America realized that vaults should be purchased on reputation more than price—and that York Vaults have earned a reputation that is seldom accorded any man-made product.

YORK SAFE and LOCK COMPANY

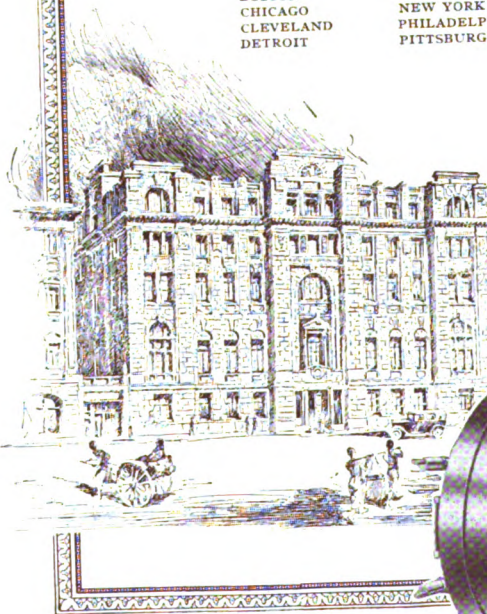
Factory and Principal Office

YORK, PA.

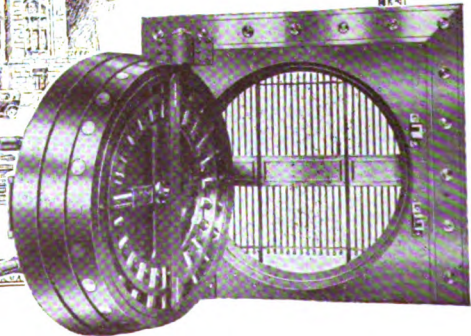
BALTIMORE
BOSTON
CHICAGO
CLEVELAND
DETROIT

HOUSTON
NEW HAVEN
NEW YORK
PHILADELPHIA
PITTSBURGH

ST. LOUIS
SAN FRANCISCO
SEATTLE
TAMPA
WASHINGTON



This entrance to the vaults of the Kinchong Banking Corporation in Shanghai, China, shows an interesting comparison of modern protection in the world's oldest civilization.





ONE HUNDRED TRUST ADS ANALYZED

BY HARRY B. WINSOR

This article discusses such questions as what service of the trust department seems to be featured in most trust advertising; what average amount of space is used; on what days of the week trust advertisements most frequently appear; what proportion of trust advertisements are using art work; what percentage of advertisements offer a booklet; how many contain a coupon; and what the average length of the copy is.

IF you don't see what you want, ask for it, is a slogan that an enterprising retail store operator displays prominently. The writer knew what the banks in his home town were doing in the way of advertising trust services in the newspaper, but he had no idea what others were doing. So, just out of curiosity he followed the advice of the retailer and clipped from daily and Sunday newspapers, 100 ads featuring trust subjects. Several interesting facts resulted from the analysis of these 100 ads.

It would no doubt be valuable to know occasionally what the other fellow is doing in advertising his services of all kinds, but the writer's interest lay chiefly in knowing how banks were presenting their trust departments to the public.

Ordinarily the writer believes in the policy of directing one's advertising plans according to local conditions but, of course, there is never any harm in finding out what the other fellow is doing. Perhaps one may pay no attention to what he finds, but, nevertheless, after one has found out what his colleagues are doing, he knows then whether he is doing a better job or just as good a job in a different way.

The advertisements which the writer selected ranged from those that appeared in cities as small as 6000 to those as large as New York. A few of the names of the cities from which the ads were taken will serve to illustrate the attempt to get an accurate cross-section of this country's trust advertising. Besides New York City, there were ads from Boston,

Philadelphia, Kansas City, Pittsburgh and Detroit; Toledo, Dayton, Cincinnati, Indianapolis and Akron, Ohio; Lexington, Ky.; Athens, Ohio; and Huntington, W. Va.

CORPORATE EXECUTORSHIP FEATURED

The writer's first concern was to discover what service of the trust department seems to be featured in the majority of advertisements. An examination of the copy showed that twenty-six of the ads were devoted to the subject of corporate executorship. Life insurance trusts came next with a total of twenty-one. Twelve ads featured the bank or trust company as executor and trustee and eleven were classified as general. These did not refer to any specific service, but offered consultation on the subject of estate problems. An equal number of ads were devoted exclusively to the subject of will-making. The balance dealt with revising wills, partnership trusts, living trusts, taxation, real estate management and secretarial trust services. Having confirmed his own suspicions as to the subjects which should be stressed in trust advertising, the writer next turned to the amount of space used in the one hundred ads.

Twenty-eight ads measured 3 columns by 10 inches. Second in order came 2 columns by 8 inches with a total of 11. There were 9 measuring 3 columns by 9 inches; 8 measuring 5 columns by 15 inches; 7 measuring 4 columns by 7 inches. The others were all assorted



PORT WASHINGTON NATIONAL BANK & TRUST CO.,
PORT WASHINGTON, N. Y.
(UNDER CONSTRUCTION)

MORGAN, FRENCH & CO., INC.
ARCHITECTS AND ENGINEERS

19 WEST 44TH STREET
NEW YORK

sizes ranging from 2 columns by 5 inches up to a full page.

It is interesting to note in this connection that out of one hundred ads taken at random there was only one full page; 2 measuring 8 columns wide; 9 that measured 5 columns wide, and only 19 measuring 4 columns wide. The remaining 69 ads all occupied 2 and 3 column spaces, ranging in depth from 5 inches to 17½ inches.

It happens that the writer lives in Cleveland where the trust companies as a rule use large display ads to feature their trust departments. He is also familiar with the custom of advertising in Detroit where full pages appear frequently. Basing his answer upon a casual observance of these two cities, the writer would have said that the average trust ads would measure close to a half page. However, the analysis of the 100 ads gives quite a different answer.

WHEN TO ADVERTISE

The day of the week on which to advertise trust services is frequently a problem. There is, of course, no rule that can govern this, for each advertiser must determine for himself when his copy would have the best chance of being read. From the standpoint of the day on which the 100 ads were published, the writer found that 26 appeared on Monday, 19 on Tuesday, 14 on Sunday, 13 on Wednesday, 10 on Friday and 9 each on Thursday and Saturday.

Having settled the subject matter, the day and the size, the writer next turned to the contents of the advertisements. It is interesting to note that 38 of the 100 were illustrated and 38 contained pictures of the banks signing the ads. Only one ad contained both an illustration and a picture of the bank. In other words, 75 of the 100 ads contained some form of illustration.

Thirty ads offered booklets which would be sent upon request and 12 of these showed pictures of the booklet. Only one, however, contained a coupon to make it easy for the reader to send for the booklet.

Two or three other interesting conclusions were discovered in the analysis. The trend seemed to be toward short copy. There were several ads with no more than 75 words and the average contained not more than 200 words. Twenty-seven of the ads used questions for headlines and 3 used one word only. Each of these, by the way, was a good headline for trust copy. One, in an advertisement of the Commerce Guardian Trust and Savings Bank of Toledo, was "Testamentaphobia." Another one-word headline which appeared over the signature of the Dollar Savings & Trust Company of Youngstown was "Alone." It was accompanied by an illustration of a pensive looking woman seated beside an empty chair. The third one-word headline was "Guilty!" This appeared in an advertisement of the Central Trust Company of Cincinnati.

Having come to the conclusion of his analysis, the writer decided that if he were advertising trust services in an average sized city, he would not go far wrong (barring some special local circumstances) if he should advertise executorships, life insurance trusts and wills extensively, using space ranging from 2 columns by 8 inches to 3 columns by 10 inches, inserting ads on Monday and having 75 per cent., at least, of the ads illustrated. Obviously, special local conditions and the individual characteristics of the bank would have to be given primary consideration. Apparently, though, if the writer followed the analysis of these 100 trust ads, he would build a campaign that would come close to conforming with the advertising policies of his fellows.

Are these Books in your banking library?



Recollections of a Busy Life

By JAMES B. FORGAN

The life story of one of America's bankers. A limited number of copies available of an edition, autographed and bound in leather. \$6.00

101 Window Displays

By M. E. CHASE

A book of suggestions for window displays in which every branch of banking is included. The properties necessary may be obtained in towns as small as 5000. \$5.00

Clearing and Collection of Checks

By WALTER E. SPAHR, Ph.D.

A treatise on the development of the present clearing and collection system. \$7.50

Encyclopedia of Banking and Finance

By GLENN G. MUNN

Every term, expression or phrase used in banking and finance, and in commercial contacts with banking is listed in this book; not a dictionary definition but an adequate explanation. \$10.00

Bank Agricultural Department

By R. A. WARD

Shows the bank in an agricultural district how to serve the farming interests of the community. \$1.25

The Women's Department

By ANNE SEWARD

This book is a necessity to banks that are contemplating organization of this department, and is full of ideas for those already organized. \$1.25

Elements of Foreign Exchange

By FRANKLIN ESCHER

A good working knowledge of the subject can be gained in a few hours from this little book. \$1.60



The Bank Credit Investigator

By RUSSELL F. PRUDDEN

Tells in as concise a manner as possible what problems the young man will meet in a bank credit department. Advice as to steps to be taken in a credit investigation and analyzation of a credit risk. \$1.50



The Paying Teller's Department

By GLENN G. MUNN

Presents the functions of the paying teller and related departments in every phase—whether in a city or country bank, the East or West. A reference book on checks and disposition of money. \$1.25

Bank Credit Methods and Practice

By T. J. KAVANAUGH

Description of the operation of a credit department, useful not only to the banker but also to the business executive in learning the banker's attitude on credit risks. \$2.50



Commercial Paper Acceptances and Analysis of Credit Statements

By WM. H. KNIFFIN

Of the few books entirely devoted to this subject, this is a safe investment; 205 pages, with 100 pages of actual statements completely analyzed on facing pages. \$2.50

New Business Department

By T. D. MACGREGOR

As a complete description of how to conduct a publicity and new business department in any bank, large or small, this book serves as an excellent guide. \$1.25

Cause and Prevention of Bank Defalcations

By M. K. FOWLER

Written to point out to bank directors and officers their responsibility for the prevention of defalcations. \$1.50

Bankers Publishing Co.

71 Murray St., New York

PROBLEMS IN BANK CREDIT

BY M. E. ROBERTSON

THE BANKERS MAGAZINE has secured the services of a capable credit man to answer the inquiries of readers on current problems of the credit manager. Questions of general interest to credit men and bankers will be answered and only the initials of the persons asking the question will be used. In case the question is not one of particular interest to bank credit men as a whole or is one which has been answered before, a reply will be made by mail.

In order that all questions may be answered intelligently, it is requested that they be direct and to the point, but that sufficient necessary detail be included to enable the editor to draw the proper conclusion. Inquiries should be addressed to the Editor, Bank Credit Problems, THE BANKERS MAGAZINE, 71-73 Murray Street, New York.

QUESTION: I have seen the question of "Partners Loans" discussed several times in various books and publications. There seems to be some difference of opinion as to the merits and demerits of the practice. I have never been quite able to make up my mind and would appreciate a few lines from your magazine as to the consideration of this item.

L. J. F.

ANSWER: In speaking of "Partners Loans" we presume that you refer to loans made by partners to the firm. You will appreciate that partners are personally liable for all debts of the partnership, either collectively or any one individually. This, of course, does not apply to a partner who has filed on public records an indication of his limited liability. This fact, of course, gives rise to the question: "What difference does it make whether or not there is a debt to partners as it is subordinate to the other debts of the firm." Sometimes the question is raised "What if the business were going bad and they withdrew the money?" It would do no harm to creditors so long as the withdrawals remained in their own names, for the partners are personally liable for debts of the firm. If they transferred the withdrawals, that is another question. Do you think they might? If you do you question the moral risk, the real basis of credit. If, of course, the loan is a temporary matter, it should be con-

sidered as a current liability for the purpose of analysis. If it is more or less permanent capital, then why not put it in the regular capital account? In the case of officers' loans to a corporation, the problem is somewhat different. This liability cannot be considered as a subordinate debt unless the personal indorsement of officers is obtained. They, otherwise, are not personally liable. Here, too, the moral risk without indorsement is a thing to be considered. If the officers and directors see the business weakening, are they likely to get out all they can, or are they likely to put in more and exhaust their personal means in an effort to save the business?

QUESTION: We are often called upon to lend upon a second mortgage and would like your opinion as to this type of security. What percentage do you consider it is desirable to lend, if at all?

T. C. S.

ANSWER: Usually the matter of loans upon mortgages, either first or second, is a matter of policy. Some banks I have known consistently refuse. You must take into consideration practically the same features as though you were purchasing the mortgage for an investment of the bank. Of course you can regard, in addition, the moral and financial responsibility of the maker of the note. However, you must not lose sight of the fact that the title to the

Life Pictures

Paint your Walls of Memory so they'll never fade . . .
Stamp upon your mind the wondrous lore of a journey
through many lands of strange peoples and odd customs
. . . Nothing to disturb the mind . . . Only constant Peace
and Comfort from Occident to Orient and beyond.

Experience it all on the

World Cruise Supreme

Aboard the famous Cunard Cruiser **FRANCONIA**
Sailing from New York Jan. 7 · Returning May 31, 1928

A superb steamer . . . like a refined, luxurious club,
on a cruise of 34,000 miles covering the
Northern and Southern Hemispheres; 10,000
miles ashore. The ship your Winter Home; an
enchanted Life-Picture of the Mediterranean,
Egypt, India, Ceylon, Siam, China, Korea, Japan,
Philippines, Dutch East Indies, Mauritius, South
Africa, South America, Martinique, the Caribbean
Sea. Ask for the illustrated Guide Book and Map.



Thos. Cook & Son

New York Philadelphia Baltimore Boston Chicago St. Louis San Francisco Los Angeles Portland, Ore. Toronto Montreal Vancouver

property might be in poor shape. In this connection, if the first mortgage is held by a reliable title company or a bank, and the second was executed at the same time, you have pretty good assurance of its goodness. If it was executed at a later date than the first mortgage, you can not tell what may have happened in the interim. If the first is held by an individual, there, of course, can be the question as to how carefully the title was searched, etc. Also, you must consider the worth of the property in proportion to the first and second mortgages. If you are familiar with values in the vicinity of the property, this is a simple matter. The proportion you might be willing to lend depends upon the proportion of the mortgages to the value of the property, the worth of the borrower otherwise, and the rate of discount at which you would have to sell the mortgage if you were forced to dispose of it. This discount, as you are probably aware, depends on the length of time the mortgage has to run, the amortization feature, and the allowance to be made the purchaser to cover title search, etc. In my section there are many second mortgages offered at a price to yield 15 per cent. to 25 per cent. to the purchaser to maturity. Not knowing about the title of the property, liens outside of mortgages for taxes, assessments, judgments, mechanics, etc. you must give a lot of consideration to the person requesting the loan.

QUESTION: What are some of the prevalent features that regulate the stability and quality of investment trusts? What consideration should be given the general outlook for the stock market? In the case of investment trusts which control certain companies through their holdings, what bearing does this have upon the financial structure of these companies? Do you think that when the control of a company is in the hands of investment trusts, this has a certain effect upon its credit standing?

E. H. S.

ANSWER: The investment trust idea, as you probably are aware, is a recent development in this country although it has been in successful operation for a great many years abroad, particularly in the British Empire. We are therefore, unable to judge accurately the American trusts by past performances over a long period. Since the idea has taken hold of the American public in a really serious way and large numbers of trusts have been established, the market conditions have been in their favor and a good portion of them have shown excellent results. Just what the situation would be if we were to encounter serious unfavorable reaction over a long period is problematical. However, this brings to mind the supreme question involved, that of management. If it is composed of conservative men who are experienced in the subject of general investments, the success of the trust is, no doubt, sure as the securities purchased for investment purposes should be chosen rather with the idea of a "long pull" in mind than for quick trading on a few points and with the wide diversification afforded by investment trusts a wise selection would no doubt result in eventual profit. Of course, a great many second and third rate organizations have sprung up, taking advantage of the sudden popularity of this form of investment and no doubt in the course of the next year or two we will hear of some unfortunate occurrences from that source.

You inquire particularly about investment trusts which control certain companies through their holdings. Strictly speaking, that does not come within a pure investment trust, and the well managed organization will avoid just that sort of thing. When they reach the stage where they do have such holdings, however, they are more in the nature of holding companies. If I were choosing a trust to invest in, I would avoid any where control of other companies was held and would even shun those which were managed by houses of original issue, who might be tempted at

times to slip into the list of investment issues which they were unable to sell elsewhere.

As stated before, the management is the principal consideration in choosing an investment trust, but the trust agreement should be carefully scrutinized to determine unfavorable features in that respect. There should be a provision for ready access at all times to the lists of securities held. I would go further to suggest that there should be a provision for a frequent publication of the securities held. There should also be provision made for advices regarding substitution. Some trusts carry a provision for a minimum capital and surplus of companies in which they invest to prevent small unseasoned names getting in. Many such features would readily suggest themselves to you as you glance over their agreements.

There is no doubt that the undesirables in the business are going to bring about some sort of Government control, sooner or later, much as this is to be deplored by the better houses.

You ask what consideration should be given to the general market outlook. I think you will find that the prices of shares of investment trusts which are readily marketable will follow along the general trend. You see, their investments were probably made in a low market and the profits accruing through appreciation of the value of the securities held will be reflected in the value of the shares and vice versa. It would seem to me that the new investment trusts organized at a time when the market was very high would not be in a position to earn as much as those established in a more favorable market although, as mentioned previously, a conservative investment trust is operated with the idea of a long pull and diversification, including often some foreign issues.

There may be some speculative possibilities present in various trusts, as is always the case when high returns are expected, but of course investment houses handling the trust are able to speculate in a more intelligent way. When the control of a company is lodged in the hands of an investment trust, one might naturally feel that this has a bearing upon its credit standing. It is possible for the management of the investment trust to take funds from the company by declaring liberal dividends through high salaries and it might also make advances to weaker companies. Much might be written in connection with investment trusts and the above does not pretend to review all of the various aspects. If you have some particular phase in mind we would be pleased to go into it for you.

The following list of supplementary questions which have been asked of companies within the range of Attorney General Albert Ottinger's survey may be of interest:

How much of the investor's dollar goes into the corpus of the trust, or becomes an earning asset of the company?

Under the plan or structure what part of the earnings of the corpus belongs to, or is distributable to, an investor?

What means have the organizers or managers of the fund to make a profit or prevent a loss to themselves by dealing directly with the fund?

In what manner can the fund be used for the advantage of the organizers at the hazard of the investors in the fund?

Are the payments to, or the profits available to, the managers clearly defined?

Are the general representations so clear that an investor is in a position to know the character of the risk he is assuming?

How is the portfolio handled—by the company or by independent trustee?

BANKING AND COMMERCIAL LAW

Important Decisions of Current Interest Handed Down by State and Federal Courts Upon Questions of the Law of Banking and Negotiable Instruments

TRUST COMPANY NOT ENTITLED TO ACT AS TRUSTEE UNDER WILL AFTER CONVERSION INTO NATIONAL BANK

The Commonwealth-Atlantic National Bank of Boston, Petitioner. In re Estate of Emily Earl Maynard, Supreme Judicial Court of Massachusetts, November 22, 1927.

A TRUST company was designated as trustee in two wills and as conservator of property in a third. After the death of the testators, the company qualified in each case by filing a bond and was appointed by the Probate Court. For some time, it administered the different estates. Thereafter the trust company was converted into a national bank and later consolidated with another national bank. When the national bank appeared for the purpose of filing its accounts in the different estates, the court held that it had, by its conversion into a national bank, lost the right to act.

RUGG, C. J. These are petitions for the allowance of accounts in the usual form in the Probate Court. The accounts are accurate and complete. The question presented is whether the petitioner is the proper accountant under appointment as fiduciary by the Probate Court. The material facts are the same in all the cases. The Commonwealth Trust Company of Boston, a trust company established under the laws of this commonwealth, was duly appointed by the Probate Court for Suffolk County as trustee under wills in two cases and a conservator of property in the third. It qualified in each case by filing a bond. For a substantial time it held and administered the property thus in its charge as fiduciary. Then the trust

company was converted into a national bank under the name, "The Commonwealth National Bank of Boston," in full compliance with the provisions of s. 5154 of U. S. Sts. at Large as amended by the Act of December 23, 1913, c. 6, s. 8, 38 U. S. Sts. at Large, 258. This national bank was afterwards consolidated with the Fourth Atlantic National Bank of Boston and the name, "The Commonwealth-Atlantic National Bank of Boston," was taken. Act of Congress of November 7, 1918, c. 209, s. 2, 40 U. S. Sts. at Large, pp. 1043, 1044. Its name later was changed to "The Atlantic National Bank of Boston." No new appointment as trustee or conservator has been made by the Probate Court, subsequent to this conversion, consolidation and change of name of the trust company.

The precise point to be decided is whether, after the conversion, consolidation, and change of name outlined above, the national bank remains as fiduciary under the original appointment of the trust company by the Probate Court.

In Commonwealth-Atlantic National Bank, petitioner, 249 Mass. 440, it was recognized that for many purposes the new national banking corporation was the successor of the pre-existing trust company, and for most if not all business purposes was identical therewith; yet it was held that the present petitioner was not entitled to appointment as executor under a designation of the Commonwealth Trust Company in a will executed prior to the conversion and consolidation but proved and allowed thereafter. The grounds of that decision briefly stated were that there are fundamental distinctions as to being a fiduciary in accordance with our statutes under appointment by a probate court between a trust company organized under the laws of this Com-

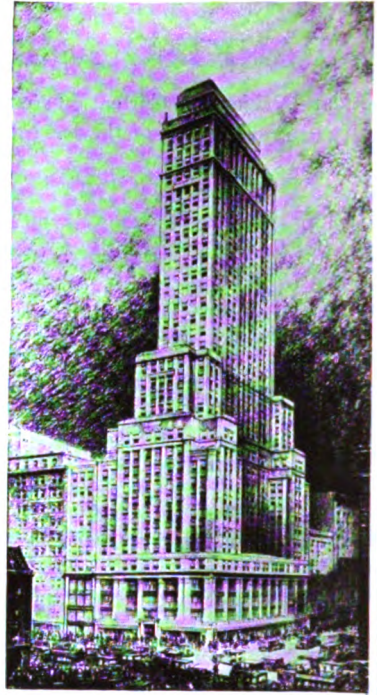


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monwealth and a national bank organized under the acts of Congress. They are established under the laws of different jurisdictions. They owe allegiance to different sovereignties. They are controlled by different laws. They possess different powers. The national bank is not governed by the laws of this Commonwealth as to its corporate functions, duties and responsibilities. It is not subject to the same laws touching supervision and examination as to property held in a fiduciary capacity by government officials, nor as to liquidation. In these particulars the national bank is governed by a legislative body over whom this Commonwealth has no power. The reasons for the conclusion there reached are amplified in that decision with references to the pertinent and differing statutes, both state and Federal. They govern the present cases. The testator and court in appointing the trust company as trustee and the court in appointing it as trustee and conservator, must be presumed to have had in contemplation its particular cor-

porate powers, duties and responsibilities. By conversion and consolidation the trust company has elected to remove itself from the governing statutes of this Commonwealth and to submit itself to those of the United States. These statutes make it a different corporation in material aspects from the one appointed fiduciary by the Probate Court. Of course we recognize and accept the full force and effect of the Act of September 26, 1918, c. 177, s. 2, 40 U. S. Sts. at Large, 968, amending the Act of December 23, 1913, c. 6, s. 11 (k), 38 U. S. Sts. at Large, 262, as interpreted by *First National Bank of Bay City v. Fellows*, 244 U. S. 416, and *Burnes National Bank of St. Joseph v. Duncan*, 265 U. S. 17, requiring courts of this Commonwealth to appoint national banks as fiduciaries upon the same conditions as they would appoint trust companies organized under the laws of this Commonwealth, and of U. S. Rev. Sts. s. 5154, as amended. But we think that none of these or other Federal statutes reached to the case at bar, where accord-

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ing to our view no appointment by the Probate Court has been made of which the petitioner can avail itself.

The trust company had no such property interest in its appointments as trustee and conservator as passed to the national bank as its successor. Ensign v. Faxon, 224 Mass. 145 Wilkinson v. McIntyre, 254 Mass. 325. Appointments of a trust company to such positions of trust by our courts of probate under the statutes of this Commonwealth do not constitute pecuniary assets nor property such as vests in the national bank to which such trust company may be converted.

Without extending this opinion to greater length, it is enough to say that in our opinion the cases at bar are indistinguishable in principle from Commonwealth-Atlantic National Bank of Boston, petitioner 249 Mass. 440, where the reasons are stated with sufficient fullness and relevant decisions and statutes are cited and reviewed.

The petitioner relies upon a sentence in the opinion in Iowa Light, Heat &

Power Co. v. the First National Bank of Boston, 250 Mass. 353, 354, where, referring, to the effect of a similar subsequent conversion of a trust company into a national bank and consolidation with another national bank upon a corporate indenture to secure an issue of bonds given to the trust company, it was held that the national bank had succeeded to all the rights, title and powers of the trust company and was trustee for the bondholders. The point here raised was not there argued and no reference was made to it. That decision was right and is not at variance with the conclusion reached in Commonwealth-Atlantic National Bank, petitioner, 249 Mass. 440, here affirmed. The indenture under review in 250 Mass. 353, was a contract between competent parties. The rights and obligations arising therefrom were chiefly contractual in nature although partaking also of such subsidiary fiduciary nature as may spring from such a contract. Fiduciary relations resting on statutory provisions and founded on a decree of a court with the characteristics

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pointed out in 249 Mass. 440, stands on a different footing with respect to succession by a different corporation for the reasons stated in this latter decision.

The form of accounts presented for allowance is based on the assumption that the petitioner in each case is entitled to render the account as duly appointed fiduciary. For the reasons already set forth, it is not so entitled. It can account only de son tort. The accounts can be considered on that footing alone. *Cladburn v. Phillips*, 245 Mass. 47. *Kaplan v. Suher*, 254 Mass. 180, 184.

Decree is to be entered in each case with appropriate recitals allowing the account on that basis.

Ordered accordingly.

COLLECTING BANK IS LIABLE WHERE CORRESPONDENT FAILS HOLDING PROCEEDS OF CHECK

Clancy v. First State Bank of Regent,
Supreme Court of North Dakota,
215 N. W. Rep. 779.

In a number of states it is held that a bank which receives a check from a depositor, giving credit to the depositor for the amount, is liable to the depositor if a correspondent bank fails while the proceeds of the collection are in its possession.

In the present case, it was held that the defendant bank was liable to the plaintiff, its depositor, under the following circumstances: In December, 1924, the plaintiff drew a check on the Nicollet County Bank in Minnesota in favor of the defendant and deposited it with the defendant receiving credit therefor in his passbook. The plaintiff was permitted to check against this deposit. The defendant forwarded the check to a bank at Minneapolis, by which it was forwarded to a bank at St. Peter. The latter bank collected the check from the drawee and remitted to the Minneapolis bank by draft. This draft was dishonored because of the failure of the St. Peter bank.

The defendant then notified the plaintiff of its failure to collect the check and the plaintiff, acting under the impression that the Nicollet County Bank on which the check was drawn had failed, gave the defendant his note for \$600 to make good the amount which he had drawn against the deposit. Upon learning that it was the defendant's correspondent which had failed and not the drawee bank, the plaintiff brought this action against the defendant. As stated, it was held that the plaintiff could recover.

In deciding the case, the court pointed out that Chapter 170 of the Session Laws of 1925 and Chapter 92 of the Session Laws of 1927 had no application for the reason that the check and note were given prior to the date of the enactment of these statutes.

BURR, J. On December 9, 1924, the plaintiff, for the purpose of becoming a customer of the defendant bank, drew a check for \$600 on the Nicollet County Bank, in Minnesota, in favor of the defendant. One of the bank officials made out the deposit slip, but gave no copy thereof to the plaintiff. The defendant bank treated this check as a deposit, and entered it in a passbook given to the plaintiff and on the books of the bank as a credit to the plaintiff. Plaintiff received permission to check against this deposit, and did so check. As stated in appellant's brief:

"The check was forwarded in due course to the First National Bank, at Minneapolis, and by it forwarded to the collecting bank, a sister institution at St. Peter, and was actually collected by it."

That is, the Nicollet County Bank paid the check when it was presented for payment. This collecting bank in St. Peter remitted to the First National Bank of Minneapolis by draft, but this draft was dishonored because this bank of St. Peter became insolvent and closed its doors. The First National Bank of Minneapolis had, of course, given credit to the defendant bank, and because of the insolvency of the bank in St. Peter revoked the credit. The defendant then notified the plaintiff of this failure to receive the proceeds of the check, and



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on December 19, 1924, on the theory that the Nicollet County Bank had failed, induced the plaintiff to give his note for \$600 in lieu of the credit he had received. On learning that the bank on which he had drawn the check had not failed, and that the check was paid, plaintiff brought this action to cancel the note, on the ground, among others, of failure of consideration. By stipulation of the parties this is the only issue in the case. The trial court found for the plaintiff, and the defendant appeals.

The record shows that plaintiff, when he gave the defendant his check for \$600, supposed the defendant would handle the check on the Nicollet County Bank in the same manner it handled similar checks, but it does not show that he knew what this usage was. However, while he may not have been familiar with the methods usually employed, we assume he did not expect the bank to send a special messenger to Minnesota to get the cash and bring it back. When the plaintiff issued his check to the defendant for a deposit credit, and the defendant placed the same to the credit of the plaintiff and permitted him to check against it, the defendant became the owner of the check, and, so far as this case is concerned, the relation between the parties was that of debtor and creditor. This is now the settled law in this jurisdiction. See *First National Bank v. Wells County*, 54 N. D. 502, 209 N. W. 962. Here Judge Birdzell, in discussing the question of holder for value, says:

"Where an indorsee bank, upon the transfer of paper to it, gives to the depositor a conditional credit and afterwards pays drafts and checks of the depositor on the strength of that credit, the indorsee becomes a holder for value."

This view has the support of eminent authority. See *City of Douglas v. Federal Reserve Bank*, 271 U. S. 489, 46 S. Ct. 554, 70 L. Ed. 1051, 1053; *National Bank of Commerce v. Bossemeyer et al.*, 101 Neb. 96, 162 N. W. 503, 505, L. R. A. 1917E, 374.

The only warranty of the plaintiff we need to consider is that the check would be paid by the Nicollet County Bank when presented to it. The check was so paid when presented. Being the property of the defendant, it was immaterial to the plaintiff through what agency the defendant sought collection. Under the circumstances of this case the defendant was not the agent of the depositor for collection. The defendant was dealing with its own property and could select any channel of collection which it saw fit. Had the check been dishonored, it would be a different tale. But it was the collecting bank that failed, not the bank on which the check was drawn, hence plaintiff fully complied with his warranty. As shown in the case of *Berg v. Federal Reserve Bank (N. D.)* 213 N. W. 963, 965, the contract of a drawer of a check is fulfilled when the holder presents the check for payment and the drawer has funds on deposit to meet it which the drawee is ready and willing to deliver. In this case, the drawer had the funds, the holder presented the check, and the funds were paid over on the check.

We do not attach much importance to the contention that it was the custom and usage of the bank to charge back to the depositors uncollected checks. There is no contention that such usage was brought directly to the attention of the plaintiff in this case so as to make it a part of the contract. That the plaintiff may have supposed and understood the usual practice would be followed does not say that he knew what that usual practice was. Under facts quite similar to those shown in this case, the Supreme Court of Vermont held that they did not give rise to a "fair and legitimate conclusion that the parties did not intend title" to the check should pass. *Walker et al. v. D. W. Ranlett Co.*, 89 Vt. 71, 93, A. 1055. We can see no difference in principle between a check deposited by an indorser and one deposited by the drawer. It is only when proof of a contrary intent is shown

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that the bank is not considered the owner of the check.

But even though we should consider there was an understanding and agreement between the plaintiff and defendant that the check could be charged back against his account if not paid, nevertheless title passed to the defendant, and it was the defendant's check, subject to the condition. What would be required to set the condition in operation would be that the check was not paid. But the check was paid in this case, and so such condition, usage, and custom did not become operative, "and therefore the title acquired by the bank on receipt of the checks has never been divested." See *Brusegaard v. Ueland*, 72 Minn. 283, 286, 75 N. W. 228, 229.

"The fact" of the right "to charge [back] the check to the depositor's account, if it should be dishonored * * * does not affect the character of the transfer or render the bank any the less

the owner of the check." *Noble et al. v. Doughten*, 72 Kan. 336, 83, P. 1048, 3 L. R. A. (N. S.) 1167.

It is apparent, of course, that chapter 170 of the Session Laws of 1925 (section 6954a of Supplement) and chapter 92 of the Session Laws of 1927 have no application to the case, regardless of their effect on the question of agency of the defendant bank. The check and the note are to be determined by the law at the time they were given.

It is conceded this note was given on the theory that the check had not been paid, and that, therefore, plaintiff owed the defendant the amount of credit he received in his passbook, and which he had checked against. But this credit was the consideration for the check, and that contract was completed. There was therefore no consideration for this note. The judgment of the lower court is affirmed, with costs.

THE AMERICAN BANKERS ASSOCIATION COMMITTEE CHAIRMEN CHOSEN

THE following men were elected chairmen of the various committees of the American Bankers Association at the Houston convention, according to announcement. The terms of the officials will run concurrently with that of the new president of the association, Thomas R. Preston, president the Hamilton National Bank of Chattanooga, Tenn. The officials are:

Administrative Committee: Thomas R. Preston, president American Bankers Association, chairman.

Committee on Federal Legislation: Edmund S. Wolfe, president First National Bank, Bridgeport, chairman.

Federal Legislative Council: Edmund S. Wolfe, Bridgeport, chairman.

Fiftieth Anniversary Committee: Lewis E. Pierson, chairman of board American Exchange Irving Trust Company, New York, chairman.

Finance Committee: Craig B. Hazlewood, first vice-president American Bankers Association, vice-president Union Trust Company, Chicago, chairman.

Committee on Membership: Clark G. Mitchell, vice-president Denver National Bank, Denver, chairman.

Committee on Non-Cash Items: J. W. Barton, vice-president Metropolitan National Bank, Minneapolis, chairman.

Committee on State Legislation: William S. Irish, president First National Bank, Brooklyn, chairman.

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Charles P. Blinn, Jr., vice-president Philadelphia Girard National Bank, Philadelphia, chairman.

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Insurance Committee: W. F. Keyser, secretary Missouri Bankers Association, Sedalia, Mo., chairman.

Agricultural Commission: Burton M. Smith, president Bank of North Lake, North Lake, Wis., chairman.

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By O. K. DAVIS

THE United States is now selling Latin America almost a billion dollars' worth of goods annually, compared with our average annual sales of \$300,000,000 before the war. We have raised our share of South America's imports from 14 per cent. in 1910-13 to 28 per cent. in 1925. And according to current figures we will supply 30 per cent. of all South America's foreign purchases this year.

For the whole of Latin America, including Central America and the West Indies, we have increased our share in the imports of these twenty republics between 1913 and 1925 from one of about 25 per cent. to one of 37½ per cent. And for Central America alone our share as a supplier has grown from one of 40 per cent. to one of over 66 per cent. during the same period.

On the other hand, our chief competitors—England, Germany and France—have seen their proportion of Latin America's imports as a whole decrease from one of more than 50 per cent. in 1913 to one of 33 per cent. in 1925. As a matter of fact, we are supplying Latin America with substantially more goods than our three competitors put together, the figures being \$914,000,000 as against \$804,000,000 for the latest comparative tables, those of 1925, while in Central America alone they supplied in 1925 but 16 per cent. of the imports against our 66. Our competitors in Latin America are keen and alert, but it is notable that it is they who are copying our methods today. We may not be making the most of our opportunities, but it is they who are slipping, not we.

We find, on looking more closely at the actual figures, that in every single country in South America with the exception of Paraguay we are the principal supplier of goods. In 1913 this was true only in the cases of Colombia, Venezuela, Ecuador and Peru. Now it

is true with respect to Argentina, Brazil, Chile, Uruguay and Bolivia as well, and there is only 1 per cent. difference between ourselves and England even in the case of Paraguay.

This represents an extraordinary growth, considering the fact that in 1890 our exports to South America were only one-tenth of the total she received, and had only grown to one-



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Secretary National Foreign Trade Council.

sixth before the war. Now they are almost one-third and there is no sign anywhere that this steady growth is being or is going to be arrested.

One reason for this increase of United States trade that is not far to seek is the great development of our investments. From about one hundred millions before the war they have grown to over a billion and a half dollars in South America in the present year.

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This is a very solid reason why our trade grows and continues to grow. An-

other contributing cause is the improvement and maintenance in that improvement of our shipping lines, particularly to South America. Now United States vessels operate to all points of the continent offering faster service than British vessels—eighteen days from New York to Buenos Aires and twenty days from New York to Valparaiso, with corresponding fast time to other South American ports on both coasts. The merchant marine of the United States has risen to the emergency and matches and exceeds its competitors in passenger and freight accommodations and in alertness in getting and holding business.

In the essential matters which make for trade, it must be acknowledged by those who question our achievements without any knowledge of them, that we are gaining steadily from year to year while our rivals are losing ground. In Cuba, for instance, our share of the republic's imports have increased from 53.7 per cent. in 1913 to 63 per cent. in 1925, while that of England has decreased from 11.5 per cent. to 4 per cent.; in Mexico we supplied 70 per cent. of the republic's imports in 1925 as compared with 50.6 per cent. in 1913; while England's share fell during the same period from 13.9 per cent. to 8 per cent.

But it is in the most intensely competitive markets in South America, particularly in the Argentine, as well as in Brazil and Chile, where the true test comes. In all these three countries the United States was considerably behind both England and Germany as an exporting nation in 1911. It is a remarkable symptom of our growth that in each one of these countries, whose combined trade amounts to one-third of that of the South American continent, we are now first, and are increasing rather than relinquishing our lead.

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creased from 14.5 per cent. of the republic's imports in 1913 to 23.4 per cent. in 1925, while England's share has decreased in the same period from 31 per cent. to 21.6 per cent.; Germany's proportion in the same interval has dropped from 16.9 per cent. to below 13 per cent. In Brazil our superiority is even more definitely established. Between 1913 and 1925 we increased our share of Brazil's imports from 15.7 per cent. to 24.8 per cent., while England's share decreased during the same period from 24.5 per cent. to 22.5 per cent., and Germany's from 17.5 per cent. to less than 10 per cent. Our percentage of Chile's imports increased from 16.7 per cent. in 1913 to 27.5 per cent. in 1925, while England's was decreasing from 29.9 per cent. to 20.7 per cent., and Germany's from 24.6 per cent. to 13 per cent.

In the northerly South American countries our margin of precedence as an exporter is even more marked. In Venezuela, Colombia, Ecuador and Peru our proportion of the imports of these countries ranged from 39 per cent. in the case of Peru up to 54 per cent. in the case of Colombia for the year 1925, aggregating for the group of countries more than that of our two leading competitors combined.

Our growth of trade in these northern countries of South America is of primary importance, for there is no con-

tiguous group of countries in the world that has more substantially increased its foreign trade since 1913 than the five republics of Central America and six of northern South America, with Mexico, Cuba, Haiti and Santo Domingo. The fifteen countries in this progressive trade belt have increased their exports from about \$505,000,000 in 1913 to about \$1,125,000,000 in 1925, a growth of almost 125 per cent., or substantially in excess of the corresponding growth of United States exports of a little less than 100 per cent., during the same period. The growth of the American share in their import trade from less than 50 per cent. in 1913 to over 65 per cent. at the present time (1926) is a sufficient commentary on the enterprise and success of American foreign trade in this rapid growing field.

These countries are certainly vital to our trade for we sold them in 1926 more than \$600,000,000 worth of goods, 13 per cent. of our total exports, compared with an annual average of sales of about \$225,000,000 before the war. Our export gains in this period aggregate over 160 per cent. since the war, and there is no field anywhere in the world where the likelihood is greater that this growth will be held.

WHAT THE EXPERTS OVERLOOKED

The experts who have told us that our Latin American trade was a post-war

opportunity which would soon lapse neglected to consider such trifles as the Panama Canal, which has quadrupled the exports of our west coast to the east coast of South America and has produced an almost corresponding effect from our own east coast to the west coast of South America. They have also not considered that our cable communication with Latin America is now almost twice as extensive as it was before the war. In 1913 European-owned cables in Latin America totalled 25,000 miles to our 14,000; today we operate 24,000 miles of cables while European cables remain about the same. In other words, American news is now transmitted by American cables; American business men communicate with home quickly and much more cheaply than before and the result on business has been extensive and permanent.

The United States now maintains trade commissioners or commercial attaches at Rio de Janeiro and Sao Paulo, Brazil; Buenos Aires in Argentina; Bogota in Colombia; Caracas in Venezuela; Havana, Cuba; Mexico City; Montevideo, Uruguay; and Santiago, Chile, in pursuance of a worldwide system of trade stimulus whose alert co-operation with American foreign trade is almost entirely new since the war. More Americans are traveling and more South Americans are visiting us and are sending their sons and daughters to be educated at our colleges.

The development of our trade with Latin America is, therefore, not merely an opportunist advantage of the war but a well founded development from other major contributing circumstances whose effect has also been to place our political relations with our southern neighbors on a sounder basis than for many years past.

The fact that American finished manufactures increased among our exports to South America from an average of \$83,000,000 in the years between 1910-14 to \$314,000,000 in 1926, while our total exports were increasing from \$120,000,000 in 1910-13 to \$441,000,000 in 1926, records the outstanding drift of South American trade in our direction.

Manufactured goods constitute about three-quarters of our trade with all the South American peoples, and their effect has been to increase the standard of living appreciably throughout the continent. This is scarcely less true of our trade with Latin America as a whole, about two-thirds of our \$914,000,000 export trade with the twenty countries, or over \$600,000,000, being devoted to manufactured products.

Our most significant gain has been in textiles, prepared foodstuffs and machinery, including automobiles. These products have not sold themselves. After a long education American foreign traders have learned how to supply the Latin Americans most intelligently; how to pack, ship and handle; the complicated elements of style requirements, business forms, local advertising, credit arrangements and financing in ways that are today no longer the derision of our competitors but in many cases the model to which they are adapting their own trade methods.

British shipping and British investments are still in excess of our own south of Panama, and German trade recovery must, of course, be reckoned with. But the trade development of the United States is now a known quantity for stability and progress throughout the Latin American world. It is a fundamental security for our continued friendship with our Latin American neighbors and a vital stake in our own foreign trade progress.

THE FINANCIAL AND ECONOMIC SITUATION ABROAD

BY WILLIAM HAYES

Under this heading each month current political, financial and economic events abroad are summarized for the benefit of the busy bank executive who would keep himself informed about foreign affairs without the expenditure of time necessary to examine the data from which these articles are prepared.

THE quiet, earnest agent general for reparations, S. Parker Gilbert, is still on the job. Not much has been heard from him since his annual report in May. But he has not been idle. He has been watching the financial policy of Germany very closely. And it has not been at all to his liking.

So last month he sat down and dictated a friendly note to the German Government. The note was not intended for publication. It discussed, in considerable detail, what Mr. Gilbert considers a wrong trend in German finance.

But some enterprising reporter heard of the note. He sent the news to the *New York Times*. A New York correspondent of a Berlin paper promptly cabled the item back to Berlin. By this roundabout means the German public first learned of the sending of the note.

Then the German papers began to clamor for details. They insisted on publication of the full text of the note. For about ten days the government refused to divulge the text. In the end, however, it had to comply with public demand.

WHAT MR. GILBERT SAID

"I am presenting this memorandum," Mr. Gilbert began, "for the purpose of calling attention to the dangers involved in the present economic situation, in the hope that by doing so fully and frankly at this time I may render some service to the German Government and to the German economy, as well as to the international situation generally. . . .

"Recent developments in public finance do not appear to be in the interests

either of German economic life or of the execution of the Dawes Plan. The evidences, in fact, are accumulating on every side, and more rapidly within recent months, that the German public authorities are developing and executing constantly enlarging programs of expenditure and of borrowing with but little regard to the financial consequences of their actions."

Here are some of these evidences:

1. Government expenditures have increased nearly 1,700,000,000 marks in the last two years—almost 20 per cent. Only 540,000,000 marks of this was due to increased reparations payments.

2. Due partly to this, there were budget deficits in 1926-27 and in 1927-28.

3. The government is still contributing to the support of the states and communes. It has postponed for two years the adjustment by which these payments would be stopped.

4. In the meantime, "the Reich itself has added to the confusion by bringing forward new proposals which still further burden the budgets of the states and communes."

5. The government now proposes to make sweeping increases in salaries, amounting in all to about 1,500,000,000 marks, "without any attempt at administrative reforms."

6. It proposes to compensate German citizens for loss or damage to private property during the war. This will mean further expenditures of about 1,000,000,000 marks.

7. A school reform law, the possible cost of which is not yet known, is also under consideration.

The effect of all these expenditures,

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said Mr. Gilbert, is to increase prices in Germany. Increased internal prices stimulate imports and hamper exports. Yet, in the interest of reparations payments, it is exports that should be stimulated.

The excessive unproductive borrowing of the German states and communes has the same effect. Since the beginning of 1925, foreign bond issues of the states and communes have amounted to almost 1,600,000,000 marks. "A new and truly effective supervision . . . is urgently needed."

Finally, "the financial operations of the Reich, the states, and the communes have themselves assumed the proportions of a separate credit policy in opposition to the credit policy of the Reichsbank. In effect, there have been two credit policies, both operating at the same time, and one often neutralizing the other." That is how credits got over-expanded this spring before the Reichsbank could stop them.

"All these considerations I am endeavoring to point out in good season," said Mr. Gilbert, in conclusion, "in the hope that their importance will commend them to the attention of the German Government, and that in the interest of the German economy itself, as well as of the discharge of Germany's international obligations, the German Government will take prompt and effective measures to meet the situation."

THE REPLY

Having published the text of the note, it was necessary for the German Gov-

ernment to make some reply to it. Only a synopsis of the reply, however, was made public. It ignored the main criticism (the rising expenditures of the government) and contented itself with refuting a few details, for example:

1. Foreign loans have been large, but they have not been unproductively used. The improvement in the German economic situation is the best proof of this.

2. Rising prices do discourage exports—in theory. But in fact German exports have been steadily increasing ever since the stabilization of the mark in 1924.

But "the German Government views with serious concern the developments in some of the countries where German goods are sold, since only a lowering of the existing barriers can assure to Germany the export excess necessary to meet her payments."

3. The law for indemnifying German citizens for property lost during the war "is a direct result of the working of the Treaty of Versailles. Article 2971 relieved the liquidating countries from the duty of making compensation and obligated Germany to compensate her own nationals. The sufferers have been waiting since 1919."

"The impression," the reply concludes, "that Germany will disregard her reparation obligations cannot be justified. Nor can there be any doubt of the government's readiness to assist in transfers within the limits set by the economic and financial policies. The German Government has never artificially prejudiced

the possibilities of transfers, and rejects any idea of doing so."

MANY COMMENTS; FEW RESULTS

There were almost as many different opinions about the note, after publication, as there are newspapers in Berlin. On only one point did all agree. That was—that the text of the note never should have been published. Yet it was the newspapers of Berlin that were responsible for its publication.

One newspaper said that "the memorandum has the earmarks of an urgent warning, but it attacks the sovereignty of the German Republic and must be rejected for that reason."

A milder opinion was that "the note appears to be correct in form, though rather sharp."

One writer was convinced that the note was written at the request of the German Government, though why it is hard to see.

Only few thought that the note must be greeted with a certain amount of satisfaction, as an attempt to clear up the situation.

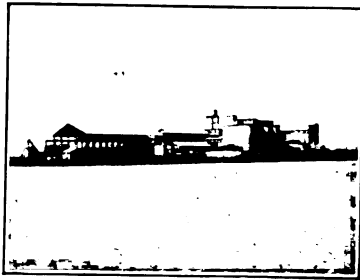
The only effect of the notes, to date, has been the creation of an interministerial reparations committee. Finance Minister Koehler is chairman. The other members are the Foreign Minister, the Minister of Agriculture, and the Minister of Commerce. Mr. Gilbert can deal with this committee in the future, instead of with the various ministries.

The Reichstag also appointed a parliamentary committee for reparations. It includes a representative from every German political party except the communists and the ultra-reactionaries. Its duties are rather vague—"to study reparations questions and insure co-ordination between the agent general and the government."

But the salary increase bill and the school reform bill are still under consideration.

A SHOCK FOR THE STOCK EXCHANGE

Some time ago the New York Stock Exchange decided to make itself an in-



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The manufacture of cement is a logical industry for New Orleans as the principal raw materials, limestone, clay, and gypsum, are obtained near the city. The above plant, occupying 15 acres on the New Orleans Industrial Canal, has an annual capacity of 3,000,000 bags, most of which finds a market locally.

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ternational security market. So it drew up a set of rules for admitting foreign corporation securities to trading. About the only respect in which these rules differ from those for listing domestic securities is in the fact that the foreign securities must be deposited with a New York bank, and participation certificates issued in place of them. It is the participation certificates that are traded in on the exchange. The reason for these certificates, presumably, is so that they may be transferred in New York.

The first foreign corporation securities to be listed were the five-year notes of the Deutsche Bank.

Application was also made to list the shares of the Austrian General Credit (Bank) and the shares of the Amsterdam Trading Company, Amsterdam.

The shares of the Amsterdam Trading Company had been picked up in Amsterdam by Brown Brothers and Com-

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pany and Charles D. Barney and Company, and resold to American investors. There was no new issue of stock, simply a shifting of some of the old stock to the United States.

The bankers sold the shares with the announcement that "application will be made to list this stock on the New York Stock Exchange." In due time they made application.

But when the committee on stock list held a meeting to consider the listing of this stock, two officials of the company appeared and protested against the listing. They told the listing committee that the application had been made without their consent and that they objected very much to having the stock so listed.

This was a real shock to the stock exchange officials. A protest of this kind is practically unheard of. The committee on stock list is used to having companies plead for listing. They had no precedent to guide them in dealing with a company which didn't want its shares listed. So

they wisely deferred action, pending the formulation of a policy.

VIENNA'S BIG BANK

The Austrian General Credit (Bank) for Commerce and Industry (Oesterreichische Credit-Anstalt für Handel und Gewerbe), Vienna, the first foreign company to have its stock listed on the New York Stock Exchange, was formed in 1855, by the Rothschilds. A Rothschild is still chairman of the board.

Like all European banks, it does not limit itself to commercial business. It is a combination of commercial bank, savings bank, and investment banking house. It has been an important distributor of all the state loans of Austria and Hungary. It not only distributes the securities of many industrial corporations, but it has a share in their management. It is interested in or holds stock in over eighty industrial companies in the electrical, machine and metal, automobile, brewing, sugar refining, chemical, furniture and building industries.



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Before the war, it had branches all over Austria-Hungary and Central Europe. It still does business through these branches, though they have had to be converted into local banks in the various succession states. These include: Ungarische Allgemeine Kreditbank, Budapest, Hungary; Bohmische Escomptebank und Creditanstalt, Prague, Czechoslovakia; Warschauer Diskontobank, Warsaw, Poland; Bank fur Auswartigen Handel, Berlin, Germany; Banque Balcanique, Bulgaria; Amstelbank, Amsterdam, Holland; Kredit Anstalt fur Handel und Industrie, Jugoslavia; and Rumanische Creditbank, Rumania.

The capital of the Credit Anstalt, when organized, was around \$13,340,000. By 1913 this had grown to \$30,487,830. A great deal of the capital was lost in the inflation of the currency and the subsequent stabilization. Revalued in gold, January 1, 1925, the capital was \$7,035,500. Since then it has been steadily increased, and with the latest issue (the issue listed by the

stock exchange) the bank has now \$11,960,350 capital.

The bank is housed in a beautiful big building in the heart of Vienna, but it has outgrown this. It occupies the best part of another building adjoining, as well.

The entrance hall to the stockholders' meeting room is a silent reminder of the former service of the bank to the monarchy. For around the hall are niches, obviously built for statues, but containing none. They were formerly occupied, the inquiring American is told, by busts of the kaiser and other members of the royal family. But the revolution made their removal necessary.

GOING, GOING —

The outflow of gold continues. The \$22,000,000 net of gold exports from the United States in September was followed by an additional \$9,000,000 in October. Preliminary figures for November indicated that the total would reach almost \$40,000,000.

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MR. ITALO PALERMO, Representative of the Banco di Sicilia in New York, will be glad to answer any inquiry from Banks, firms and individuals who desire to enter into business relations with Banco di Sicilia.

Practically all of the gold exported in the last two months has gone to South America—to Argentina and Brazil. During November, however, Canada took \$13,000,000, and Poland was planning to export some of the gold she has purchased.

Meantime, the Dutch, English and German exchanges climb daily nearer to the gold point. And the gold point comes down to meet them. The shipping companies, now that the tourist traffic is past until next summer, are cutting rates on gold, angling for this business.

It looks as if the gold export movement was only beginning.

RECORD FOREIGN ISSUES IN OCTOBER

For the export of American capital to Europe grows larger every month. In October, more foreign bonds were floated in New York than in any month since the war. The total was \$265,000,000. Not since October, 1916, when the amount was \$273,000,000, has this total been exceeded. The money borrowed thus must be transported to Europe in some form. And since gold is what Europe needs most, it is likely that much of it will go in gold.

Germany got \$100,000,000 of the October total, in spite of the protests of Mr. Gilbert and Herr Schacht. Canada got \$79,000,000. Poland took \$45,000,000 for stabilization purposes; and Brazil got \$41,000,000 which will also probably be used for stabilization.

During the first ten months of this year the United States has loaned money to almost every section in the world—Italy, Hungary, Jugoslavia, Austria, England, Belgium, Denmark, Norway, Estonia, Canada, Latin America and the Far East.

And there seems to be no "saturation point" near.

MORE BARS DOWN

Nineteen nations met at Geneva in November and signed a convention for

the abolition of prohibitions and restrictions on exportation and importation of goods.

They were Germany, Austria, Belgium, Great Britain, Northern Ireland, Bulgaria, Denmark, Egypt, Finland, France, Hungary, Italy, Japan, Holland, Rumania, Jugoslavia, Siam, Switzerland and Czechoslovakia.

The text of the convention has been submitted to the United States in the hope that it, too, will become a party to the agreement.

The work of tearing down the tariff walls and other obstructions in the road of commerce in Europe is proceeding slowly but surely.

GREAT BRITAIN

Vickers, Ltd., is to merge with Armstrong, Whitworth and Company, Ltd. The resulting corporation will be the dominant industrial organization in British manufacture of heavy special steel, naval shipbuilding and armaments—comparable in some ways with the United States Steel Corporation.

Though the new corporation will be enormous, according to British standards, its capital will be only about \$160,000,000. The merger is more significant as an indication of the world-wide trend toward large scale operation than as a super-corporation. It indicates the alertness of British business enterprise, in spite of the depression in the coal industry.

For outside of that industry, business in Britain is picking up. The textile trades have got over their fear of a cotton shortage, and are going forward more confidently. Shipbuilding and engineering are also more active. The rebate scheme (for all users of British steel exclusively) has produced large orders, and stocks of iron and steel are being reduced. Railway revenue is good. Unemployment still remains at about 1,000,000.

The stock market in London is discounting even better business. In fact the boom has become so pronounced that

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the cable reports the state of mind of the stock exchange as "feverish."

There seems to be an abundance of capital for investment. The London share of the big Brazilian loan was heavily oversubscribed. British colonial issues were eagerly received for a couple of weeks. At present the public demand seems to have shifted to industrial issues. Investment trusts are being organized in Great Britain almost as fast as in the United States. This is the more surprising since Britain already has a number of highly successful investment trusts.

GERMANY

The unprecedented total of foreign loans to Germany is showing its effect on the money market. Day-to-day money is again to be had in large quantity at from 5 to 7½ per cent. Month loans, however, are hard to get, even at 8 and 9½ per cent. This, however, is merely capital which is temporarily unemployed. It may disappear over night, leaving the money market tight, as it did last spring.

With the encouragement of easier money, German business is even more active than before, if that is possible. It is said that orders already on the books for steel will keep the steel plants working at full capacity for many months. The electrical trade is the same. The Siemens Companies report orders on their books 46 per cent. above a year ago. Railways receipts are at new highs. Exports, revenues, savings and wages are rising. Unemployment is declining.

But the difficulties are growing. There were 247 strikes in Germany in the second quarter of 1927. There were only 101 in the same period last year. Living costs are rising. The Reichsbank is still struggling to prevent credit inflation. Its note circulation is at the highest point in its history. There is some talk of another increase in the discount rate.

The stock market has been weak, except for occasional firmness furnished by buying from abroad.

FRANCE

Poincare rivals Mussolini in his continuous attention to the problem of reforming finances. He is equally independent. He is determined that France shall save herself.

He scorned the American announcement that there would be no objection to a French refunding loan. Yet he knew that France could save considerable interest by refunding her 8 per cent. external bonds. But he preferred not to be under obligations to the United States.

The same purpose was accomplished by another method. In return for certain advantages, the Swedish Match Company last month bought from France \$75,000,000 of new French 5 per cent. bonds. Just what advantages the Swedish Match Company got is not quite clear. The contract was not made public. What the match company did not get was announced—it got no monopoly; it got no additional permission to import matches; it got no permission to build a plant in France. It got its old

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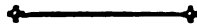
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contract renewed, it got its shares listed on the Paris Bourse—that's all that is known.

But what France granted the Swedish Match Company doesn't matter so much. The important fact is that France got enough cash in exchange for the 5 per cent. bonds to pay off the 8 per cent. American loan. It is expected that the bonds will be called as soon as possible next year.

With this one operation the French Government has loosened the hold of the United States Government on the resource it had to compel funding of the war debt; and at the same time it has achieved an annual saving of around \$1,850,000 in interest.

And the United States furnished the capital! For, after buying the 5 per cent. bonds from France, the Swedish Match Company had to replenish its treasury by some means. So it arranged to have its American subsidiary, the International Match Company, float a \$50,000,000 loan in the New York market. American investors now hold Interna-

tional Match Company debentures in place of French bonds—that is what the transaction comes to when analyzed.

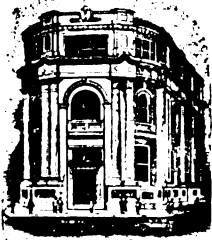
After an exchange of notes which recalls the famous series which President Wilson sent to Germany, France agreed, on November 10, to restore the old rates of tariff on American products, pending negotiation of a commercial treaty between France and the United States. Just at present France's economic experts are busy negotiating commercial treaties with other countries.

Though prices are still declining in France at the rate of almost 2 per cent. a month, conditions seem to be improving slightly. The declining prices have stimulated exports, and the export balance is growing. Tax receipts are above those figured in the budget. Unemployment is lower.

The money market is a little firmer. Money rose above 3 per cent. in the latter part of November. It had been as low as 1½ per cent. But business is still dull there.

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ITALY

Italy has passed another milestone in her deflation march. She attained an export balance in foreign trade in September. It was the first such balance for over a year and a half. The deflation policy has so affected Italian industry that imports have been cut to the limit. This export balance was not attained by increasing exports. It was attained by decreasing imports. Both imports and exports have been decreasing since March, but imports have decreased much the faster. The import balance in March was 750,000,000 lire. From there it dropped to 584,000,000 lire in April, to 543,000,000 lire in May, to 487,000,000 lire in June, to 420,000,000 in July, to 149,000,000 in August. And in September the export balance was 28,000,000 lire.

Information from Italian sources is that the deflation crisis is over. The General Fascist Confederation of Italian Industries reasons this out from the fact that prices have been advancing for almost four months on the Italian stock exchange. It sees further "gradual recovery of manufacturing activities from the depression."

Reports from less interested sources, however, do not tend to confirm this opinion. The cable from the American commercial attache in Rome says that Italian business is no better.

Improving business is almost always accompanied by advancing prices. But both wholesale and retail prices in Italy are still declining.

Again, if business were improving, it would naturally be reflected in increasing use of credit. There is no such increase in the use of the credit facilities of Italian banks. On the contrary, the banks recently reduced their discount rates from 7 to 6½ per cent. to get more business. At the same time they reduced the interest paid to sight depositors from 4½ to 3½ per cent.; to three months depositors from 5½ to 5 per cent.; and to longer depositors from 6 to 5½ per cent.

BELGIUM

Business in Belgium has not exactly been good. It has not been particularly depressed, either, but since shortly after the creation of the belga there has been a large abundance of money seeking investment. It takes some time for industry to reabsorb repatriated capital when it all comes back at once.

Furthermore, tax returns exceeding all expectations have contributed toward easy money in Belgium as in France.

In order, therefore, to bring the discount rate in line with this easy money market, and to encourage whatever business there is, the National Bank of Belgium on November 16 reduced its

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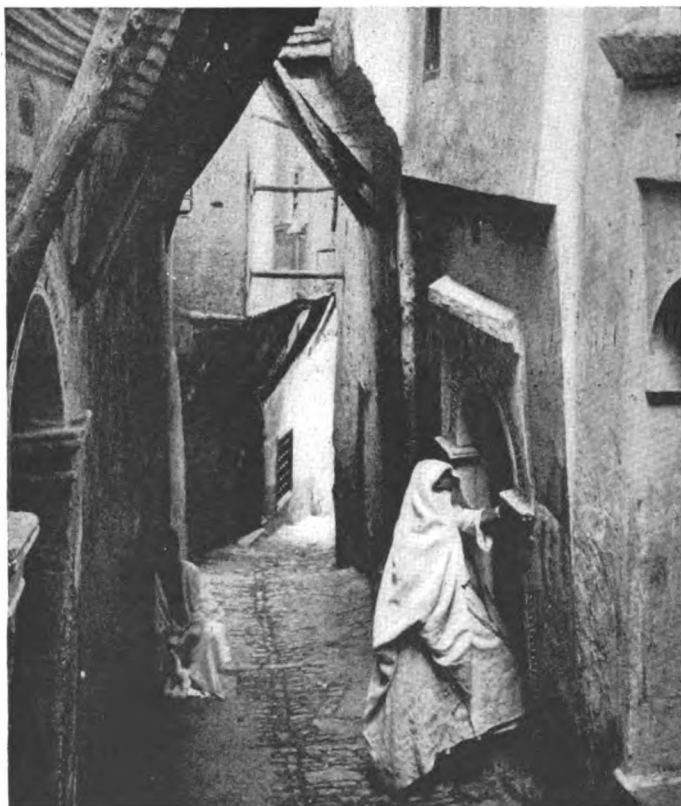
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Reserve Fund and Profits Fmk.				185,000,000
Total Assets (30/9 '27) Fmk.				2,569,243,000

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discount rate from 5 to 4½ per cent.

Ever since January of this year, when the crisis due to the resumption of gold payments had passed, the Belgian bank rate has been on the decline. Since then it has been reduced five times—each time by ½ per cent., and the reserve of the bank is still high.

Yet right next door, Holland raised her bank rate last month, and, on the other side, Germany is considering another raise in rate.

The cabinet of Henri Jaspar resigned in November, due to opposition of the socialist party on the military policy. M. Jaspar was immediately commissioned to form a new ministry, which he did the same day. Political writers say that the new ministry is likely to be short lived.

It is to be hoped that these frequent changes of the government will not affect Belgium's stabilization program.

POLAND

When the \$15,000,000 of gold which Poland has bought from the United

States arrives in Poland, the Bank of Poland will have the highest ratio of gold reserves to notes of any bank in the world—111 per cent. Some of the gold will undoubtedly be used to coin the new "ducats" which will be worth twenty-five zlotys. One, two, and four-ducats pieces will be minted.

Recent economic events have moved happily for Poland. The political scene is not so serene. On October 31, the Finance Minister presented to the Sejm the budget bill, totaling 2,350,000,000 zlotys. The Sejm was invited to pass the bill, without knowing the details of the appropriations. It seemed disinclined to do this. So Marshal Pilsudski had President Moscicki send a decree to the Sejm adjourning it until November 28, when the terms of all the deputies expired.

When mention was made last month of the appointment of Charles S. Dewey as financial adviser to Poland, no reference was made to his assistant, Dr. E. Dana Durand.

Dr. Durand left his post as chief of

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Capital Paid-up	£1,050,000
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JAMES STEUART, Chief Manager

the eastern European division of the Bureau of Foreign and Domestic Commerce to go with Mr. Dewey to Poland.

Dr. Durand's training has been varied. He is a graduate of Oberlin and Cornell. He has served in various colleges as instructor in economics, both abstract and applied. He has been legislative librarian for the New York State Library. He has been special agent and examiner for various departments of the Government. He has written a book on trusts and another on the finances of New York City. But what makes him particularly valuable in his present post is his service from 1919 to 1921 as adviser to the food administrator of Poland.

NORWAY

The labor party doubled its strength in the recent elections in Norway, and the Bank of Norway raised its rate from $4\frac{1}{2}$ to 5 per cent. on November 1.

Perhaps these two events are not so closely related as that sentence would seem to indicate. But that is about the only basis on which the discount rate could be increased.

Business is depressed, unemployment is growing, and both the loans and deposits of commercial banks are dwindling. There is no credit inflation to be checked.

But when the election returns were heard there was heavy selling of Norwegian exchange. It is said that the selection of a labor cabinet is probable. Foreigners having funds in Norway decided to withdraw them. It was only by the intervention of the Bank of Nor-

way that a drop in exchange was prevented.

In order to check further selling, and to put the brake on capital exports, then, the bank raised its rate.

FINLAND

Three weeks later, on November 26, Norway's neighbor, Finland, reduced the rate of interest at its central bank from $6\frac{1}{2}$ to 6 per cent.

Finland has emerged from her depression, but business is not yet using nearly all the available capital. Conditions, however, are very promising. Timber exports have been especially large, and the foreign trade for the first nine months of the year shows a considerable export balance.

Payment for this timber has resulted in a considerable increase in the foreign exchange reserves of the Bank of Finland, contributing to the ease of the money market.

Another factor is only temporary. The Dwelling House Mortgage Bank of Finland has borrowed a considerable amount of money abroad. This money is being loaned out slowly. In the meantime, it is on deposit with the Finnish banks and contributes, for the time being, to the already abundant supply of money.

PORTUGAL

General Carmona's dictatorship, which runs on in spite of small revolutions every few months, runs at a loss. Otherwise, all's well in Portugal. The dictatorship is a benevolent one, it has a con-

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structive program and it is honest. But it has little money.

For several months it has been trying to negotiate a foreign loan. And on Armistice day it announced it had been successful. An English banking house (unnamed in the dispatch) has agreed to loan Portugal £12,000,000 at 7 per cent.

The money is to be used, so the announcement read, for the development of ports and communications in the Portuguese African colonies. Probably some of it will also go into essential home construction in Portugal. And some may even be used to pay off importunate creditors of the government.

American bankers figured in the opening negotiations for the loan but later withdrew. They insisted on having an independent adviser appointed for the administration of the loan. Of course no military dictatorship could be expected to consent to that.

Conditions in Portugal are good. The farmers have produced bumper crops of wheat, corn, olives and fruit. On the

basis of this Portuguese exchange advanced about 2½ per cent. last month.

JAPAN

Two months ago Thomas W. Lamont landed in Tokio. He had come, he explained to the eager newspaper men, to visit the "friends" made eight years before when he induced Japan to join the China Loan Consortium. This was a "party call," not a business trip.

The newspapers and the public received this disclaimer with their accustomed skepticism. They were the more skeptical because Mr. Lamont was accompanied by Martin Egan, a member of the staff of J. P. Morgan & Co., and Jeremiah Smith, Jr., former League of Nations Commissioner in Hungary.

A little over a month later, the facts came out. J. P. Morgan & Co., is considering floating a loan of \$40,000,000 for the South Manchurian Railway. Mr. Lamont went to Japan because, while this is a Chinese railway, half of the stock is owned by the Japanese Govern-

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ment, and most of the balance by Japanese investors.

Next came a cable from a group of Chinese business men to the Chinese Minister in Washington. They had passed a resolution, urging him to protest to the American Government against this loan. The railway, said the resolution, is an "imperialistic Japanese political and economic instrument." For that reason, the resolution pleaded, "America, maintain your traditional policy of friendship; do not help Japan's encroachment in China."

The United States government is disposed to consider the resolution a political move, having more bearing on China's internal warfare than on the loaning of money to the railway. Indications were that no attention would be paid to the protest.

Many reports from Japan state or infer that the banks which closed during the April panic are being reorganized, merged into the new Showa Bank, or helped by the Bank of Japan to re-estab-

lish themselves. But none of the reports give details.

Even without these banks, there is plenty of money to loan in Japan at present. Call money can be had in Tokio for around 2.19 per cent. The Bank of Japan has reduced its rate on commercial bills to 5.47 per cent. Commercial banks have lowered their dividend rates 1 or 2 per cent.

The investment market is well supplied with funds, too. Strong Japanese business corporations are taking advantage of this to refund their bonds at lower rates of interest. Refunding loans reached record totals in October and November.

Industry, however, is still dull in Japan. The rice crop was a good one, but foreign trade is much below normal. No rapid recovery is expected. When, as and if the banking structure is repaired, and the country gets a little further away from the series of calamities that has befallen it, slow and steady progress is possible.

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CHINA

Crops were excellent in China, also, this year. But the political situation is so unsettled, the taxes are so high, and the other factors so discouraging, that little improvement in industry or trade is hoped for.

Financial news is particularly pessimistic. The United States commercial attache cables that "Canton Central Bank of China notes are being maintained at par through a loan upon merchants of \$10,000,000 Mexican, but the future outlook is unpromising."

BRAZIL

One afternoon in the early days of November, a stream of motor trucks might have been observed backing through the metal sheathed doors on the north side of the Federal Reserve Bank of New York. Inside, two husky truckmen loaded them with little kegs. Thence they drove to the ferry, crossed the Hudson to the Hoboken docks of the Munson Line, and unloaded their cargo into the hold of the S. S. Pan-America.

Before dusk that night they transported thus \$11,000,000—packed in 220 kegs, each containing \$50,000 in American twenty-dollar gold pieces—to the steamer. Next day that fact was reported in screaming headlines in the

New York papers, and the steamer sailed away with the double eagles.

It was the first shipment of the \$36,000,000—sixty-seven tons of gold—which Dr. Getulio Vargas, Brazilian Minister of Finance, is having transferred to Brazil, preparatory to resumption of the gold standard. The second shipment, also of \$11,000,000, followed on November 15, on the steamer Van Dyke.

This business of transporting gold is expensive. Insurance alone on this first shipment cost \$36,000, and the risk had to be spread over several companies. Freight amounts to one-third of 1 per cent. of the value of the gold shipped. Coöperage—furnishing the kegs and packing the gold in them—costs \$3 a keg, and the cartage across the city and the river costs 5 cents per \$1000 of gold.

But the heaviest cost is in loss of interest on \$11,000,000 for at least fifteen days.

This import of gold displayed the confidence of the Government in Brazilian conditions. Some of the confidence was communicated to the business community. Exchange is firmer. But money still costs $7\frac{1}{2}$ to 8 per cent. for commercial loans, and there is still an import excess in foreign trade.

This importation of gold itself will do much to ease the money tightness. But the import balance must right itself.

BANK CONCENTRATION IN HOLLAND

By A. C. LEEUWENBURGH

OF outstanding interest in considering the tendency toward bank concentration in Holland is the alteration in the relations between Holland and its colonies during the second part of the nineteenth century. Whereas the first part of this century was the time of the "cultuurstelsel," a system of developing agriculture dominated by the government, the second part was marked by private initiative which led to abolition of the former system.

The enormous economic development of the colonies after 1900 made the situation more favorable for the establishment and expansion of banks which occupied themselves with the financing of colonial trade and agriculture and the floating of colonial loans. The long period of consolidation after the sugar crisis in 1883 made the development more regular.

Another cause of the Dutch bank concentration tendency lies in the development of the German Rhine section. During this period the establishment of the Rheinische Westfaehliche Kohlsyndikat took place. This development had a great influence on the economic situation in Holland. In 1907 the harbor traffic of Rotterdam was double the traffic of 1896. Shipping companies, ship-building yards and warehouses were established and expanded. More recently combinations of margarine and shipping concerns have been effected.

It is evident that this development had an important influence indirectly on the banking business of Holland. The local banks were not able to meet the increasing credit requirements. In this connection it will be remembered that the deposit system in Holland is developed only to a minor extent. A logical consequence was therefore a marked tendency in the direction of bank concentration. This movement was started by the Rotterdamsche Bankvereeniging in 1911, followed by several similar combinations. At the present time

there are in the Dutch banking system four main groups, which must be considered as the focuses of the concentration movement.

It is opportune at this point to make a brief review of the history of these groups considered in the light of concentration.

ROTTERDAMSCH E BANKVEREENIGING

The Rotterdamsche Bankvereeniging was established in 1863 and was designed to transact a general banking business. Branches were established in Batavia and Singapore, but both have been liquidated. In 1872 the Rotterdamsche Bank Vereeniging retired from the Dutch colonies and specialized in the financing of Rotterdam trade. As already mentioned the Rotterdamsche Bankvereeniging started the concentration movement in Holland. The first merger took place with the Deposito and Administratie Bank in 1911. After that time there were several amalgamations and participations, i. e., with the Societe Generale de Paris, Labouchere Oyens and Co., Dordtsche Bank and others.

The Rotterdamsche Bank Vereeniging was also very active in the country. Here the Zuid Nederlandsche Handelsbank was established, which has at the present time thirteen branches, and it participated in the Nationale Bank Vereeniging which has now about seventy branches.

During and after the war, the Rotterdamsche Bank Vereeniging promoted, in co-operation with other banks and shipping companies, banks in South America, Russia and the Mediterranean section. Many of them were liquidated or restricted in their operations due to the general economic depression of the post-war period.

The Rotterdamsche Bankvereeniging emerged from this depression with considerable loss. The insolvencies of some of its clients resulted in a reduction of

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Capital Fully Paid In . . .	\$2,000,000	Deposits . . .	\$10,462,800
Reserves and Undivided Profits	\$1,053,500	Total Resources	\$18,981,100

Branches: Armenia (Caldas), Barranquilla, Bogota, Bucaramanga, Cali, Honda ; Bremen (Germany).

GENERAL BANKING BUSINESS

	1926	1925	1924	1923	1922
Capital	55,000	55,000	55,000	55,000	55,000
Surplus	46,500	46,500	46,000	44,500	44,000
Dividend (in per cent.)	8½	7½	7½	7	6

the bank's capital stock, but with the support of the Central Bank its position strongly improved and the bank regained its international reputation.

A short review over the period 1922-26 gives the following figures (in thousands of guilders):

	1926	1925	1924	1923	1922
Capital	50,000	50,000	50,000	75,000	75,000
Surplus	20,000	20,000	20,000	37,000	36,500
Dividend (in per cent.)	4	—	—	6	6

AMSTERDAMSCH E BANK

The Amsterdamsche Bank was established in 1871 for the purpose of connecting the German and Dutch money markets. Promoters were German and Dutch banks. The bank's real development has taken place since 1890.

In regard to the concentration movement it might be noticed that it followed a different system from that adopted by the other banks. The latter followed a policy of participating in other banking houses, while the Amsterdamsche Bank established its own branches mainly in

the country. At the present time it has about twenty branches and five participations in other banks with about ten branches.

On the balance sheet one finds the figures shown above (in thousands of guilders) over the period 1922-26.

TWENTSCHE BANK

This institution was established in 1861 and had as its main purpose the financing of the export from Twente (a geographical section in Holland) to the Netherlands East Indies. Several connections have been established with banks abroad. The Twentsche Bank took part in the concentration by participating in other banks. It now has seven branches of its own and relations with about fifteen banks with a total of about fifty branches. The balance sheet over the period 1922-26 shows the following figures (in thousands of guilders):

	1926	1925	1924	1923	1922
Capital	36,000	36,000	35,500	35,500	35,500
Surplus	13,978	13,558	13,079	12,738	12,682
Dividend (in per cent.)	7	7	7	6	6



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NETHERLANDS TRADING SOCIETY

A special position in the Dutch banking system is occupied by the Netherlands Trading Society.

This organization was established in 1824 by King William I for the purpose of stimulating the trade between Holland and its colonies. The original purpose included only commercial transactions but in the middle of the nineteenth century the company developed itself as a "Cultuurbank," which meant that it specialized in financing agricultural enterprises. With the gradual repeal of the compulsory "cultures," the Netherlands Trading Society also had to alter its course and in the last part of the nineteenth century began to devote its major interest to commercial banking, national and international.

The company is now the largest bank in the Netherlands and the largest colonial bank in the world. It is not purely an agricultural bank. Its operations extend to any field which is open to a banking institution and the cultures only form a division of its extensive operations.

Of the large capital which the company controls, only a relatively small

percentage is invested in estates, but this small percentage returns a large share of the annual profits.

The Netherlands Trading Society has taken part in the Dutch concentration movement by participating in several smaller banking institutions. The first step in this direction was the participation in the Geldersche Crediet Vereeniging (Credit Association in Gelderland), a banking institution which mainly operates in the eastern provinces, and has about fifty branch offices. It has also taken part in several other provincial banks. Co-operating with other banks, the Netherland Bank for Russian Trade was established in 1916. This enterprise failed on account of the Russian revolution. The main field for operation is still in the Far East. The main office is located in Amsterdam, twenty-two branches are to be found in the Netherlands East Indies and offices are established in Singapore, Penang, Rangoon, Hongkong, Shanghai and Kobe.

In order to give a more complete picture of this bank a few figures will be given about the financial construction of this concern over the period 1922-26 (in thousands of guilders):

	1926	1925	1924	1923	1922
Capital	80,000	80,000	80,000	80,000	80,000
Surplus	51,500	51,000	48,000	48,000	43,000
Dividend (in per cent.)	8	7½	7	6	6

1839—1927

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Without doubt the results of the concentration of bank units in Holland has been encouraging and a continuance of this movement is essential if the country is to maintain and strengthen its present position in the field of international finance. All indications point in this direction. The amount and number of foreign loans floated in Holland during 1927 will exceed the figures of last year and bank concentration will also in this respect contribute to the development of this function of the Dutch banks.

Another feature of the Amsterdam money market after the war and which will require large amounts of capital in the future is the development of the acceptance business. This is mainly due to the fact that several foreign banks established branches in Amsterdam after the war for financing foreign trade and

other banking purposes. If the acceptance business is to have international confidence the accepting bank must be a strong institution. Bank concentration has given strength to the banks in Holland.

Summarizing it might be said that present conditions in Holland are favorable to concentration. New enterprises are being established and existing ones are expanding. Business conditions in Holland are improving rapidly and are sound in the Dutch East Indies where considerable profits have been made during the last few years by the agricultural enterprises, especially in the sugar and rubber trade. The general economic outlook is good. A sufficient supply of capital is assured to enable the banks to expand their business and strengthen their position as concentration continues.

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THE PAST MONTH IN CANADA

WITH an estimated wheat crop of 444,282,000 bushels, the second largest on record and an 8 per cent. increase over the 1926 production, and with similar increases in most of the other crops, agricultural conditions in Canada seem unusually good. The oats crop is reported as 18 per cent. larger than last year; barley, 2 per cent. smaller; rye, 33 per cent. larger; buckwheat, 10 per cent. larger; mixed grains, the same as last year; and flaxseed, 20 per cent. smaller. The tobacco crop of Ontario, 35,000,000 pounds, is expected to establish a new record.

"Judging by official reports and by receipts at the principal markets," says the November *Monthly Commercial Letter* of the Canadian Bank of Commerce, "the production of dairy products during the last summer was less than normal, but those farmers who were not discouraged by the unfavorable developments a year ago and who kept their herds have enjoyed a profitable season. Recently there have been signs of greater interest in dairying, and the owners of good stock have found that their holdings have increased in value. It is generally believed that the present strength in the beef cattle market will be maintained for some time, although, of course, there may be minor price recessions from time to time.

"To sum up, there is needed only the completion of harvesting in the West and the maintenance of fair prices for farm products to create purchasing power in the farming community at least as great

as in the fall and winter months of 1926-27."

INCREASE IN BUILDING

That building is on the increase is shown in statistics given by the Bank of Montreal in its business summary: "In October, the building permits issued by sixty-three cities had a value of \$18,838,558, which was an increase of 27.8 per cent. over the aggregate of October, 1926, and the largest total for October in any year for which records are available. This increase was well distributed in the various provinces and is in accordance with the tendency throughout the present year, the building permits for the ten months to date being well in advance of those for any year during which records have been kept. The total amounted to \$160,858,088, which is 19.2 per cent. greater than in the first ten months of 1926, the previous high level of the record, while the average index numbers of wholesale prices of building materials continued to be lower than in any other year since 1920."

The November letter of the Royal Bank of Canada gave special attention to the growth of electrical energy generated in Canada. "For Canada as a whole," it said, "the increase during the three months of June, July and August over the amount generated in the same months in 1926 amounts to 9 per cent. In Ontario and Quebec, the increase amounts to 10 per cent. The figures for June,

July and August take these statistics through the period of normal seasonal recession. The increase shown during the last summer is less than 50 per cent. as large as that between the summers of 1925 and 1926. While the production figures still reflect a substantial growth, the upward trend is by no means as spectacular as that which was taking place in the early part of 1926."

TRADE AND FINANCE

Although the continuance of mild weather has put off the buying of winter goods, it has given prolonged employment to those in the building and construction trades and other outdoor work.

The Dominion Bureau of Statistics' index number of wholesale prices of 236 commodities rose one point to 152.4 in October. Animals and their products and textiles and textile products were responsible for the increase. Raw cotton, silk and jute, and iron and its products decreased.

Canada's net debt decreased by \$78,500,000 during the seven months ended October 31, 1927. During the same period the total revenues increased almost twenty million dollars to \$257,031,841, owing to a gain of \$10,000,000 from taxes and \$8,000,000 from customs duties.

The foreign trade in October showed a customary increase, but not so large a one as last year when an earlier harvest supplied a great volume of wheat for export, says the Bank of Montreal in its business summary for November. "Then the value of foodstuffs shipped abroad rose in this month \$32,625,000, whereas in October of this year the value of these commodities exported was only \$8,900,000 above September. Indeed, the sig-

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nificance of the October trade returns is found in the delayed harvest, and as total cereal production has been practically the same in the two years, it is only a matter of time until export quantities overtake those of 1926-27. Imports increased, having been \$2,100,000 higher than in September and \$5,800,000 higher than in October last year, the gain being generally distributed over the list. The balance of trade became more favorable during the month, rising from \$11,340,000 in the six months ended September to \$21,300,000 in the elapsed seven months of this fiscal year."

INTERNATIONAL BANKING NOTES

NET profits of the Industrial Bank of Japan, Ltd., Tokyo, for the half-year ended June 30, 1927, amounted to 3,124,571 yen, including a balance of 1,027,768 yen brought forward from the previous half-year. This sum has been disposed of as follows:

	Yen
To reserve against loss	300,000
To dividend equalization reserve..	100,000
To dividends (6 per cent. per annum)	1,500,000
To remuneration to officers	800,000
To special reserve	100,000
Carried forward to next account...	1,044,571

Capital of the bank is 50,000,000 yen and total resources 486,977,404 yen.

IN view of the expansion of the business and the increase of total assets, the board of directors of the Union Bank of Switzerland (Union de Banques Suisses) on October 20 passed a resolution creating 20,000 new bearer shares of 500 francs each, thus raising the share-capital of the bank from 70,000,000 to 80,000,000 francs. The new shares will be entitled to the full dividend as from Jan-

uary 1, 1928, and are being offered exclusively to the old shareholders, who may subscribe to one new share for each seven previously held. The price of the new shares is 575 francs.

THE Primary Producers Bank of Australia Limited, Sydney, has opened a new branch at Geraldton, Western Australia, for the conduct of general banking business.

NET profit of the Yokohama Specie Bank, Limited, Yokohama, for the half-year ended June 30, 1927, after providing for all bad and doubtful debts, rebates on bills, etc., amounted to yen 15,179,045, including yen 6,142,357 brought forward from the last account. The sum of yen 4,000,000 has been added to the reserve fund and a dividend at the rate of 10 per cent. per annum absorbed yen 5,000,000, leaving yen 6,179,045 to be carried forward to the next account.

Capital of the bank is yen 100,000,000 and reserve fund yen 96,500,000.

IN the address given by Genyemon Mitsui, chairman of the board of directors of the Mitsui Bank, Ltd., Tokyo, at a general meeting of stockholders of the bank on September 1, the bank's condition for the first half of 1927 was stated as follows:

"As will be seen in the statement, the deposits totaled yen 538,800,000, while the loans and discounts amounted to yen 409,300,000, both showing increases by yen 83,000,000 and yen 34,600,000 respectively, as compared with those of the preceding period.

"While the net profit increased by nearly half a million yen, directors propose to reduce the dividend from the usual 12 per cent. to 10 per cent. for the term. The measure is adopted because of manifestation of our sincerity in co-operating with the Bank of Japan and fellow bankers to help strengthen our financial fabric by general reduction of dividends. Needless to say, the amount saved will be added to our reserve funds. . . ."

STATEMENT of condition of the Christiania Bank og Kreditkasse, Oslo, Norway, as of December 31, 1926, shows paid up capital of kr. 24,000,000, reserve fund kr. 16,000,000, deposits kr. 328,537,739 and total resources of kr. 377,114,573.

STATEMENT of the Skandinaviska Kreditaktiebolaget, Sweden, as of October 31, 1927, shows capital and reserve of kr. 182,000,000, deposits of kr. 584,352,590 and total resources of kr. 997,364,824.

PROFIT and loss statement of the Commonwealth Bank of Australia, Sydney, as of June

Learn a Foreign Language

French, Spanish, Italian, German, etc.

Conversational instruction under our native teachers will give you a practical knowledge of any language in a few months. We invite you to take a Free Trial Lesson.

Day and Evening Classes and Individual Instruction. Catalogue on request.

BERLITZ

SCHOOL OF LANGUAGES

Est. 49 years

336 Branches

New York—30 W 34th St., Tel. Pennsylvania 1188
Brooklyn—218 Livingston St., Tel. Triangle 1946

If there is no Berlitz School in your city write to Dept. Z for particulars of our Correspondence Course in FRENCH.

30, 1927, shows profit for the first half of 1927 of £944,864. This has been disposed of as follows:

	£
To reserve fund	159,158
To national debt sinking fund.....	159,158
To rural credits department develop- ment fund	9,331
To rural credits department reserve fund	9,331
To Commonwealth treasury (being portion of profits of the note issue de- partment)	455,913
To rural credits department capital account (being portion of profits of the note issue department)...	151,971

Capital of the bank is £4,000,000, reserve fund £1,217,750, deposits £32,277,337 and total resources £139,441,652.


PROFIT of the English, Scottish & Australian Bank, Limited, London, for the year ended June 30, 1927, amounted to £1,425,836, after deducting interest on perpetual stocks and making provision for bad and doubtful debts and contingencies. From this has been taken £705,173, expenses of management, and £169,674 for income and other taxes, leaving £874,847. This was disposed of as follows:

	£
To interim dividend	112,500
To reserve fund	15,000
To balance	423,488

Knauth, Nachod & Kühne

Leipzig, Germany

Established 1852



*Seventy-five years of continuous
banking experience*

**Commercial and Travelers'
Credits**

**Foreign Exchange
Securities**

13 Rathausring
LEIPZIG, GERMANY

Cable address
NACHOD, LEIPZIG

Paid up capital of the bank is £2,625,000, reserve fund £2,465,000, deposits at interest £19,781,958, current accounts £13,306,550 and total resources £44,154,758.

MIDLAND BANK OPENS WING OF NEW HEAD OFFICE

THE first section of the new head office building of the Midland Bank Limited, in Poultry, London, E.C.2, is nearing completion and the banking hall on the ground floor is now open to the public. Ultimately the new head office building will extend from St. Mildred's Court to Grocer's Hall Court in Poultry, with a frontage of 190 feet, and through to Princes street, where it will have a frontage of 116 feet. The portion now in occupation covers roughly one-third of the area comprised in the scheme. Photographs

of this section are reproduced in the "Examples of Recent Bank Building Operations" department in this issue.

The building when completed will contain ten stories and a total floor space of over six acres, providing accommodation for a staff of 2400. The elevations are being carried out in Portland stone. Above the cornice level the building will set back in two tiers leading up to shallow domes, which are to be the central and crowning features of each of the frontages. The top of each dome is 137 feet above pavement level and 200 feet

from the deepest portion of the concrete foundation.

The lowest basement of the building will be reserved almost entirely for engineering requirements, including oil-fired boilers, three deep wells and pumps, water tanks, etc., apparatus for purifying and ozonizing the air to be distributed throughout the building, vacuum cleaning apparatus, electric transformers, switchboard room, etc. The second basement is taken up chiefly by strong rooms, book rooms and stores while that immediately below the ground level will be used for safe deposits and additional strong rooms. This latter basement contains a long corridor, lighted by a circular marble opening immediately under the center of the main light well, and numerous rooms, carried out in walnut, for the examination by customers of deeds and boxes, and a large safe deposit entered by an eight-foot circular strong room door weighing nearly thirty tons.

The ground floor, which will be devoted entirely to general banking business, is being carried out in white marble and green verdite, the wall filling being in white and veined marble and the shafts of the columns in green African verdite with white marble bases.

The entrance lobby and joinery throughout are of figured American walnut. The center portion of the banking hall when completed will be lighted by a well covered in with a coved roof 80 feet long and 40 feet wide. At the west end of the hall there is a marble staircase leading to the safe deposits and strong rooms in the first basement.

The first, second and third floors will be devoted to clearing, correspondence and other head office departments. The fourth floor will eventually be occupied by the chairman, managing directors and managerial staff generally, while the fifth will comprise the board room, committee rooms, etc. On the sixth floor there will be staff dining rooms, smoking rooms, kitchens, rest rooms, etc. When completed the building will be served by thirteen lifts and five staircases. The joint architects are Sir Edwin Lutyens, R.A., and Messers. Gotch & Saunders, and the former is responsible for the design of the front elevations, the banking hall with marble staircase, the safe deposit in the basement, the board room and the managerial offices. The design for the facade in Poultry has been on exhibition at the Royal Academy.

SELIGMAN ANALYSES INSTALMENT SELLING

A DINNER was tendered to Edwin R. A. Seligman, Professor of Political Economy at Columbia University, on November 18, at the Ritz Carlton Hotel, New York, by John J. Raskob, chairman of the finance committee of General Motors Corporation. The guests included over five hundred prominent bankers, leading industrialists and students of business economics.

At the dinner Professor Seligman reviewed the results of his recently completed exhaustive studies of the economic effects and conditions surrounding the instalment selling device, a phase of consumer credit which is employed to so

large an extent in this country and particularly in the merchandising of motor cars. The research work done by Professor Seligman occupied over fifteen months of effort aided by a large staff of economists of Columbia University, who in their research embraced not only the automobile industry but all lines of business in which consumer credit plays an important part.

J. J. Raskob, in his remarks leading up to the introduction of Professor Seligman, said in part:

"We in the industry estimate that two-thirds of all automobiles produced are sold on credit through instalment

payments. If this credit were not available we would have no motor industry as we know it in this country today. Today it is the greatest industry in the world and can be credited almost wholly with the prosperity our country and its people are enjoying."

In the pursuance of his study Professor Seligman endeavored particularly to find direct answers to the most important questions of controversy in connection with instalment selling of automobiles. Some of his findings and conclusions, which he amplified in his address, were briefly as follows:

"The usual estimates or guesses of 75 to 80 per cent. as the proportion of automobiles sold on instalments are wrong. Actual compilation of figures provided by thousands of dealers accounting for hundreds of thousands of sales in all price classes show that a little less than 60 per cent. represents the true proportion of automobiles sold on instalment.

"There are no greater risks attending consumers' credits than producers' credits if properly administered; and they are in fact more liquid.

"Frozen credits are not a concomitant of instalment selling. The theory that a business depression would be considerably aggravated by outstanding consumers' credits is not confirmed by investigation. An elaborate study of the situation in a period of almost complete depression caused by the coal strike in eastern Pennsylvania a few years ago showed that there was even an advantage in instalment credit over general bank credit.

"It showed that it is precisely in bad times that bankers are compelled to continue to extend credits of doubtful soundness, whereas in instalment credit the volume of outstanding paper diminishes constantly.

"Protracted investigations showed

that the losses connected with instalment paper are very small; that in the proper administration of the system the finance company should be a dispenser of credit and not a seller of automobiles, which lends force to the principle, and brought forth the conclusion, that the only legitimate system is the 'recourse' one, that in which the seller accepts responsibility for the credit.

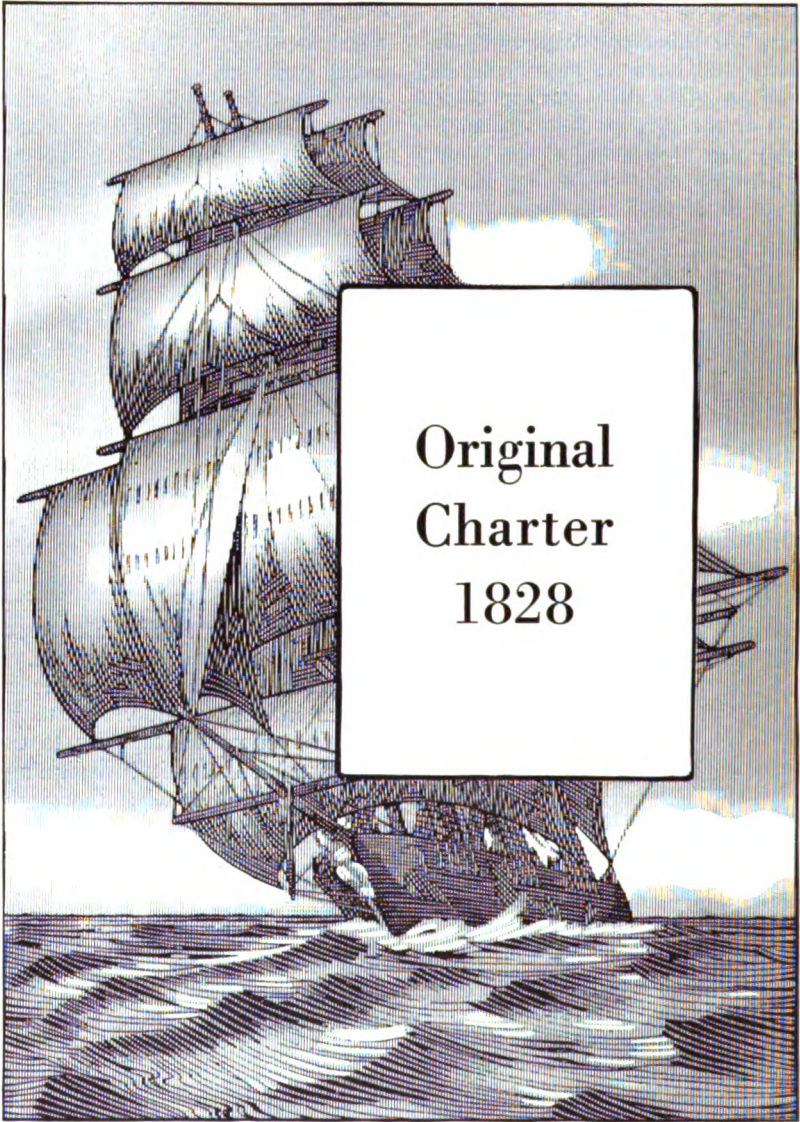
"Instalment selling has increased production, stabilized output, reduced production costs and increased purchasing power.

"There is no fixed saturation point in progressive society; no limits to the growth of demand. If the possibilities of output are boundless, the possibilities of consumption are still more so.

"The instalment plan induces the consumer to look ahead with greater care and to plan his economic program with a higher degree of intelligence. It not only tends to strengthen the motives which induce an individual to pay but also influences his capacity to do so.

"Instalment credit is beginning to do for the consumer what the gradual development of the commercial banking system has done for the producer. If the credit is restricted to the proper commodities, under proper management, it will gradually throw off its abuses and will stand forth as one of the most signal contributions of the twentieth century to the potential creation of national wealth and national welfare."

Professor Seligman's study has just been published by Harper & Brothers in two volumes under the title, "The Economics of Instalment Selling" and represents the only exhaustive analysis of the subject undertaken to date. The work is the result of the efforts of Professor Seligman and a corps of assistants extending over a period of almost a year and a half.



Original
Charter
1828

**ATLANTIC
NATIONAL BANK
OF BOSTON**

How Banks are Advertising

Special Section of The Bankers Magazine

DECEMBER 1927

IN banking merchandising has taken on a more important aspect in the new order of things, and the bank of the future will be a great financial store, with its part in the welfare of the community as important as its government or public utilities, writes Raymond W. Stanley, advertising manager the Old Colony Trust Company of Boston, in an article in that institution's monthly bulletin for November.

"Merchandising the modern bank," says Mr. Stanley, "calls for the whole-hearted support of stockholders and directors. They are the ones who hold the magic wand that sways big business. It is for them to use this wand, not only for the good of the bank, but for their own financial benefit as well. The part they play is an important one in the growth of any banking institution.

"What is the thing that makes one bank a better place to do business than another? You are conscious that there is a difference, but it's hard to define. Surely the physical make-up and equipment plays an important part; yet that is not all. An important difference is the way in which the various services are rendered to present or prospective customers.

"The larger the institution

the greater the possibility for a merchandising program to break down. When the small bank runs an advertisement, everyone in the bank is excited about it. It is an unusual event. What a difference with the large insti-

tution, which is constantly hammering away in the newspapers! Its staff too often takes its advertising as a matter of course.

"Size is, in itself, a handicap to efficient bank merchandising, and yet at the

Linking Chicago With 21,000 Foreign Banks

In order that business—
your business—may be
served, this institution main-
tains banking relations
with 21,979 foreign banks

**The CONTINENTAL and
COMMERCIAL
BANKS**

LaSalle
Adams

CHICAGO

Quincy
Wells

RESOURCES HALF A BILLION—AND MORE

Through sheer impressiveness of figures the above advertisement creates an impression of size and importance.

same time through its capacity for broader and better service it is a great aid. The entire public has a size-complex. They wonder how a large institution can take a personal sympathetic interest in their affairs, which seem so petty in comparison with the magnitude of the modern super-bank. That is a type of sales resistance that the large banking institution must overcome, and it is no easy task.

"Successful banks have a distinct 'personality.' It is an intrinsic quality that should be cultivated and developed.

Call it good will or whatever you like, yet a bank with a real merchandising program is bound to have a pleasing personality which sets it apart from its competitors.

"Merchandising must be made to fit the bank. It is perhaps better to have an institution slightly under-merchandised than to run a sales campaign far above the caliber of the bank. In the latter case the effectiveness breaks down when it is apparent to the people who come in that they have been beguiled by the advertising into thinking that the bank

is a finer institution than it really is."

A BOOKLET entitled "Municipal Borrowing in the State of Wisconsin" has been published by the First Wisconsin National Bank of Milwaukee, Wis., for distribution to the banks of that state. The pamphlet outlines the conditions which must be fulfilled by municipalities for their temporary borrowing requirements, but "is not intended to take the place of the advice of an attorney as to the procedure to be followed or the validity of a municipal loan, which advice should always be obtained."

The booklet was prepared for the first time in 1923 and since that time has been revised every other year, incorporating each time the changes made by each state legislature. It has proved of real value to the banks and additional copies have also been sent to school and town officials, on request.

THE principle of saving first to buy later is made attractive in a folder, "72 Cents a Day Will Buy a Trip to Europe," issued by the Minnesota Loan and Trust Co., Minneapolis, Minn. The copy explains how, by the depositing of a small amount weekly, a large total may be achieved in a comparatively short time, on account of the compound interest paid.

A deposit slip, which may be used either to open a new

You have always wanted an account with the largest bank in the State

[The formation of the first City-wide banking service in Newark makes this possible]



Check on the largest bank in the State!

Each month as you pay your bills, it is known that you bank with the Fidelity Union. As you go to New York, as you travel in other cities, your bank is always known.

For a long time you have thought such a thing was not practical. The Fidelity Union was difficult to reach in crowded traffic. It was a busy bank visited by more than four thousand customers daily. In such an institution you might be deprived of personal contact with officers.

There are now seven entrances to the Fidelity Union, convenient to you. Every type of financial service is just around the corner from you—foreign banking—trust—safe deposit—commercial.

Your account will receive close personal attention. The Paying and Receiving Tellers will know you. The officers value your friendship. You have available the prestige of an account with a large, favorable known bank, combined with convenience, and contact with courteous, sound business advisers.

Fidelity Union Trust Company

Member Federal Reserve System
Newark - N. J.

Atlantic Branch	20th St.	Central Bank
City Branch	10th St.	Commercial Bank
East Branch	15th St.	First National Bank
Fourth Branch	4th St.	Fourth National Bank
South Branch	12th St.	South National Bank

See Chapter 10 of the Fidelity Union Trust Company

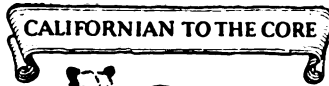
This Newark bank makes useful advertising capital of the fact that it is the largest bank in its state.

account or to deposit in an old one, is attached. A ship at anchor is used on the cover and two color printing adds to the effectiveness of the folder.

WITH the number of convincing trust advertisements sent out, it is a miracle if anybody who has sufficient resources to own one has thus far withstood the appeal. One of the latest pieces of effective copy on trusts is in the form of a letter from the State Street Trust Company of Boston.

The first page of the four-page folder contains a brief letter signed by the bank's president, Allan Forbes, telling the purpose of the folder. The two inside pages take up "The Economy of a Trust" and not only give the usual arguments as to convenience and efficiency, but also show how income and inheritance taxes may be lessened or avoided through the use of trusts. A return card is enclosed for those who wish the additional information contained in a booklet issued by the institution, "What a Trust Can Do."

"THE New Partnership of Capital and Labor," an address given over the radio by Francis H. Sisson, vice-president the Guaranty Trust Company of New York, has been reprinted in booklet form. The talk was one of a series of "Little Journeys into Great American Industries" sponsored by Herbert



Owned by Californians

Fourteen thousand Californians—a large portion of them native sons—own and control the capital stock of this bank.

In ownership, as well as in spirit and personnel, the Bank of Italy is perhaps the most typically Californian financial institution in the state.

In the great redwood districts of the north—in the oil districts of the southern counties, in the high mountain regions, on the grain and fruit farms, in the citrus belts, in the mining and desert country—in humble village and flourishing metropolis—you'll find the owners of the Bank of Italy Californian to the core.

The Bond department of this bank offers an unusual service for investors.



Bank of Italy

Savings—Commercial—Trust
Capital and Surplus—\$30,700,000
Head Office—San Francisco

An advertisement based on an appeal to state pride in a state where this emotion is notably strong.

F. Rawll, founder of the Christmas Club and publisher of the *Industrial Digest*. Men prominent in commercial and financial affairs of this country were included in the group of radio speakers.

A SOUVENIR booklet has been published by the First National Bank, the Kentucky Title Trust Company and the Kentucky Title Company, affiliated institutions of Louisville, Ky., in connection with the opening of the new building of the three companies.

The booklet, which is called "for Louisville's Tomorrow," is unusually attractive in general make-up.

It is printed in black on India tint paper, with cover, initials, side-heads and etchings in green.

A brief history of the state, of Louisville, and of the bank and its affiliations is given in the booklet and there are numerous illustrations of the new building, and of the City of Louisville.

THE thirty-sixth anniversary of the founding of the Union Trust Company of Detroit, Mich., was marked by the publication of a booklet giving a brief account of the ideals and history of the company, with a photograph and brief sketch of each official and director of the organization.



Four advertisements of an historical series run by a San Francisco bank. These advertisements are particularly appropriate to the name and traditions of the bank.

A message from the president of the institution was a feature of the copy.

The Union Trust Company has also gotten out a booklet giving information regarding the community trust of Detroit, the purpose of which is to carry out the wishes of those who make charitable bequests. The Union Trust Company acts as trustee for the community trust.

gining of a new theatrical district on Market street, with the opening of the Erlanger theater, is foreseen. The *Public Ledger* and the Curtis Publishing Company are sketched, as to history and growth. A reproduced copy of the first issue of the *Ledger* on March 25, 1836, is enclosed with the *Letter*.

Continue Your Own Management

There are few exceptions to the general statement—

From 1792, to 99% of a man's income is derived from what he DOES and not from what he OWNS

In other words (lighten up on the securities) in most 99% out of every 1000 you receive in the form of your present effort and to not derived from your investments.

Take your and your family receive 100% of your income. Don't pass that you should naturally to follow from your family, but would they like, in the future, up 50% for each of your present benefit?

That is the one great reason for Life Insurance

How to go a step further—

Obtaining that you have provided yourself with sufficient life insurance to replace your own earning power (for that you will do so) And only you make sure that the money derived from your activities will not be expended or lost through careless investments or otherwise dissipated?

An investing in "LIFE INSURANCE TRUST" whereby you place with the COMPANY the burden of managing these funds and making for your family. (Such a trust will be made to come into effect when you die. It is your method of continuing your management after you are gone.

Our trust officers after talking about Insurance Trusts, in the lightness favored by a customer.

Commerce Trust Company
Resources Exceed 100 Millions
 Kansas City

An advertisement of a Kansas City bank, published in the interests of the life insurance trust.

TRUST service for women is the subject of a folder published by the Ohio Savings Bank & Trust Company of Toledo, Ohio. Freedom from responsibility by the establishment of a trust is emphasized in the copy and an explanation of the various sorts of trusts is given. A return card requests a booklet, "Solving the Perplexing Problems that Confront Your Estate."

The October issue of *The Girard Letter*, publication of the Girard Trust Company, Philadelphia, is devoted to two of that city's industries—motion pictures and the Curtis Publications. The be-

THE bi-monthly house-organ "with interest" of the Vermont-Peoples National Bank of Brattleboro, Vt., never misses an opportunity to incorporate current events into its publicity. Thus it is not surprising that its August number should be a special aviation number, containing numerous pictures of Lindbergh's welcome at Springfield, Vt., on July 26 and of the famous "Spirit of St. Louis" as "We" flew over Brattleboro, dropping a greeting to that city. "Looking Backward" contains a review of aviation, and "Looking Forward" a prophecy of the future of flying, both especially concerned with the

community about Brattleboro.

We have received the first three chapters of an open letter to bankers, published in folder form by the Minnesota Loan and Trust Company, Minneapolis, on "The Importance of Marketable Reserve Assets." The folders are identical in design and typography, but are printed

yesterday, knows that it is good business to keep prepared. He knows that contingencies will arise from time to time which will make unexpected demands for ready cash. He knows that heavy local borrowings or sudden withdrawals of deposits, may at any time challenge his primary reserve of cash, government bonds and commercial paper. He knows that at

sets in proper relation to local conditions and needs, and our bond men are always ready and anxious to help bankers in the solution of this problem. The list on the following page should contain one or more bonds which meet your present requirements, and upon request we will be pleased to aid you in making a selection."

A RECORD OF YOUR investments, the date of purchase, the total income each month, the total income from securities having tax free clause, etc. can be kept in our pocket size folder No. 500.

We shall be glad to furnish a copy free upon request

STONE & WEBSTER
AND
BLODGET
INCORPORATED
120 Broadway, New York

SOME INVESTORS purchase only tax exempt bonds: many prefer railroad, hydroelectric, public utility or industrial bonds; others are attracted by foreign bonds. The diversified offerings in our investment bulletin will accommodate your preferences.

Copy furnished on request.

STONE & WEBSTER
AND
BLODGET
INCORPORATED
120 Broadway, New York

CONSERVATIVE bonds and stocks are not competitive as investments. They supplement each other, and both contribute materially to the proper balance of investment holdings when selected with discrimination.

Current investment bulletin of bonds and stocks furnished on request.

STONE & WEBSTER
AND
BLODGET
INCORPORATED
120 Broadway, New York

PREFERRED STOCKS of strongly entrenched public utility companies appeal to the judgment and confidence of investors in all localities. Our current investment bulletin includes several attractive public utility preferred stocks.

Copies gladly furnished on request

STONE & WEBSTER
AND
BLODGET
INCORPORATED
120 Broadway, New York

The advertisements in the above group were run single column in local newspapers by a New York investment house. They offer a distinct departure from the usual formal card announcement so often used in space of this size, and are good examples of how small space can be effectively used.

on different shades of paper so that they may be easily distinguished. The two-color printing harmonizes with the paper.

"Sound banking practice," says the first letter, "has always recognized the fundamental necessity of being prepared for emergencies with adequate reserve assets which are quickly marketable. The experienced banker of today who has successfully weathered the financial stress of

such times secondary reserve assets in the form of marketable bonds will relieve him from financial embarrassment.

"Because of these facts, the good banker today realizes the importance of building a reserve upon a foundation of sound diversified bonds that can be quickly converted into cash when the need arises. For many years this trust company has urged the importance of liquid reserve as-

AMONG the numerous historical booklets being published by banking institutions, "The Straight Road," a history of the Newburyport Turnpike, by the Everett National Bank, of Everett, Mass., stands out. "The history of the human race has marched on roads," says the booklet, and goes on to show the part played by the Newburyport Turnpike in the history and growth of that community.

WHAT BANKS AND BANKERS ARE DOING

WALTER L. DUNHAM, formerly vice-president the First National Bank of Detroit, has been elected president the Detroit Savings Bank, according to announcement by John M. Dwyer, who has been made chairman of the board of the



WALTER L. DUNHAM
President the Detroit Savings Bank,
Detroit, Mich.

same institution. James H. Doherty has been elected first vice-president.

D. Dwight Douglas, president the First National, said of the change:

"Mr. Dunham's election to the presidency of the Detroit Savings Bank is a splendid and well deserved compliment to him and indirectly to us. He goes with the warmest good wishes of the First National organization. His former associates, I know, will miss him personally as well as officially. We are happy that this honor has come to him and he will continue to have our heartiest co-operation."

Mr. Dwyer expressed satisfaction over the arrangement and reviewed Mr.

Dunham's rise in the banking business extending over the last fifteen years. The new bank president is a director in the Detroit Trust Company, the Industrial Bank, and the McCord Radiator Company, all of Detroit. He is first vice-president of the Michigan Bankers Association as well as Michigan chairman of the Save-to-Travel Association.

LOUIS HARVEY has been elected president the Wellesley National Bank, Wellesley, Mass., succeeding the late Charles N. Taylor. Mr. Harvey has been cashier of the bank since 1917 and will be succeeded in that position by Joseph B. Ross, formerly assistant cashier. Mr. Harvey was for many years an official of the Elliott National Bank of Boston, before its merger with the National Shawmut Bank, and later was treasurer the Hadley Falls Trust Company, Holyoke, Mass. Mr. Rose went to the Wellesley Bank from West Newton, Mass., where he was cashier of the First National Bank.

MISS JANE DILLON, the first woman to be employed by the Equitable Trust Company of New York for the solicitation of new business, spoke recently before the members of the Women's Bar Association at a dinner at the Hotel Woodstock, New York. Miss Dillon commented on the cordial feeling now existing between bar associations and trust companies and explained how the best interests of clients and beneficiaries were served by the combined efforts of attorneys and trust companies.

PALMER E. PRESBREY, vice-president the First National Bank of Boston, has resigned, effective December 1. Mr. Presbrey expects to retire from business and will spend the winter and spring in southern Europe.

After being graduated from Harvard University in 1885 Mr. Presbrey entered the employ of the National Bank of

Redemption as a messenger and has completed more than forty-two years of service in that institution and the First National Bank of Boston, with which it was consolidated in 1904.

INTERSTATE TRUST BUYS HAMILTON NATIONAL

THE Interstate Trust Company of New York, which celebrated the first anniversary of its organization in October, has acquired the Hamilton National Bank of New York. The four offices of the Hamilton will be operated as branches of the Interstate Trust. These, with the Franklin National Bank and Bloomingdale Brothers, private bankers, both of which were acquired last July, will give the Interstate Trust a total of seven offices.

The merger involves resources of \$50,000,000.

In connection with the consolidation the following statement was issued jointly by the Interstate Trust Company and the Hamilton National Bank:

"The basis of the merger is an exchange of six Hamilton units for five and one-half shares of the stock of the Interstate Trust Company.

"The banks will be merged in the name of the Interstate Trust Company. This consolidation, when completed, will give the Interstate Trust Company not only its main office at 59 Liberty street, but seven branches well located in New York City with resources of over \$50,000,000."

The last official statement of the Interstate Trust Company issued as of September 30, 1927, showed total resources of \$32,983,588, which total represented an increase of about 400 per cent. within less than a year, the Interstate having opened for business on October 14, 1926. On September 30, 1927, Interstate reported total deposits of \$25,124,304, which total represented an increase of 685 per cent. within less than a year.

The latest statement of the condition of the Hamilton National Bank, as of



New Home of the State Bank
of Chicago—La Salle and
Monroe Streets. Occupancy
April 1, 1928

A New Landmark on La Salle Street

Our new home—located in the heart of Chicago's financial district—will be the symbol of the parallel growth of this institution with the development of Chicago and the Middle West. Steady expansion year by year of the scope of the State Bank of Chicago, requiring greater and more comprehensive banking facilities, resulted in the erection of the State Bank Building. An invitation is extended to out-of-town bankers to inspect our new home and to make full use of the facilities for transacting correspondent business.

HENRY A. HAUGAN
Chairman, Board of Directors

LEROY A. GODDARD
Chairman Executive Committee

OSCAR H. HAUGAN
Vice-Chairman of the Board

State Bank of Chicago

A Trust Company

LA SALLE AND
WASHINGTON STREETS

Member Federal Reserve System

CAPITAL, SURPLUS AND UNDIVIDED
PROFITS OVER \$13,000,000

OUR short term obligations have been purchased by more than five thousand banks in the United States.

GENERAL MOTORS ACCEPTANCE CORPORATION

Executive Office • 250 WEST 57TH ST. • New York City

Capital, Surplus & Undivided

Profits • \$50,626,000

October 10, 1927, showed total deposits of \$17,456,500 compared with \$13,223,100 reported on June 30, 1926. Total resources at the present time exceed \$20,000,000, while capital stock amounts to \$1,500,000 and surplus and undivided profits, \$313,000, according to the last statement. The capital of the Interstate Trust Company now amounts to \$3,800,000 and surplus and undivided profits \$1,524,777.

Upon completion of the consolidation Interstate Trust Company's seven banking offices will be located as follows: Main office, 59 Liberty street; with other offices at 130 West 42nd street, the present main office of the Hamilton National Bank, in the heart of the Times Square district; the Franklin branch at Franklin and Hudson streets; the Bloomingdale branch at Lexington avenue and 60th street; the University office at 110th street and Broadway; the Bronx branch at 96 East 170th street; the Washington Heights branch at 181st street and Wadsworth avenue; and Queens Village branch, Jamaica avenue at 217th street.

IOWA FARMS CORPORATION PROGRESSES RAPIDLY

RAPID progress is reported in the final organization of the \$6,000,000 Iowa Farms Corporation, launched about a month ago, which has as its object the purchase of Iowa land at its present low price, on a speculative basis.

The State of Iowa has been divided into districts and a special committee is being formed in each district to raise an allotted portion of the \$1,000,000 capital which Iowa financiers have pledged themselves to invest in the project. The entire Iowa capital will probably be subscribed this month, according to Burt J. Thompson, chairman.

The first two district meetings were held during the last few weeks—one at Clarion, Iowa, with seven counties represented by leading bankers and farm leaders, and the other at Atlantic, Iowa, with four counties represented. Both of these meetings were characterized by great optimism as to the immediate future of Iowa land prices, and by en-

thusiasm as to the prospects for the corporation.

The Iowans back of the organization of the corporation state that they have received word from eastern financiers that, if Iowa leaders invest \$1,000,000 of their own money in this project, it will be matched by approximately \$4,000,000 of eastern capital.

The theory is that if Iowa land is now at its low level in the opinion of Iowa investors, who know what the true values are, eastern capital may reasonably look upon this venture as an attractive speculation. The fact that the movement itself is being launched by Iowans who have invested in Iowa lands privately for many years has been taken as an indication that these lands have probably reached the bottom and are due for a substantial rise during the next year or two.

The salient feature of the entire project is that the anticipated profits are based on the buying and selling of land with as rapid a turnover as possible. There is no thought of operating farms over any period of time, although a special management department will be created for the supervision of all farms held by the corporation between the time of purchase and the time of their sale.

The organization committee includes:

Burt J. Thompson, chairman, attorney, Forest City; C. H. McNider, president First National Bank, Mason City; F. C. Hubbell, Des Moines; C. E. Perkins, director C. B. & Q. Ry., Burlington; F. F. Everest, president First National Bank, Council Bluffs; Clyde E. Brenton, vice-president Iowa National Bank, Des Moines; L. H. Henry, vice-president First National Bank, Sioux City; Col. G. W. French, manufacturer, Davenport; E. W. Miller, president Commercial National Bank, Waterloo; Glenn M. Averill, president Cedar Rapids National Bank, Cedar Rapids; Herbert Horton, secretary for committee, vice-president Des Moines National Bank, Des Moines; H. H. Stipp, attorney for committee, Des Moines.



Proven Builders of Bank Business

The new tailor opens shop with a brightly lettered poster—

**"Suits and Coats
Carefully Pressed"**

and presently a customer comes in. The restaurant owner advertises—

"Special Turkey Dinner \$1.00"

and more customers drift in.

And down the street a window sign calls out—

"Shoes Repaired While You Wait"

and a lot of people come in and wait.

**Timely reminders do
bring business.**

National Service Bureau Posters are inviting new customers into hundreds of banks. You will find them displayed in bank windows, lobbies, and on the front of bank buildings.

N. S. B. Posters are lithographed in full colors (20" x 30") from handsome oil paintings. The largest banks are pleased with the quality of N. S. B. Posters.

Ask us for full particulars

NATIONAL SERVICE BUREAU
of New York, Inc.

80 John Street New York

**"Our National Title Service
as Appaised by Those Who Use It"**

is a booklet containing testimonial letters from some of our clients. If you are interested in the subject of title insurance in connection with your mortgage lending we will be glad to send you a copy.

**NEW YORK
TITLE AND MORTGAGE
COMPANY**

Capital Funds over \$42,000,000

135 Broadway, New York City

TITLE INSURANCE ANYWHERE IN THE UNITED STATES



SECURE AS THE BEDROCK OF NEW YORK

**CHICAGO BANK VOTES TO
INCREASE CAPITAL**

At a special meeting of the stockholders of the Lake Shore Trust and Savings Bank, Chicago, recently, it was voted to increase the capital of the institution from \$500,000 to \$600,000. The new stock will be issued January 2, 1928, to stockholders of record October 13, 1927, at the ratio of one new share for each five old shares held, at \$150 a share. It was also voted to increase the number of directors from fifteen to nineteen.

**HARVARD TRUST TO PAY
BIG DIVIDEND**

STOCKHOLDERS of the Harvard Trust Company, Cambridge, Mass., at a special meeting recently, voted to increase the capital stock of the bank from \$500,000 to \$750,000 and distribute the new stock to shareholders as a 50 per cent. dividend. The distribution will be made to stockholders of record November 16.

This is the third increase in the capital

structure of the trust company since 1920. In that year capital was \$200,000; raised to \$400,000 in 1921 by the sale of stock on rights and in 1925 was increased 25 per cent. by the same method. Deposits of the company in 1920 were \$9,624,830 and surplus and undivided profits totaled \$383,279. The latest figures disclose deposits of \$31,003,870 and surplus and undivided profits of \$953,317.

**FRANKLIN TRUST TO HAVE
NEW BUILDING**

IN order to accommodate their rapidly increasing business, the Franklin Trust Company of Philadelphia is erecting a new bank building on the site of its present West Philadelphia office, 52nd and Market streets, and including the property immediately adjacent.

The building will be a two-story affair of Indiana limestone, fireproof throughout and 42 by 63 feet in size.

The entire first floor will be occupied by the bank and will include in its ac-



C. ADDISON HARRIS, JR.
President the Franklin Trust Com-
pany of Philadelphia.

commodations a new and modern safe deposit vault erected on the street level, spacious customers' room, seven tellers' windows and officers' rooms.

The interior will be finished in marble with mahogany trim, walls of

Travertine with ornamental ceilings and floors of Terrazzo.

The main entrance will be on Market street with entrances to both the bank lobby and the second floor offices on 52nd street.

Among the many features of the building will be the installation of a new electrical interlocking device for all doors which will enable the locking of every door in the bank by simply pressing one of several buttons in various parts of the building.

Work was begun on the new structure this month and during the course of construction the West Philadelphia office of the company is being temporarily housed next door—5145 Market street.

ST. LOUIS BANKER IS SPEECH- MAKER

WALTER B. Weisenburger, vice-president the National Bank of Commerce, St. Louis, makes at least 100 formal addresses each year, and any number of informal ones, according to an article devoted to his career in a recent issue of the *St. Louis Globe-Democrat Magazine*, a part of that paper's Sunday edition.

"I talk on such a variety of subjects,"



New building being erected by the Franklin Trust Company, Philadelphia, for its West Philadelphia office.



MAIL THAT CHECK

for Christmas Seals today

HAS your local tuberculosis association mailed some Christmas Seals to you? Why should you keep them?

Here's the answer: The Tuberculosis Associations have already aided in cutting the tuberculosis death rate by more than half. Every seal you buy works directly for the health of your community, your friends, your family—your health.

Send that check to your local association today.



The National, State, and Local
Tuberculosis Associations of the United States

Mr. Weisenburger is quoted as saying, "that I never have made one my hobby. For instance, I find that during the last few months I have talked not only in St. Louis, but in many towns in Missouri, and here are the subjects: Banking, advertising, chambers of commerce, selling, waterways, business conditions and Europe.

"In addition there are numerous drives for money—the community fund, the symphony orchestra, the municipal opera. Oh, there is a host of things always on hand for a bit of boosting. A year or so ago I headed a party that made a tour of Europe. Since then I have given numerous illustrated lectures



HARRIS & EWING

WALTER B. WEISENBURGER
Vice-president National Bank of Commerce in St. Louis, Mo.

on what we saw and did. Not many months ago another party went to Alaska. I went along, and that adds another lecture to the galaxy of speeches."

The article continues: "Weisenburger might enumerate other things he has done. He might tell about when he was president of the Advertising Club, of how he founded 'Greater St. Louis,' the official publication of the Chamber of Commerce; of how he was one of the originators of the municipal advertising campaign, which, for its first three years, spent \$50,000 in specialized advertising for St. Louis and more recently is spending \$70,000 yearly for the same purpose. Or he might tell about how, during the

administration of R. S. Hawes as president of the American Bankers Association, he was the secretary of that body's public relations committee, handling the publicity that year; or how he is a director of the newly organized Industrial Club.

"But he isn't talking much about these things, because is so busy talking about something else that he hasn't time for self-aggrandizement. He is, if you can gather what the writer means, a man who is imbued with a desire to serve the city of his adoption. He is a man who stops at nothing in the way of personal convenience to do his daily dozen of boosting for St. Louis. The most obvious thing about him is his sincerity, and because of that the usual fault of verbosity is turned into an outstanding asset. In fact, one would not accuse him of being offensively verbose; because, to employ a few of the many words he uses, he never talks unless he has something to say. For that reason, when he talks, people listen; and, better still, his words lead to action."

FARM AND CITY LOANS INCREASE

MORE than \$4,000,000 in new farm and city loans were accepted by the committee on finance of the John Hancock Mutual Life Insurance Company during November. The exact amount was \$4,128,967, to yield an average rate of interest of 5.58 per cent.

Total farm and mortgage loans accepted during the last eleven months totaled \$40,564,251 to yield 5.52 per cent. interest, indicating a slight advance in average interest rates for the loans accepted during November.

These loans are equally divided between farm and city properties, \$19,731,367 being loaned on 3229 farm properties and \$20,832,885 on 1533 city properties.

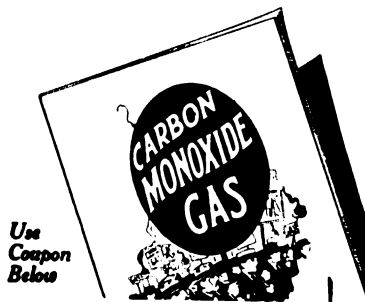
The latter included 1264 city or suburban dwelling houses and 231 apartment buildings, housing in all 4674 families.

Avoid the Invisible Death!

INVISIBLE, odorless, and fatal—that is carbon monoxide gas, a poison which lurks in your automobile, in your gas range, and other appliances.

The danger is so real that the Motor Vehicle Departments of various states now plan to furnish motorists (with their registration plates) a warning against this gas.

For the past few years we, and other insurance companies, have been bringing this danger to public attention. And we offer you—FREE—a booklet on the subject, designed to save lives.



John Hancock
LIFE INSURANCE COMPANY
OF BOSTON, MASSACHUSETTS

INQUIRY BUREAU

197 Clarendon St., Boston, Mass.

Please send me your free booklet on Carbon Monoxide Gas.

B.M.

DEPOSITS INCREASE UNDER HOUSE REGIME

DEPOSITS of the Guardian Trust Company of Cleveland have increased \$100,000,000 since J. Arthur House assumed the presidency of the institution, it was announced in connection with the celebration of Mr. House's tenth anniversary as head of the Guardian.

In honor of Mr. House and this

SECURITY

is the NAME
to REMEMBER

WHEN A VALUED CUSTOMER is leaving for Southern California, remember that a letter or card of introduction to Security Trust & Savings Bank will secure for him or her special attention and courtesies, for which that patron will be grateful to you.

SECURITY BANK has 54 offices and branches, covering the cities and towns which comprise the Los Angeles Metropolitan Area. Wherever your letter may be presented, it will bring to the person introduced more than ordinary courtesies from a bank with more than ordinary facilities.

achievement a dinner was held December 5 which was attended by the bank's



J. ARTHUR HOUSE
President Guardian Trust Company
of Cleveland, Ohio.

directors, officers and other employees. As an expression of regard for their chief executive, the employees have just completed a campaign which has raised deposits \$100,000,000 above the mark when Mr. House became president. The bank's resources now approximate \$155,000,000.

Mr. House's first job was that of office boy for the Nickel Plate Railroad of which he is now a director. In 1894, when the Guardian was organized, he joined its staff. He was one of the first four employees of the bank and at the only teller's window handled savings, paying and receiving, foreign exchange, letters of credit, drafts and other duties. Later, he became assistant treasurer, assistant secretary, secretary, fifth vice-president and first vice-president. In 1917, after a climb of twenty-three years, he was chosen president, and at that time it was said by bankers that he was the youngest among the presidents of the country's larger banks and trust companies.

Mr. House is a director of the Good-

year Tire & Rubber Company, Standard Textile Products Company, Nickel Plate Railroad, Wheeling & Lake Erie Railroad, Cleveland Builders Supply & Brick Company, and several other corporations. He has served as president of the Trust Company Division of the American Bankers Association, has been president of the Bankers' Club of Cleveland, and of the Cleveland Clearing House Association. He is a trustee of Ohio Wesleyan University at Delaware, Lakeside Hospital, St. Luke's Hospital and University School.

MASSACHUSETTS SAVINGS BANKS MAKE RECORD

ACCORDING to figures given out recently by the Savings Banks Association of Massachusetts, deposits in the 196 mutual savings banks of the state totaled \$1,839,000,000 at the close of the fiscal year, October 31, 1927. This represents a gross gain of \$130,000,000 over the figures of a year ago and is the largest gain ever made in one year since the inception of the mutual savings banks in 1834. The next nearest amount was in 1923 when \$117,000,000 was gained. Of this gross gain, about \$76,000,000 represents dividends credited to the depositors' accounts by the banks and the remaining \$54,000,000 represents new deposits.

There are now 2,900,000 open accounts on the books of these banks, representing a gain of over 29,000 for the year just closed. This means that the average account per depositor is \$633. It is particularly interesting to note that some of the cities which are reported to be hard hit industrially nevertheless show considerable gain in savings accounts. Fall River, for instance, shows a gain of \$2,568,000; Lowell, \$2,676,000; Lawrence, \$4,024,000.

Newburyport has the highest per capita savings of the cities in the state. The average there is \$1032. Salem follows with an average deposit of \$821, and Fitchburg is close behind with \$792.

SEABOARD TO TAKE OVER NEW NETHERLAND BANK

BOARDS of directors of the Seaboard National Bank and the New Netherland Bank, of New York, have approved plans for consolidation of the latter institution with the former, and the proposition will be submitted to the stockholders of the two banks soon.

In connection with the consolidation, it is proposed to increase the capital



CHELLIS A. AUSTIN
President Seaboard National Bank of
New York.

stock of the Seaboard National Bank from \$8,000,000 to \$9,000,000. This will necessitate the issuance of an additional 10,000 shares of stock, of which 5000 shares will be issued to the stockholders of the New Netherland Bank in exchange for 6000 shares of the New Netherland stock now outstanding in the ratio of five shares of Seaboard stock to six shares of New Netherland stock. The 5000 shares of additional stock of the Seaboard not allotted to stockholders of the New Netherland will be offered for subscription at \$300 per share. The holders of the now outstanding 80,000

International Securities Corporation of America

Second International Securities Corporation

*For information about these general investment trusts
address AMERICAN FOUNDERS TRUST
(A Massachusetts Trust), 50 Pine Street, New York*

shares of Seaboard will be entitled to subscribe pro rata to that proportion of the 5000 shares which 80,000 shares bears to 85,000 shares. The remaining subscription rights will be sold by the Seaboard for its own account.

After giving effect to the consolidation, the Seaboard National Bank will have a capital of \$9,000,000, a surplus of \$11,000,000 and undivided profits of more than \$3,000,000. Total resources of the combined banks will be in the neighborhood of \$250,000,000.

The president directors of the New Netherland Bank will be asked to serve as an advisory committee of the New Netherland branch of the Seaboard Bank. The officers of the New Netherland Bank will be made officers of the Seaboard and W. F. H. Koelsch, now president of the New Netherland Bank, will continue in charge of the business of the branch as a vice-president of the Seaboard National Bank. U. M. Fleischmann will also be made a vice-president of the Seaboard and will be elected to its board of directors.

WRITES BOOK ON BANKING

Miss Mary B. Reeves, manager of industrial and school savings, the Philadelphia Saving Fund Society of Philadelphia, has written *Beyond the Counter*, a book on banking in which is contained much valuable experience, including those contributed by many well known bankers of the country.

Miss Reeves was born in New York City 29 years ago and was graduated from Hunter College, New York, where

she specialized in modern languages. She was awarded first prize for an essay on German civilization, honorable mention for French and Phi Beta Kappa for general scholarship.

In 1919 Miss Reeves started a banking career with the Savings Banks Associa-

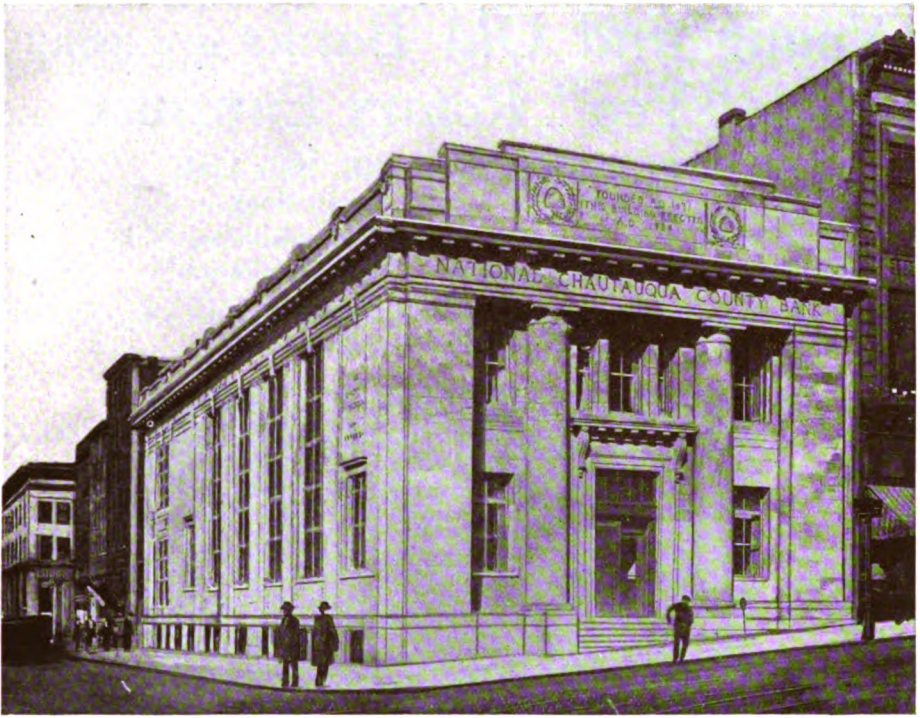


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MARY B. REEVES

Manager industrial and school savings
the Philadelphia Saving Fund Society
of Philadelphia, Pa.

tion of the State of New York. Later she became affiliated with the National Association of Mutual Savings Banks, first in an editorial capacity with the *Savings Bank Journal* and gradually assuming more general duties until made



National Chautauqua County Bank, Jamestown, N. Y.

THE new building of the National Chautauqua County Bank, Jamestown, N. Y., has provided itself with every banking facility. Its presence should be of advantage in that section of Western New York.

law
army.

ALFRED C. BOSSOM
BANK ARCHITECT & EQUIPMENT ENGINEER
680 FIFTH AVENUE, NEW YORK

Young and Old Banks are using The "Yeo" Rotary Entrance

CORN EXCHANGE BANK, New York
74 Years Old 44 Installations

AMERICAN NATIONAL BANK, Camden, N. J.
Opened Sept. 29, 1927 1 Installation

BOTH INSTITUTIONS ARE SOLD ON THE IDEA OF
24 HOUR DEPOSIT SERVICE

NIGHT DEPOSITORIES



100250 USERS

Dr. I. S. Siris, V.-P. American National Bank, Camden, N. J.
Making Deposit in Rotary

351 INSTALLATIONS

Burglar Proof Receiving Chest on First Floor or in Basement as Desired

Manufactured and Patented by

The Bank Vault Inspection Co.

SAMUEL P. YEO, President

1824 Ludlow Street

Philadelphia

Sales Engineers in All Large Cities

secretary of the latter association in 1923.

In June of that year Miss Reeves went abroad to study savings banking in other countries, returning in September of the same year. She then accepted a position as manager of industrial and school savings with the Philadelphia Saving Fund Society (the oldest bank in the country) and after one year with that institution was given full charge of advertising and publicity.

**NATIONAL PARK BANK HAS
NEW OFFICERS**

THE National Park Bank of New York has announced the election of James Bruce, formerly vice-president the International Acceptance Bank, Inc., of New York, as vice-president, and R. L. Whitfield, former vice-president and member of the executive committee the Federal Commerce Trust Company of St. Louis, as assistant vice-president.

Mr. Bruce was born in Baltimore and was graduated from Gilman School and Princeton, after which he studied law, receiving his degree from the University of Maryland law school in 1916. He served as private secretary to Thomas Nelson Page, ambassador to Italy, in 1916-17.

During the war he was in the second division and on the staff of the first army from 1917-20.

He became vice-president the Baltimore Trust Company in 1921 and remained there until 1926 when he became vice-president the International Acceptance Bank, Inc., of New York.

Mr. Whitfield was born in Oxford, Miss. His father was dean of the University of Mississippi and later a member of the Supreme Court of that state. Mr. Whitfield attended the University of Mississippi and Johns Hopkins where he took special work in political science.

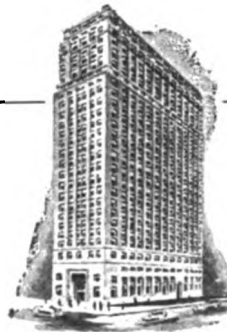
For four years he was principal of the city high schools in Mississippi, after which he entered the University of Texas law school. He left there to go into the army.

At the close of the war he entered the bond department of the National Bank of Commerce in St. Louis, later assisting in transforming this department into the Federal Commerce Trust Company. He became assistant treasurer of the new company and later vice-president and member of the executive committee.

**TEXAS BANK CHANGES NAME;
INCREASES CAPITAL**

THE Guaranty State Bank of San Angelo, Texas, has changed its name from the Guaranty Bond State Bank, and has increased its capital from \$50,000 to \$100,000. The surplus has been raised to \$25,000. The bank has also applied for an amendment to its charter enabling it to serve as administrator in handling estates and trust funds.

William Schneeman is president of the bank, J. M. Shannon vice-president, Karl Word cashier, and Ira Swope as-



1	1
8	9
1	2
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The Pennsylvania Company

For Insurances on Lives and Granting Annuities

Trust and Safe Deposit Company

Packard Building

S. E. Cor. 15th and Chestnut Streets
Philadelphia

**Capital, Surplus and Undi-
vided Profits - \$20,000,000**

Member
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Downtown Office
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Kings County Trust Company

City of New York, Borough of Brooklyn

Capital \$500,000 Surplus \$4,500,000 Undivided Profits \$445,000

JULIAN P. FAIRCHILD, President

WILLIAM J. WASON, JR., Vice-President

THOMAS BLAKE, Secretary

HOWARD D. JOOST, Vice-President

ALBERT I. TABOR, Assistant Secretary

J. NORMAN CARPENTER, Vice-President

CLARENCE E. TOBIAS, Assistant Secretary

ALBERT E. ECKERSON Auditor

ACCOUNTS INVITED

INTEREST ALLOWED ON DEPOSITS

Assistant cashier. Directors are B. H. Yancy, William Schneeman, J. M. Shannon, J. R. Mims and R. L. Howard.

HEADS BOSTON BANK

ROGER Pierce has been elected president of the New England Trust Company of Boston. Leon M. Little has been elected vice-president in charge of the trust department and a director. Mr. Pierce has been vice-president of the bank since 1919.

INCREASES CAPITAL

STOCKHOLDERS of the New Jersey Title Guarantee and Trust Company, Jersey City, have approved an increase in the bank's capital stock from \$1,300,000 to \$2,000,000. They have the right to subscribe for the additional stock on a pro rata basis at \$250 a share.

FORMER GUARANTY OFFICIAL DIES

ALEXANDER Phillips, for many years associated with the Guaranty Trust Company of New York, died recently at the New York Post Graduate Hospital.

Mr. Phillips had not been actively engaged in business since February 1, 1924, at which time he retired on pension from a vice-presidency of the Guaranty Trust. His decision to retire from active business was due to the condition of his health, which was probably affected in part by the strain under which he worked in Europe under trying war conditions.

He was 64 years old at the time of his death.

NEW OFFICERS FOR SEWARD BANK

ARNOLD F. Smith has been elected cashier and Arthur A. Fisher assistant cashier of the Seward National Bank of New York. Mr. Smith has been assistant cashier and was formerly secretary of the Lincoln Trust Company, New York. Mr. Fisher has been one of the examiners of the Second Federal Reserve district.

NEW DIRECTOR FOR SEABOARD

HUGH Blair-Smith, treasurer the American Telephone and Telegraph Company, has been elected a director of the Seaboard National Bank of New York.

BANK OF NEW YORK BUYS OLD PORTRAIT

THE Bank of New York and Trust Company, New York, has recently bought a portrait of Alexander Hamilton, painted from life, to add to its collection of memorabilia of the early days of the bank. Hamilton was one of the founders of the institution and drew up its articles of incorporation. The portrait, until its acquisition by the bank, had always been in the possession of the Hamilton family.

The oil painting is small, being only 10½ inches in height and 8¾ in width. It is a characteristic example of the work of the painter, James Sharples, an

MORE THAN 1000 BANKS
used Outcault's
CHRISTMAS CLUB SUPPLIES in 1927

The Reason

High quality—Moderate prices—Fair dealing

OUTCAULT ADVERTISING COMPANY

221 East 20th Street

Chicago, Ill.

Englishman who came to this country in 1796 and who practiced his art here until his death in 1811. During this period he painted many of the celebrated personages of the time. It is interesting



Portrait of Alexander Hamilton recently purchased by the Bank of New York and Trust Company, New York.

to note that in the year of his arrival, 1796, he painted the last portrait of George Washington for which Washington sat.

HARDACRE ELECTED EXECUTIVE VICE-PRESIDENT

HENRY M. Robinson, president the Los Angeles-First National Trust & Savings Bank, Los Angeles, Calif., has announced the election of R. B. Hardacre as executive vice-president of the bank.

The coming of Mr. Hardacre into the Los Angeles-First National in this capacity adds additional strength to an already outstanding executive group, as he has been for nearly twenty years one of the banking personalities of Southern California.

Mr. Hardacre for years has been a vice-president and director of the Secur-



RALPH B. HARDACRE

Executive vice-president the Los Angeles-First National Trust & Savings Bank, Los Angeles, Calif.

ity Trust & Savings Bank and a director of the Security Company, of Los Angeles. He is a director of the Gladding McBean Corporation, of the Pacific Indemnity Company, and is president of

EXAMINATIONS - SYSTEMS - TAXES

FOR

Banks and Trust Companies

McARDLE & McARDLE

ACCOUNTANTS AND AUDITORS

Forty-Two Broadway, New York City

the California Bankers Association. He previously served as chairman of the executive committee and as vice-president of that organization.

ST. LOUIS BANKER DIRECTOR IN CHAMBER OF COMMERCE

MARVIN E. Holderness, vice-president of the First National Bank in St. Louis, has been elected a director in the St. Louis Chamber of Commerce for the coming year.

Mr. Holderness has always been active in civic and business affairs in St. Louis. He has served as president of the St. Louis Kiwanis Club and as president of the Advertising Club of that city.

FINANCIAL FIRMS REPRESENTED IN RESEARCH SCHOOL

MANY of New York's largest downtown firms are represented in the student body of the New School for Social Research, at 465 West 23rd street, according to an announcement by Dr. Alvin S. Johnson, director of the school. These evening lecture courses in economics, finance, business cycles, statistics, investment principles, etc. are considered of such value to employes, particularly junior executives, that several banking and brokerage houses have supplied the means for their employes to register for these courses.

ST. LOUIS BANKER DIES

STEPHEN A. Gore, manager the safe deposit department of the National Bank of Commerce in St. Louis, died recently

of acute arthritis at the home of his brother in St. Louis.

GUARANTY TRUST STATEMENT

STATEMENT of condition of the Guaranty Trust Company of New York as of November 15, 1927, shows deposits of \$590,272,325 and total resources of \$748,764,153. As compared with the statement of November 15, 1926, these figures show an increase of \$79,164,921 in deposits and \$109,867,120 in resources. The present statement shows an undivided profits account of \$3,979,955, an increase of \$322,870 since the date of the last published statement, September 30, 1927.

Seven official appointments have been announced by the Guaranty recently as follows: I. D. Fish, O. J. Matthews and J. D. Harrison were appointed assistant vice-presidents; H. K. Farrar and P. C. Harper were named branch office managers and J. A. Wright, Jr., was appointed manager of the syndicate department.

CHATHAM PHENIX OPENS UP- TOWN OFFICE

THE Chatham Phenix National Bank and Trust Company of New York has opened a new office at Fifth avenue and 55th street—a site that was forest land bordering a lake when the bank opened, 115 years ago, and that after the Civil War was a fashionable residence section.

Modern developments in banking construction and appointments are exemplified in the new office. Green chenille



BANKS SAVE TIME

By using L C Smith Typewriters

Every L. C. Smith typewriter embodies certain time saving features which are regular stock equipment.

Interchangeable platens make it possible to change instantly from one class of work to another. This makes one single machine available for ordinary or special card index work, stencils (either address or letter), heavy manifolding, preparation of special forms and many other uses.

The decimal tabulator (regular or key-set) makes the L. C. Smith most adaptable for statistical work, tabulating, regular correspondence and invoicing.

Wide carriage machines operate just as easily and quietly as the ordinary size because the carriage is not shifted to write capitals.

Pin-point and Gothic type make the L. C. Smith a most excellent check writer, thus affording maximum protection with highest legibility.

L C Smith & Corona Typewriters, Inc.

Factory & Executive Offices, Syracuse, N. Y.

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carpeting covers the floors; arched colonial windows are draped with orange hangings. Excepting for a base course along the floor margins, marble is eliminated from the interior furnishings. Lobby desks are of American walnut and walls are paneled with walnut to a height of thirteen feet.

ELECTED TO A. B. A. OFFICE

JOHN Stewart, assistant cashier the Second Ward Savings Bank, Milwaukee, Wis., was elected president of the Bank Auditors and Controllers Division of the American Bankers Association at the annual convention of the association held in Houston recently.

During the war Mr. Stewart was director of the foreign economic service in charge of munitions and food supplies for the allied armies in all parts of the world. He also holds a certified public accountant's certificate.

CITIES SERVICE EARNINGS SET NEW RECORD

NET earnings of the Cities Service Company for the twelve months ended October 31, 1927, totaled \$31,244,250, an increase of 36 per cent. over the \$22,820,620 recorded for the year ended October 31, 1926.

Net earnings for the first ten months of 1927 were \$26,364,553, which exceeds by almost two million dollars the record figure of \$24,462,662 for the entire year 1926.

Net earnings for the month of Octo-

ber, 1927, were larger than any October earnings in the company's history, amounting to \$2,705,915. Net to common stock and reserves for October, 1927, was \$1,927,421, an increase of 40 per cent. over last October and 169 per cent. more than October, 1925.

Cities Service Company's net earnings for the twelve months ended October 31, 1927, were equal to more than twelve times interest and discount on its debentures. Net to stock and reserves was 4.23 times preferred stock dividends compared with 3.35 times for the previous twelve months.

Net to common stock and reserves was \$21,925,929, equivalent to 26.78 per cent. on the average amount of common stock outstanding or \$5.35 per share of \$20 par value common stock. This compares with \$14,169,423 for the twelve months ended October 31, 1926, equivalent to 18.37 per cent. or \$3.67 per share on common stock then outstanding.

NATIONAL CITY OPENS NEW BRANCHES

Two new branches were opened last month by the National City Bank of New York, one in what is known as the One Park Avenue building, and a second at Canal street and Broadway.

The Canal street branch is within a few blocks of the Holland Tunnel. It is housed in a three-story building erected for the purpose, with frontages of about 37 feet on Broadway and more than 125 feet on Canal street on the north and on Lispenard street on the

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south. The building is of American design and will be illuminated with flood lights. The main room is two stories high and finished in marble.

The other branch is in the center of the silk trade district. It will deal especially in import and export letters of credit and in credit information. Its quarters have been remodeled.

BALTIMORE BANKS MERGE

THE Century Trust Company of Baltimore has purchased the Security Storage & Trust Company of the same city, subject to the approval of the boards of directors and the stockholders of the two institutions. The price is \$405 a share, payable in cash, the transaction involving \$810,000.

Acquisition of the banking business of the Security Storage & Trust Company will increase total resources of the Century Trust Company to more than \$13,000,000. The Security has \$200,000 capital, \$200,000 surplus, \$65,000 undivided profits and deposits of approximately \$1,300,000. Capital of the Century Trust is \$1,000,000, surplus \$1,700,000 and undivided profits \$238,000.

MIDTOWN BANK OPENED

THE Midtown Bank of New York opened for business last month at Seventh avenue and 27th street, just a month after the site had been chosen for the bank's quarters. During that time a fireproof and burglarproof vault was installed and all other equipment completed for a modern banking office.

Directors of the bank are Peter Schmuck, chairman; Herbert A. Brennan of the Stromberg-Carlson Telephone Manufacturing Company; James J. Dooling, attorney; Herman M. Gidden, importer and exporter; Peter E. Kassler, president; Maurice Reinitz, vice-president and general manager of the Consolidated Laundries Corporation; Max Rosenwald, drugs and chemicals; Isaac Ross, Ross Manufacturing Company; Dr. Charles H. Siegelman; Carl W. Stern, president of M. J. Corbett & Co., and George V. S. Williams, president of the Macoy Publishing Company.

NATIONAL CITY ELECTS NEW DIRECTOR AND OFFICER

FRED J. Fisher, vice-president and director the General Motors Corporation, has been elected a director of the National City Bank of New York.

Mr. Fisher, eldest of the seven Fisher brothers, was one of the founders of the Fisher Body Corporation, of which he was president and general manager until 1924, when he resigned to take up his duties as a member of the executive and finance committees of the General Motors Corporation, of which he has been vice-president and a director since 1921.

Ninian S. Marshall, for twenty-eight years identified with banking in the Far East and in recent years associated with the International Banking Corporation, has been elected to a vice-presidency in the National City Bank.

Mr. Marshall, who has recently arrived from Shanghai, will be at the main

office of the bank. While with the International Banking Corporation Mr. Marshall was at various times in charge of the branch offices of that corporation in Manila, Kobe, Hongkong and Shanghai. As the representative of the corporation, which is a wholly owned affiliate of the National City Bank, he had an active part in the upbuilding and development of these offices. He obtained his early training with the Royal Bank of Scotland, later going to the Far East for the Hongkong and Shanghai Bank.

OPENS SIXTEENTH BRANCH

THE Manufacturers & Traders-Peoples Trust Company of Buffalo, N. Y., has opened its sixteenth branch office, completing a city-wide service which includes every important business and residential section.

The new branch is located on Abbott Road, at Stevenson street, in a community that has developed adjacent to the plants of Bethlehem steel and other large industries along the south shore of the harbor.

CARLETON A. CHASE DIES

CARLETON A. Chase, president the First Trust and Deposit Company of Syracuse, N. Y., and former president the New York State Bankers Association, died recently in Philadelphia where he had gone to consult a doctor. Mr. Chase was one of the leading bankers of the state.

He was born in Syracuse in 1864. After leaving school he became connected with the Syracuse Chilled Plow Company, now the John Deere Company. He became its vice-president in 1902 and president some years later.

In 1920 he resigned to become president of the First Trust and Deposit Company. He was also president of the Bank of East Syracuse and of the Eastwood Bank of which he was one of the founders and organizers. He was vice-president of the Rochester and Syracuse

The South Carolina National Bank Charleston, S. C.

Greenville, S. C. - Columbia, S. C.

Consolidation of

Bank of Charleston, N. E. A.

Charleston, S. C.

Norwood Nat. Bank Greenville, S. C.

Carolina Nat. Bank
Columbia, S. C.

Capital _____ \$ 1,100,000.00

Surplus _____ 650,000.00

Resources _____ 25,000,000.00

Railroad Company and the Empire State Railroad and was interested in many commercial, industrial and public service corporations. A member of the National Association of Manufacturers and the National Founders' Association, he served both organizations as vice-president, and for a number of years was a member of the National Industrial Conference board. For two years he was president of the Associated Industries of New York State and first president of the Syracuse Manufacturers' Association.

DEAN MADDEN DIRECTOR OF INSTITUTE OF FINANCE

ANNOUNCEMENT has been made by Joseph R. Swan, chairman the foreign securities committee of the Investment Bankers Association, that John T. Madden, dean of the School of Commerce, Accounts and Finance of New York University, has been appointed a director of the Institute of International Finance.

The body which Mr. Madden will head is conducted by the Investment Bankers Association as a fact-finding agency to study foreign securities for the information of American banking houses and individual investors. It is one year old. Its membership, numbering more than 300, is made up chiefly of investment houses, but it also includes banks and trust companies.

1927

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Twenty-eighth Edition

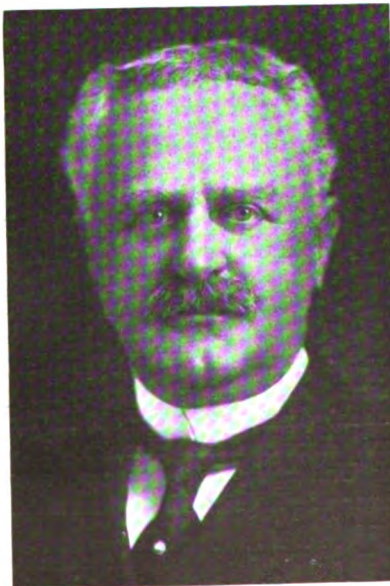
A systematic arrangement of the Statutes in all states affecting both Domestic and Foreign Business Corporations, The Uniform Stock Transfer Act, Blue Sky Laws, Anti-Trust Laws, Forms and Precedents. Strong Buckram binding, 2386 pages.

United States Corporation Company

150 Broadway, New York

SUCCEEDS FATHER AS BANK HEAD

JOHN Stewart Baker, son of Stephen Baker who has been president of the Bank of the Manhattan Company, New York, for thirty-four years, has been



STEPHEN BAKER

Chairman of the board of the
Bank of the Manhattan Company,
New York.

elected president of the institution to succeed his father, who has been elected to the newly created office of chairman of the board. At the same time P. A.

Rowley was named vice-chairman of the board, another new office.

John Stewart Baker will be one of the youngest men in New York in executive charge of a large banking institution. He has been in the service of the



JOHN STEWART BAKER

President the Bank of the Manhattan
Company, New York.

Bank of Manhattan Company in various capacities for almost nine years. He was graduated from Princeton University in 1915 and in the same year entered the employ of the Bankers Trust Company, starting as a messenger and being later assigned to work in the trust department.

Stephen Baker became president of the Bank of the Manhattan Company in 1893, and his name is one of the best known in Wall Street. Under his guidance the institution has expanded from its original single office at 40 Wall street to a bank with forty-eight branches covering Greater New York. The family name has been associated with the bank since the foundation of the institution 128 years ago, for Stephen Baker's grandfather, known as Stephen Baker the elder, was one of the original stock-

J WILLIAMS BEAL SONS

ARCHITECTS

DESIGNERS OF MODERN BANKS OF DISTINCTION

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BOSTON-MASS

holders. The bank, originally chartered in 1799, has deposits of about \$300,000,000.



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P. A. ROWLEY

Vice-chairman of the board of the Bank of the Manhattan Company, New York.

STATE BANK TO ERECT NEW BUILDING

THE State Bank of New York has leased for eighty-four years a corner plot on Eighth avenue and 43rd street and expects to erect a new bank and store building, to be ready for occupancy about the middle of next year.

LOS ANGELES-FIRST NATIONAL ANNOUNCES CONSOLIDATION

ANNOUNCEMENT has been made by Henry M. Robinson, president the Los Angeles-First National Trust & Savings Bank, Los Angeles, Calif., of the con-

solidation of Stevens, Page & Sterling with the First Securities Company, an affiliation of the bank. James R. Page has been elected a vice-president of the Los Angeles-First National Trust & Savings Bank and E. C. Sterling a vice-president of the securities company. T. C. Stevens will retire from business.

For the last twelve years, Stevens, Page & Sterling has been an outstanding financial organization covering southern California, and has been active in handling the highest type of investment securities. The relations between Stevens, Page & Sterling and the First Securities Company have always been close, and the present consolidation is simply an amalgamation of long established relations.

PRESIDENT DANIEL AIDS BYRD EXPEDITION

ROBERT Daniel, president of the Liberty National Bank of New York and a close friend of Commander Richard E. Byrd, has subscribed \$25,000 toward the expenses of an expedition Byrd is planning to the South Pole, according to recent announcement. The flight will be one of the most costly ever attempted because of the number of men and airplanes needed.

Mr. Daniel owns Brandon, an estate on the James River, Virginia, adjoining the old Byrd estate, and it was at Mr. Daniel's home in Westbury that Byrd spent much of his time before his trans-Atlantic flight.

Eskimos from Greenland will accompany Commander Byrd—so far as is known the first time that Eskimos, familiar with the rigors of life in the Arctic regions, will be taken to the even more severe Antarctic regions. One of the six Eskimos who will accompany Commander Byrd will be Nukapingwa, one of several who assisted Byrd and Floyd

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Bennett unload and assemble their planes at Etah, Greenland, when the two aviators flew over Greenland and as far



ROBERT DANIEL
President the Liberty National Bank
of New York.

north as Ellsmere Island. Bennett will be second in command on the new expedition.

CHASE NATIONAL LAYS CORNERSTONE

THE cornerstone of the new thirty-eight-story building of the Chase National Bank of New York was formally laid last month at a ceremony attended by senior officers of the bank and the

Chase Securities Corporation. The building is being erected at the corner of Pine and Nassau streets.

In the absence of Albert H. Wiggin, chairman of the board of directors of the bank, who is abroad, Reeve Schley, vice-president, and James T. Lee, of New York, to whom the board of directors has entrusted the planning and erection of the building, placed in the cornerstone a copper box containing important records and documents dealing with the history of the bank during its fifty years of existence.

Following the laying of the stone, officials of the bank inspected the construction work now in progress, observing the massive steel structure which will support a vast pyramid of stone and brick towering above the historic sub-treasury building in the heart of the financial district.

Ground for the new building was broken early in 1927—a notable year in the history of the Chase National Bank in that it marks the fiftieth anniversary of its founding and the growth of its resources to more than a billion dollars. The structure is scheduled for completion next May.

Among the interesting items which were sealed in the cornerstone were the following:

First Report of the Chase National Bank of the City of New York, dated December 27, 1877; comparative statement 1877-1927; last report to the Comptroller of the Currency at the close of business October 10, 1927; report of the chairman of the board of directors at the fiftieth annual meeting of share-

holders January 11, 1927; statement of condition of the Chase Securities Corporation at the close of business December 31, 1926; the 1877-1922 history of the Chase National Bank; a full set of coins minted in 1927 (one cent to one dollar); trade dollar bearing date, 1877, which was the year in which the bank was organized; one sheet of four Chase National Bank five-dollar notes containing facsimile signatures of John McHugh, president of the bank and W. P. Holly, cashier, series of 1902, A, B, C, D, all bearing the serial number 323444, charter number 2370; a reproduction of the original etching by Anton Schutz showing the proposed new building; certificate of laying of cornerstone to which the seal of bank was attached; facsimile signatures of the officers of the bank.

LOS ANGELES BANK MERGER

THE Citizens National Bank of Los Angeles and the Citizens Trust and Savings Bank of the same city will be united in the Citizens National Trust and Savings Bank, according to recent announcement. The new bank will have capital, surplus and undivided profits of \$11,000,000 and total resources exceeding \$115,000,000. It will thus rank among the sixty largest banks of the United States.

The two banks are under the same ownership and management.

The Citizens is one of the old outstanding banks in Los Angeles. Established in 1890 with a capital of \$100,000, it has made uninterrupted progress. The directors have always maintained a policy of independence and have developed only in Los Angeles, not opening any branches in other cities, and the bank is controlled entirely by local interests.

The Citizens National Company, the investment arm of the Citizens banks, will remain unchanged by the consolidation. This was originally the bond department of the bank and was incorporated separately in 1924.

J. Dabney Day, president, issued the

following statement: "We believe that the bank will be enabled to render better service to the public as a result of this change. The trust department is growing rapidly and needs more space and we plan to give it the entire second floor of the Citizens National Bank building at Fifth and Spring. All branches of the bank will be retained, and the staffs of both banks, upon whose loyal service our business has been built, will remain with us. By this consolidation we shall be able to effect important internal economies and co-ordinate our various activities so that the banking public may have a well-rounded and comprehensive service. The bank will be a member of the Federal Reserve System and the same conservative and sound policies that have always been maintained by the Citizens banks will be upheld."

MILWAUKEE BANKER DIES

CHARLES F. Pfister, a member of the board of directors of the First Wisconsin National Bank of Milwaukee, died recently, after a paralytic stroke. He was active in various business and philanthropic interests in the city—among the former the Pfister and Vogel Leather Company, the Electric Company, the Hotel Pfister, the Sentinel Company, the Milwaukee Mechanics Insurance Company and the Allis-Chalmers Manufacturing Company.

CHICAGO BANKS TO CONSOLIDATE

ABSORPTION of the Standard Trust and Savings Bank of Chicago by the National Bank of the Republic of the same city will take place January 3, according to announcement.

The capital stock of the National Bank of the Republic will be increased from \$4,000,000 to \$6,000,000. Its stockholders will receive the right to subscribe for one new share at \$100 for each four shares now held.

The remaining \$1,000,000 of new

stock will be given to stockholders of the Standard Trust and Savings Bank in a share for share exchange, although Standard Trust stock recently was quoted around \$350 a share. The Standard Trust will also withhold between \$400,000 and \$500,000 surplus and undivided profits from the merger, which will permit a 40 to 50 per cent. dividend to the stockholders.

The merged banks will operate under the name of the National Bank of the Republic and will occupy its building at La Salle and Adams streets. In addition to the \$6,000,000 capital stock there will be about \$5,400,000 of surplus, undivided profits and contingent reserves. Total deposits will exceed \$110,000,000.

John A. Lynch will be chairman of the merged institution and George Woodruff, David R. Forgan and Hugo E. Otte, vice-chairmen.

U. S. BANK DEPOSITS ALMOST TWO-THIRDS WORLD TOTAL

TOTAL bank deposits in the forty-one principal countries of the world amounted to \$84,000,000,000 at the end of 1925, the latest figures available, and of this total \$52,000,000,000 was held in banks in the United States, according to figures given by W. Randolph Burgess, assistant Federal Reserve agent at the Federal Reserve Bank of New York. Dr. Burgess spoke at a luncheon and inspection of the new branch banking quarters of the Chatham Phenix National Bank and Trust Company, Fifth avenue and 55th street.

Dr. Burgess said that the figures had just been reached by tabulation covering several sources, including a tabulation made by the statistical staff of the League of Nations. He declared that despite the general knowledge of the tremendous growth of banking activities in the United States, bankers were surprised at the results of the survey showing that five-eighths of the bank deposits of the entire world are held in this country.

CHRISTMAS CLUB YIELDS INCREASE

ACCORDING to figures given out by H. F. Rawll, president of Christmas Club, a corporation, \$501,336,000 is being distributed to 8,500,000 members of the Christmas Club in the United States this year. This represents an increase in savings over 1926 of about \$102,000,000, or 26 per cent., while the increase in the number of members over 1926 is 12½ per cent. This is five times the amount in 1920.

W. H. Wilkes, vice-president the National Advertising Corporation of St. Louis, says that a conservative estimate for Christmas Club deposits throughout the country is \$255,000,000 but that "no actual figures are available, or ever have been available." These funds are accumulated, according to Mr. Wilkes, by 6,250,000 club members and the number of banks having clubs is about 6500.

COMMERCIAL TRUST OPENS NEW BUILDING

THE twelfth anniversary of the founding of the Commercial Trust Company of New Britain, Conn., was marked recently by the opening of the bank's new building with a public reception and inspection.

The building is of brick and stone combined and seven stories in height. It was designed by Hopkins and Dentz, bank architects of New York. The fourth, fifth, sixth and seventh floors of the building are rented as offices.

The bank is equipped with the most modern banking appliances, including the twenty-four-hour rotary depository and cageless counters.

Its total resources aggregate \$6,513,481, in comparison with a total of \$318,000 in 1915. Growth has been regular—resources were \$1,082,000 in 1917; \$2,330,000 in 1919; \$3,400,000 in 1921; \$4,742,000 in 1923; and \$5,358,000 in 1925.

John C. Loomis is president of the institution.

(Continued from page 783)

tional profits thus to be had. But in doing this banking policy should be so shaped as to "escape those dangers which would impair its standing and the confidence of the public in its integrity."

AN UNACKNOWLEDGED DEBT

MUCH has been said about the debts owing to the United States by several of the European countries. Less is heard of the debt we owe to them. Nearly all the nations of Europe have made to the United States an immeasurable contribution in the way of language, culture, institutions and population. These additions to our national stock have been a main source of the remarkable growth of the United States in civilization and wealth. This development has, of course, been accelerated by the wide expanse of fertile soil and the favorable character of our institutions. These latter, it must not be forgotten, owe much to what they borrowed and adapted from Europe.

It is not to minimize the contributions coming from other countries to say that we are debtors chiefly to England, the Mother Country. Thence we drew our language and the chief impress of our jurisprudence. To Shakespeare and the King James Bible alone our debt is beyond measure—far more precious than any millions we are ever to receive from England in repayment of moneys ad-

vanced to her in the hour of need. Every student of American law, up to the beginning of the present century at least, began his studies with the Commentaries of Sir William Blackstone. Pages could be filled with the great names of English literature whose works are almost as familiar here and as highly treasured as in the land of their nativity. In talking of debts, it is well to bear these facts in mind. They constitute what should form an unbreakable bond of sympathetic understanding between England and the United States.

Just now the people of this country have an opportunity of acknowledging in practical fashion their obligations to William Shakespeare. The Memorial Theater, at Stratford-on-Avon, has been destroyed by fire. To rebuild and endow this theater a fund of \$2,500,000 is being raised, of which it is expected \$1,000,000 will come from this country. It is a fund to which American bankers should be glad to subscribe. Contributions may be sent to Otto H. Kahn, treasurer of the American Shakespeare Foundation, 150 Nassau street, New York.

The mistake of praising Shakespeare will not be made here. It is enough to say that a competent authority has placed his name at the head of the entire human race. That he is the noblest product of the English-speaking world can hardly admit of question. And in that proud heritage this country has a share.

COMING BANKERS' CONVENTIONS

AMERICAN BANKERS ASSOCIATION, Philadelphia, Pa., October, 1928. Executive manager, F. N. Shepherd, 110 East Forty-second street, New York City.

CANADIAN BANKERS ASSOCIATION, Montreal, November 11. Secretary, Henry T. Ross, Dominion Express Building, Montreal, Quebec.

EXECUTIVE COUNCIL MEETING, American Bankers Association, April 16-19, Augusta, Ga. Headquarters, Bon-Air Hotel.

Executive manager, Fred N. Shepherd, 110 East 42nd street, New York City.

ILLINOIS BANKERS ASSOCIATION, Rock Island, June 20-22. Secretary, M. A. Graettinger, 208 South LaSalle street, Chicago.

MID-WINTER TRUST CONFERENCE, under auspices of the Trust Company Division, American Bankers Association, February 14-18, New York City. Headquarters, Commodore Hotel.

DR. GEPHART CALLS CORPORATION TAX CUT VITAL

CORPORATION tax reduction would benefit more people than any other method of tax reduction, according to Dr. W. F. Gephart, vice-president the First National Bank in St. Louis, who, as a member of the special committee on Federal taxation of the United States Chamber of Commerce, appeared before the Ways and Means Committee of Congress to pre-



DR. W. F. GEPHART
Vice-president the First National Bank
in St. Louis, Mo.

sent arguments in favor of corporation tax reduction.

Members of the special committee, who have been studying taxation for several years, presented arguments in an attempt to show the present situation throughout the country warranted a reduction of \$400,000,000 instead of the \$225,000,000 cut recommended by Secretary Mellon of the Treasury Department. The Chamber of Commerce Committee appeared before the House Committee after Mellon had presented the Treasury Department's view of the situation.

Dr. Gephart said in the fiscal year of 1927 corporations paid one-third of all the taxes, including customs received by the Federal Government. In addition, he said, corporations paid state and local taxes aggregating \$1,500,000,000, and stockholders of these same corporations paid as individuals, Federal, state and local assessments.

"Business has been bearing heavy taxes since the war," Dr. Gephart said, "and now should have some relief, especially since those years after the war business in general and corporations in particular have been bearing almost as heavy taxes as during the years of the war.

"We are yet very largely on a war-time basis of taxation and not on a peace-time basis. The committee argued for a reduction in the corporation tax from 13½ per cent. to 10 per cent. Practically every other class of income taxpayers have had a reduction except corporations, whose taxes under the law of 1926 were increased instead of being decreased. The maximum and minimum normal rates on individual incomes have been reduced from 12 to 6 per cent. to 5 and 1½ per cent., respectively, and surtaxes from a maximum of 65 per cent. to 20 per cent. The corporation income tax on the contrary is now 1½ per cent. higher than the maximum during the war period, and fairness demands that this rate be now substantially reduced.

"There are over 3,000,000 people in the United States who own stock in corporations so that these with their families perhaps make up 6,000,000 or 7,000,000 people who would be directly benefited by a reduction in the corporation income tax.

"But since taxes are a part of the cost of production and affect wages, and since many millions of people are employed as wage earners and salary earners by corporations many more millions would be indirectly benefited by a reduction in the corporation tax. It would seem,

(Continued on page 900)

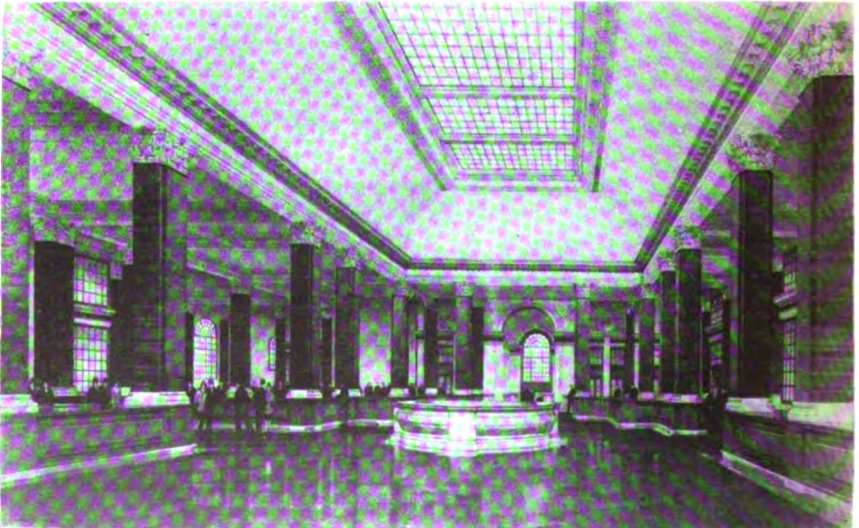
EXAMPLES OF RECENT BANK BUILDING OPERATIONS

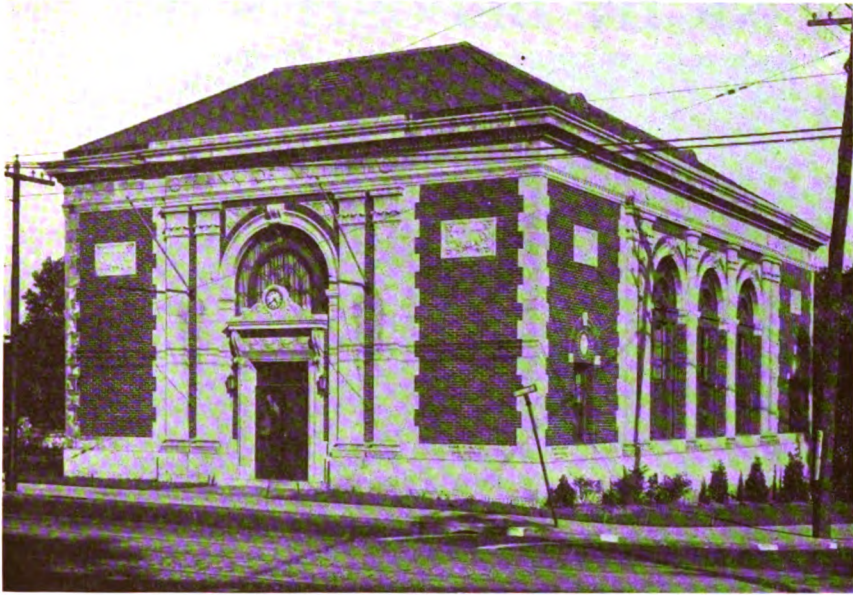


The opening of the American Bank & Trust Company building of Hazleton, Pa., sounded a new keynote for office buildings in that city. The exterior is of light-colored limestone and closely matched terra cotta. The offices are of popular sizes and the many windows provide an exceptional amount of natural light. High speed elevators give rapid transit to all floors. Uffinger, Foster & Bookwalter, Inc., bank architects of New York, designed the building and supervised its erection.



Poultry frontage of the new head office of the Midland Bank Limited, London. The center portion is now complete. (Below) view of banking hall as it will appear when completed





THE Colonial building of the Bank of Nutley, Nutley, N. J., is of red tapestry brick with a base of Woodbury granite. Pilasters and cornices are of Bedford limestone and the roof is of slate shingles in various shades. The main banking room is unusually well lighted, since the structure is in the middle of a large corner plot of ground. At the rear of the banking room is a large safe deposit and security vault, while a silver storage vault is located in the basement.

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Customer using the night depository at the Flatbush branch
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ADVERTISE YOUR INSTITUTION AS

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By Installing a

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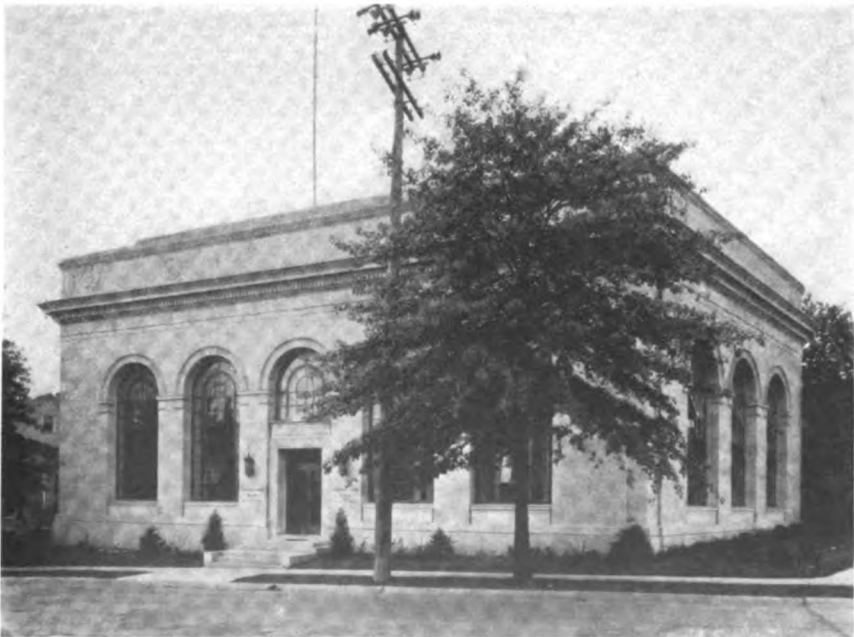
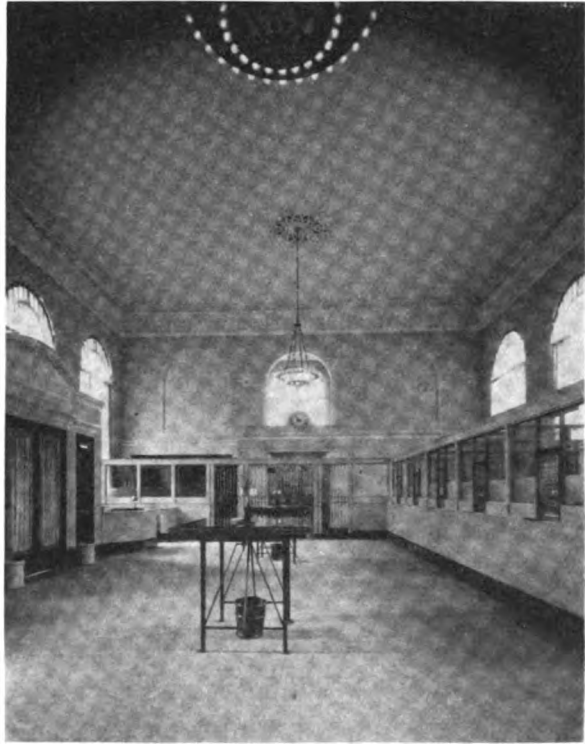
Herring-Hall-Marvin Safe Co.

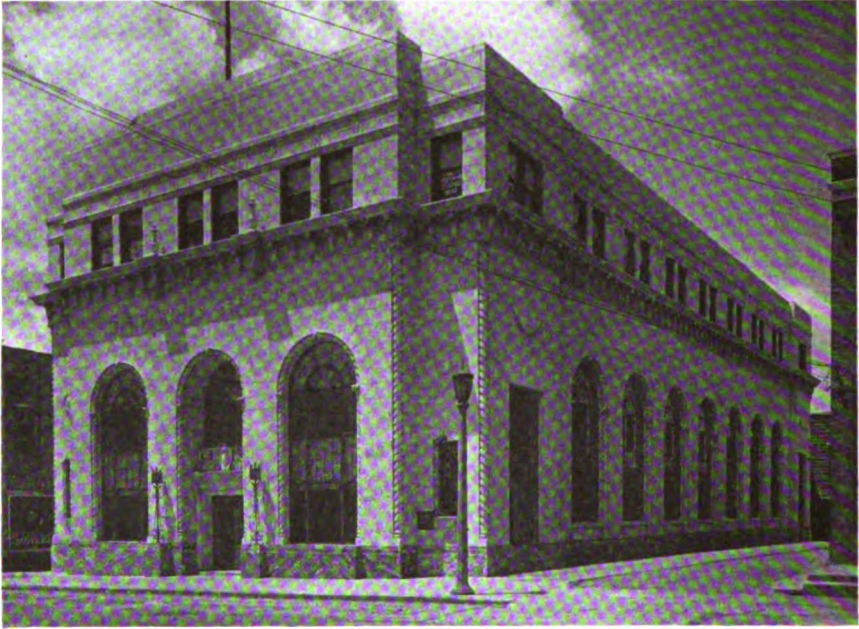
Factory—Hamilton, Ohio

New York Chicago San Francisco Birmingham Rochester Boston

*The Herring-Hall-Marvin Safe Co. for nearly a century, has built and will
always continue to build the same undeviating quality into its product*

Generous proportions, nice balance and restrained carving are combined in the Takoma National Bank, located in the suburbs of Washington, D. C. The building is of limestone. Walls of soft gray harmonize with the marbles used in the floor, door trim and banking screen. Tilghman Moyer, architects and engineers of Allentown, Pa., designed the building.

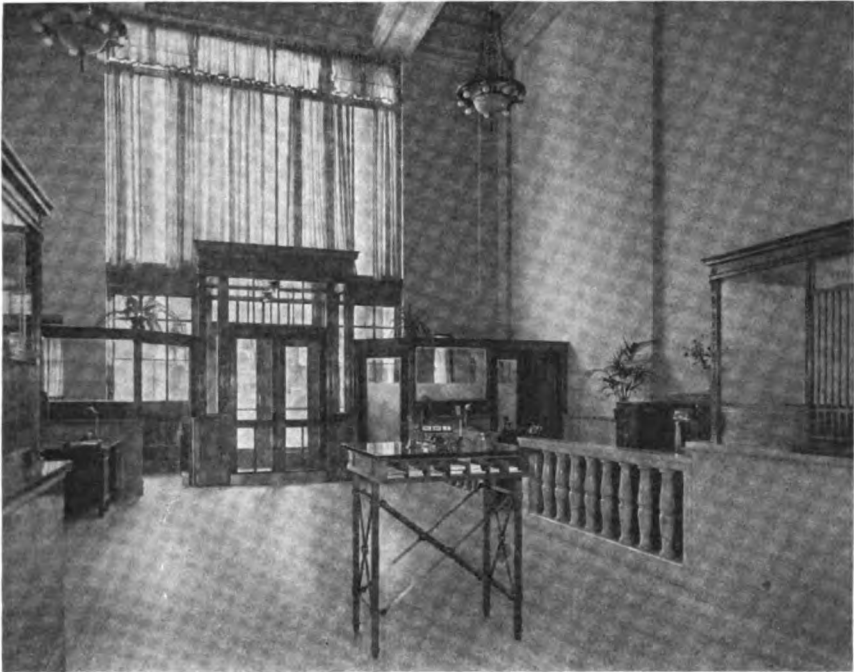




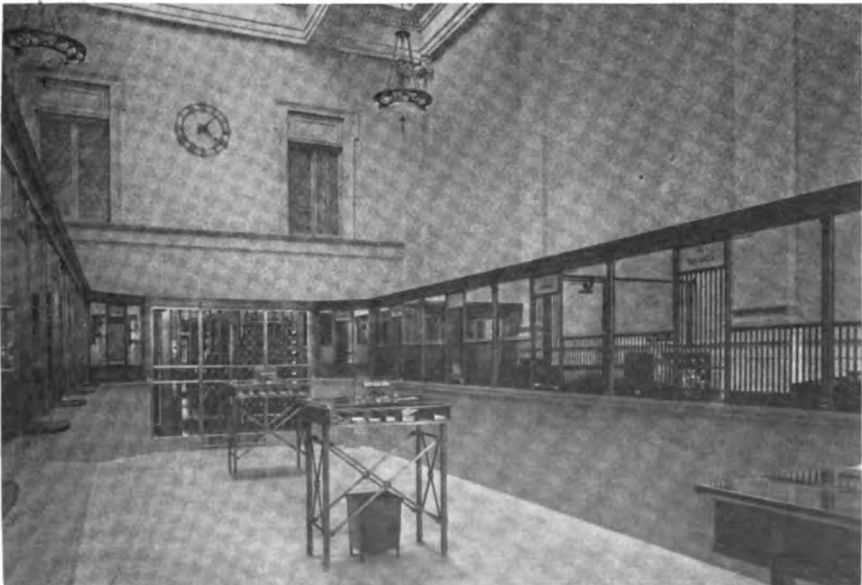
New building of the Des Plaines State Bank, Des Plaines, Ill. The building is of Georgia marble, in a somewhat Spanish style of architecture.



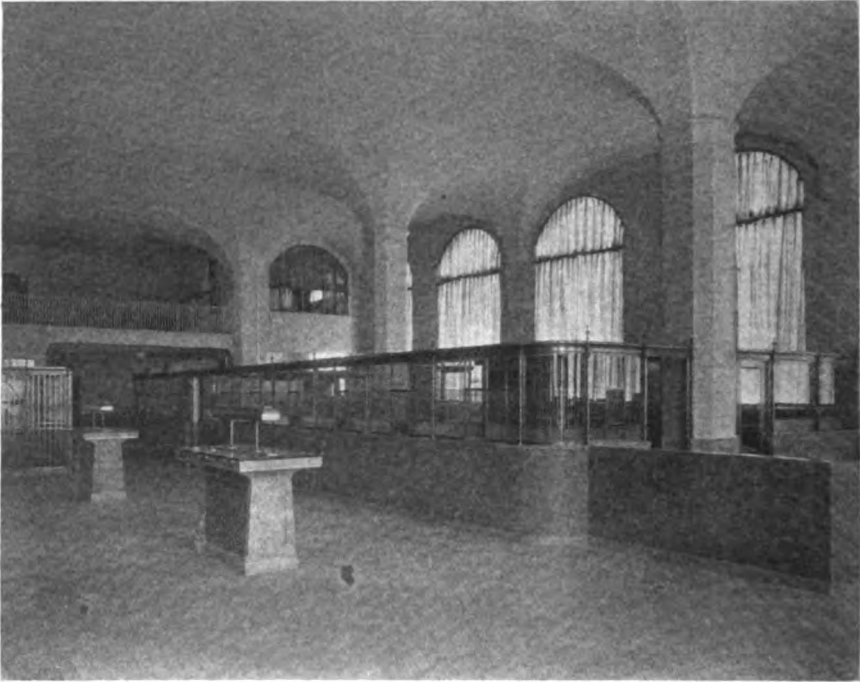
Interior view of the new building of the Des Plaines State Bank, Des Plaines, Ill. The vault installation was made by the York Safe & Lock Company, York, Pa.



Interior view of the Peoples Savings & Trust Co., Hazleton, Pa., recently remodeled from plans by Morgan, French & Co., bank architects and engineers, New York City.



A second view of the Peoples Savings & Trust Co., Hazleton, Pa., showing the safe deposit vault in the rear.



A vaulted ceiling in the banking room of the American Bank & Trust Company, Hazleton, Pa., is effectively used to harmonize with the Gothic architecture of the exterior. The travertine walls, marble floor and marble and bronze counter-screen are all in warm light colors. Adjoining the mezzanine and at the right is the directors' room. A portion of the officers' space may be seen in the foreground. Uffinger, Foster & Bookwalter, Inc., of New York, were the architects.

(Continued from page 894)

therefore, that no other reduction would benefit more people than that of a decrease in the corporation income tax.

"An individual who owns stock in a corporation and pays taxes on income derived from it pays at the rate of 13½ per cent., whereas the same individual or another one who pays a tax on income derived from other sources may pay at as low a rate as 1½ per cent. and on the average not more than 4.2 per cent.

"In 1925 individuals reporting an income of \$10,000 or less received dividends equaling only about one-sixteenth of all taxable income, yet this one-sixteenth through the medium of the corporation income tax paid indirectly more than three times as much taxes as did the other fifteen-sixteenths.

"In the face of repeated large treasury surpluses, and in a time when all

other tax sources were given the benefit of substantial reductions, the corporation income tax was increased by the revenue act of 1926 by 1 per cent. We are taking from that portion of American business that is making profits something more than an eighth of their profits every year for the support of the Federal Government, which, in the last analysis, comes from the millions of corporation stockholders, and is in addition to their payments on their regular taxable income. No such ratio is justifiable under any circumstances except war. This situation clearly calls for further tax reduction—a reduction that considers both the revenue needs of Government and the justice of an equitable spread of the tax burden, a reduction, in short, that will more nearly balance national revenues with national expenditures."



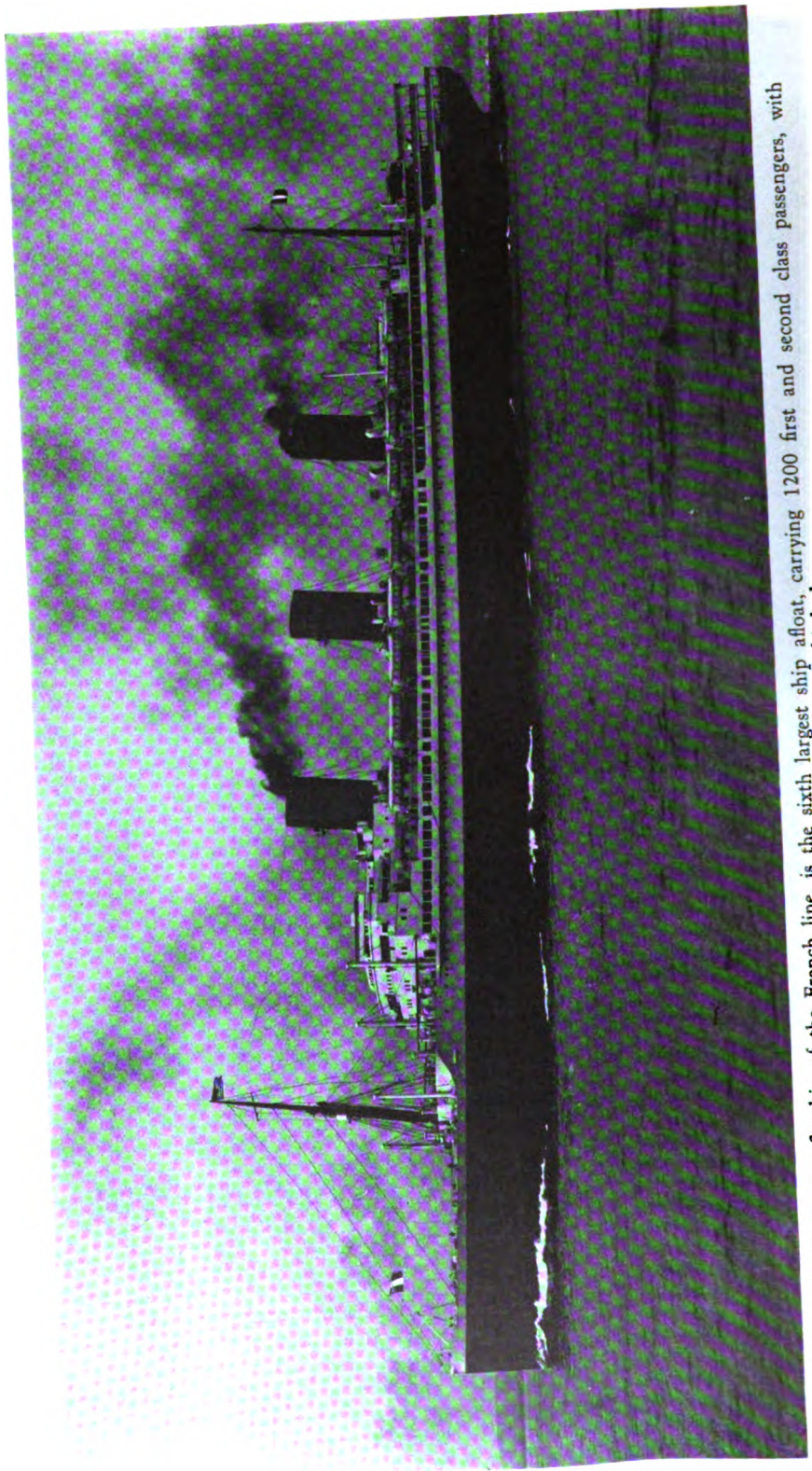
Main entrance and grand staircase of the Ile de France, in which yellow marble walls form a background for the black wrought-iron baluster and hand-rail.

FRENCH LINE'S NEW FLAGSHIP—THE ILE DE FRANCE

EVERY inch French, so that one seems in Paris the moment one sets foot upon it, the new flagship of the French line is fittingly called the Ile de France—"Isle of France," in its English version.

Yet it took its name, not from the fact of its essential Frenchness, but from

an ancient section of France, centering around Paris and spreading to four rivers, the Oise, Marne, Seine, and Aisne, its natural boundaries. Here "was the very cradle of France—matrix of the nation—where French royalty first emerged from the tribal mists over a thousand years ago. . . ."



The new Ile de France, flagship of the French line, is the sixth largest ship afloat, carrying 1200 first and second class passengers, with accommodations for 556 third class.



A corner of the grand salon, magnificently finished in lacquer and crystal. The dance floor, 1000 feet square, is of parquetry.

In this year's addition to the *Compagnie Generale Transatlantique*, the sixth largest ship afloat, utility is combined with the best of French art to produce complete comfort with perfect taste.

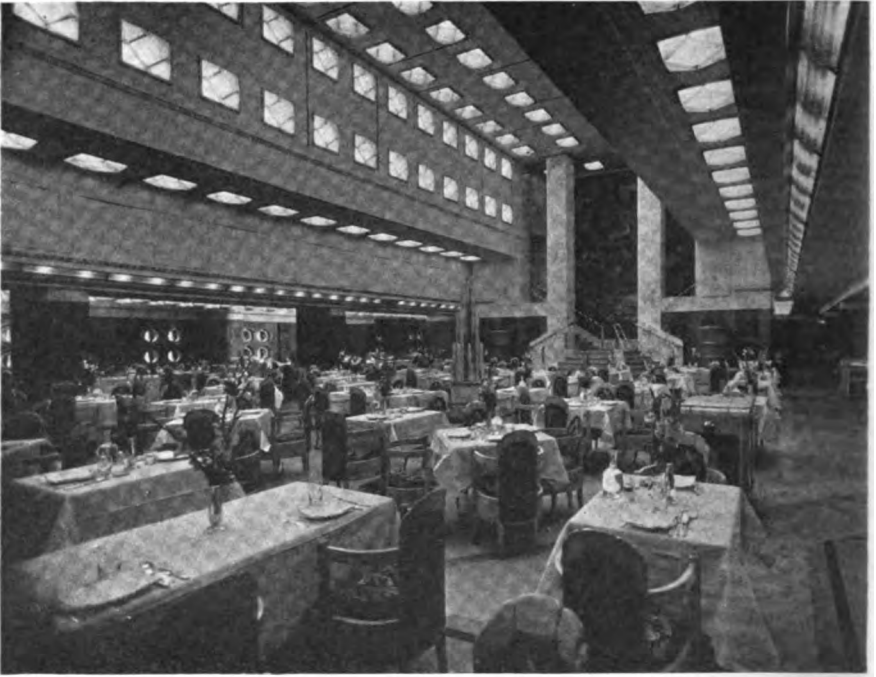
The *Ile de France* averages 23 knots an hour in service and makes the run from New York to Havre in six days, thus, with its sister ships, the *France* and the *Paris*, furnishing a weekly express service between the two ports, calling at Plymouth enroute.

Perhaps the most notable feature of the liner is its huge grand salon, a work of art in itself. It is finished entirely in lacquer and around its walls are forty columns towering to a height of more than sixteen feet and forming doors and windows to the height of the ceiling. Four statues symbolize the four rivers of *Ile de France* and ten huge divans are covered with specially made tapestry and needlepoint representing the ten cities of the district.

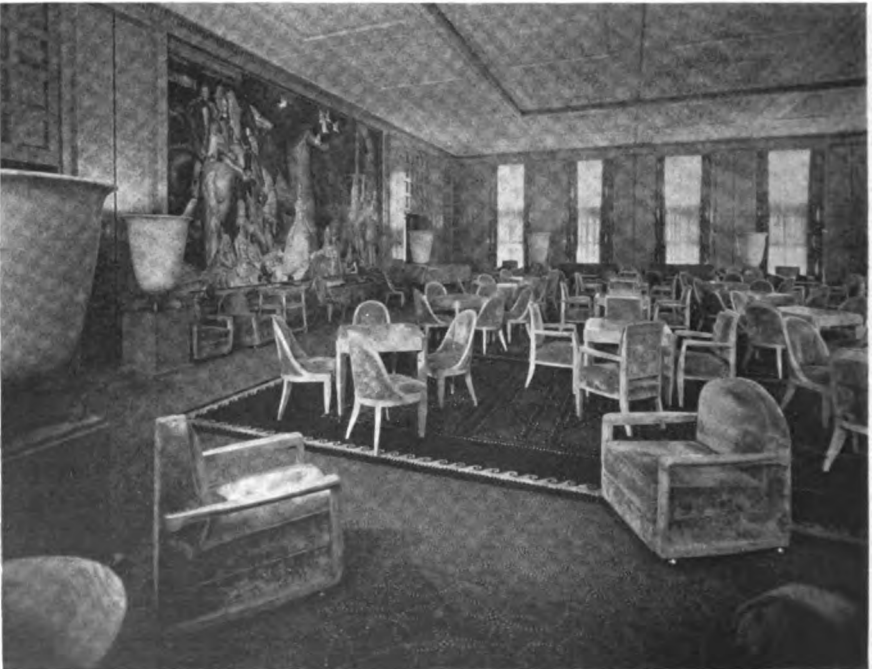
Around the grand foyer, which is four decks high, are grouped a number of fascinating French shops—beauty parlors, tobacconist, candy shop, barber shop, etc. Three passenger elevators afford communication between decks.

Modern art, which finds expression in the furnishings and decoration throughout the liner, is effectively brought into use in the grand dining salon, the largest built on any steamer. It is finished entirely in marble from the Pyrenees, in three shades of gray. The chairs and tables are of white natural wood, with legs of silver and seats of green. Forming a background for the staircase leading into the salon is a great mural painting, a map of *Ile de France*, which, unless closely scrutinized, has the appearance of a rare old tapestry.

A new idea carried out in the steamer is the four private dining rooms constructed for use when more privacy is desired than the dining salon affords. Two of these will accommodate eight diners



The grand dining salon—the largest ever built on any steamer—is done entirely in marble from the Pyrenees, in three shades of gray. The tables and chairs are of white natural wood, with legs of silver and seats of green.



Modern art in furniture and decoration finds expression in the Salon Mixte.



A specially built chapel is an exquisite example of church decoration, in light colored lemonwood, with panels in Emboine and much gold bronze. It accommodates eighty worshippers.

each, the other two, six each. These have an "at home" atmosphere of cozy comfort. A special dining room for children is gaily decorated with stenciled fairy tale characters.

A chapel, specially built and permanent, is a unique feature of the Ile de France. It seats eighty worshippers and is an exquisite example of church decoration, in light colored lemonwood with panels in emboine and much gold bronze. Heretofore French liners have been equipped with portable altars or, on the newer steamers, with fixed altars hidden behind great mirrored doors, which when thrown open, revealed the shrines, but never before has a permanent chapel been constructed on a steamer.

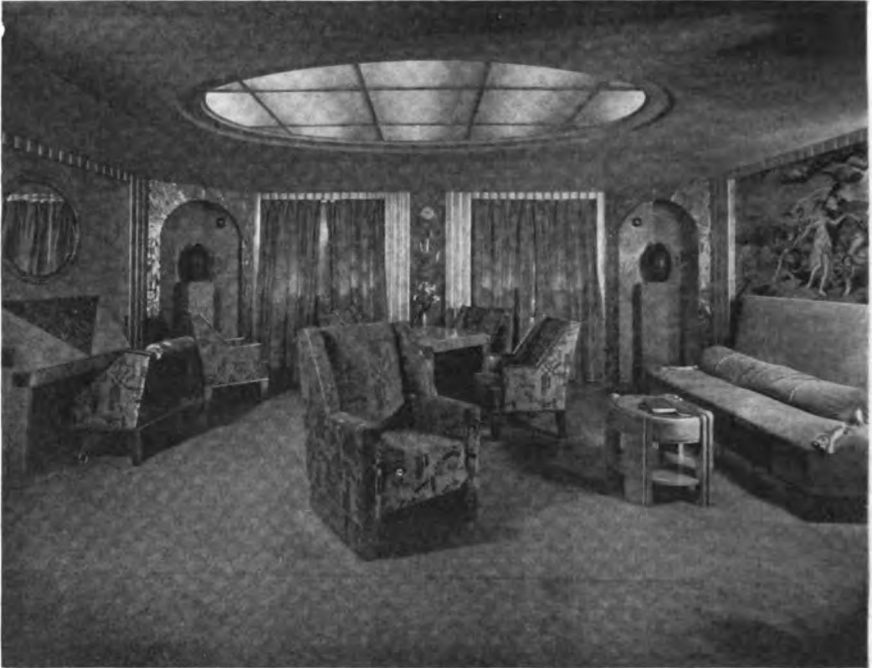
In contrast to the dignity of the grand salon, the tea room, at the head of the grand staircase, is gay and bright. Its walls of obliquely cut ash are divided into

small panels by silver frames. Bright red columns and red lacquer doors form a brilliant contrast to the walls. The towering windows are draped with printed silk curtains.

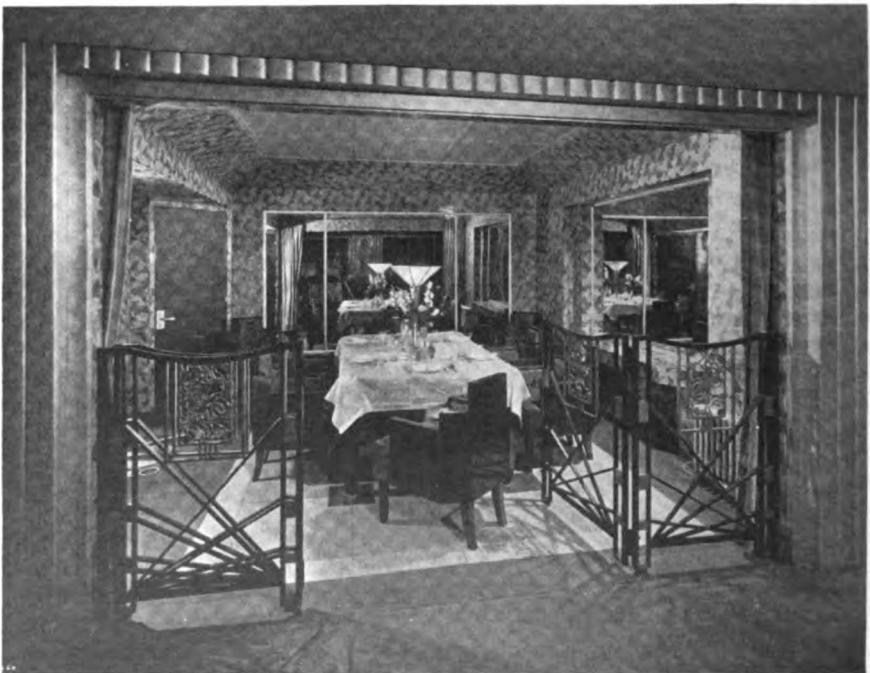
Aft of the tea room and two small adjoining lounges, is the smoking room, broken up into several secluded sections by two staircases which lead up to two balcony smoking rooms. Both of the latter open onto the Cafe Terrace, which is a duplication of the sidewalk cafes of Paris. Adjoining the smoking room on the port side is the bar.

Immediately forward of the grand salon, on the starboard side, is a library and writing room, while on the port side is the Guignol (Punch and Judy show) and playroom for the children.

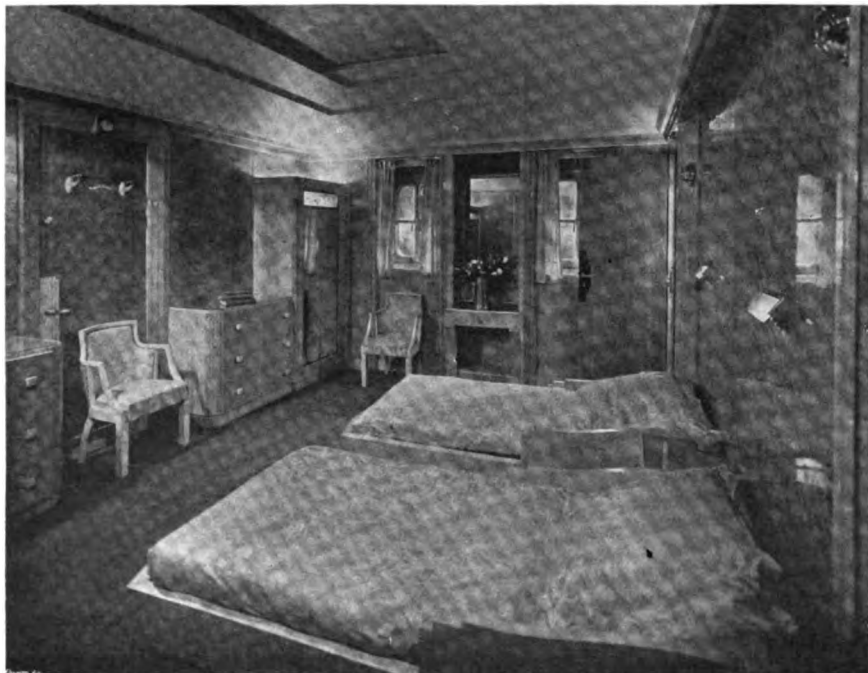
A winter garden of glass enclosed deck space is gaily decorated with flowers and palms and here, instead of deck chairs, is wicker porch furniture.



Drawing room of the grand suite de luxe, paneled with four carved arcades with blunted angles. Golden pilasters extend the full height of the room.



Dining room of the grand suite de luxe, separated from the drawing room by a wrought-iron grating. The ceiling is of Venesta.



Bedroom of one of the de luxe suites. The decoration is in modern style and embodies a distinct design in each of the eight suites.

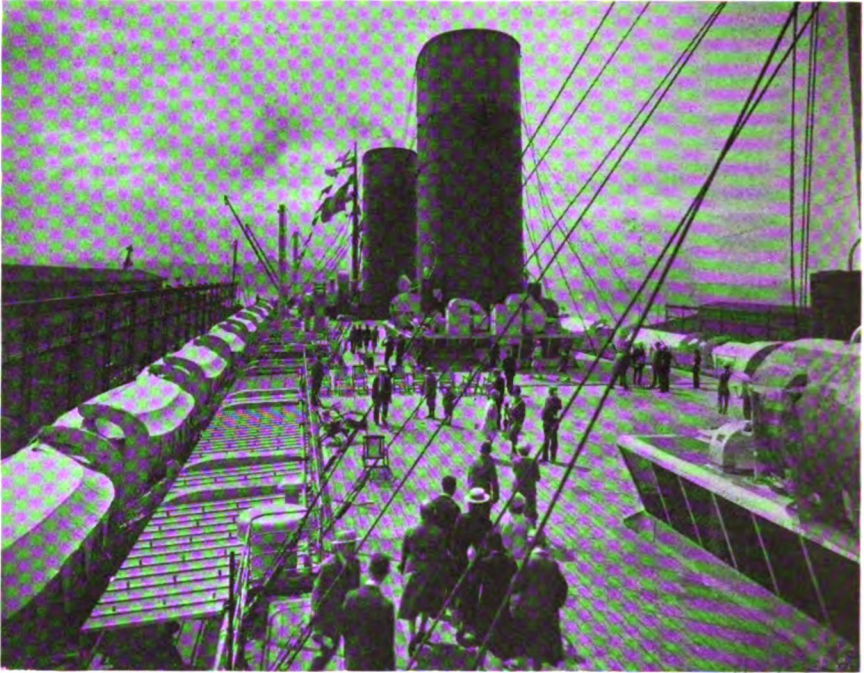
At the forward end of the sun deck is a gymnasium completely modern in equipment. In addition to the usual electric horses, weight pulling apparatus and bicycles, are a ring for amateur boxers, two rowing shells and a shooting gallery. Part of the gymnasium has been set aside for the use of the children, and here is an electric merry-go-round, besides rowing machines and other body builders, built to a small scale. On the sun deck, too, all obstructions have been eliminated, so that there is room, between funnels, for regulation size tennis courts.

This ultra-modern trans-Atlantic liner has accommodations for about 650 passengers. One of the features is a grand de luxe suite, consisting of a lounge, three bedrooms, private bath for each bedroom, dining-room and serving pantry, all splendidly appointed.

The paneling of the lounge comprises four carved arcades with blunted

angles, golden pilasters extending the full height of the room. The ceiling of the dining room is of Venesta, and the furniture includes a rectangular table, with inlaid marble in the center, and eight arm chairs, a moulded glass fountain and a sideboard with a silvered glass top. The dining room is separated from the lounge by a four-leaf wrought-iron grating. The three staterooms are paneled respectively in citron-tree (with white and ivory maple inlaid work panels), in white sycamore, and in Canadian birch.

There are, in addition, eight de luxe suites, each comprising lounge, bedroom and bath. These nine suites are called by the names of well known cities of Ile de France. The grand suite de luxe is called the "Paris" and the eight de luxe suites are named, respectively, Compiègne, Saint-Germain, Fontainebleau, Noyon, Versailles, Beauvais,



Boat deck of the Ile de France.

Chantilly and Senlis, all of which cities are famous in the history of France.

There are accommodations for 403 passengers in the second class and for 560 in the third class. Most of the 1200 passengers in the first and second classes are in outside cabins, all of which (in the first class) have private baths. More than 50 per cent. of the inside cabins of the first class also have private baths.

The second class drawing room, bar and promenade are located aft of the deck-house on the A deck. The drawing room is paneled in varnished sycamore surmounted by a moulded glass frieze, behind which are fitted the electric lamps. The furniture includes arm chairs of

varnished beech and easy chairs covered in pink and gray velvet.

The second class staircase extends from the promenade deck to the D deck. Large varnished panels are fitted between the pilasters and surmounted by an oak moulding. The plinths are of imitation brown granite and the steps of oak. There is a wrought-iron baluster and a polished brass hand-rail.

A sixty-car garage, where passengers' automobiles are carried, uncrated, as baggage, and a special refrigerator room for preserving flowers, candy and other perishables of passengers, are other features of the Ile de France.

BOOKS FOR BANKERS

Special Section of The Bankers Magazine

DECEMBER 1927

CLEARING AND COLLECTION OF CHECKS

The introduction to *The Clearing and Collection of Checks* by Dr. W. E. Spahr (Bankers Publishing Company, \$7.50) was written by Dr. H. Parker Willis, for seven years editor of the *New York Journal of Commerce*, first secretary of the Federal Reserve Board, author of *The Federal Reserve System*, and professor of banking at Columbia University. His opinion of this volume is reprinted below.

THE present volume of Dr. W. E. Spahr deals with one of the more technical and difficult phases of Federal Reserve banking and seeks to set forth the elements of this branch of the problem in the detail that they deserve. Necessarily a study of the clearance and collection system of the Federal Reserve banks must view the whole problem from a broad historical standpoint, yet must be willing to take into careful account the contemporary phases, both legal and technical, in which the problem presents itself at the present time. Dr. Spahr has furnished exactly this kind of background, and has provided a wealth of material for the careful study of a branch of banking practice which has been too much neglected. He has, moreover, furnished the underlying basis for the analysis of a banking problem which in its theoretic aspects has thus far been given scarcely any weight. . . .

There is widespread propaganda against national collection and clearance, and numerous assertions based upon perverted or erroneous ideas of the function of collection and clearance have been widely disseminated. Dr. Spahr's volume traces this lengthy and entangled history, and sets forth dispassionately and without bias the various steps in the evolution of collection and clearance systems during recent years. It thus renders a decided service to the banker who is still seeking light with regard to his own business interest in the matter of clearance, just as it provides him with the material regarding the public aspects of the whole question in the abstract.

A reading of this volume should accordingly inform many professional students of factors in the clearance situation, and of phases in the history of the development of the check as a medium of exchange, of which they have heretofore been ignorant, or which at all events they have ignored. The author has laboriously and carefully followed the subject back to its historic beginnings, just as he has painstakingly unravelled the threads of recent legislation and litigation which have tended to confuse the contemporary aspects of the whole problem.

Dr. Spahr's book may thus be recommended, without reservation to the banker who needs the information it contains for his professional information, to the academic student of banking and currency who has long sought for a compact body of available data on this subject, and to the legislator who must recognize the pressing character of the entire collection question as well as the probability that he must before long act upon it in practice in one way or another. It should be widely read for its own value. But it should receive a still wider attention, and it should be still more extensively studied, as an introduction to the practical problem of providing and rendering permanent an effective system for the clearance and collection of checks throughout the United States, and hence of economizing our specie and rendering effective our whole system of banking.

Books for Bankers

BETTY ETTER, *Editor*
Monthly Book Section

THE BANKERS MAGAZINE

71-73 Murray St., New York

DECEMBER 1927

SHOP TALK

CHRISTMAS is no time to "talk shop"—we're well aware of that. And what bankers aren't busy paying out Christmas clubs and taking in new ones are without doubt using all their time trying to decide whether their wives would prefer a fur coat or an electric refrigerator. (We vote for the coat.)

But after Christmas is New Year's, and that is, above all, the time to talk shop. What better time to decide to improve your spare time and your evenings by reading the experience, suggestions and advice of other bankers as to your own particular job and as to banking in general? And it's not dull reading either. Many of the best authorities on banking write in a most interesting fashion, so that even the layman is interested, and the banker, of course, far more so. We'll be glad to suggest books for you.



A SERIES of six folders, "Little Talks on Family Finance," has been published by the Good Citizenship Bureau of the *Woman's Home Companion* and is being sent by that publication to banks for distribution to its depositors and investors—especially women depositors. The folders will be supplied by the publication at the cost of manufacture and transportation.

The six folders are, as follows: How to Make a Family Survey, Systematic Spending for the Family, Making the Budget Work, How to Establish Family Credit, Financial Knowledge Every Family Should Have and Investing the Family Savings.

910

How about *These Bankers*, that clever volume by Don Knowlton of the Union Trust Company of Cleveland, with illustrations by Arthur DeBebian of the Equitable Trust Company of New York? If you haven't ordered your copy, you still have one more kick to get out of life for it's really funny. And nobody can fully appreciate it except bankers.

We've written so much about it that we scarcely have the courage to say more, so we'll compromise by quoting one of the verses—called "A Confession":

I'm tired of going to luncheon
At clubs where a speaker orates,
And waiters are eagerly snooping
To snatch away half-finished plates.
These spell-binding prophets of business
Make me ill at ease and distraught;
If it isn't a "man with a message,"
It's some one who'll "leave us a thought."

I like just to sit, after luncheon,
And puff on a fragrant cigar,
And give my poor brain a vacation—
Digestion is better, by far.
These speeches, instructive and learned,
Don't give me the thrill that they
ought—
If it isn't a "man with a message,"
It's some one who'll "leave us a thought."



NEW YORK CHAPTER A. I. B. ANNOUNCES COURSES

COURSES to be given during the school year of 1927-28 are announced in a booklet published by the New York Chapter, Inc., American Institute of Banking. The first semester began October 3 and the second will open February 6, 1928.

The courses are divided into three groups: First, the preparatory courses, which are intended to supply preliminary training for those who wish to qualify for the standard courses; second, the standard courses, three-year courses designed for those who wish to obtain a broad professional training in banking; third, special courses, offered to graduates of the standard courses and others of sufficient experience who seek training in special fields of banking.

EVERY bank, large or small, city or country, needs the first book described on this page, for it gives a complete, concise idea of how to conduct a publicity and new business department in any bank.

NO country bank should be without the second book, for what the new business department is to the city bank the agricultural department is to the country bank. The country bank has the advantage of being able to use the "New Business Department" also.

New Business Department

By T. D. MacGregor

Table of Contents

The Purpose of a New Business Department

Aims and purposes of the department.

Sources of New Business

Prospects from present patrons; leads from various departments; affiliations of directors and stockholders; prospects from outside the banks; lists; inquiries; solicitations.

Relations with Other Departments

The New Business Department acts as an interpreter in helping the various departments to express themselves, to explain to the public what they have to offer.

Subdivisions of the Department

Explains the machinery by which the manifold objects of a typical Department of Publicity and New Business are accomplished. Illustrated by forms.

The Central Card File

The heart of the work of the department. It has both negative and positive uses in the analysis of accounts, cutting out waste and pointing the way to greater profits.

Handling the Accounts of Banks

Analysis of accounts, and plans for soliciting new business from other banking institutions. Readjustment of interest rates.

Getting "Leads" from Inquiries

Timely issuance of booklets. Following up inquiries. Making the most of a name.

A Follow-Up System

Outline of a typical follow-up plan. How in one year over \$4,000,000 initial deposits were received from "follow-ups."

New Business Ideas and Suggestions

Duties of chief clerk; publicity committee; press clippings; meeting advertising solicitors; courtesies to visitors, etc.

Bank Agricultural Department

By R. A. Ward

Table of Contents

Bank Agricultural Service

How to render such benefits and service to be derived from it.

Organizing the Department—The Man and the Job

Personality of the man; relation to other officers; first principles of the work.

Planning a Program of Work

Program of the First National Bank of Bend, Ore.; effect of the work.

Using the Agricultural Survey

Making a survey of farms in the territory one of the best methods of analyzing the farming situation; agricultural property statement form given here.

An Increased Crop Production Campaign

Such a campaign can be carried on by a bank, in co-operation with the local county agent or expert bank agriculturalist; complete explanation given.

Livestock Improvement Project

No project lends itself more readily to bank co-operation than this campaign which can be carried on effectively for a period of years. Many illustrations and advertisements given with this chapter.

Boys' and Girls' Club Work

Carry on work in co-operation with the state club leaders who have this work thoroughly standardized, and are familiar with methods to conduct it profitably.

Advertising and Publicity

No phase of country bank activity can be featured more frequently than that of a live agricultural department. Examples of advertising given here.

Banker-Farmer Activities

Suggestions for banker-farmer "mixers," luncheons and conferences; motion pictures, etc.

Conclusion

Friendly helpfulness and superior service wins more friends for the bank than the cold, mechanical banking of days past.

BANKERS PUBLISHING COMPANY

\$1.25 each

71-73 Murray Street, New York

each \$1.25

BOOK REVIEWS AND NEW BOOKS

Recent Announcements of Other Publishers

SPANISH LANGUAGE: A COMPLETE MANUAL. By C. J. Dunbar MacConnell. London: Effingham Wilson.

THE study of the Spanish language is one in which Americans should be specially interested on account of our proximity to the Latin-American republics and our important commercial, financial and social relations with them. Books of the character of this manual will help to stimulate this study and to make it fruitful of results. It contains, at the outset, a summary of the Spanish verbs, under a unique simplified tabular system of conjugation by which the forms of any irregular verb may be readily ascertained. The examples that illustrate the use of the auxiliary and idiomatic verbs have been selected from expressions met with in conversation, the press, fiction, and commercial and private correspondence. The manual will be found of great practical helpfulness to all desiring a knowledge of the Spanish language.

BEYOND THE COUNTER. By Mary B. Reeves, Philadelphia. \$2.05.

SALESMANSHIP of saving which extends beyond the bank counter and into the street and home is the subject of an interesting and valuable volume by Mary B. Reeves, manager industrial and school savings of the Philadelphia Saving Fund Society of Philadelphia.

Miss Reeves' own experience in the field of savings banking has been varied and the knowledge gained by her from this experience is set down in this complete but concise book. In addition are given experiences, successes and suggestions of such nationally known bankers as James A. Bacigalupi, president Bank of Italy, San Francisco; Raymond R. Frazier, president Washington Mutual Savings Bank, Seattle; R. E. Chambers, vice-president National Shawmut Bank

of Boston; Carl M. Spencer, president Home Savings Bank of Boston; Herbert K. Twitchell, president Seamen's Bank for Savings, New York; and C. H. Handerson, assistant vice-president Union Trust Company of Cleveland.

The book should prove of value to any banker interested in savings development.

TAXATION. By Harry J. Loman, Ph. D. New York: D. Appleton and Company. \$2.65.

A SECOND in a series of six volumes composing a series on Life Insurance: Its Economic and Social Relations, this gives a discussion of various tax problems relating to life insurance that should appeal to bankers, trustees, and general advisory groups.

It indicates the various points of contact between taxation and life insurance, discusses current tax theories and the extent to which they have or have not been applied to the business of life insurance, and analyzes the various kinds of taxes which the states have imposed on the conduct of the business of life insurance. The effects of Federal income tax, Federal estate tax and state inheritance tax on the proceeds of life insurance policies are analyzed; the advantages of using life insurance to reduce taxes are shown and a general description and explanation is given of the characteristics of inheritance and estate tax laws. The final chapter deals with the effect of taxes on a number of subjects such as group insurance, corporation insurance, insurance for charitable purposes, etc.

An appendix contains a digest and analysis of the various estate and inheritance tax laws in the United States.

The author is professor of insurance at the University of Pennsylvania, author of *Insurance of Foreign Credit* and joint author of *Insurance Principles and Practices*.

DEC 28 1927

December 1927

The **BANKERS**
MAGAZINE

REG. U. S. PAT. OFF

81st



YEAR

**The Threatened Discrimination in
Banking Taxation**

By MARTIN SAXE

**The Bank of England and European
Reconstruction**

By THE RIGHT HON. PHILIP SNOWDEN

Liability of Safe Deposit Companies

By ARNOLD R. BOYD

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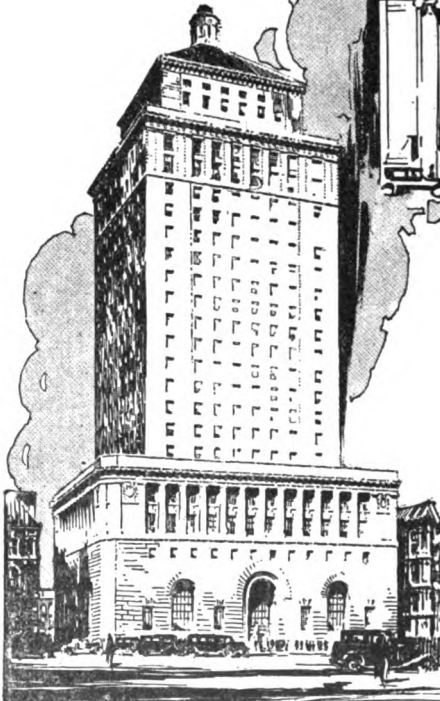
A Partner
in Canada



1869



1908



TO-DAY

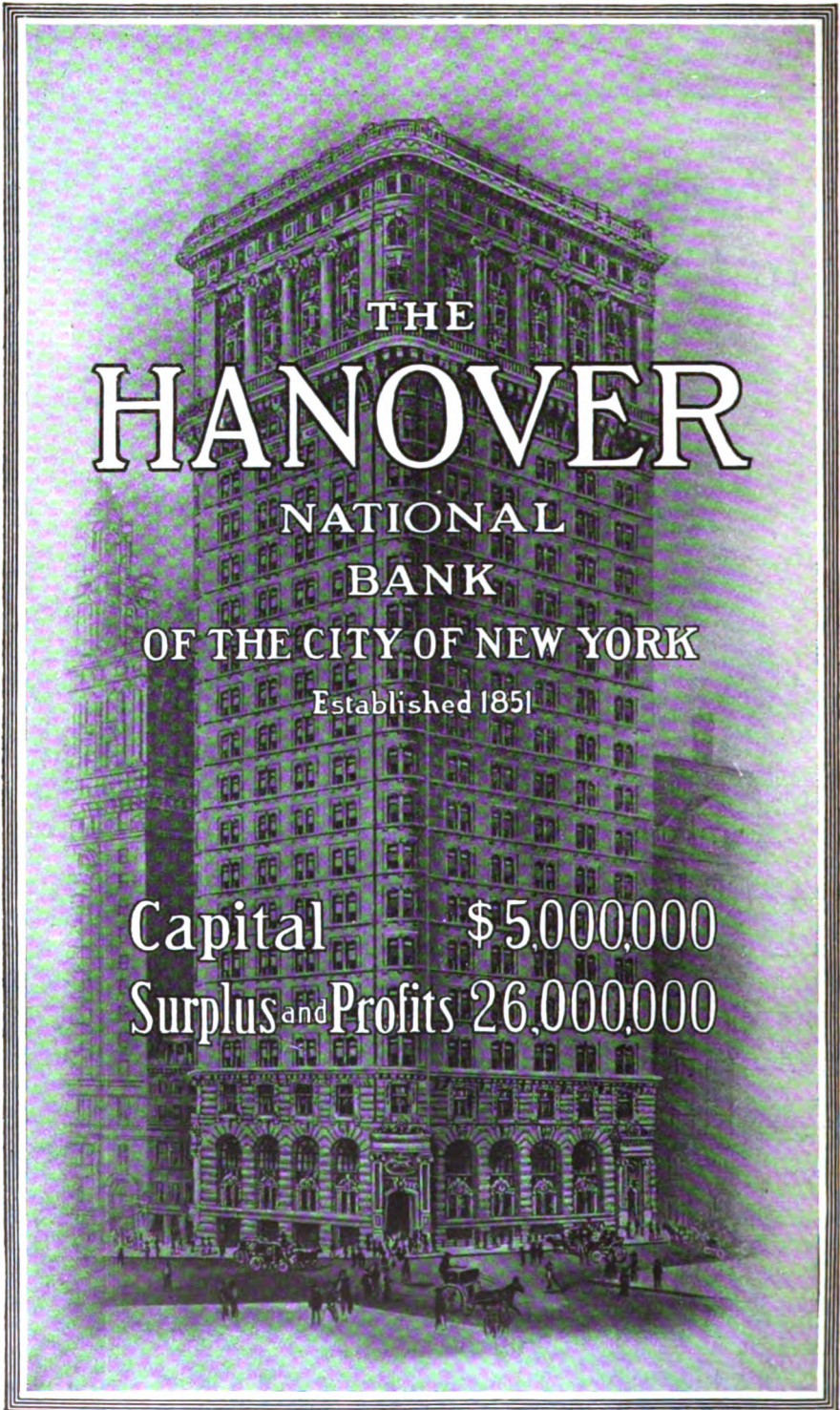
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Putting business houses in contact with new customers is more than routine banking, yet it is a service we are often able to render our friends among the banks and business houses of the United States.

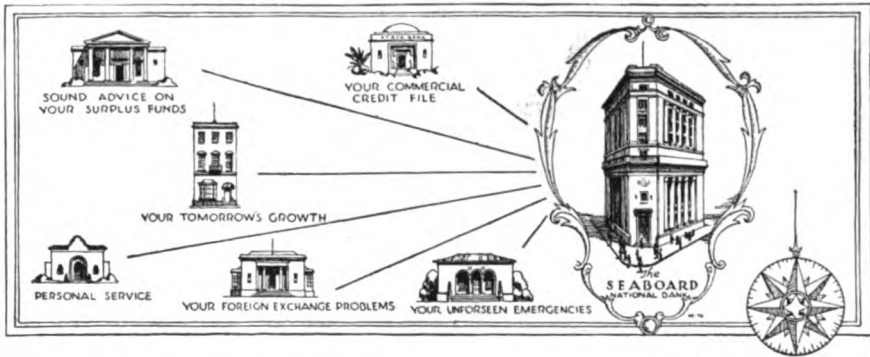
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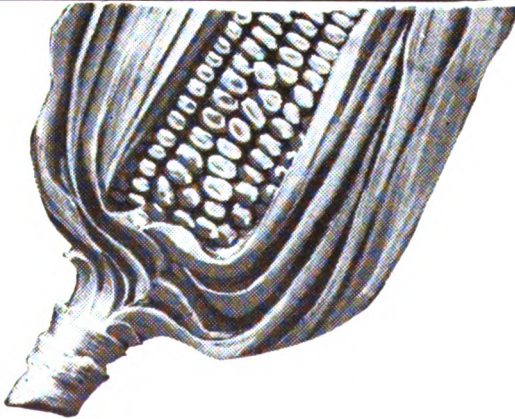
The Seaboard National Bank

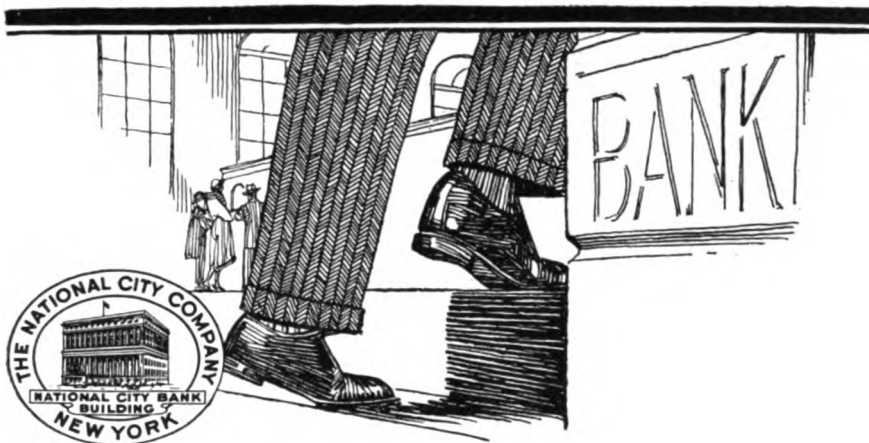
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William H. Nichols, Jr.
Dudley Olcott
W. Emlen Roosevelt
Frederick Strauss

Edwin Thorne
Cornelius Vanderbilt
John Y. G. Walker
Francis M. Weld
William Woodward

CENTRAL UNION TRUST COMPANY OF NEW YORK

80 BROADWAY

NEW YORK

PLAZA OFFICE
5th Ave. & 60th St.

42ND STREET OFFICE
Madison Ave. & 42nd St.

Capital, Surplus and Undivided Profits over 45 Million Dollars

Member Federal Reserve System



This Bank

With
 Forty-seven
 Banking
 Offices in
 Detroit
 Offers you
 Every
 Banking
 Facility and
 Prompt
 Efficient
 Service.

May we serve you?

(226)

**THE PEOPLES
 STATE BANK**
 DETROIT MICHIGAN



Head Office :
 LONDON, E.C. 3.

Over 1,700 Offices in
 England and Wales, and
 several in India and
 Burmah.

(31st December, 1926.) (\$5=£1.)
 DEPOSITS, &c. \$1,738,267,290
 ADVANCES, &c. \$973,787,595

The Bank has Agents
 and Correspondents
 throughout the British
 Empire and in all parts
 of the World, and is
 closely associated with the
 following Banks :—

- The National Bank of Scotland Limited.
- Bank of London & South America Limited.
- Lloyds & National Provincial Foreign Bank Ltd.
- The National Bank of New Zealand, Limited.
- Bank of British West Africa, Limited.
- The British Italian Banking Corporation, Ltd

EFFICIENCY

A bank organization that can handle over 150,000 items daily must be efficient. The constant 24-hour attention in receiving and dispatching this great volume of business by transit and collection departments in continuous operation means much to our correspondents.

We are confident that few banks can equal, and none surpass, the service which this institution offers banks requiring a thoroughly equipped commercial city correspondent.

Efficiency is not a slogan with us. It is a cold, hard business necessity.

All items received at par.

No charge for telegraphic transfers.

THE
PHILADELPHIA-GIRARD
NATIONAL BANK

PHILADELPHIA, PA.

Capital, Surplus and Profits - \$29,000,000

HARRIS, FORBES & CO

Pine Street, Corner William
NEW YORK

BONDS FOR INVESTMENT

Harris, Forbes & Company
Incorporated
Boston

Harris Trust & Savings Bank
Bond Department
Chicago

National Union Mortgage Bonds

The
STANDARD
of comparison in Mortgage Bonds

EMBODYING every feature of protection which experience has suggested, including the guarantee of underlying mortgages by one of the four following Surety Companies:

U. S. Fidelity & Guaranty Co., Baltimore
Maryland Casualty Co., Baltimore
Fidelity & Deposit Co., Baltimore
National Surety Co., New York

These Bonds possess the essential requirements of an ideal investment

NATIONAL UNION MORTGAGE CO.

MACKUBIN, GOODRICH & CO.

FISCAL AGENTS

111 E. REDWOOD STREET

Established 1899

BALTIMORE, MARYLAND



The open door to banking service

Individuals, commercial concerns and banks in all parts of the world, as well as our many thousands of customers here in Chicago, recognize the great colonnaded entrance of the Illinois Merchants Trust Company as the open door to banking service.

The specialized facilities of this institution for commercial banking, foreign banking, investment banking, savings and trusts make the Illinois Merchants Trust Company an advantageous Chicago connection for banks or business concerns, wherever they may be located.

ILLINOIS MERCHANTS TRUST COMPANY

Capital & Surplus **45** *Million Dollars*

CHICAGO

JACKSONVILLE

Port Opportunity!

JACKSONVILLE'S significance as a world port steadily increases. Last year nearly 2,800 vessels docked here and the foreign commerce totalled more than \$22,000,000. The Jacksonville market is fast approaching the 150,000 mark and is composed of responsive, intelligent Americans who find a generous opportunity

in this prosperous metropolis. For fifty years much of Jacksonville's development has been fostered at The Barnett National Bank, the oldest in the city. It is much easier and more expedient to accomplish correspondent business through a bank whose leadership has been for so long established.

The BARNETT NATIONAL BANK

Established
1877

JACKSONVILLE

A Florida
Landmark

Capital, Surplus and Undivided Profits over \$2,400,000

Citizens Bank & Trust Co.

TAMPA, FLA.

Member Federal Reserve System



Capital \$1,000,000.00
Surplus and Undivided Profits 1,700,000.00

Our extensive connections and complete facilities enable us to handle all branches of foreign and domestic banking with the highest degree of efficiency

Collections given special attention, and prompt remittances made

DR. LOUIS A. BIZE, President
W. W. TRICE, Vice-President and Trust Officer
D. H. LANEY, Executive Vice-President

ISSAC MAAS, Vice-President
C. E. HESTER, Assistant Cashier and Credit Manager

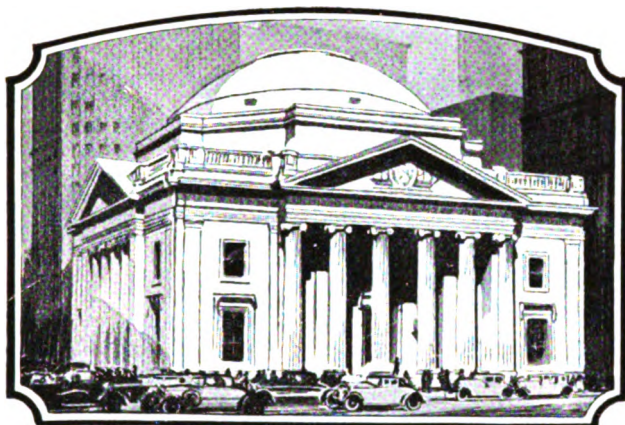
JOHN T. BIZE, Cashier
D. B. RENFRO, Assistant Cashier

W. W. BLOUNT, Assistant Cashier
R. W. CLAPP, Assistant Cashier

ASHBY T. GIBBONS, Assistant Cashier
JOHN M. BURKE, Jr., Assistant Cashier

C. W. ACREE, Assistant Cashier
A. M. EDWARDS, Auditor

K. M. KRUSE, Contact Man
H. T. KILPATRICK, Special Representative



Chartered 1836

GIRARD TRUST COMPANY
in Philadelphia offers its services as Depositary under Reorganization Agreements and as Transfer Agent or Registrar for the securities of corporations.

The Company will be glad to act jointly with institutions in other cities.



Corporate Trusts
\$1,450,000,000

GIRARD TRUST COMPANY
BROAD AND CHESTNUT STREETS • PHILADELPHIA

BARCLAYS BANK (DOMINION, COLONIAL AND OVERSEAS)

Head Office: 54, LOMBARD STREET, LONDON, E.C.3.

Incorporated by Royal Charter, 1836 **THE NATIONAL BANK OF SOUTH AFRICA LIMITED** Formerly **THE COLONIAL BANK** Reincorporated by Act of Parliament, 1925 with which are amalgamated

THE ANGLO-EGYPTIAN BANK LIMITED

Capital authorised £10,000,000
Capital subscribed £ 6,975,500
Capital paid up £ 4,975,500
Reserve Fund £ 1,100,000
Uncalled Capital £ 2,000,000

London Offices:

Circus Place, London Wall, E.C.2;
37-39, King William Street, E.C.4;

111, St. Martin's Lane, Trafalgar Square, W.C.2.

Other Offices:

LIVERPOOL—25, Castle Street. Manchester—21, York Street.

HAMBURG—Adolphsplatz 4.

NEW YORK (Agency)—44, Beaver Street.

With over 400 Branches in

British West Indies, British Guiana, Egypt and the Sudan, Transvaal, Rhodesia, Cape Province, Natal, Orange Free State, British West Africa, Swaziland, Portuguese East Africa, South West Africa, Tanganyika, Nyasaland, Kenya Colony, Uganda, Malta, Gibraltar, Palestine and the Mauritius.

The Bank acts as Correspondent for Home, Colonial and Foreign Banks

BANK OF NEW ZEALAND

BANKERS TO THE NEW ZEALAND GOVERNMENT

AUTHORIZED CAPITAL £7,561,238

Paid up Capital, as at 31st March 1927 . £6,529,185
Reserve Fund and Undivided Profits . . 3,609,655
£10,138,840

Aggregate Assets at 31st March 1927 . £48,860,540

HEAD OFFICE: WELLINGTON, N. Z. LONDON OFFICE: 1 QUEEN VICTORIA STREET, E.C.4

Branches and Agencies in Over 220 Points in New Zealand

And at Melbourne, Victoria; Sydney, New South Wales; Suva and Levuka, Fiji; Apia, Samoa.

Negotiates and Collects Bills of Exchange, drawn or payable in New Zealand, Australia, Fiji or Samoa. ISSUES DRAFTS and makes Telegraphic Transfers. Undertakes all description of Banking Business connected with Australasia.



Canada Newfoundland West Indies

CREDIT CHECKINGS

In connection with the extensive Collection Departments which we maintain at our West Indies Branches, we have a comprehensive file of credit information that is available to our correspondents. Branches are operated in the West Indies as follows :

Cuba—Havana and 4 other principal cities.
 Porto Rico—San Juan and Fajardo.
 Dominican Republic—Santo Domingo, San Pedro de Macoris, Santiago de los Caballeros.
 Jamaica—Kingston and nine other points.

Enquiries should be addressed to the principal offices mentioned above or to our New York Agency, 49 Wall Street.

The

BANK OF NOVA SCOTIA

ESTABLISHED 1832

Capital	\$10,000,000
Reserve and Undivided Profits	20,158,887
Total Assets over	250,000,000

New York Agency : 49 Wall Street

P. W. Murphy, F. W. Murray, Agents

Branches also at Boston and Chicago

London, Eng., Branch—

108 Old Broad Street, E. C. 2



Bank of Liverpool & Martins Limited.

Head Office: 7, WATER STREET, LIVERPOOL.

London Office: 68, LOMBARD STREET, LONDON, E.C. 3.

Capital Subscribed	\$5=£1 \$93,955,600
Capital Paid Up and Reserves	21,686,230
Deposits, etc., at 31st Dec., 1925 ...	299,098,130

379 BRANCHES AND SUB-BRANCHES.

*All descriptions of Banking, Trustee and Foreign
Exchange Business Transacted.*

The Bank is prepared to act as Agent for Foreign Banks
on usual Terms

Commerz-und Privat-Bank

Aktiengesellschaft

(Established 1870)

HAMBURG-BERLIN

and

Over three hundred branches and agencies throughout
Germany

Capital - - R.M. 60,000,000

Surplus about R.M. 35,000,000

All Banking Transactions

Extensive Trade Information Service

Cable address for main offices and branches

"HANSEATIC"

Represented in New York by Konrad von Ilberg, 50 Broadway

Banca Nazionale di Credito

Capital - - - - Lit. 300,000,000
 Surplus - - - - " 40,000,000
 Deposits (Sept. 30th, 1927) about " 2,000,000,000

HEAD OFFICE: MILAN, ITALY

Over 60 Branches and Agencies Throughout Italy

Correspondents

in all the Principal Cities of the Kingdom

Every Description of Domestic and International
 Banking Business Transacted

Special Travelers' Letters of Credit and
 Money Order Departments

Inquiries and Correspondence Solicited

AFFILIATED BANKS

BANQUE ITALO-FRANCAISE DE CREDIT
 Paris Marseilles Tunis

BANCO ITALO-EGIZIANO
 Alexandria Benha Cairo Minieh
 Mit Ghamr Beni-Mazar Fayum Beni-Suef
 Mansura Tantah

BANCA DALMATA DI SCONTO
 Zara Sebenico Spalato

BANCA COLONIALE DI CREDITO
 Asmara Massaw

To Represent and Serve Your Institution in Italy

THE Banca Commerciale Italiana occupies a pre-eminent position in commercial, industrial and financial circles in Italy. Its strong financial standing and prestige are invaluable in conveying the importance of your business transactions in Italy.

It has the experience which enables it to handle and faithfully execute international banking transactions.

Its facilities include branches and correspondents at all business and tourist centers.

The Agency in New York because of its knowledge of American practice and by constant and direct contact with all important Italian business centers is enabled to co-ordinate these facilities and provide an unexcelled Italian banking service for you.

BANCA COMMERCIALE ITALIANA

Head Office, Milan, Italy

Capital, Lire 700,000,000

Surplus, Lire 520,000,000

New York Agency, 62-64 William Street

TELEPHONE: JOHN 1000

Affiliation in New York

Banca Commerciale Italiana Trust Co.

Capital \$2,000,000

Reserve \$1,500,000

62-64 William St., New York

Telephone John 4666



THE BANK OF TAIWAN, LTD.

Incorporated by Special Imperial Charter, 1899

Head Office: TAIPEH, JAPAN

Capital SubscribedYen 45,000,000

Capital Paid UpYen 39,375,000

SHIGERU SHIMADA, President

Directors

TADASU HISAMUNE, Esq.

SHOJIRO ARAKI, Esq.

NAOKICHI YANAGITA, Esq.

NAOMICHI TAKAGI, Esq.

TSUTOMU YOSHIDA, Esq.

Branches :

JAPAN—Tokyo (General Manager's Office), Kobe, Osaka, Yokohama.

TAIWAN—Giran, Heito, Kagi, Karenko, Keelung, Makong, Nanto, Shinchiku, Taichu, Tainan, Takao, Taito, Toen, Tansui.

CHINA—Amoy, Canton, Foochow, Hankow, Shanghai, Swatow.

OTHERS—Hongkong, London, New York, Singapore, Semarang, Soerabaia, Batavia, Bombay, Calcutta, Dairen.

New York Office: 165 Broadway

F. TADAKI, Agent

London Office: 25 Old Broad Street

Cable Transfers, Drafts, and Letters of Credit issued; the Negotiation and Collection of Bills of Exchange and other Banking Business transacted through our various Branches as well as correspondents in all parts of the world; offers exceptional facilities for handling transactions in the Far East.

The Sumitomo Bank, Limited

Cable address: "Sumitbank"

ESTABLISHED 1912

(Successors to The Sumitomo Bank)

Capital Subscribed Yen 70,000,000

Capital paid up " 50,000,000



Head Office : OSAKA, JAPAN

N. YATSUSHIRO, Esq., Chief Managing Director

K.OHDAIRA, Managing Director

K. KAGA, Managing Director

New York Agency, 149 Broadway, New York

G. HIGASHI, Agent

HOME OFFICES

Osaka (18)
Shimonoseki
KurumeTokyo (15)
Mojil
KureYokohama
Hiroshima (2)
WakamatsuKobe (3)
Hakata
KokuraKyoto (3)
Yanai
NagoyaNiihama
Onomichi
Kumamoto
Okayama

Foreign Branches—Shanghai, New York, London, Hankow, San Francisco, Los Angeles, Bombay
 Allied Banks—The Sumitomo Bank of Hawaii, Ltd., Honolulu, T. H.; The Sumitomo
 Bank of Seattle, Seattle, Wash.; and The Sumitomo Bank of California, Sacramento, Cal.

Bankers—National City Bank of New York, New York;
 Lloyds Bank, Ltd. London; Lloyds & National Provincial Foreign Bank, Ltd., Paris.

Correspondents in All Important Places at Home and Abroad

The Bank buys, sells and receives for collection Drafts and Telegraphic Transfers; issues
 Commercial and Travellers Letters of Credit available in all important parts of the
 world, and acts as Trustee for Mortgage Bond, besides doing general Banking Business.

THE MITSUI BANK, LTD.

Capital Subscribed Yen 100,000,000.00

Capital Paid-Up Yen 60,000,000.00

Reserve Funds (June 1927). Yen 58,400,000.00



Head Office : TOKYO, JAPAN

(No. 5 Honkawayacho, Nihonbashi-ku)

President

G. MITSUI, Esq.

Managing Directors

S. IKEDA, Esq.

N. KIKUMOTO, Esq.

H. KAMESHIMA, Esq.

R. IMAI, Esq.

New York Agency, 61 Broadway, New York City

Home Branches:

Fukuoka, Hiroshima, Kobe, Kyoto, Marunouchi (Tokyo), Moji,
 Nagasaki, Nagoya, Nihonbashi (Tokyo), Osaka (4), Otaru,
 Shimonoseki, Wakamatsu (Kyushu), Yokohama

Foreign Branches:

Bombay London New York Shanghai Sourabaya

The Bank of Chosen

Incorporated by Special Charter of Imperial Japanese Government, 1909

Capital Subscribed . . .		Yen 40,000,000
Capital Paid-Up . . .		Yen 25,000,000
Total Resources . . .		Yen 547,000,000

Head Office, Keijo (Seoul), Chosen (Korea)

FOREIGN EXCHANGE DEPARTMENT: TOKYO

Governor, S. SUZUKI

Deputy Governor, J. YOKOBE

Y. KATAYAMA

I. IUCHI

Directors

M. HASHIMOTO

T. KAKIUCHI

Branches

Japan Proper

Osaka

Kobe

Tokyo

Korea

Seoul
Kunsan
Wonsan

Fusan
Chemulpo
Chungjin

Taiku
Pyongyang
Hollyong

Mokpo
Chinnampo

Manchuria

Dairen
Liaoyang
Harbin

Antung
Mukden
Fuchiatien

Ryojan
Tieling
Kaiyuan

Yingkow
Changchun
Lungchingtsun

China Proper

Tsingtao

Shanghai

Tientsin

Siberia
Vladivostok

London Representative: 34 Old Broad Street, Loudou, E. C. 2.

New York Agency, 165 Broadway

K. HIYAMUTA, Agent

The Yokohama Specie Bank, Ltd.

[Yokohama Shokin Gakai]

HEAD OFFICE, YOKOHAMA, JAPAN

Capital (paid up) . . .		Yen 100,000,000
Reserve Fund		Yen 96,500,000

(\$0.50=1 Yen)

Branches and Agencies

Alexandria	Changchun	Hongkong	Lyons	Osaka	Shanghai	Tientsin
Hainan	Dairen	Honolulu	Manila	Peking	Shimonoseki	Tokyo
Bombay	Fengtien	Kai-Yuan	Marunouchi	Rangoon	Singapore	Tientsin
Buenos Aires	Hankow	Karachi	Nagasaki	Rio de Janeiro	Sourabaya	Tsingtao
Calcutta	Harbin	Kobe	Nagoya	Saigon	Sydney	
Canton		London	Newchwang	Semarang		

Agencies in United States

New York San Francisco Los Angeles Seattle

This bank is in a position to render direct banking service through its branches and agencies in connection with commerce between the countries of the Orient and the United States.

Complete facilities for all kinds of banking transactions in the Far East, including the purchase, sale and collection of bills, issuing of drafts and letters of credit negotiable in all parts of the world.

NEW YORK OFFICE - - 120 BROADWAY

Commercial Bank of Greece

(A Limited Liability Company registered in Athens)

Head Office: Athens

BRANCHES

Piraeus, Argos, Pyrgos, Patras, Corfu, Cephalonia, Nauplia, Vostizza,
Calamata, Syra, Chio, Candia, Volo, Salonica, Larissa, Triccala,
Mytilene, Canea, Zante, Plomari, Tripolitza, Rethymo,
Cavalla, Carditza and Prevesa

ASSOCIATED BANK in LONDON

The Commercial Bank of The Near East, Ltd.

4 London Wall Buildings, E. C. 2

with branches in CONSTANTINOPLE and ALEXANDRIA

*Correspondents in the principal towns of Greece and in foreign countries
throughout the world*

GENERAL BANKING BUSINESS TRANSACTED

Collections, Letters of Credit, Cable Transfers, Current
and Term Deposits, Etc.

Capital and Reserves . . . Dr. 1,06,830,089

of the above Dr. 25,000,000 are represented by assets worth £1,000,000 at Dr. 25 per £



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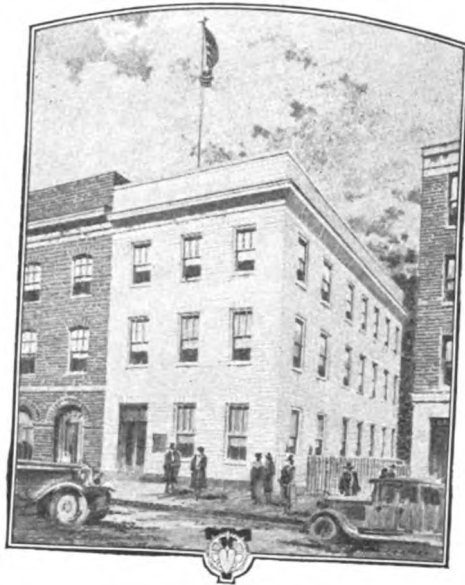
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that you need for your banking library

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ing. With modern equipment, and sunlighted all day long, it is a cheerful, wholesome place to work.

Forty People to Work for You

THERE are seventeen rooms in this building. They occupy fifty-two hundred feet of floor space. Between forty and fifty people are regularly at work in them. This briefly describes the workshop and offices of the Tilghman Moyer Company.

The banker who visits this building during business hours sees activities in a diversity for which he was hardly prepared. Should he meet some of the heads of departments—the designer, chief draftsman, construction superintendent, structural engineer, cost accountant, purchasing agent—and talk with them about their individual angle of the work, he cannot help but conclude that the designing and constructing of a modern bank building is a complex affair.

To one unacquainted with it, the mass of detail involved and the wide variety of problems to be solved is almost appalling. That is why it takes forty or more people to design and build such a building, do it on schedule time, to the bank's satisfaction and within its original appropriation.

TILGHMAN MOYER COMPANY

The Design, Construction and Equipment of Bank Buildings

ARCHITECTS · ENGINEERS

WHEN men like these, who have been engaged for years upon the same kind of work, talk or write about their specialty—bank buildings—they are almost sure to say something interesting and profitable.

This is true about their booklet "Building the Bank for Business." There are more real ideas that a banker can use packed into that booklet than in many magazines. Hundreds of letters from bankers who have read it tell us so.

The coupon will bring a copy to you without obligation.

TILGHMAN MOYER COMPANY, Allentown, Pa.

Gentlemen: Without obligation, please mail me a copy of "Building the Bank for Business."

Name: _____

Address: _____

Guaranteed First Mortgages and Certificates

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Legal for investment by banks, trust companies, insurance companies, savings institutions and trustees.

All mortgages offered cover fully improved and completely owner occupied residential properties. No single mortgage amounts to more than \$15,000 and more than 60 per cent. of a conservative appraisal.

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United States and Canada**

**North American Title
Guaranty Company**



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8 West 40th Street
New York City

Brooklyn Office
26 Court St.

PAPER

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— that's the amount of money paid by check last year through clearing house banks alone.

More of these checks were on National Safety Paper than on any other check paper.

This preference shows that the banks appreciate the value of protection which is not only effective, but instantly recognized. The distinctive wavy-line background identifies checks on National Safety Paper—proclaims their safety.

George La Monte & Son

FOUNDED 1871

61 Broadway, New York



BANK of the MANHATTAN COMPANY

CHARTERED  1799

40 WALL STREET, New York City

UNION SQUARE OFFICE
Broadway at 16th St.

MADISON AVENUE OFFICE
Madison Ave. at 43rd St.

47 offices conveniently located throughout the Boroughs of
Manhattan, Queens and Brooklyn

Capital, Surplus and Undivided Profits over \$30,000,000

Total Resources over \$300,000,000

STEPHEN BAKER, President

FRENCH AMERICAN BANKING CORPORATION

67-69 William Street

New York City

Acceptance credits in dollars and foreign currencies

Complete banking facilities for foreign trade

Deposit accounts in foreign currencies solicited

Capital \$2,000,000

Surplus and Undivided Profits \$2,301,000

THE CANADIAN BANK OF COMMERCE

HEAD OFFICE

TORONTO, CANADA

Capital Paid Up \$20,000,000

Reserve Fund \$20,000,000

Sir John Aird, President

S. H. Logan, General Manager

OVER 500 BRANCHES THROUGHOUT CANADA

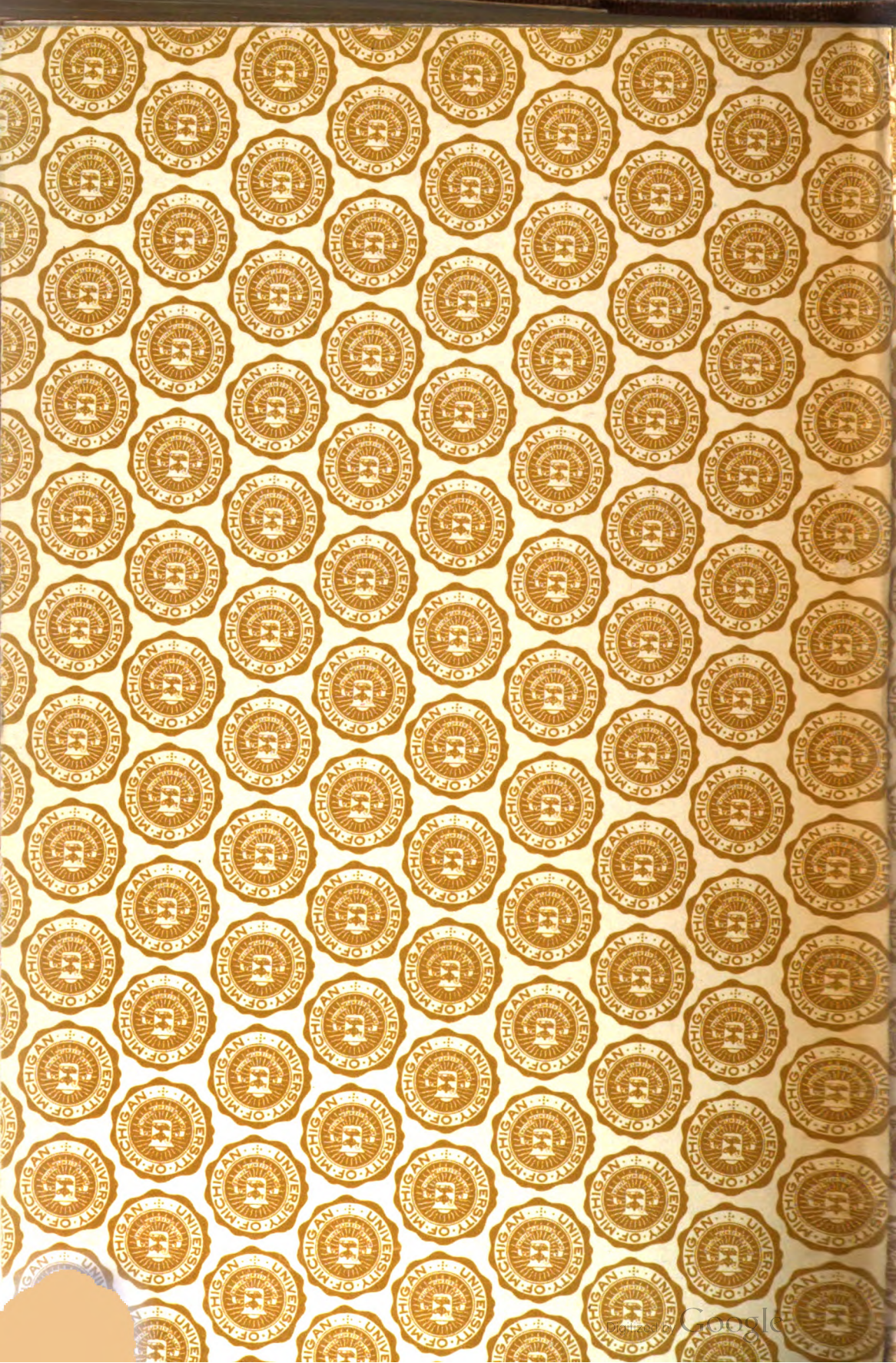
Branches at London, England; Rio de Janeiro; Havana; Kingston,
Jamaica; Bridgetown, Barbados; Port of Spain, Trinidad; Mexico
City; San Francisco; Seattle; and Portland, Oregon.

Close working arrangements with the Leading Banks in Australia
and New Zealand.

NEW YORK OFFICE

16 EXCHANGE PLACE

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