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OF THE

AMERICAN BANKERS ASSOCIATION

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Volume 6

JULY, 1913—JUNE, 1914

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General Secretary American Bankers Association.

THOMAS B. PATON, EDITOR,
General Counsel American Bankers Association.

W. W. WAINE, ASSOCIATE EDITOR.

VOL. 6

JULY, 1913

No. 1

OFFICERS AMERICAN BANKERS ASSOCIATION, 1912-1913.

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L. W. GAMMON, 5 Nassau Street, New York City.

THE POWER AND BENEFIT OF ORGANIZATION.

THE past thirty days has marked an epoch in the American Bankers Association by the largely attended and important meetings of the Currency Commission of the Association and the attention those meetings have attracted through the press, which has reached every portion of the United States.

The Currency Commission was organized in the Fall of 1906 and has been engaged in the work of promoting banking and currency legislation since that time. It has been necessary to educate the vast interests of the country into the belief that banking and currency reform was greatly needed, and, beyond question, the country is now alive to the importance of this movement. In this work too much credit cannot be given to the commercial organizations of the United States, apart and aside from the banking interests. These organizations have carried on an educational campaign of the greatest moment.

At the time of the creation of the Currency Commission the American Bankers Association had a membership of 8,383. It now has a roll of 14,000 banks and a loyal membership which believes in the Association and its work, and stands ready to aid in any plans that will benefit the great commercial and industrial interests of the nation.

Ten years ago the number of progressive, active State Associations did not exceed twelve. Now this galaxy of State Associations embraces forty-seven States, and with few exceptions they are alive to the importance of their organizations. Many of them are well equipped with permanent secretaries and permanent headquarters, and have a membership comprising nearly every bank in their respective States.

The great Association of the Empire State held its last convention at Ottawa. Those who were present can testify to the warm reception given the visiting bankers and the cordial good feeling which was engendered between the Dominion of Canada and the United States and which cannot but be fraught with beneficent results. Only on one previous occasion has a State Bankers Association held its convention outside of the United States. The Michigan Bankers Association visited Toronto in 1904, where they were royally received and entertained.

The American Bankers Association and the forty-seven State Associations are working together in harmony on matters not only of banking and finance, but in agricultural, educational and other movements of national significance with resultant benefit to the general good made possible by their organized co-operation.

F.



CURRENCY COMMISSION AT HOTEL TRAYMORE, ATLANTIC CITY

Standing, from left to right—Levi L. Rue, Sol. Wexler, Joseph T. Talbert, Luther Drake, E. L. Howe, George M. Reynolds, Fred. E. Farnsworth, Secretary.

Sitting, from left to right—J. F. Sartori, John Perrin, James B. Forgan, Vice-Chairman, A. B. Hepburn, Chairman, Arthur Reynolds, Vice-President A. B. A., Festus J. Wade, Robert Wardrop, Joseph A. McCord.

WORK OF THE CURRENCY COMMISSION OF THE AMERICAN BANKERS ASSOCIATION

IN view of the failure of Congress, in 1912, to pass the banking and currency bill prepared by the National Monetary Commission, and the election of a Democrat as President with control of both houses of Congress in the hands of the same party, it was not to be expected that the so-called Aldrich bill would be favorably considered. The determination of President Wilson to have Congress take up the question of banking and currency legislation resulted in the preparation of an Administration measure, and also in the sending out by the Committee on Banking and Currency of the Senate, to the banking and business men of the country, of thirty-three questions, seeking information and sounding public opinion. These questions are based largely on the provisions of the bill of the National Monetary Commission.

The time for action having arrived, the Currency Commission of the American Bankers Association was called to meet at Atlantic City, June 18 and 19, 1913. Every member of the Commission, with two exceptions, was present. Mr. Herrick, one of the absentees, was prevented from attendance by reason of his duties in Paris as Ambassador of the United States to France, and Mr. E. F. Swinney was

compelled to be absent on account of important business engagements.

The thirty-three questions propounded were given most careful consideration by the Currency Commission; they were thoroughly analyzed and answers to them were prepared. These answers were immediately sent to President Wilson, Secretary of the Treasury McAdoo, Senator Owen, Chairman of the Senate Committee on Banking and Currency, and Representative Glass, Chairman of the same Committee of the House. The questions and answers were also printed in pamphlet form, accompanied by a letter signed by the Commission, and sent to every member of the American Bankers Association.

At Atlantic City, the Currency Commission, not having in their hands the Administration bill, adjourned, but, before leaving for their respective homes, the bill was secured and a further conference was held at the Waldorf-Astoria, in New York City, June 22d and 23d. The features of the bill were carefully scrutinized, and suggestions and recommendations were made, with full explanations of the reasons therefor. These suggestions and recommendations were also submitted to the President and Secretary of the Treasury and to the Chairmen of the Senate and House Committees.

Members of the Currency Commission visited Washington after the preparation of the answers to the questions and again after the suggestions and recommendations had been prepared. These commit-

tees were given audience and every opportunity was afforded them to present their conclusions, representing the banking and commercial interests of the country.

The Currency Commission approved of many of the features of the proposed bill, which, with some changes, was afterward introduced in the House and Senate on June 26, 1913. The amendments and recommendations of most importance, made by the Currency Commission, will appear in the following extracts from the document drawn up by them, and submitted to the President and others in Washington, as above stated.

GOVERNMENT CONTROL.

The Administration bill provides (on pages 15 and 16) "that there shall be created a Federal Reserve Board, which shall consist of seven members, including the Secretary of the Treasury, the Secretary of Agriculture, and the Comptroller of the Currency, who shall be members ex officio, and four members chosen by the President of the United States, by and with the advice and consent of the Senate. * * * Of those thus appointed by the President at least one shall be a person experienced in banking."

The suggestions of the Currency Commission on this question are as follows:

"In view of the fact that the banks are contributing the entire capital stock of the Federal Reserve Banks, and are to deposit therein a large part of their reserve, it is extremely doubtful whether a sufficient number to make the plan operative would enter the system without representation. The fear of political management, whether justified or not, would have a restraining influence. The conservative spirit of bankers would tend to prevent their turning over 20 per cent. of their capital and the large amount of reserve deposits without a voice in the management. We have, therefore, suggested the increase of the Board membership from seven to eleven, of which three are Cabinet officers, and therefore Presidential appointees; four are appointed directly by the President, with the consent and approval of the Senate; and four also by the President from a list composed of one from each district chosen by the respective electors thereof.

"Aside from the fairness and justice of this representation, we are of the opinion that it will remove a serious cause of objection that would be raised by a great number of banks, and probably of business men throughout the country."

NOTE ISSUES.

The provision as it stands in the bill, section 17, pages 24-28, provides for the Government issue of this currency, and the Currency Commission suggests that this entire section 17 be stricken out and the following section, providing for the issue by the Federal Reserve Board, be substituted:

"The issue is hereby authorized of Federal Reserve Treasury Notes, which shall purport on their faces to be the obligations of the United States, and shall be receivable for all taxes, customs and other public dues.

"The Federal Reserve Board shall prepare and keep on hand an adequate supply of such notes and shall issue them in the manner hereinafter provided to the Federal Reserve Banks. Such notes issued to any Federal Reserve Bank shall bear the respective number designating the district in which such Federal Reserve Bank is located.

"No Federal Reserve Bank nor any of its branches shall pay out any Federal Reserve Treasury notes not bearing the number designating that particular district. Such notes bearing the designating number of any other district which come into the possession of a Federal Reserve Bank or any of its branches, shall be mutilated to prevent their further use charged to the account of the Federal Reserve Bank whose des-

ignating number they bear and forwarded to it for credit or, if preferred, for payment in gold or other lawful money.

"The said Federal Reserve Bank shall forthwith deliver to the local Federal Reserve Agent such redeemed notes, and shall thereby cancel pro rata its obligation to account to the Federal Reserve Board for all such notes issued to it.

"A Federal Reserve Bank shall receive Federal Reserve Treasury notes upon filing an application with the Federal Reserve Board through the local Federal Reserve Agent, accompanied by a statement of its condition, provided that such statement is certified to by said local Federal Reserve Agent, and shows that it has in its possession a reserve of gold or lawful money, as hereinafter provided, to be held against its liabilities.

"Federal Reserve Treasury notes shall be a prior lien in favor of the holder upon all the assets of the Federal Reserve Bank by which paid out, and supplementary thereto, a prior lien upon all the assets of all other Federal Banks jointly, pro rata to capital and surplus.

"Whenever any Federal Reserve Bank shall pay out or disburse Federal Reserve Treasury notes as herein provided, it shall hold in its own vault gold or lawful money equal in amount to not less than 33 $\frac{1}{2}$ per cent. of its total liabilities, including the total of such Federal Reserve Treasury notes so paid out by it and outstanding; provided that if its reserve should at any time fall below 50 per cent. of such total liabilities, there shall be a tax imposed upon the amount of such deficiency at the rate of 1 $\frac{1}{2}$ per cent. per annum for each 2 $\frac{1}{2}$ per cent. deficiency."

The comments of the Currency Commission on the foregoing recommendation as to Note Issues are as follows:

"It is suggested that the reserve of 33 $\frac{1}{2}$ per cent. gold or lawful money specified in the bill, be the minimum reserve to be held by a Federal Reserve Bank against its total liabilities, including all Federal Reserve Treasury notes paid out by it and outstanding, and that 50 per cent. be fixed as the normal reserve. As a brake, to prevent overexpansion, it is suggested that if the reserve held against all liabilities, including that upon Federal Reserve Treasury notes, should fall below 50 per cent., a tax shall be imposed upon the deficiency, at the rate of 1 $\frac{1}{2}$ per cent. for each 2 $\frac{1}{2}$ per cent. deficiency. For instance, if the reserve falls below 50 per cent. and not below 47 $\frac{1}{2}$ per cent., the tax would be at the rate of 1 $\frac{1}{2}$ per cent. per annum. If the reserve should fall to 40 per cent., the tax would be at the rate of 6 per cent. per annum.

"When the reserve approached 33 $\frac{1}{2}$ per cent., the specified minimum, the tax would be at a rate of 10 $\frac{1}{2}$ per cent. per annum.

"An abundance of circulating medium for the convenient transaction of business is important, but for the maintenance of a sound and healthy financial condition, it is vital that the volume of currency, while ample, should not be excessive and redundant. The change suggested is with a view to providing a way by which under the supervision of the Federal Reserve Board, the proposed notes may be safely issued whenever needed to serve the convenience of the people and their redemption and retirement forced as rapidly as the need for their use is satisfied. The suggested restriction that a Federal Reserve Bank or its branches may pay out only the notes bearing its designating number, puts it in the position of seeking to pay out notes bearing its own designating number, while all other Federal Reserve Banks and their branches unite in the effort to force their redemption. The net result would be that the volume of currency outstanding would be exactly that required by the conveniences of the public. The volume will constantly vary with the varying business need.

"Such a currency would be almost inconceivably strong, as the joint obligation of all the Federal Reserve Banks, with a prior lien on all their gold or other lawful money and commercial assets upon the double liability of the stockholders.

"In operation its automatic adjustment of volume to business needs would resemble the currency of Canada, which is by many regarded the best in the world.

"No human knowledge can foretell the extent of the growth of our business, and the correspondingly increased requirements for currency. It is, therefore, suggested that the commercial welfare of the country would be best safeguarded not by an arbitrary limitation of the amount of such notes, but by authorizing the issue of any amount needed, provided they are made absolutely safe and their immediate redemption assured by the maintenance of a proportion of reserve of gold and lawful money as stipulated."

BANK RESERVES.

The Currency Commission recommend that the provision in the bill regarding bank reserves be stricken out and the following provision substituted:

"It shall be the duty of all member banks to maintain reserves, as hereinafter stated, against all demand deposits which shall include time deposits maturing within 45 days, to wit: Country banks, 15 per cent., Reserve City banks, 18 per cent., Central Reserve City banks, 20 per cent.

"In the case of a country bank such reserve shall consist of not less than 5 per centum of lawful money in its vault, and not less than 5 per centum with its district Federal Reserve Bank; seven per cent. may consist of balances due from reserve agents approved by the Comptroller of the Currency.

"In the case of a reserve city bank, such reserve shall consist of not less than 6 per centum lawful money in its vault, and not less than 6 per centum with its district Federal Reserve Bank. Six per cent. may consist of balances due from reserve agents approved by the Comptroller of the Currency.

"In the case of a central reserve city bank, such reserve shall consist of not less than 10 per centum lawful money in its vaults and not less than 10 per centum with its district Federal Reserve bank.

"Provided, that when the date is set by the Secretary of the Treasury, and officially announced, the deposits of reserve hereinabove required to be placed with Federal Reserve Banks shall be made as follows:

"One third in not less than sixty days; one third in not less than fourteen months; and one third in not less than twenty-six months after such date."

The argument of the Commission on this question is as follows:

"The reserve requirements in the bill will, it is believed, bear most hardly upon country banks, and seriously curtail their ability to extend accommodations to their customers as compared with the requirements under existing law.

"It is suggested that no plan to redistribute deposits with a view to eliminating concentration at centers, should overlook the natural flow of commerce between the country and the financial centers which contributes a natural part of the concentration of funds at centers, as distinguished from the artificial or unnatural concentration there. While the bill makes the requirement of reserve in the same percentage as under existing law, it does in effect increase the requirement of actual cash means, since country banks would find it necessary, in addition to the reserve specified to carry considerable balances in reserve cities to enable them to transact their customers' business conveniently and in order to maintain

a relation that will establish a privilege of borrowing upon collateral such as would not be available for discount with Federal Reserve Banks.

"The same reasons apply measurably to reserve city banks.

"Consequently a modification is suggested in the reserve requirements."

REFUNDING BONDS.

In the bill which was before the Currency Commission at their sessions in New York City, the plan for refunding government 2's had been eliminated, and the Commission suggested that the refunding clause, which was in the original plan of Chairman Glass, be made a part of the proposed bill. This Glass provision, recommended by the Commission and now embodied in the present bill, introduced in the House and Senate, was restored after the visit of the Commission's Committee to Washington, and is as follows:

"Upon application the Secretary of the Treasury shall exchange the two per centum bonds of the United States bearing the circulation privilege heretofore deposited by any national banking association with the Treasurer of the United States as security for circulating notes for three per centum bonds of the United States without the circulation privilege, payable after twenty years from date of issue, and exempt from Federal, State, and municipal taxation both as to income and principal. When and in proportion as the outstanding two per centum bonds deposited with the Treasurer shall be thus exchanged or refunded, the power of national banks to issue circulating notes secured by United States bonds shall cease and terminate. Every national bank may continue to apply for and receive from the Comptroller of the Currency circulating notes under the conditions provided by this Act, but no national bank shall be permitted to issue circulating notes of any description or to issue or to make use of any substitute for such circulating notes in the form of clearing-house certificates, cashier's checks, or other obligation not specifically provided for under this Act, and no national bank shall, without consent of the Secretary of the Treasury, in any one year present two per centum bonds for exchange in the manner hereinbefore provided to an amount exceeding five per centum of the total amount of bonds on deposit with the Treasurer by said bank at the time of the passage of this Act. At the expiration of twenty years from the passage of this Act every holder of United States two per centum bonds then outstanding shall receive in exchange three per centum bonds of like denomination payable twenty years from date of issue, and without the circulation privilege. After twenty years from the date of the passage of this Act national bank notes still remaining outstanding shall be recalled and redeemed by the national banking associations issuing the same within a period and under regulations to be prescribed by the Federal Reserve Board, and notes still remaining in circulation at the end of such period shall be secured by an equal amount of lawful money deposited in the Treasury of the United States by the banking associations originally issuing such notes."

The argument of the Commission on this provision of refunding the government 2's is as follows:

"Ever since the establishment of the national banking system the government has enjoyed the benefit of the fictitious high price for its government bonds created by the circulation privilege. That the price obtained by the government for its bonds is fictitious and out of line with the value for investment is proven by the prices at which French Rents and British consols have been selling. The government has a moral obligation to prevent the price of government bonds from going below par; therefore it is a plain duty to

provide some means of retiring the government 2 per cent. bonds or putting them on a fair investment basis. As a note issue the bond-secured notes are inflexible and bear no relation to the varying needs for currency, but rather to the market for government bonds, and with the scientific elastic gold reserve currency provided in the bill as suggested to be modified makes it necessary to continue the use of these notes, and provision should be made for their gradual retirement in a manner that will inflict the least hardship upon the government and upon the banks."

The meetings of the Currency Commission were harmonious and the action taken was unanimous. The sessions were marked by close application and the entire time allotted was given up to serious deliberation.

REGISTRATION AT OFFICES.

THE following visitors registered at the Association offices during the month of June:

- Blethen, Hugh R., New York City.
- Bright, J. C., Cashier Gonzales State Bank & Trust Company, Gonzales, Texas.
- Brown, Fred A., Chicago, Ill.
- Brown, Jos. G., President Citizens' National Bank, Raleigh, N. C.
- Claney, Northrop, New York "Times," New York City.
- Compton, T. W., New York City.
- Criswell, Edgar G., District Secretary Chamber of Commerce of the United States, New York City.
- Cutler, Ralph W., President Hartford Trust Company, Hartford, Conn.
- Ferguson, Herbert J., New York City.
- Ferguson, Wallace, Oakdale, Calif.
- Poster, Mr., New York Sunday "World," New York City.
- Foye, E. Elmer, Vice-President Old Colony Trust Company, Boston, Mass.
- Garrison, F. S., Assistant Secretary New Amsterdam Casualty Company, New York City.
- Gwin, Earl S., President Second National Bank, New Albany, Ind.
- Harrison, John T., Executive Special Agent Fidelity & Deposit Company, New York City.
- Harrison, M. W., Brooklyn Savings Bank, Brooklyn, N. Y.
- Hemphill, Alexander J., President Guaranty Trust Company, New York City.
- Higgins, Ames, New York City.
- Jackson, A. A., Vice-President Girard Trust Company, Philadelphia, Pa.
- Jordan, Francis, Secretary The Thrift, Brooklyn, N. Y.
- Kent, Fred I., Vice-President Bankers' Trust Company, New York City.
- Knolhoff, Wm., Manager Central Trust Company, Forty-second Street Branch, New York City.
- Knox, W. E., Comptroller The Bowery Savings Bank, New York City.
- Lindsey, E. A., President Tennessee Bank & Trust Company, Nashville, Tenn.
- Lowther, J. F., New York "Tribune," New York City.
- Mason, John H., Vice-President Commercial Trust Company, Philadelphia, Pa.
- McCarter, Uzal H., President Fidelity Trust Company, Newark, N. J.
- McIntosh, H. P., President Guardian Savings & Trust Company, Cleveland, Ohio.
- McKay, C. B., Transit Manager First National Bank, Chicago, Ill.
- Morrill, I. A., New York City.
- Newcomer, Waldo, President National Exchange Bank, Baltimore, Md.
- Payne, Bruce R., President George Peabody College for Teachers, Nashville, Tenn.
- Penny, David H. G., Assistant Cashier Irving National Bank, New York City.

- Pennypacker, J. E., Washington, D. C.
- Perrin, John, President Perrin Drake & Riley, Los Angeles, Calif.
- Pollon, Wm. C., Vice-President Bankers' Trust Company, New York City.
- Reynolds, Arthur, President Des Moines National Bank, Des Moines, Iowa.
- Rhoades, Herbert A., President Dorchester Trust Co., Boston, Mass.
- Roberts, Geo. E., Director of the Mint, Washington, D. C.
- Sartori, J. F., President Security Trust & Savings Bank, Los Angeles, Cal.
- Stetson, E. W., President Citizens' National Bank, Macon, Ga.
- Stone, Herbert E., Second National Bank, Boston, Mass.
- Storm, Charles W., New York "American," New York City.
- Stratton, Wm. A., Brooklyn, N. Y.
- Thomas, Theodore C., National City Bank, Baltimore, Md.
- Van Rorck, William W., Broadway Trust Company, New York City.

BOUND COPIES OF VOLUME 5.

ALIMITED number of Vol. 5 of the JOURNAL-BULLETIN have been substantially bound in three-quarter leather to match previous volumes. The book is indexed under different headings, so that it makes a useful work for ready reference. Anyone desiring copies can obtain same at cost (\$2.50) on application to this office.

Those who desire to preserve their own copies in bound form, and are in need of any numbers to complete Vol. 5, can be supplied from our surplus files.

IOWA BANKERS' ASSOCIATION.

AT the recent convention of this Association the following officers were elected for the current year: President, David L. Heinsheimer, Director Mills County National Bank, Glenwood; Vice-President, Frank Epperson, Vice-President Manning & Epperson State Bank, Eddyville; Secretary, P. W. Hall, Des Moines (re-elected); Treasurer, Harry Moore, Welton.

WYOMING-MONTANA.

THE date selected for the Fifth Annual Convention of the Wyoming Bankers' Association is August 12th-13th at Sheridan. As the Convention of the Montana Association will convene at Helena on August 15th-16th, the Eastern bankers will have an opportunity of attending both conventions.

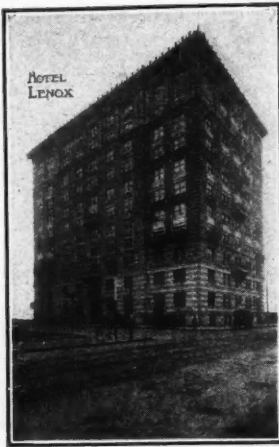
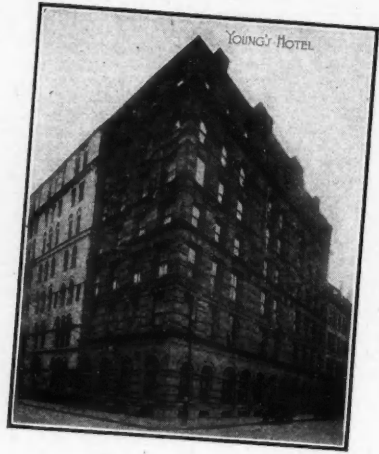
THE next convention of the Missouri Bankers' Association will be held on Tuesday and Wednesday, May 19 and 20, 1914. The place of meeting will be determined by the Council of Administration at its meeting next January.

THE SOUTHERN BANKER.

THE Southern Banker of Atlanta, Ga., and the "Gulf States Banker," of New Orleans, La., have consolidated and will be published under the name of "The Southern Banker." A business and editorial office will be maintained in New Orleans, the home office being in Atlanta.

THE twenty-seventh annual convention of the Kansas Bankers' Association will be held at Wichita, Thursday and Friday, May 21 and 22, 1914.

Hotels and Arrangements for the Boston Convention



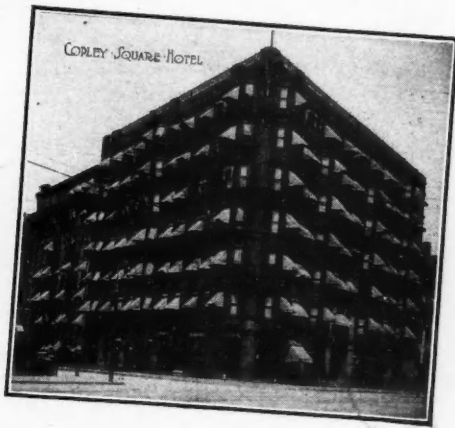
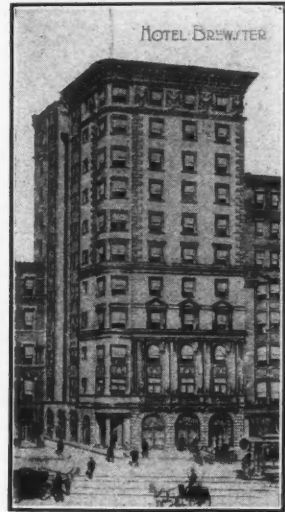
SOME 1,200 persons have engaged rooms for the week of the Thirty-ninth Annual Convention of the American Bankers Association in Boston, October 6-10, and reservations are coming in daily. First of the hotels to be filled were the Copley-Plaza and the Touraine. At the Lenox, Young's, the Thorndike, the Brunswick, the Copley Square, and the Parker House all the rooms with bath have been assigned. Already 750 rooms have been taken. Only the regular rates are charged; and in order that the hotel proprietors may be assured that the liberal blocks of rooms which they have placed at the disposal of the hotel committee will be used and paid for, it has become necessary to ask delegates to sign a card agreeing to take and pay for rooms for a period of five days. It is purely a business proposition that any good banker can well appreciate. The Bostonians are doing everything in their power to eliminate from every feature of the coming Convention all sources of annoyance; and by having the hotel arrangements perfected and thoroughly well explained they will make practically sure that the visitors will be made comfortable and happy.



Hotels and Arrangements for the Boston Convention



THERE is a sufficient number of excellent rooms at the best hotels at the call of the Boston hotel committee to take care of all who may reasonably be expected to attend the Convention. Applications should all be sent to Chairman Charles P. Blinn, Jr., National Union Bank, Boston. Those who wish to engage suites are especially advised to write for them as early as possible. There are excellent suites now available in the Victoria, the Westminster, and the Bellevue; but later some of the suites will have to be divided. Reservations may be canceled up to September 1, if necessary. The committee has 1,800 rooms at its disposal. When a hotel proprietor receives an application for convention accommodations he turns it over immediately to the hotel committee, and every effort is made to give the applicant what he desires. If unable to fill an application at the hotel selected, the committee secures accommodations in another hotel of the same character. This plan is meeting with unanimous approval.





TRUST COMPANY SECTION



OFFICERS, 1912-1913.

PRESIDENT:
WILLIAM C. POILLON, Vice-President Bankers' Trust Company, New York, N. Y.
FIRST VICE-PRESIDENT:
F. H. GOFF, President Cleveland Trust Company, Cleveland, O.

CHAIRMAN EXECUTIVE COMMITTEE:
RALPH W. CUTLER, President Hartford Trust Co., Hartford, Conn.
SECRETARY:
PHILIP S. BABCOCK, 5 Nassau Street, New York City

AT a meeting of the Executive Committee of the Trust Company Section, American Bankers Association, held June 18, 1913, in the library of the Association, the report of Mr. James, Chairman, Committee on Constitutional Revision, which was presented at the meeting of the Executive Council at Briarcliff on May 7th and printed in the May JOURNAL-BULLETIN, was taken up for consideration.

Representatives of the other sections were present at the meeting, and after full discussion it was voted to request the chairman of the Committee on Constitutional Revision to forward a draft of the tentative revision as it stands at present, to reach the office of the Trust Company Section of the Association in time for consideration by the members of the Executive Committee of said Section at a meeting to be held in the library of the Association on the morning of Friday, June 27th, at 10.30 A.M.

The object of this meeting is to consider the changes which the Revision Committee may recommend, in so far as they affect the interests of the Trust Company Section of the Association.

THE Executive Officers of the Section have held several meetings to consider the program for the Boston Convention, and have made considerable progress. As heretofore, considerable attention will be given to the topics for discussion, and as the Section is to have a whole day for its deliberations without any entertainment on the afternoon of the day assigned for the Section meetings, it is hoped that there will be sufficient time to properly consider the matters of interest which will be brought up at that meeting. Last year there was not sufficient time to consider but one of the topics on the program, and the two left over, "Advantages of Co-operative Publicity of Trust Company Functions," "Annuities and Pension Funds for Employees," were ordered placed on the program for this year.

The model trust company law as drafted by the General Council of the Association will also be presented for consideration and discussion.

It is hoped that in another month the full program can be announced.

Attention is again called to the additional set of fourteen articles prepared for use in the Educational Publicity Campaign. In view of the great success attending the publication of the previous set of articles and the undoubted good such publication has done to the general public in familiarizing them with Trust Company facilities and to the Trust Companies themselves in bringing in new business in different directions it is very much hoped that members will secure these new articles and continue their publication as much as possible. These articles have been printed, and they may be had by request to the Secretary of the Section at his office, 5 Nassau Street, New York. It being of timely interest, Article No. 21 is herewith printed.

NATION'S WEALTH AND TRUST COMPANIES.

United States Far Outstrips All Other Countries of the World in Material Possessions. Potential Part Played by One Form of Banking. One-fourth of America's Garnered Wealth Held in Trusteeship by Trust Companies.

Wealth is definite, positive and reassuring. A practical age like the present measures the prosperity of a nation, a State, a corporation and an individual by the accumulations of which each is the possessor. In recent years this nation has been making tremendous strides toward all that makes for material prosperity. The assertion that the United States is the richest nation in the world is no idle boast; it is a well-attested fact. So wide is the margin between our national wealth and that of the nearest rival, Great Britain, that the realm of King George is not even a close second, and France, Germany and Russia are far outstripped. The figures as compiled for 1912 and, consequently, the latest, fairly dazzle even those who are accustomed to deal with the larger financial statements. For a nation not yet a century and a half old, the United States has an accumulated wealth that is marvelous. The figures of the wealth of nations as tabulated for 1912 by one of the accepted authorities of this country follow:

United States	\$130,000,000,000
Great Britain and Ireland	80,000,000,000
France	65,000,000,000
Germany	60,500,000,000
Russia	40,000,000,000
Austria-Hungary	25,000,000,000
Italy	20,000,000,000
Belgium	9,000,000,000
Spain	5,400,000,000
Holland	5,000,000,000
Portugal	2,500,000,000
Switzerland	2,400,000,000

A Wonderful Influence.

The national debt of the United States, October 1, 1912, was \$2,906,750,148. Marvelous as are the figures of our wealth as a nation, however satisfactory to our national pride is the comparison with other great countries, the full extent of our financial progress is not understood without reference to that tangible, collateral wealth which is represented in actual money or the equivalent thereof. It is here that the growth of a part of our wonderful banking system proves its influence in the national life. A glance at the above figures shows that America's total wealth is \$130,000,000,000. Represented in this vast aggregate, how great a part do the 1,500 more trust companies of the nation play? The answer is profoundly impressive.

An Impressive Comparison.

Trust companies guard a treasure conservatively estimated at \$35,000,000,000, of which grand total at

least \$30,000,000,000 represents wealth which the companies protect as trustees and guardians, and the remainder stands for the value of their own banking resources. Thus the trust companies hold in their keeping at least one-fourth of the nation's garnered wealth. A sum equal to more than one-third of the total wealth of Great Britain and Ireland and more than one-half of the wealth of France and Germany is under the control of the American trust companies, and the amount almost equals Russia's entire treasure, and surpasses that of Australia, Italy and the numerous lesser kingdoms.

Why?

One quite naturally inquires: How is it that the trust companies have forged forward at so swift and so substantial a pace? The answer is found in the increasing readiness with which men of wealth and business sagacity are making trust companies the executors and trustees of their estates. Assured that their wishes and purposes will be carried out to the letter, knowing that rigid laws and intelligent supervision, under the guidance of the several States, will be followed, and confident that men, specially selected for the service they are to render because of their integrity, and even experience, the possessors of large and even modest fortunes, are giving to the trust companies the care of their estates at death rather than commit them to the hazard of individual control. It is, therefore, not strange that a nation, the wealth of which is represented in a sum so great as to dazzle the average man, finds its prosperity so eloquently reflected in its financial institutions which not only act as bankers, but as guardians, custodians and as general watchmen of the products of thrift and foresight. Add to this statistical attestation the additional fact that not one dollar held in trust by the trust companies of America has been lost through the dishonesty of an official, and the integrity of the companies and their worth stand unquestioned.

PROCEEDINGS FOR SALE.

THE Trust Company Section has on hand a number of handsomely bound copies of Proceedings of the Section. Volume one contains the proceedings from 1896 to 1903 inclusive, and volume two the proceedings from 1904 to 1908 inclusive.

RECENT PAMPHLETS ON CURRENCY LEGISLATION.

THE Association has on hand for distribution upon request the following pamphlets:

Anderson, F. D., "The Need of Banking and Currency Reform."

Case, J. H., "Desirability of Commercial Paper as a Bank Investment."

Fourth National Bank, N. Y., "The New Aldrich Currency System, Original and Revised Plan Arranged in Parallel Columns, with Explanation."

Forgan, J. B., "Clearing House Examinations by Clearing House Examiners."

National Monetary Commission—Suggested plan for monetary legislation, January 16, 1911. Suggested plan for monetary legislation as revised by the Currency Commission of the A. B. A., April 23, 1911.

Reynolds, Arthur, "The Aldrich Plan," "Some Aids to the Solution of Our Financial Problems," "The Unsettled Currency Problem."

Reynolds, George M., "The Aldrich Currency Plan Interpreted."

These two volumes contain many important reports, addresses and discussions on matters of great interest to Trust Company officers and their employees. It is confidently believed that in no other books could so wide a range of Trust Company information be obtained. A great many copies have been sold, but in order to make room for other matter the remaining volumes, as long as they last, will be sold at seventy cents each, including postage. Orders should be sent to the Secretary, who will forward the books promptly.

"Trust Company Forms."

The selections cover all departments of the trust company, and it is believed offer practical "forms" for carrying out all of the various banking and trust functions which may fall to the lot of an active company.

The selected forms have been reproduced by photographic process (one-half the original dimensions), bound in full morocco, leather lining, gilt edges, in handsome and durable shape—11 x 14 inches in size—and are for sale to members of the Association for \$15 each, and to non-members at \$20. Some 550 different forms have been reproduced, making a book of 145 pages, fully indexed. Subscriptions may be sent to P. S. Babcock, Secretary Trust Company Section, 5 Nassau street, New York, who will forward book prepaid at once.

Special Notice.

It is felt that it will be of much value and interest to the members of the Trust Company Section to have collected in the Secretary's office samples of advertising matter used by trust companies, throughout the country, such as pamphlets, booklets, newspapers, advertisements, etc. Members are therefore requested to send to the Secretary at 5 Nassau street, such advertising matter as they may be using at this time so that it can be arranged in books or filing cabinets and be open to the inspection of trust company members who may call at the Secretary's office in New York.

Mr. William J. Field, Secretary of the New Jersey Bankers' Association, has made a valuable addition to the Library through the gift of his collection of several hundred State Bankers' Association Proceedings. Many of the volumes were needed to complete sets of those publications now in the Library and will be fully card indexed by the subjects of the addresses and discussions which they contain. Certain of the duplicates will be added to the traveling loan collection of clippings, while others will be sent, by exchange, to libraries or banks who need them.

Mr. Archibald J. Wolfe, Commercial Agent of the Department of Commerce and Labor, has sent to the Library a copy of his recent report on Foreign Credits. The report is available from that Department as Special Agents series, Number 62, and is a "study of the foreign credit problem with a review of European methods of financing export shipments." Besides other information not hitherto available on this subject, the report contains lists of banks in the United States which have foreign departments, and of foreign banks undertaking the collection of drafts. Mr. Wolfe has also indicated his intention of supplying the Library with similar valuable information on Foreign Bills of Exchange and Discount Markets, which should be of especial interest to Association members in view of those features of the proposed currency bill relative to foreign markets for commercial paper.



SAVINGS BANK SECTION



OFFICERS, 1912-1913.

PRESIDENT:
R. C. STEPHENSON, Vice-President St. Joseph County Savings Bank, South Bend, Ind.

FIRST VICE-PRESIDENT:
J. F. SARTORI, President Security Trust & Savings Bank, Los Angeles, Cal.

CHAIRMAN EXECUTIVE COMMITTEE:
W. E. KNOX, Comptroller Bowery Savings Bank, New York, N. Y.

SECRETARY:
E. G. McWILLIAM, 5 Nassau Street, New York, N. Y.

THE BANKER'S OPPORTUNITY AS AN EDUCATOR.

UPON the above topic, Harvey A. Blodgett, of St. Paul, Minnesota, before the Oregon Bankers' Association at its annual convention which was held at Corvallis on June 16th-17th, delivered an address which voices so accurately our educational ambitions, that it is printed herewith in the hope that every member of our Section will read and then act upon it. Mr. Blodgett said:

"I was told before coming here that the all-absorbing topic before this convention would be that of agricultural development. Indeed, that man would enjoy cold comfort at any bankers' convention, nowadays, who is not in hearty accord with the splendid movement launched by bankers which is doing so much to transform agricultural conditions in every section of the land.

"But a few years ago, you bankers little realized what latent power lies abeyant in your ranks, if not as educators, as a tremendous force behind an educational campaign. Now that you have learned your power as prime factors in one great educational movement which you have brought to the point where it will go forward of its own momentum, may I invite your consideration of other, greater opportunities that await the touch of your enthusiasm and leadership?

"Your campaign for better agricultural methods has already borne fruit in a new efficiency on the farm, but it has only indirectly affected the toiler in the workshop, the office and the store, the mother in the home and the millions of young pupils in the city schools, who are receiving instruction which will largely determine their efficiency in life.

"IF THE HUNDRED THOUSAND BANK OFFICERS OF THIS COUNTRY WOULD THROW THEMSELVES INTO A CONCERTED MOVEMENT FOR THE DEVELOPMENT OF THRIFT WITH THE SAME ENERGY THAT THEY HAVE BESTOWED UPON THIS OTHER MOVEMENT, THINK WHAT THE CONSEQUENCES WOULD BE!"

"Is there a need for a campaign of education along the lines of thrift? Let us see: A year ago the Secretary of the Savings Bank Section of the American Bankers Association addressed a letter to members calling attention to this very need.

"Pick up a current newspaper or magazine and you will find pages teeming with advertisements, many of them written by high-salaried masters of the art of salesmanship on paper, designed to induce people to spend their money. The Newlyweds are urged to furnish their home and to put on the finishing touch with a piano or talking machine bought on the installment plan. No stress is laid, in these seductive advertisements, on the fact that the added burden of interest on deferred payments decreases buying power when goods are bought in this way, and, alas, it did not occur to Mr. Newlywed five years ago to begin paying his installments then into the savings bank, and have the item of interest coming his way instead of burdening him at a time when new responsibilities would make heavy inroads on his earnings.

"The young man's fondness for dress is created by clothing advertisements, written and illustrated with consummate skill: the housewife is tempted with

'bargains,' and has been known to buy things she did not really need because of marked-down prices. The man who is bravely resisting the temptation to buy an automobile before getting a few laps ahead of the collector must betake himself to the wilderness if he would escape the blandishments of the ten-thousand-dollar-a-year advertisement writer of the motor-car maker.

"In the news section, too, you will find pages displaying fashions, and columns describing pink teas, floral decorations and toilettes, all tending to create expensive tastes. You may also find departments presided over by beauty experts and by advisers of the lovelorn, but where in the papers can you find anything about thrift? And if you are yet unconvinced that there is need of a campaign of education to counteract these influences and to create a proper balance in our complex civilization, sit with me on my front veranda on a Sunday afternoon, and watch the endless procession of automobiles. Here you see father proudly sitting at the steering wheel, mother by his side, and the happy faced children in the tonneau, dressed in their Sunday best, sublimely unconscious of the cost, and pressing on to the time of life when they must strive to keep the pace the parents are now setting.

"Can you wonder, bankers, that the trend toward extravagance is so rapid, when there is everything in the air to encourage it, with practically no restraining influence? Even in our public schools there is little or nothing being done to offset these tendencies. I passed through every grade in the entire public school system in my home city from the primary grade through the high school, and I cannot recall that I received any instruction in thrift. I now have children in the schools and I hear of nothing in the curriculum which will help to teach them the value of a dollar, or to form traits of character which will assist them in the mastery of even the rudiments of finance.

"I hear someone say, 'this is a matter for parents. What have bankers to do with it?' I ask you in reply 'who is going to educate the parents?' How many parents do you know who are shining examples of thrift? Does it not bring us right back to the need of a widespread agitation of the subject?

"If the thrift movement could receive but half the publicity in the next year that the 'votes for women' movement has had in the last year, millions of new deposits would find their way into banks, and millions of people would get a new start in life. The press agent behind the Suffrage movement, the 'Swat-the-Fly' propaganda, and the worthy causes in behalf of the suppression of disease, has been working overtime, while the thrift press agent has been 'asleep at the switch.'

"You bankers are bankers because you yourselves at some time have learned the lessons of thrift. You understand better than any other class the elements of success. In your daily contact with people you are by precept and by example, checking unwise tendencies. You already have your 'hand in.' You have pressed to successful conclusions a new dispensation of intensive effort on the farm. Who is better qualified than you to father a country-wide movement for saner living, and at least a partial return to the thrift that characterized our fathers?

"Someone interposes that such a movement has already been launched by the Savings Bank Section

of the American Bankers Association: let that come to its logical conclusion. BUT ARE YOU ALL HELPING? CAN YOU EXPECT A SMALL COMMITTEE, OR A FEW OFFICERS, TO GIVE GREAT MOMENTUM TO A MOVEMENT THAT MUST BECOME NATION-WIDE?

"You need lay no new tax upon yourselves to set the whole nation thinking on this subject. It is estimated that of the twenty-five thousand banks of the country each expends on the average from \$300 to \$400 a year for various kinds of publicity. Here is an enormous educational endowment fund of seven and a half to ten million dollars. Why not make the best use of it? To what better use can it be put than in a constructive, effective, efficient and well-organized educational campaign for thrift? Of the large sum just mentioned, close observation leads me to believe that a considerable proportion is misdirected, and is therefore utterly inefficient. I am confident that if every dollar of every bank's advertising expenditure during the next twelvemonth were concentrated on strictly educational and inspirational advertising, the result would be so far-reaching and so gratifying, that banks would never return to the methods which now generally prevail, of pouring advertising appropriations into haphazard, desultory efforts.

"It is not my purpose to criticize unduly the methods which you bankers have employed in dispensing your advertising appropriations. May I, however, point out one defect that is common, and suggest a remedy for it?

"It has been a common practice among banks that advertise for savings deposits to concentrate their effort upon securing the first deposit of a dollar or more. 'Begin' has been the watchword, as if that were all that is necessary. Everything must have a beginning, but the saver who would get anywhere must keep it up. He must make a habit of thrift. It must become second nature. It cannot be said that when one has started a bank account with a dollar or more he has acquired the savings habit. Savings accounts induced on impulse, will, in the majority of cases, give way to the next impulse to spend the money saved.

"I know of a bank that spent a large sum to secure ten thousand first deposits. Eighty per cent of them were for \$1. After three months two-thirds of the accounts did not show a second deposit. How could it have been otherwise? Does it stand to reason that a person who has been an habitual spender could be made an habitual saver on an impulse created by a two-minute conversation with a canvasser? Are life habits formed instantaneously? No, that is approaching the saving proposition from the wrong angle. Thrift can only be instilled by a slow process of education, hence the necessity of planning a campaign, extended over a period of time, and of adhering consistently to it.

"The only way you can make thrift a ruling passion in your community is to talk thrift, day in and day out. Some people will respond quickly, others will take time to deliberate, but don't pin your faith to any plan that brings the depositor in with his first dollar, and then leaves him to find out for himself the blessings he will bring into his life if he adds other dollars to his nest-egg. A list of dormant savings accounts is nothing but a list of possible savings depositors. They have merely blazed the way to your door. It depends on your ability as a teacher, how much of a path they will wear.

"Last summer a certain bank employed three school teachers to make a canvass of the city for the purpose of spreading the gospel of thrift. These teachers entered the homes and expounded the truth. They did not attempt to take deposits, but left an attractive booklet, which exploited the thrift theme in an entertaining and instructive way. Coincident with this campaign, the bank began to print in the newspapers, short, snappy advertisements on the savings theme. The results of the campaign have been marvelous. For this season the teachers have been engaged again. They will take with them on their canvass a booklet of a more elaborate kind, which will not only be a text-book on thrift, but which will also tell in simple language, the story

of the service of this bank. This is an educational campaign carried out on logical lines. Not only will the lives of many people be influenced for good, but the bank itself will be amply repaid for its trouble.

"The school savings bank may be a strong factor in the promotion of thrift. Yet in many cities it is but a feeble attempt. It is, in fact, a drawback in some places, as it offers an excuse for the failure to prosecute a more vigorous campaign. It must be remembered, too, that there are masses of people outside of school, old and young, who need some inspiration along the line of thrift, and who are not reached at all through the school savings bank.

"Would it not be feasible to set aside an hour once a week in the schoolroom for the teaching of thrift as a regular thing? Little stories of thrift, used on such occasions, perhaps in the form of reading lessons, would help a long way in prompting the desire to get ahead in the world. It has become a practice for the churches of the country to observe a day dedicated to various up-lift movements. Why not have a 'Thrift Sunday' designated when the thrift theme would have attention in all the pulpits of the country? When you approach a public school building you do not have to search far for a candy store. Parents little realize that these institutions are doing much to form life habits in their children. The necessity for weaving moral fibers into their character to combat such influences cannot be overestimated. When one reflects on the subject he is startled at the realization of the unorganized, ineffectual work that is being done along the line of serious, constructive educational work. Yet who will say that the millions of boys and girls now growing up will not be vastly more efficient as producers of wealth, if the habit of thrift is instilled in them in youth?

"The whole nation has been educated to its present standards of living largely through advertising. You have but to reflect upon this statement for a moment to realize to what an enormous extent it is a fact. Why, then, should not the banks of the country, by some concerted action, use the power of their advertising to create higher ideals in the use of money?

"Does it not appear that the banker has unlimited opportunities as an educator? Why should he not supplement the splendid work that he has been doing to bring the farmer to a better realization of his possibilities by assisting him, in an educational way, to master the principles of finance, thereby enabling the farmer the better to administer his newly created wealth? In like manner, through his educational advertising, may the banker combat the tendency to look for 'easy money,' and induce the would-be investor to seek the guidance of the banker before trusting his funds to wily strangers.

"A department store in St. Paul recently sold, in two days, \$123,000 worth of city bonds over its counter. These bonds were sold in small denominations. The majority of buyers were women. Nearly all the transactions were in cash, and it was remarked by onlookers that a large part of the money had not been in circulation. The accepted explanation of this phenomenal sale is that the department store has been, for some years, a consistent advertiser. It has educated the public to the idea that anything purchased there is just as represented. It has also been remarked, that had the sale of bonds taken place in a bank, it would not have met with such success, because of the fact that the class of people who bought these bonds hold the banks somewhat in awe, and are not accustomed visitors at financial institutions.

"The banker who gives purposeful consideration to this neglected side of education, and in doing so touches human lives and directs them into safe and conservative channels, helps to cure one of the defects of our educational system. Not only that; he fixes a higher standard of morality in his neighborhood, for the serious minded are not as a rule immoral and the money saver abhors the company of spendthrifts. And if that alone is not sufficient compensation for his efforts, he will see reflected in his own business and profits the splendid results of closer communion with the people who call him their banker."



CLEARING HOUSE SECTION

OFFICERS, 1912-1913.

PRESIDENT:
RALPH VAN VECHTEN, Vice-President Continental and Commercial National Bank, Chicago, Ill.

VICE-PRESIDENT:
JOHN K. OTTLEY, Vice-President Fourth National Bank, Atlanta, Ga.

CHAIRMAN EXECUTIVE COMMITTEE:
A. O. WILSON, Vice-President State National Bank, St. Louis, Mo.

SECRETARY:
O. HOWARD WOLFE, 5 Nassau Street, New York.

NUMBERED CHECKS.

THE percentage of checks in circulation bearing their transit numbers is slowly, but surely, increasing. We have about reached the point where the greater part of the work is done of bringing to the attention of the banks the fact that their checks are not in proper form. This does not apply to parts of the East and South, where much work remains, but generally west of the Mississippi River excellent results have been obtained. A banker on the Pacific Coast wrote us recently as follows:

"To-day, just to satisfy my curiosity, I took one hundred checks drawn on California banks from two separate bunches and found that 74 banks showed their number in one bunch and 76 in the other, so it is very gratifying to see that the percentage is so high in this State. From now on I think we will find that the number of banks using this system will increase, as, of course, a year ago a great many checks had already been printed, and it was hard to get them to put their number on with a rubber stamp."

As remittances came in from the subscribers to the Book of Forms we used the Numerical System in keeping our records as to the place of payment of the funds we received.

We also made note of the fact whenever the drafts bore numbers. The percentage of numbered drafts in order of States, received in payment of the Book of Forms, is as follows:

D. C., Washington	100%	Alabama	55%
Maine	90%	Arizona	55%
Connecticut	84%	Florida	54%
Mississippi	80%	Virginia	53%
Ohio	78%	Minnesota	52%
Idaho	72%	Kansas	51%
California	71%	Utah	50%
Washington	70%	Missouri	49%
Rhode Island	67%	New Jersey	48%
Wisconsin	66%	West Virginia	48%
Illinois	65%	Indiana	46%
Massachusetts	65%	Texas	46%
Iowa	64%	New York	45%
Montana	64%	Oklahoma	44%
Oregon	64%	New Hampshire	43%
South Dakota	64%	Nebraska	38%
Colorado	61%	Wyoming	38%
New Mexico	61%	Pennsylvania	36%
North Carolina	61%	Tennessee	34%
South Carolina	61%	Delaware	33%
Louisiana	60%	Vermont	33%
Michigan	60%	Kentucky	25%
Georgia	59%	Nevada	25%
Maryland	58%	Total country-wide	
Arkansas	56%	average	54%

The above figures confirm the estimate made recently that 50% of checks in circulation are now numbered as against 20% nine months ago. Taking into consideration the banks that will put the numbers on the next checks issued we have a total of conforming banks that cannot be far short of 15,000.

THE BOOK OF FORMS.

THE new Book of Forms for National and State Banks has met with apparent success on all sides. We are getting a hundred bouquets to one brickbat, and it looks as if the reserve copies that were prepared will soon be taken up by our members not among the original two thousand subscribers. To those who expressed some disappointment that the book did not contain more legal forms, we would say that it is a hard matter to prepare a collection of such forms that would be valid in every State. Furthermore, there are several books of legal and negotiable instrument forms on sale by bank publishing houses at a low cost. At the same time, our book contains at least 25 legal forms that are most commonly used. We believe the permanent value of the book lies in the hints and ideas that accompany the accounting forms as explanatory text. The price, \$5, is very reasonable and just about covers the cost of collecting and arranging the forms, which have been printed from photo-engraved plates on a specially prepared paper. The binding is well done in flexible leather covers.

Following are some voluntary criticisms we have received:

"Seems to be just the thing." Cordova, Alaska.

"It appears to me to be gotten up in a very compact and artistic manner, and will be well worth the price in the future as a reference, when ordering further supplies, or ordering new forms in our business. The compilers of same are to be commended for the work." Sharon, No. Dak.

"We are in receipt of the Book and find it a very valuable acquisition to our business." Poplar Bluffs, Mo.

"We consider the Book of Forms a valuable addition to our library, and think it should be in every bank." Rushville, Ill.

"More than pleased." Lakeland, Fla.

"I have looked over this Book and I think the Committee have done their work well and have produced a Book of Forms that will be of valuable assistance to all corporate banks." Spring Valley, Ill.

"Such examination as we have had time to make of the work leads us to believe that the Book will be a valuable adjunct to our Bank Library." Napoleon, Ohio.

"I have received the book containing forms for National and State Banks, which has just been published by the American Bankers Association and for which I wish to thank you. It is certainly a well-prepared book and should prove of much value." San Francisco, Cal.

"We have received a copy of the new book you have published, Forms for National and State Banks, and desire to thank you heartily for this very useful collection of forms, which we are confident will be of great value to us." Chicago, Ill.

UNIFORM CHECKS AND DRAFTS.

D ID it ever occur to you that 90 per cent. of all bank accounting and the expense connected therewith grows out of the use of checks? For example, a big mutual savings bank having \$100,000,000 on deposit not subject to check employs one hundred clerks, while a commercial bank in the same city, having \$50,000,000 of deposits divided among depositors numbering only 25 per cent. of the accounts held by the savings bank, employs twice the number of clerks.

How many times has your force been held up at the end of the day hunting for a difference caused by a clerk mistaking the amount on a voucher check bearing on its face a whole month's work in book-keeping? Don't your eyes ever get tired of the acrobatic stunts they are called upon to do in searching for the amount on checks when you are making up a list and no two checks in succession having the figures in the same place? Then there is our old friend, the item that is dated "BALTIMORE," where it is always sent, only to come back and start again to "Boston." Why the place of dating is more important than the place of payment only the printer knows. And that pile of items that you are preparing to mail to your reserve agent! No two the same size or shape. The postage-stamp variety that was made to fit milady's vanity case, and is far too dainty to even consider room for a vulgar endorsement stamp, gets lost in the folds of the advertising-sheet draft that always gets cut in half when you open the envelopes in the morning. Lately a new instrument of evil has appeared in the check that bears the payee's name in the lower left-hand corner, to whom it is usually sent by the bank as drawee of a dunning draft. This contrivance was invented to avoid addressing an envelope, but we suspect that the cumulative delay in presenting these decoys where payable amounts to considerable interest-bearing balance.

Were you one of those bankers who raised your

voice in protest when it was first proposed to change the size and style of the currency, because two sizes would inconvenience your four tellers? Bank notes with which we do only 5 per cent. of our business—and yet you are doing nothing about that conglomerate collection of art and printers' ink back there worrying the life out of your twenty-five transit clerks and bookkeepers? Where is your sense of proportion or even humor? Let your good depositors put the picture of Uncle Jay or little Mabel on their checks if they want, or show a battleship steaming across a check that will never get out of Kansas, but for the sake of the thousands of bank men who must handle that check, see to it that the amount is where it belongs, that the transit number of your bank is properly shown and that the size and shape are not freakish. When the writer was transit manager of a big Eastern bank, we had a clerk who would never acknowledge a mistake; he would sit at the end of a busy day and run through piles of checks and insist that he was merely "looking at the pictures." If the bankers would give as much attention to check forms as the artists do there wouldn't be so much needless work and worry behind the counters.

All of which is by way of announcement that the Clearing House Section is about to undertake serious work to secure a greater degree of uniformity in checks and drafts. The Universal Numerical System is the first thing that has been done in this direction, and our success with that leads us to believe that the majority of banks will be with us in this much needed reform. We have some ideas, but we are anxious to hear from our members. The Secretary would be especially glad to know of anything that has been undertaken locally in the past. The matter of voucher checks was taken up four years ago by a committee of the American Bankers Association in conjunction with two railroad committees and another of public accountants, when uniform styles of voucher checks were recommended.

Please send whatever views or information you may have to the Secretary of the Clearing House Section.

A. B. A. MORTUARY RECORD REPORTED DURING JUNE.

- Barth, Jacob—Director Savings Union Bank & Trust Company, San Francisco, Calif.
- Benedict, W. P.—Assistant Cashier The Woods-Rubey National Bank, Golden, Colo.
- Davidson, W. F.—Banker, Port Huron, Mich.
- Edwards, W. W.—President Bank of Leipsic, Leipsic; Buckeye National Bank, Findley, Continental Bank, Continental, and Vice-President National Bank of Commerce, Toledo, Ohio.
- Flippen, T. M.—Director Glenn County Savings Bank, Willow, Calif.
- Hall, E. A.—President Bailey State Bank, Correctionville, Iowa.
- Havens, Paul E.—President Leavenworth National Bank, Leavenworth, Kan.
- Herrmann, Henry S.—President Union Exchange National Bank, New York City.
- Holland, G. W.—Vice-President First National Bank, Brainerd, Minn.
- Hope, James Ferguson—Director Philadelphia National Bank, Philadelphia, Pa.
- Horton, Charles—President First National Bank, Winona, Minn.
- Huntoon, L. A.—President First National Bank, Moorhead, Minn.
- Iverson, James B.—Vice-President Monterey County Bank, Salinas, Calif.
- Johnson, Charles—President Goodland State Bank, Goodland, Kan.
- Lingemann, F. X.—Real Estate Officer Union Trust Company, Detroit, Mich.
- McCracken, W. W.—President Ravilla County Bank, Hamilton, Mont.
- Mackenzie, J.—Assistant Manager Imperial Bank, Toronto, Canada.
- Marshall, John A.—Vice-President Alexandria National Bank, Alexandria, Va.
- Miller, E. A.—Vice-President Alma Center State Bank, Alma Center, Wis.
- Norton, Junius S.—President Home National Bank, Meriden, Conn.
- Perry, Joseph William—Vice-President Citizens' Bank, Norfolk, Va.
- Shillingford, Robert A.—President Clearfield Trust Company, Clearfield, Pa.
- Sisler, J. Davis—Director Security Trust & Safe Deposit Company, Wilmington, Del.
- Vance, James Nelson—President The Security Trust Company, Wheeling, W. Va.
- Van Horn, T. J.—President First National Bank, Mount Pleasant, Iowa.
- Walker, Richard A.—President Lincoln National Bank, Washington, D. C.
- Wood, Charles H.—Cashier Home National Bank, Meriden, Conn.

STATE SECRETARIES SECTION

OFFICERS, 1912-1913.

PRESIDENT:
 W. C. MACFADDEN, Sec. N. Dak. Bankers' Assn., Fargo,
 N. D.
FIRST VICE-PRESIDENT:
 W. W. BOWMAN, Secretary Kansas Bankers' Association,
 Topeka.

SECOND VICE-PRESIDENT:
 P. W. HALL, Secretary Iowa Bankers' Association, Des
 Moines.
SECRETARY-TREASURER.
 W. B. HARRISON, Oklahoma Bankers' Association, Enid.

CONVENTIONS TO BE HELD 1913.

July	8-10	North Carolina	Asheville
"	10-12	South Carolina	Lake Toxaway
"	10-11	Minnesota	Duluth
Aug.	7- 9	Washington	Bellingham
"	12-13	Wyoming	Sheridan
"	15-16	Montana	Helena
Sept.	11-12	Ohio	Cleveland
"	17-18	Kentucky	Louisville
"	17-19	Amer. Inst. of Banking	Richmond, Va.
"	23-24	Indiana	Indianapolis
"	25-26	Illinois	Chicago
Oct.	6-10	Amer. Bankers Asso.	Boston, Mass.
Oct. 31-Nov. 1		Arizona	Phoenix

CONVENTIONS HELD IN JUNE.

IDAHO:

THE attendance at the ninth annual convention of the Idaho Bankers' Association held at Weiser on June 5th, 6th and 7th, was the largest in its history, including many bankers from New York to California and all coast points. Headquarters were at the Hotel Washington, the business sessions being held in the Commercial Club Rooms of that hotel.

President A. H. Keller, Cashier of the First National Bank of Weiser, called the convention to order and the invocation was pronounced by the Rev. H. E. Cullison. The delegates were welcomed by Mayor R. B. Ayers on behalf of the city, to which William Thomson, Vice-President of the Association, responded.

The reports of Secretary J. W. Robinson, Secretary of the Union Savings & Trust Company, Boise, and Treasurer R. C. Driggs, Cashier of the First National Bank, Driggs, were submitted, and general satisfaction expressed by the delegates on the progress made during the year, in the increase in membership and along different lines of work, also on the excellent financial condition of the Association.

Senator D. W. Davis, President of the First National Bank of American Falls, Idaho, gave a very interesting account of the development of the State in both the banking and industrial fields. National Bank Examiner, Fred Brown, talked on "More Efficient Directorial Control," in which he advocated a wider scope of the jurisdiction of the directors of a bank.

On the adjournment of the first day's session, an auto trip was taken to Payette and Ontario, and in the evening a ball was given at the Commercial Club Rooms.

Following the calling of the convention to order on the second day, the Rev. L. C. Godschalx offered prayer. General routine business was transacted and reports of committees read. The following addresses were delivered: "The Product of the Soil as a Basis of Credit," by William B. Davidson of Boise; "Landmarks of Financial America," by Lydell Baker, Editor of the "Pacific Banker," of Portland, Ore.; "Bank Advertising," by W. D. Vincent, Cashier of the Old National Bank, Spokane, Wash.; and "Troublesome Problems in Banking," by J. E. Cosgriff, President of the Continental National Bank, Salt Lake City, Utah.

At three o'clock in the afternoon a reception was

held for the visiting ladies, followed at 4.30 by an auto ride through Weiser Valley, and a banquet in the evening at the Hotel Washington.

The convention on the third day was opened by prayer by the Rev. W. S. Ashley. Miles Cannon, of Weiser, gave an interesting history of the early days of Idaho and present-day opportunities. A. E. Reid, Bank Commissioner of Idaho, talked on "Examinations by the Examining Committee; Their Purpose and Value."

After listening to reports of committees and other routine business, the following officers were elected for the current year: President, William Thomson, President Lewiston National Bank, Lewiston; Vice-President, Frank H. Parsons, Cashier Pacific National Bank, Boise; Secretary, J. W. Robinson, Secretary Union Savings & Trust Company, Boise (re-elected); Treasurer, J. C. Blackwell, Cashier Parma State Bank, Parma.

In the evening a smoker was given at the Commercial Club Rooms. The members of the American Bankers Association nominated A. H. Keller, Cashier of the First National Bank, Weiser, for Vice-President for Idaho and Guy E. Bowerman, President of the First National Bank, St. Anthony, as member of the Nominating Committee.

MICHIGAN:

THE registration at the Hotel Downey, Lansing, on the occasion of the twenty-seventh annual convention of the Michigan Bankers' Association, June 10th, 11th and 12th, showed an attendance of about 300 bankers and ladies; every section of the State being well represented. The meetings were held in Representative Hall of the State capitol, President Benjamin F. Davis, President of the City National Bank, Lansing, presiding. The convention was opened by an invocation by the Rev. Dr. H. J. Simpson of St. Paul's Episcopal Church. In the unavoidable absence of Governor Ferris, Superintendent Cummings, of the Lansing city schools, welcomed the visitors and tendered them the freedom of the city, George H. Russel, President of the People's State Bank of Detroit, and a former president of the Association, responding on behalf of the bankers.

President Davis in his annual address gave a synopsis of the early history of Michigan and of the progress and development of the State up to the present time. In speaking of bank supervision he emphasized the importance of divorcing such supervision from politics. Mr. Davis also talked on the tariff, currency reform, the necessity for the employment of scientific methods by farmers, the commercial importance of Michigan, pending bank legislation, and other topics, and expressed his faith in the future prosperity of the country. In regard to the group system in Michigan, it is now being revised and the work of reorganizing groups by the Association will be pushed vigorously. In commenting on the work of the American Institute of Banking he said every effort is being made by the Michigan Bankers' Association to interest bank clerks in the educational work of the Institute. He favored the guaranteeing of paper by clearing houses, believing that the clearing house could be utilized as guarantors of notes issued against commercial paper, thus

providing an absolute assurance that no loss would ever occur to holders of currency so issued. This would entirely eliminate the fear of recurring money stringencies.

The report of Mrs. H. M. Brown, of Detroit, Secretary of the Association, showed a total membership of 569—31 new members being added to the roll since the last convention. There had also been a marked increase in the business of the insurance department, covering fidelity bonds, burglary, time lock, registered mail, and other features. Treasurer William E. Marsh, Cashier of the Farmers' & Merchants' Bank, Benton Harbor, reported on the finances of the Association, showing a substantial balance in the treasury. The reports of the various committees were also submitted and approved. Hal. H. Smith, of Detroit, the Association's Counsel, submitted his report, and gave an address on "Recent Tendencies in Banking Legislation," in which he outlined legislative measures for the safeguarding of the public and the banks by building up individuality, fostering industry and encouraging confidence rather than restricting endeavor and destroying responsibility.

The following gentlemen made addresses on the agricultural movement: Col. C. W. Mott, of Menominee, Manager of the Upper Peninsula Development Bureau, had for his topic "The Possibilities of Cloverland. Where Is Cloverland?" He said it was of paramount importance that bankers should study farming; that the day has come when bankers have got to know in detail the methods pursued by their agricultural clientele. Joseph Chapman, Vice-President of the Northwestern National Bank, Minneapolis, and Chairman of the Committee on Agricultural and Financial Development and Education of the American Bankers Association, gave a very instructive and interesting account of the work now being done by the agricultural committees of the State Associations, and recommended that bankers urge co-operation by the State in addition to Federal and County efforts, the title of his address being "The New Agriculture." S. N. Jordan, of Sedalia, Mo., County Agent of the United States Department of Agriculture, made an address on "Progressive Agriculture," and Dr. Eben Mumford, of the Michigan Agricultural College, talked on "Co-operation Through the County Agriculturist." Other subjects were "Life Insurance as Collateral," by William T. Gage, Vice-President of the Central Savings Bank of Detroit, and "The Twentieth Century Banker," by Fred W. Ellsworth, of the Guaranty Trust Company, of New York City. Charles C. Bloomfield, President of the Union Bank of Jackson, in speaking on the tariff question, said that the country is too prosperous and too well established commercially to be seriously affected by any tariff changes.

The bankers of Lansing provided a varied entertainment for their visitors. On Tuesday the ladies paid a visit to the Industrial School for Boys; in the afternoon there was a reception and tea at the home of Mrs. R. E. Olds, and in the evening a musicale at the residence of President and Mrs. Davis. On Wednesday morning the ladies went for an automobile ride, visiting many points of interest. At noon luncheon was served at the Michigan Agricultural College, and in the afternoon the ladies visited the state capitol and witnessed a parade and review of the Industrial School boys on the capitol grounds. In the evening a reception and grand ball was given at the Masonic Temple.

The officers elected for the current year are as follows: President, George E. Lawson, Vice-President People's State Bank, Detroit; First Vice-President, James R. Wylie, President Grand Rapids, National City Bank, Grand Rapids; Second Vice-President, Arthur G. Bishop, President Genesee County Savings Bank, Flint; Secretary, Mrs. H. M. Brown, Detroit (re-elected); Treasurer, Gilbert L. Taylor, Cashier Citizens' Savings Bank, Owosso; Attorney, Hal. H. Smith, Detroit (re-elected).

Following his speech of acceptance President-elect Lawson was presented with the trophy for the golf tournament, which was won by him on Wednesday. The presentation was made by W. K. Prudden, chairman of Lansing's entertainment committee.

On the adjournment of the convention the members of the American Bankers Association convened and made the following nominations for office in the National Association: For Member of the Executive Council, George E. Lawson (the new President of the State Association); for Vice-President for Michigan, Benjamin F. Davis (the retiring President of the State Association); for Member of the Nominating Committee, Henry H. Sanger, Vice-President and Cashier of the National Bank of Commerce, Detroit.

NEW HAMPSHIRE:

TWENTY years ago New Hampshire had a State Bankers' Association. It was of short life and the organization of the Northern Bankers' Association, embracing the States of Vermont and New Hampshire, took its place. Vermont organized a separate Association in the Spring of 1909, and New Hampshire fell in line June 10, 1912. On that date the bankers of New Hampshire were invited to meet at the Eagle Hotel, Concord, New Hampshire, for the purpose of re-organizing the old New Hampshire Association. There was a large attendance from all parts of the State and much interest was manifested, with the result that an Association was effected, officers were elected, the old Constitution was re-adopted, and the funds which were left over from the organization of twenty years before, some \$500, were turned into the treasury of the new organization.

The bankers of Concord, led by General W. F. Thayer, Chairman of the committee, were the hosts on the occasion and furnished a most enjoyable entertainment. The bankers arrived during the early part of the afternoon and were given an automobile ride, after a visit to the beautiful Library and Museum Building of the New Hampshire Historical Society. This building is one of the most artistic and expensive for its size of any like building in the United States and reflects great credit upon the capital of New Hampshire and its donor, one of Concord's distinguished citizens.

During the afternoon a luncheon was served at the Country Club, where hospitality was most marked. An elaborate banquet was served to the visitors at the Eagle Hotel at 7.30 o'clock in the evening. At this banquet, Arthur H. Hale, of the First National Bank of Manchester, who was treasurer of the old Association, called the meeting to order, and Arthur M. Heard, of Manchester, was chosen as chairman and toastmaster. The principal speaker of the evening was General Secretary Fred. E. Farnsworth, who spoke on the powers of organization and the work of the American Bankers Association. Among the other speakers were L. F. Thurber, of Nashua, Wm. P. Fiske, of Concord, and F. W. Sawyer, of Milford.

After the banquet and addresses, the re-organization was perfected and the following officers were elected: Arthur M. Heard, Manchester, President; Charles W. Brewster, Portsmouth, Secretary; Harry H. Dudley, Concord, Treasurer; Rockingham County, H. E. Boynton, Portsmouth; Hillsboro County, A. H. Hale, Manchester; Strafford County, C. C. Goss, Dover; Carroll County, H. P. Brown, Conway; Belknap County, Edmund Little, Laconia; Cheshire County, Wallace L. Mason, Keene; Sullivan County, Frank H. Foster, Claremont; Grafton County, H. E. Richardson, Littleton; Coos County, John D. Annis, Colebrook; Merrimack County, William P. Fiske, Concord. Executive Committee, Lester F. Thurber, Nashua; F. W. Sawyer, Milford; Perley R. Bugbee, Hanover.

A meeting of the members of the American Bankers Association succeeded the general meeting, and the following officers were nominated for this Association:

Member of Executive Council of the A. B. A. for New Hampshire, William F. Thayer, Concord.

Nominating Committee, Wallace L. Mason, Keene. Vice-President for New Hampshire, Lester F. Thurber, Nashua.

WEST VIRGINIA:

THE twentieth annual convention of the West Virginia Bankers' Association at Elkins, on June 11th and 12th was largely attended. Headquarters were at the Hotel Randolph, the

meetings being held in the auditorium of the Y. M. C. A.

The convention was called to order by President Mason Mathews, President of the Bank of Lewisburg, and E. D. Talbot made an address of welcome to which S. V. Woods, President of the Citizens' National Bank of Phillippi, responded.

The annual report of the Secretary-Treasurer, Joseph S. Hill, Cashier of the National City Bank, Charleston, together with the reports of the various committees, were submitted, and general satisfaction expressed by the delegates at the advancement made in all lines of work during the year. In a general discussion participated in by the delegates, many valuable suggestions were offered pertaining to the urgent need of an active protective committee; the broadening of the scope and usefulness of the group system, banking legislation and other matters for the welfare of the Association and bankers generally.

President Mathews in his annual address urged every officer and member of the West Virginia Bankers' Association to work in the interest of banking reform. He said this nation cannot gain the commercial and industrial position to which its energy and resources entitle it until it has a banking system that will develop and not fetter trade. He advocated the establishment of credit departments in clearing-house cities and where there are no clearing houses, in group districts, which would practically reduce to a minimum the risk and loss where large lines of accommodation are extended by a number of banks to the same borrower.

The following addresses were on the program: "The Fiftieth Anniversary of the Birth of West Virginia," by E. W. Peterson, President of the Dollar Savings & Trust Company, Wheeling; "Commercial Paper as a Secondary Reserve for West Virginia Banks," by C. B. Hazlewood, Assistant Secretary of the Union Trust Company, of Chicago; "Corporate Suretyship and its Relation to the Banking Interests of the Country," by Ex-Governor Edwin Warfield, of Maryland, and now President of the Fidelity & Deposit Company of Maryland, Baltimore; "The History of Banking," by former Senator H. G. Davis, President of the Elkins National Bank; John Burke, Treasurer of the United States, also addressed the convention.

The entertainment included many social features, prominent among which were two functions given to the visiting bankers and their ladies at "Graceland," by the Hon. H. G. Davis and Mr. and Mrs. Arthur Lee and at "Holliehurst," by the Hon. Davis Elkins and Mrs. Stephen B. Elkins. An automobile trip up Tygart's Valley was another feature of the entertainment which afforded great pleasure to the guests.

Martinsburg, W. Va., was the place selected for next year's convention.

The officers elected for the ensuing year are as follows: President, Glenn F. Barns, Cashier of the National Bank of Fairmont; Vice-President, H. W. Chaddock, Cashier of the Grafton Banking and Trust Company, Grafton; Secretary-Treasurer, Joseph S. Hill, Cashier of the National City Bank, Charleston (re-elected).

NEW YORK:

UNUSUAL in the annals of the conventions of State Bankers' Associations was the annual convention of the New York State Bankers' Association held in the city of Ottawa, Ontario, June 12, and 13, 1913. The bankers of New York City and vicinity and those living near to the route selected were conveyed to Ottawa on special de luxe trains over the New York Central Lines. The headquarters for the convention was the Chateau Laurier, one of the finest hotels on the American continent and well equipped in every particular for the handling of large conventions, the number present on this occasion being some five hundred.

The business sessions were held in the ball-room of the Chateau Laurier and were well attended. In addition to the routine affairs of the Association, the address of President Pugsley, the report of the Secretary, William J. Henry, the report of the Treasurer, Charles L. Schenck, and reports of committees, there were addresses of welcome by Hon. Martin Burrell,

by Hon. J. A. Ellis, Mayor of Ottawa, and by Colonel D. R. Wilkie, President of the Canadian Bankers' Association, and also addresses by Hon. George E. Roberts, Director of the Mint, Washington, D. C., George Grafton Wilson, Ph.D., Professor of International Law, Harvard University, Prof. L. H. Bailey, Director of the New York State School of Agriculture at Cornell University, the Hon. W. T. White, Minister of Finance of Canada, Hon. Adolph O. Eberhart, Governor of Minnesota, and Hon. Lemuel P. Padgett, Representative in Congress from Tennessee.

The Government of Canada tendered the annual banquet to the New York State Bankers' Association on Thursday evening, June 12, 1913, at the Chateau Laurier. It was a most sumptuous affair and largely attended. The exercises were opened by the drinking of a toast to the President of the United States and the King. It was a remarkable literary as well as gastronomic feast, owing to the character of the addresses and the prominence of those who took part in the banquet. Intermingled with banking and finance were agriculture, industries, wit and humor. The addresses were led off in a toast to H. R. H. the Governor General, responded to by the Rt. Hon. Sir Charles Fitzpatrick, Chief Justice. The toast "Our Guests," proposed by Rt. Hon. R. L. Borden, Premier of Canada, was responded to by President Cornelius A. Pugsley, Mr. James J. Hill and Hon. Andrew Jackson Montague, of Virginia. "The Parliament of Canada," proposed by Hon. Adolph O. Eberhart and Prof. Francis Harvey Green, was replied to by Hon. W. T. White and Hon. R. Lemieux; "Canadian Bankers," proposed by Hon. Lemuel P. Padgett, was replied to by Colonel D. R. Wilkie, and "The City of Ottawa," proposed by Mr. James G. Cannon, was replied to by His Worship Mayor Ellis. The affair concluded by all joining in "God Save the King."

The Association and guests were entertained with a "shanty lunch" at the Royal Shanty, Rockliffe Park. The Royal Shanty was built especially to entertain Prince George, now King George, of England. The lunch was a typical backwoods meal and was prepared by cooks from the lumber camps. After the luncheon log-rolling and a boat race took place on the river adjacent. Then the visitors were entertained at the Golf and Country Clubs, at which were present the flower of Ottawa society.

Ample provision was made for the entertainment of the ladies during the two days' convention, with carriage and automobile rides, visiting the principal points of interest, including the Royal Mint and the Parliament Buildings, and on Thursday afternoon, June 12th, at three o'clock, a lawn party was given at the Government Experimental Farm, where a luncheon was served and a concert given by one of Ottawa's famous bands.

It was a significant meeting—the commingling of the bankers of the Empire State with their neighbors across the border, represented by the bankers and financiers of Canada and the Dominion Government, and the hospitality extended by the good people of the Dominion will always be a pleasant memory to those who participated in the first convention held by the New York State Bankers' Association outside of the State of New York.

The special trains spent half a day in Montreal on the return trip.

The American Bankers' Association was officially represented by General Secretary Farnsworth.

MAINE:

THE fourteenth annual convention of the Maine Bankers' Association was held at West Boothbay Harbor on the 14th of June, President F. W. Adams, Cashier of the Merchants' National Bank, Bangor, presiding.

The reports of Secretary Hascall S. Hall, Treasurer of the Kennebec Trust Company, Waterville, and Treasurer George A. Safford, Treasurer of the Kenduskeag Trust Company, Bangor, were submitted and unanimously approved, following which committee reports were read.

Congressman F. E. Guernsey, of the Fourth District of Maine, made an interesting address, in which he reported the action of the Committee on

Banks and Banking, of which he is a member, covering very fully the investigation made by that Committee and the minority report to which he subscribed. L. W. Gammon, Manager of the Protective Department of the American Bankers Association, gave an address, in which he outlined the work of that department and also covered the work of the other departments of the Association, its Sections, and Committees. Thomas B. Beals, Jr., Chairman of the Boston Entertainment Committee for the Convention of the American Bankers Association to be held in Boston in October, outlined the tentative program for the week of the convention.

The Nominating Committee appointed by President Adams reported the following nominations for officers of the Association during the ensuing year: President, John R. Gould, Trustee of the Augusta Trust Company; Vice-President, Sewall D. Maddocks, Cashier of the First National Bank, Boothbay Harbor; Secretary, Hascall S. Hall, Treasurer of the Kennebec Trust Company, Waterville (re-elected); Treasurer, George A. Safford, Treasurer of the Kenduskeag Trust Company, Bangor (re-elected). Executive Committee: Ernest J. Eddy, Portland; J. E. Harris, Oakland; H. M. Lawton, Gardiner; H. B. Russ, Bangor, and E. F. Berry, Rockland.

The report of the Nominating Committee was adopted, and the foregoing gentlemen were declared unanimously elected.

President-elect Gould, in taking office, thanked the delegates for the honor conferred upon him, and gave some very interesting reminiscences regarding the starting of the Association, and its progress during the fourteen years of its life.

Secretary Hall was instructed to send resolutions of sympathy to the families of those members of the Association who had died during the year.

A rising vote of thanks was given to retiring President Adams for the active interest which he had manifested in the welfare of the Association during his incumbency as President. A rising vote of thanks was also given to Mr. Maddocks, whose work in arranging for the meeting at Boothbay had contributed so largely to its success.

On the adjournment of the meeting, members of the American Bankers Association in Maine nominated H. M. Lawton, of Gardiner, as Vice-President of the National Association for Maine, and Hascall S. Hall as member of the Nominating Committee.

DISTRICT OF COLUMBIA:

THE annual meeting of the Bankers' Association of the District of Columbia was held in the New Willard Hotel, Washington, June 16th.

President McKee outlined the work of the Association during the past year and said that "banking, like everything else, is subject to the laws of evolution. The process of its development has been greatly accelerated in recent years; new methods have been brought forth and applied daily. Thoughtful men agree that the coming year will be an eventful one to the banking interests of the country. It behooves us to be watchful of the trust reposed in our keeping. The bankers of our city, therefore, should put forth their best efforts to promote their business along sound, conservative lines and according to correct, economic principles."

The Legislative Committee reported that they had presented the bill which had been approved by the Association for the Incorporation of Banks within the District of Columbia to Mr. Johnson, chairman of the committee on the District in the House of Representatives for the purpose of asking him to introduce it. But as they had learned that Mr. Johnson has since introduced a bill of his own, which is not related nor conflicting, the committee asked further instructions. The committee was continued for another year.

A committee authorized to prepare a bill for the prevention of the "bad check evil," reported that they had prepared a bill which was recommended by the National Association of Credit Men and the American Bankers Association. The bill provides for a penalty of not more than \$500 fine or six months' imprisonment or both for the making of a check,

the maker knowing at the time of such making that he has not sufficient funds in the bank.

George W. White reported that the matter of making Washington a discretionary point of exchange had been placed before the New York Clearing House, but that no reply had as yet been received.

A committee appointed for the purpose of arranging for joint quarters for the Association with the Washington Stock Exchange and other allied organizations reported that it had decided that the best location was in the new building proposed to be erected by the National Savings Bank & Trust Company.

The annual meetings of the Association in future will be held in October instead of June, and the following officers elected at this meeting will hold office until October, 1914: President, B. F. Saul, President of the Home Savings Bank; Vice-Presidents, George E. Fleming, Vice-President of the Union Trust Company; W. T. Galliher, President of the American National Bank; Secretary, John Poole, President of the Federal National Bank (re-elected); Treasurer, Albert S. Gately, Cashier of the Lincoln National Bank.

Retiring President McKee was nominated as Vice-President of the American Bankers Association for the District of Columbia and S. J. Henry as member of the Nominating Committee.

OREGON:

THE eighth annual convention of the Oregon Bankers' Association was held at Corvallis, June 16th and 17th. President Leslie Butler, President of the Butler Banking Company, Hood River, in his annual address called attention to the fact that when the Association was organized eight years ago there were practically no banking laws in the State, and the members of the Oregon Bankers' Association should be highly commended that it is through their efforts we have to-day as good banking laws as any State in the Union. However, we as bankers should realize that our banking system is in need of a change in its working machinery, and I would like our Association to go on record as favoring some plan that would tend to relieve the uncertain condition that now exists. In speaking of the American Institute of Banking, Mr. Butler said: "We have reason to be proud of one chapter of the Institute in our State and the good work it is doing is to be highly commended." He advised that other chapters be organized whenever practicable to do so. Mr. Butler also talked on agricultural and other questions.

Edgar H. Sensenich, Cashier of the Northwestern National Bank, Portland, gave an address on the subject of "Rediscounting as a Necessity and as a Possibility." "The Bankers Opportunity as an Educator," was the title of an address by Harvey A. Blodgett, President of Harvey Blodgett Company, St. Paul, in which he outlined the splendid opportunities that the banker is afforded in educating the people in all lines of business through safe and conservative channels. R. H. MacMichael, Manager of the Bond Department of the Dexter Horton National Bank of Seattle and former President of the American Institute of Banking, spoke on "The Institute and Its Relation to Oregon Banks," in which he sketched briefly the organization of the Institute, the reasons that prompted its formation and its early history. E. G. Crawford, Vice-President of the Lumbermen's National Bank, Portland, made an address on "Ocean Commerce and Development," in which he dealt with the general relation of ocean commerce to the development of the State of Oregon. "The Collection of Out of Town Items," was the subject of an address by W. L. Clark, Auditor of the Spokane and Eastern Trust Company, in which he covered the various phases of the question. Peter Hume, President of the Bank of Sellwood, Portland, had for his subject, "A Country Banker's Impression," in which he gave some interesting reminiscences of the early days in Oregon and early banking conditions in Portland. He contrasted the situation of that day to the present day and commented on the remarkable growth and progress made.

The reports of Secretary J. L. Hartman, of Hart-

man & Thompson, Bankers, Portland, and Treasurer M. G. Hope, President of the United States National Bank, Vale, were submitted and approved, as well as the reports of the various committees.

The officers elected for the ensuing year are as follows: President, W. L. Thompson, President of the American National Bank, Pendleton; Vice-President, A. C. Shute, President of the American National Bank, Hillsboro; Secretary, J. L. Hartman, of Hartman and Thompson, Bankers, Portland (re-elected); Treasurer, A. J. Johnson, President of Benton County National Bank, Corvallis.

Members of the American Bankers Association in Oregon nominated A. C. Schmitt, Vice-President of the First National Bank, Albany, as Vice-President for Oregon and Truman Butler, Vice-President of the Butler Banking Company, Hood River, as member of the Nominating Committee.

NORTH DAKOTA:

THE North Dakota Bankers' Association held its eleventh annual convention at Grand Forks, June 17th-18th, the meetings being held in the City Hall.

President R. S. Adams, President of the First National Bank, Lisbon, called the convention to order, and the Rev. F. M. McCoy pronounced the invocation. Mayor M. F. Murphy, of Grand Forks, welcomed the visitors to the city, and Lewis F. Crawford, Vice-President of the Association and Cashier of the Interstate Bank of Billings County, Sentinel Butte, made the response.

In his annual address, President Adams told of the good results accomplished by the Association and its committees during the past year. As to the work of the Committee on Taxation, he said much valuable information had been placed before the Taxation Commission and the Board of Equalization, which would in all probability result in the banks of North Dakota being placed on a just basis of taxation as compared with other moneyed interests of the State; that at the present time the assessment of bank stock is out of all proportion to the assessment of moneyed capital otherwise employed. Mr. Adams also told of the work of the Legislative Committee pertaining to the "Blue Sky" law. He also talked on the agricultural movement in North Dakota. Concerning currency reform, he expressed the opinion that the control of both national and State banks should be in the hands of a banking board consisting of three members and that one member of these boards, either national or State, should be selected by the bankers themselves; the member of the national banking board to be elected by the American Bankers Association and the member of the State banking board to be elected by the State Bankers' Association. He said that at the present time the billions of dollars invested in bank stocks are absolutely without representation in the matter of their control.

The report of Secretary W. C. Macfadden, Vice-President of the Commercial Bank, Fargo, showed that the membership had more than kept pace with the growth in the number of banks in the State during the past year, and that of the 750 banking institutions in the State, 688 were members of the Association. The department of the burglary and bonding insurance, and care of time locks, showed a gain over that of last year. The group organization in the State is now a permanent feature, a number of meetings of the respective groups having been held during the year. The Protective Work of the Association had also been very effective as well as that of the various committees. Treasurer H. E. Sox, President of the Citizens' State Bank, Edgeley, reported on the finances of the Association, which were in a very satisfactory condition.

The program of addresses was as follows: "Farm Finance," by George Woodruff, President of the First National Bank, Joliet, Ill.; "The School Savings Bank," by N. F. Hawley, Treasurer of the Farmers' & Mechanics' Savings Bank, Minneapolis, and Chairman of the School Savings Bank Committee of the American Bankers Association; "Good Farming Movement in the United States," by Joseph Chapman, Vice-President of the Northwestern National Bank, Minneapolis; "A New Era in the Detec-

tion of Crime," by William J. Burns, Chief of the Burns National Detective Agency; "Bank Taxation," by L. E. Birdzell, Chairman of the State Tax Commission; "A Cross Section of Early American Finance," by J. L. Bell, Vice-President of the First National Bank, Bismarck; "The Agricultural Development of the Middle West," by J. N. Ingwerson, President of the People's Trust & Savings Bank, Clinton, Iowa; "Capitalizing Farming Operations," by Dr. Franklin L. McVey, President of the North Dakota State University; "The Banker's Vision," by Dr. A. E. Winship, Editor of the "Journal of Education," Boston, Mass.

The entertainment features included the annual ball at the Auditorium with novel musical moving pictures and vaudeville acts; a visit to Lincoln Park, where a musical program was provided by the ladies of Grand Forks. Automobiles were in evidence everywhere for the use of the guests at all times during the convention and many enjoyable rides were participated in.

The officers elected for the current year are as follows: President, L. F. Crawford, Cashier Interstate Bank of Billings County, Sentinel Butte; Vice-President, J. J. Nierling, President Citizens' National Bank, Jamestown; Secretary, W. C. Macfadden, Fargo (re-elected); Treasurer, J. R. Carley, Cashier First National Bank, Grand Forks.

MASSACHUSETTS:

ON Thursday evening, June 19th, the members of the Massachusetts Bankers' Association and their wives attended a banquet at the Atlantic House, Nantasket Beach, which function was of an informal character, no speeches being made. During the dinner a cabaret show was given which was followed by a dance.

On Friday morning President Frank A. Drury, President of the Merchants' National Bank, Worcester, called the ninth annual convention to order and presented Professor Irving Fisher as the speaker of the session, who took for his subject "The Standardization of the Dollar," a remedy which he proposed as a cure for the high cost of living. At the conclusion of the address many questions were propounded by the delegates, which were answered by Mr. Fisher.

Secretary George W. Hyde, Assistant Cashier of the First National Bank, Boston, made his report in which it was shown that there were 299 members of the Association and that the annual dinner held January 8th was the largest in the history of the Association, there being 450 people present. He reported that he had already made arrangements for maintaining headquarters during the week of the American Bankers Association's convention in Boston. The report of Treasurer Frederic C. Nichols, Treasurer of the Fitchburg Savings Bank, showed a substantial balance in the treasury.

The election of officers for the ensuing year resulted as follows: President, Charles P. Blinn, Jr., Vice-President of the National Union Bank, Boston; Vice-President, Ralph P. Alden, Cashier of the Springfield National Bank; Secretary, George W. Hyde, Assistant Cashier of the First National Bank, Boston (re-elected); Treasurer, J. A. Gifford, Cashier of the Merchants' National Bank, Salem.

President-elect Blinn was nominated as Vice-President of the American Bankers Association for Massachusetts, and George W. Hyde as member of the Nominating Committee.

VIRGINIA:

THE twentieth annual convention of the Virginia Bankers' Association was held at Old Point Comfort, June 19th, 20th and 21st, headquarters being at the Hotel Chamberlin.

President Thomas B. McAdams, Cashier of the Merchants' National Bank, Richmond, in his annual address reviewed the work of the Association during the past twenty years, and said that the Constitution and By-Laws adopted at the initial gathering of the Association for the purpose of working along broad lines for the advancement of the banking and commercial life of the commonwealth had been carried

out, the Association in its work having lived up to the ideals of its founders in eliminating narrow and partisan discussions from its sessions and in working for the general good of all rather than for individual or private advancement. While it would not be fair to attribute all the growth of banking in Virginia to the work of the Association, it has been an important factor in advancing the business and banking interests of the State. Mr. McAdams also talked on State banking legislation, taxation, agricultural development and other topics.

Secretary Walker Scott, Cashier of the Planters' Bank, Farmville, reported that the total membership was 361, 31 new members having been added to the roll since the last convention and that there are now only 31 banks in the State that are not members of the Association. The report of Treasurer Julien H. Hill, Cashier of the National State and City Bank, Richmond, showed the Association to be in good financial condition. The reports of the different committees were submitted and approved.

"The New South" was the title of an address by Cornelius A. Pugsley, of Peekskill, N. Y., former President of the New York State Bankers' Association. He said that with the completion of the Panama Canal the South will come into its own. He commended the Southerners and the citizens of Virginia for their attitude for a sound currency. The following addresses were also delivered by bankers of Virginia: "The Young Man in Banking," by H. G. Proctor, Cashier of the Commonwealth Bank, Richmond; "The Relationship the Bank and the Community Bear to Each Other," by J. J. Scott, Cashier of the Lynchburg Trust & Savings Bank, Bedford City; "Banking and Agriculture," by Joseph M. Hurt, Cashier of the Citizens' Bank, Blackstone; "Problems of a Country Banker," by Westwood Hutchison, Cashier of the National Bank of Manassas; "Some Ups and Downs in the Banking Business," by M. G. Field, Cashier of the National Bank of Orange, Orange.

The following officers were elected for the ensuing year: President, Joseph M. Hurt, Cashier of the Citizens' Bank, Blackstone; Vice-President, C. E. Tiffany, President of the Fauquier National Bank, Warrenton; Secretary, Walker Scott, Cashier of the Planters' Bank, Farmville (re-elected); Treasurer, Julien H. Hill, Cashier of the National State and City Bank, Richmond (re-elected); Attorney, George Bryan, Richmond.

PENNSYLVANIA:

THE Pennsylvania Bankers' Association held its nineteenth annual convention at Pittsburgh on June 20th and 21st. President A. S. Beymer, Cashier of the Keystone National Bank, Pittsburgh, called the convention to order and the proceedings were opened with prayer by the Rev. W. L. McEwan, pastor of the Third Presbyterian Church. An address of welcome by Robert Garland, Chairman of the Finance Committee of the City Council of Pittsburgh, was responded to by Montgomery Evans, President of the Norristown Trust Company.

In his annual address President Beymer said: "The adoption of an up-to-date currency system means the placing of the United States at the head of the great financial countries of the world, a position we would now be justly entitled to occupy if our financial system would permit. The one essential factor in any financial system for its success is confidence. Before we can have a proper currency and safe banking system it will be necessary to amalgamate the several financial institutions into one class—that class to be under Federal control." In speaking of the railroads, Mr. Beymer said: "The people had not been in sympathy with the railroads for several years past, and the past and present agitation against railroads has injured business of all classes and not the railroads alone."

The report of Secretary D. S. Kloss, Cashier of the First National Bank, Tyrone, gave some very interesting statistics. The membership is now 1146. Treasurer A. D. Swift, Cashier of the Elk County National Bank, Ridgway, reported on the finances of the Association, showing them to be in excellent condition. Reports of committees covering their respective fields were submitted and approved.

Addresses delivered at the convention were as follows: "Banking and Business," by Col. H. P. Bope, Vice-President of the Carnegie Steel Company; "Changes That Should Be Made in the American Banking and Currency System," by Congressman E. A. Hayes, of California; "Agricultural Development and Vocational Education," by Joseph Chapman, Vice-President of the Northwestern National Bank, Minneapolis, and Chairman of the Agricultural Committee of the American Bankers Association.

A debate, the subject of which was "Resolved, That national banks be given power of trust companies," was an interesting feature of the convention. The affirmative side was taken by Albert E. Eyley, of the Union National Bank, Pittsburgh, and George Rankin, Jr., Cashier of the Central National Bank, Wilkinsburg, members of the Pittsburgh Chapter of the American Institute of Banking. The negative side was taken by William W. Allen, Jr., of the Philadelphia National Bank, and Edmund Williams, Assistant Cashier of the Tradesmen's National Bank, Philadelphia, members of the Philadelphia Chapter of the American Institute of Banking.

While the judges were arriving at a decision, O. Howard Wolfe, Secretary of the Clearing House Section of the American Bankers Association, gave the result of a collection of statistics which he had compiled, pertaining to the numbering of checks.

The judges gave the decision unanimously to the negative side of the debate. The cup, which was the prize to the winning team, and which had been in the possession of the Pittsburgh Chapter for two years, was then presented to the Philadelphia Chapter.

The meeting of the Trust Company Section was called to order by Chairman E. E. Emerick, of Williamsport. Following the reports of Secretary McKee and Treasurer Wilson, Daniel S. Remsen, of the New York Bar, made an address on the "Preparation of Wills." The officers elected for the Section are: Chairman, C. J. Rhoads, Vice-President and Treasurer of the Girard Trust Company, Philadelphia; Secretary, Robert M. Wilson; Treasurer, B. M. Marley.

The Association officers elected for the ensuing year are as follows: President, Montgomery Evans, President of the Norristown Trust Company; Vice-President, L. T. McFadden, Cashier of the First National Bank, Canton; Secretary, D. S. Kloss, Cashier of the First National Bank, Tyrone (re-elected); Treasurer, A. D. Swift, Cashier of the Elk County National Bank, Ridgway (re-elected).

WISCONSIN:

THE twenty-first annual convention of the Wisconsin Bankers' Association was a memorable one, being held on board the steamship "North American," which left Milwaukee for a trip to Mackinac Island, Georgian Bay, Sault Ste. Marie, Green Bay, and Sturgeon Bay on Saturday evening, June 21st, with about 500 passengers. The first stop was at Mackinac Island, where the party disembarked on Sunday afternoon and were taken for carriage drives around the Island, visiting historical points in that vicinity.

On Monday morning the convention was called to order by President E. A. Dow, President of the State Bank of Plymouth.

Following the annual address of the President, the reports of Secretary George D. Bartlett, of Milwaukee, and Treasurer H. G. Flieth, Cashier of the National German-American Bank, Wausau, which already had been printed and distributed, were submitted and approved.

Thomas E. Paton, General Counsel of the American Bankers Association, made an address on "Banking Customs and Banking Laws," in which he told of the progress made in an endeavor to enact uniform laws relating to warehouse receipts, bills of lading, negotiable instruments, and other questions of paramount interest to bankers.

The boat arrived at the Soo Monday afternoon, where much interest was manifested in viewing the government locks. After leaving the Soo the Committee on Insurance and Bank Deposits made its report, and in the evening there was a discussion on

the subject of "A Most Important Development Affecting Banking in Wisconsin," the discussion being led by J. R. Wheeler, Cashier of the Farmers' & Merchants' Union Bank, Columbus, and Chairman of the Agricultural Committee of the Association. On Tuesday morning the boat reached Sturgeon Bay, where a short stop was made to enable the visitors to inspect the fruit district of Door County. In the afternoon George A. Buckstaff, President of the Buckstaff-Edwards Company, Oshkosh, gave an address on "A Business Man's Review of Business Conditions in Wisconsin."

Committee reports were submitted and approved. The boat arrived at Milwaukee Tuesday evening, ending one of the most enjoyable conventions in the history of the Association.

The officers elected for the ensuing year will be published in next issue.

MARYLAND:

THE Maryland Bankers' Association held its eighteenth annual convention at the Blue Mountain House, Blue Mountain, on June 24th, 25th and 26th. President Daniel Annan, President of the Second National Bank, Cumberland, called the convention to order and Mayor J. McPherson Scott of Hagerstown made an address of welcome to which W. W. Cloud, President of the State Bank of Maryland, Baltimore, responded.

President Annan delivered his annual address, following which the reports of Secretary Charles Hann, Assistant Cashier of the Merchants-Mechanics' National Bank, Baltimore, and Treasurer, William Marriott, Cashier of the Western National Bank, Baltimore, read their reports, which were adopted. Committee reports were also submitted and approved.

An address on the subject of rural credits was made by William G. Edens, Assistant Secretary of the Central Trust Company of Chicago, in which he pointed out that the American farmer was an important element in our society and a potential factor in increasing the wealth of the country. "The Investment Banker of To-day and His Possibilities," was the title of an address by George B. Caldwell, Vice-President of the Continental and Commercial Trust and Savings Bank, Chicago, and President of the Investment Bankers' Association of America. J. H. Arnold, of the United States Department of Agriculture at Washington, spoke on "Farm Methods in Relation to National Wealth." Other addresses were made by Jerome Thralls, Manager of the Kansas City Clearing House Association and Andrew Ramsay of Mt. Savage, State Road Commissioner.

The entertainment features included a dance on Tuesday evening, and a ride over the mountains to Chambersburg, Pa., on Wednesday afternoon and vaudeville in the evening. A banquet was given Thursday evening in the Blue Mountain House, the Hon. Ferdinand Williams, ex-judge of the fourth judicial circuit, acting as toastmaster. Addresses were made by Governor Phillips Lee Goldsborough of Maryland, and John S. Williams, Assistant Secretary of the Treasury, Washington, D. C.

The officers for the ensuing year will be published in next issue.

CONNECTICUT:

THE annual convention of the Connecticut Bankers' Association was held at Eastern Point, New London, on June 25th and 26th. President C. L. Hopkins, Cashier of the First National Bank, Norwich, called the convention to order, following which reports were made by Secretary Charles E. Hoyt, Treasurer of the South Norwalk Trust Company, and Treasurer G. H. Gilpatric, Cashier of the First National Bank, Putnam, which showed that the Association has made commendable progress during the year. Reports of the committees were also submitted and approved.

The delegates engaged in a discussion on the currency bill and expressed the opinion that President Wilson was endeavoring to evolve a bill that would be satisfactory to the bankers and to the general public.

Cornellus A. Pugsley of Peekskill, former Presi-

dent of the New York State Bankers Association, made an address in which he said he was hopeful that the new bill might be beneficial to both the bankers and the country at large. C. C. Barlow, Vice-President and Cashier of the Yale National Bank, New Haven, also addressed the convention and said he thought President Wilson was honestly endeavoring to present to the country a bill that would meet the demands of the country, and that in his opinion the bill had some good features while others were radically wrong.

At the annual banquet Mr. Pugsley was the speaker of the evening and talked on "Optimism in the Republic's Development."

Officers elected for the ensuing year will be published in next issue.

SOUTH DAKOTA:

THE South Dakota Bankers' Association held its twenty-second annual convention at Watertown on June 25th and 26th, every section of the State being well represented. The business sessions were held in the Metropolitan Opera House. President F. C. Danforth, President of the Citizens' Bank, Parker, called the convention to order and H. A. Wagner, Mayor of the city, made the address of welcome, to which E. L. Abel responded.

The annual address of President Danforth pointed out the important part that agriculture holds in the prosperity of the State. South Dakota being an agricultural State and the bulk of the wealth derived from the soil, it is to the interest of every banker to foster and encourage this industry. The Association is to be commended for its work toward the betterment of the farmer and his methods of farming and there is no better class of men to push this work unless it is the farmer himself. President Danforth told of the progress of the Association during the past year, covering legislative and other matters.

The reports of Secretary J. E. Platt, Cashier of the Security Bank, Clark, and Treasurer C. E. Olstad, Cashier of the First National Bank, Madison, were submitted and approved, as well as those of the committees and the group chairmen.

The list of speakers on the program was as follows: "Silos and Finance," by J. W. Parmlay, Ipswich; "Guaranty of Bank Deposits," by George Randall, President of the Merchants' Loan & Trust Company, Rapid City; "Live Stock," by W. E. Briggs, Cashier of the Live Stock National Bank, So. St. Paul; "Central Schools," by A. O. Eberhardt, Governor of Minnesota; "Better Farming," by Col. Lee Stover, Watertown; "Taxation," by C. M. Henry, Chairman of the South Dakota Tax Commission. G. H. Richards, Secretary of the Minnesota Bankers' Association, was also on the program for an address.

The social features included a reception on Wednesday evening in the Elks Lodge room for the ladies, and a smoker in the club rooms for the gentlemen. Thursday afternoon a trip in autos to Lake Kampeska was taken.

The officers elected for the ensuing year are as follows: President, M. P. Beebe, Pres. Bank of Ipswich, Ipswich; Vice-President, T. W. Delicate, Vice-Pres. Custer County Bank, Custer; Secretary, J. E. Platt, Pres. The Security Bank, Clark; Treasurer, S. T. Kiddoo, Cashier Sioux Falls National Bank, Sioux Falls.

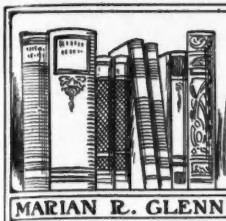
UTAH:

THE annual convention of the Utah Bankers' Association was held at Heber City, June 27th and 28th, President A. P. Bigelow, Cashier of the Ogden State Bank, Ogden, presiding.

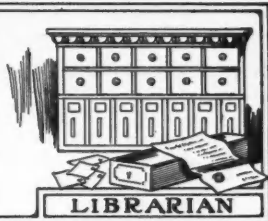
The report of Secretary J. E. Shepard, Cashier of the Cache Valley Banking Company, Logan, showed that the Association had made satisfactory progress during the year and had done much in advancing the interests of the bankers of the State.

The delegates discussed different topics outlining the work for the coming year and advocated unanimity of action in all matters pertaining to the welfare of the State.

The officers elected for the coming year will be published in next issue.



LIBRARY AND REFERENCE DEPARTMENT



FINANCIAL ADVERTISING.

THIS Department began, some time ago, a collection of material on bank advertising. Requests for its use have come chiefly from bankers who want new ideas for the advertisements which they write themselves, or from the heads of publicity departments in larger institutions, who borrow booklets and other examples of bank advertising for examination and comparison.

Experience in answering inquiries which come to the Reference Department has shown that, when the average banker asks for a book on bank advertising, he wants something that gives him ideas or makes suggestions which he can adapt to his own particular institution. So he usually rejects the books on the general psychological principles of advertising, business or salesmanship, and centers his attention on the few books which deal specifically with financial advertising. It has been noted that, from these few books, the following have the most frequent reference use by bankers in search of practical answers to their problems. As new books on advertising are published, or old ones show increased usefulness in the answering of similar inquiries, their titles will also be noted.

"Financial Advertising," by E. St. Elmo Lewis, is not only the largest and most complete book yet published on that subject, but it is almost a library in itself. It answers the familiar questions of "How shall I advertise?" "Where shall I advertise?" and "Will it pay?" by telling how to organize and systematize an advertising campaign; how to write an advertisement so it will attract attention, awaken interest, and create conviction; and how to use the local paper, trade periodicals, or other press mediums to the best advantage in getting publicity results. In this connection there is a frank discussion of rates, of advertising agencies, specialists, and publicity bureaus. The relative values of booklets, folders, calendars, novelties, street car, house organ, theatre program and other familiar advertising devices are analyzed from the standpoint of actual experience of banks which have made profitless experiments with some of them.

Several chapters of Mr. Lewis's book are devoted to the special publicity problems of banks, savings banks, trust companies and investment houses. Numerous illustrations bring out these various points, as well as those discussed in the chapters on the artistic principles of printing, use of different type, engraving and similar processes. One of the book's most useful features is an appendix containing much technical information on paper, print, sizes and prices, which it is difficult to secure elsewhere in such convenient form, while a bibliography makes the book still more complete as a reference source for the banker or the student of financial advertising.

"Pushing Your Business," by T. D. McGregor, is a smaller volume covering many of the same subjects in a concise and readable way that makes it popular with bankers. In addition to chapters on bank, savings bank, trust company and investment publicity, there is one on real estate advertising, one on effective business letters, and a convenient glossary of terms commonly used in advertising. Mr. McGregor has recently issued a book of phrases and ideas, called "Two Thousand Points in Financial Advertising," which is frequently consulted by bank advertisers who are looking for such suggestions.

"Why should a bank advertise?" and "How much should it cost?" are among the questions often discussed by practical bank advertising men in convention addresses, articles in financial periodicals, or in

such pamphlets as those by Fred W. Ellsworth on "The Bank and the Newspaper," "Why Banks Should Advertise," and "Does Advertising Pay?" Material of this kind which has been collected by the Reference Department will be loaned upon request. There are also specimen bank and trust company booklets, folders, daily and co-operative advertisements, which will be loaned to bankers who write for them. This collection has recently been supplemented by a gift from the Cleveland Trust Company of a large book of their publicity literature, specially mounted for the Library, where it has attracted much interest from visiting bankers.

The Library has the following additional material on bank advertising in bound volumes of financial periodicals and similar sources, many of which are doubtless available to bankers through their own files of such publications, but which have not been previously indexed in this form.

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- Evans, D. G.—The Investment Bankers' Problem. (In "Bankers' Magazine." Vol. 78, 1909, p. 706.)
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LEGAL NOTES AND OPINIONS

THOMAS B. PATON · GENERAL COUNSEL

COLLECTION OF B/L DRAFTS FOR INTERSTATE SHIPMENTS OF INTOXICATING LIQUOR.

THE decision of the United States District Court for the District of North Dakota in *U. S. v. First National Bank of Anamoose*, 190 Fed. 336, that a bank which collects a sight draft for the purchase price of intoxicating liquor shipped from another state, surrendering the attached bill of lading to enable the consignee to obtain delivery of the liquor, violates Section 239 of the U. S. Criminal Code, has been reversed by the United States Circuit Court of Appeals for the Eighth Circuit. The opinion was filed June 13th.

While the decision of the U. S. District Court in the Anamoose case stood as the latest expression of the law, it remained unsafe for banks to undertake such collections and General Counsel has uniformly so advised, inasmuch as the Department of Justice would not guarantee immunity from prosecution in the event the decision was sustained. But now, with the reversal of the District Court, it is not unlawful for banks to make such collections and this branch of banking business, for the last two years under ban, may again be prosecuted with safety.

There has been such wide-spread interest in this subject and so many banks have been affected, that a certified copy of the opinion has been procured and is published below for general information. The case was heard before Sanborn, Circuit Judge, and Munger and Trieber, District Judges. The opinion of the court was delivered by Sanborn, Circuit Judge. Trieber, J., dissents in an extended opinion which we do not publish.

UNITED STATES CIRCUIT COURT OF APPEALS, EIGHTH CIRCUIT.

No. 3751, May Term, A. D. 1913.

The First National Bank of Anamoose, plaintiff in error

vs.

United States of America, defendant in error.
In error to the District Court of the United States for the District Court of North Dakota.

SYLLABUS.

1. Crimes—Statute Creating New Offense—Persons and Acts Denounced Must Be Clearly Specified.

A penal statute which creates a new crime and prescribes a punishment for it must clearly state the persons and acts denounced.

A person who, or an act which, is not by the expressed terms of the law clearly within the class of persons or within the class of acts it denounces, will not sustain a conviction under it.

2. Statutes—Construction—Rule Ejusdem Generis—Definition of Crimes.

The rule that where general words follow the enumeration of particular classes of persons, or of acts, the general words should be construed to apply to persons or acts of the same general nature or class as those enumerated, is especially applicable to statutes defining crimes and regulating their punishment.

3. Statutes—Construction—Opinions of Executive Officers Weighty.

It is an established rule of the national courts that the contemporaneous construction given to an

act of Congress by the executive officers charged with its enforcement, though not controlling, is entitled to great weight and should not be disregarded or overturned except for cogent reasons, nor unless it is clear that their interpretation was erroneous.

4. Statutes—Construction—Section 239 of the Penal Code—Collection by Bank of Sight Draft for Liquor.

The collection by a bank of a sight draft for the purchase price of liquor transported in interstate commerce and the delivery to the consignee of a bill-of-lading attached to the draft, the possession of which bill was necessary to enable the consignee to obtain a delivery of the liquor, does not subject the bank to a fine under Section 239 of the Penal Code.

Sanborn, Circuit Judge, delivered the opinion of the court.

The First National Bank of Anamoose complains that it was convicted and fined under Section 239 of the Penal Code upon these conceded facts: One Meyers, a resident of Anamoose in North Dakota, ordered a case of beer of the Hamm Brewing Company, a corporation of Minnesota, the Brewing Company accepted the order at St. Paul, shipped the beer thence to Anamoose via the "Soo" Railway Company and received a bill-of-lading from that Company under an agreement that the Company would not deliver the beer to Meyers until he presented the bill-of-lading to its agent at Anamoose. The Brewing Company then attached a sight draft on Meyers for the purchase price of the beer to the bill-of-lading and sent them to the bank at Anamoose, which agreed with the vendor to collect the draft from Meyers and to deliver the bill-of-lading to him so as to enable him to receive the shipment of beer from the Railroad Company and thereby to complete the sale and delivery of the beer. Section 239 of the Penal Code reads in this way:

"Any railroad company, express company, or other common carrier, or any other person who, in connection with the transportation of any spirituous, vinous, malted, fermented, or other intoxicating liquor of any kind, from one State, Territory, or District of the United States, or place noncontiguous to but subject to the jurisdiction thereof, into any other State, Territory, or District of the United States, or place noncontiguous to but subject to the jurisdiction thereof, or from any foreign country into any State, Territory, or District of the United States, or place noncontiguous to but subject to the jurisdiction thereof, shall collect the purchase price or any part thereof, before, on, or after delivery, from the consignee, or from any other person, or shall in any manner act as the agent of the buyer or seller of any such liquor, for the purpose of buying or selling or completing the sale thereof, saving only in the actual transportation and delivery of the same, shall be fined not more than five thousand dollars."

Counsel for the bank contend that the facts of the case did not bring it, or its act, within any of the classes of persons or acts which this statute subjects to fines for collecting the price of liquor. The attorneys for the government on the other hand insist that the statute subjects to punishment all persons and all corporations that collect the purchase price of liquor transported in interstate commerce, or that act as agents of vendor or vendee in the buying or selling thereof, and this interpretation of the law

was sustained in an elaborate opinion by the learned Judge below which may be found in 190 Fed. 336.

The statute, however, does not read, as it seems as though it naturally would have read if such had been the intention of Congress, that every person who, in connection with the transportation thereof in interstate commerce, should collect the purchase price of interstate liquor, or who should act as the agent of the buyer or seller for the purpose of buying, selling or completing the sale thereof, should be fined thereunder. By the terms it contains it does not embrace within its denunciation all persons, but expressly limits its condemnation to "any railroad company, express company, or other common carrier, or other person," who in connection with the interstate transportation, collects or acts as agent. And if the contention of counsel for the government were to prevail the words "railroad company, express company, or other common carrier, or other" in the law would become futile and the statute would be made to read "any person who" etc. in violation of the maxim that "All the words of a law must have effect rather than that part should perish by construction." *City of St. Louis v. Lane*, 110 Mo. 254, 258, 19 S. W. 533; *Knox Co. v. Morton*, 15 C. C. A. 671, 675, 68 Fed. 787, 790; *Wrightman v. Boone County*, 31 C. C. A. 570, 572, 83 Fed. 435, 437; *Faving, etc., Company v. Ward*, 28 C. C. A. 667, 674, 85 Fed. 27, 34.

The statute creates and denounces a new offense. A penal statute which creates a new crime and prescribes its punishment must clearly state the persons and acts denounced. A person who, or an act which, is not by the expressed terms of the law clearly within the class of persons, or within the class of acts, it denounces will not sustain a conviction thereunder. One ought not to be punished for a new offense unless he and his act fall plainly within the class of persons or the class of acts condemned by the statute. An act which is not clearly an offense by the expressed will of the legislative department before it was done may not be lawfully or justly made so by construction after it is committed, either by the interpolation of expressions or by the expunging of some of its words by the judiciary. Ex post facto construction is as vicious as ex post facto legislation. "To determine that a case is within the intention of a statute its language must authorize us to say so. It would be dangerous indeed to carry the principle that a case which is within the reason or mischief of a statute, is within its provisions so far as to punish a crime not enumerated in the statute because it is of equal atrocity, or of kindred character, with those which are enumerated. The case must be a strong one indeed which would justify a court in departing from the plain meaning of words in search of an intention which the words themselves did not suggest." *United States v. Wiltberger*, 18 U. S. 76, 96; *United States v. Ninety-nine Diamonds*, 139 Fed. 961, 964, 72 C. C. A. 9, 12, and cases there cited.

The apparent and natural meaning of the terms of a statute is always to be preferred to any curious or hidden signification reached by the reflection and ingenious reasoning of unusually strong and acute minds. And unless at the time this bank was charged with the violation of this statute this Act of Congress clearly expressed to a man of ordinary ability and intelligence the meaning that the collection by a bank of a sight draft for the purchase price of liquor that had been transported in interstate commerce and the delivery to the purchaser of the bill-of-lading therefor attached to the draft subjected that bank to the fine which the statute prescribed, the defendant below ought not to be and must not be punished by this fine. We confess that the first reading of this law did not suggest to our minds that a bank which made such a collection would thereby subject itself to the punishment specified in the act. It is evident that the law failed to suggest such a thought to the mind of Judge Smith who, in writing the opinion of this court in *United States Express Company v. Friedman*, 191 Fed. 673, 681, spoke of this Section 239 as prohibiting "common carriers from collecting the purchase price of liquors on interstate shipments, or from in any way acting as agent of the buyer or seller of such liquors, except in the transportation and delivery of the same, under the penalty of a fine of not over \$5,000," or of

Judge Hough who, in his opinion in *United States v. Eighty-seven Barrels, etc., or Wine*, 180 Fed. 215, 216, said: "Section 239 renders it criminal for any common carrier transporting or delivering liquor after interstate or international transportation to 'collect the purchase price or any part thereof' or 'in any manner acting as the agent of the buyer or seller of any such liquor, for the purpose of buying or selling, or completing the sale thereof, saving only in the actual transportation and delivery of the same.'" In January, 1910, Judge Campbell of the Eastern District of Oklahoma, in a considered opinion, decided that such a collection by a bank did not subject it to the fine imposed by this law. *Danciger v. Stone*, 188 Fed. 510, 512. The Secretary of the Treasury and the Attorney General of the United States, the heads of the executive departments of the government to which the enforcement of this law was entrusted, were of the same opinion. The Attorney General, speaking of the statute, said: "The act does not apply to banks collecting drafts with bill-of-lading attached where the shipment is made to a real consignee upon an order sent by him and filled by shipment from the dealer's place of business. The collection of a draft for the purchase price of a commodity in that manner is the usual and ordinary method of carrying on business and is not connected with the transportation of the property within the meaning of the statute under consideration." 29 Opinions Attorneys General, 58, 62. Indeed, although this statute was enacted on March 4, 1909, no one except the United States Attorney for North Dakota seems to have discovered that it was intended to subject banks collecting such drafts to punishment by fine, until the opinion of the court below to that effect was formed and expressed in June, 1911. The act for which this bank has been convicted and fined was done on March 15, 1911. If the concession were made that it was the intention of the Congress to include banks among those liable to fines for such acts as that committed by the defendant below, how, in view of these opinions of judges and executive officers, can the conclusion that this intention was not clearly expressed by the statute be escaped? It is only when a penal statute clearly and plainly subjects parties and acts to its denunciation that they may be lawfully punished thereunder. If it is doubtful whether or not it includes them they ought to be and must be exempt from criminal prosecution thereunder. And it is the intention expressed in the statute and that alone to which courts may give effect. They may not assume or presume purposes and intentions that the terms used in the statute do not indicate and then by construction practically enact or expunge provisions to accomplish such supposed intentions. *United States v. Ninety-nine Diamonds*, 139 Fed. 961, 964, 72 C. C. A. 9, 12. Conceding that by study, reflection and ingenious reasoning unusually acute and able minds may discover and convince themselves of a construction of this statute and an intention of its makers which would include this bank and the collection of the draft with which it is charged in its denunciation, still it is certain that that construction and intention are so curious and recondite that the statute failed to express them to the minds of the Secretary of the Treasury, of the Attorney General and of Judge Campbell after a careful study of the law for the purpose of its official interpretation. It fails to manifest such a meaning and intention to our minds and we cannot hold that it so clearly or plainly expressed them to bankers and persons unlearned in the law that they may be lawfully condemned thereunder.

And in our opinion the reason why the Secretary, the Attorney General, Judge Campbell and the defendant below failed to find in this statute any intention of the Congress, or any expression of any intention to condemn the collection by banks of sight drafts for liquor transported in interstate commerce and the delivery of bills-of-lading therefor to consignees to enable them to obtain possession of the liquor, is that they did not exist. The history of the times and of the proceedings in Congress which led up to the enactment of this statute have convinced that the mischief at which it was levelled was not the collection of sight drafts by banks or ordinary collectors for the purchase price of liquors, although

bills-of-lading were attached thereto and delivered upon the collection, and that it was the collection by carriers, or their agents, of the purchase price for C. O. D. shipments of liquor into prohibition states whereby they became virtually the agents of the liquor dealers in selling their liquors. This mischief existed only in the states wherein the manufacture and sale of liquor was prohibited, for it was only in those states that such C. O. D. shipments evaded the spirit of the state laws. The collection by banks of sight drafts and the delivery of bills-of-lading attached thereto was, and long had been, a common and universal method of collection of the purchase price of liquors and other articles throughout the entire nation. This is a general law applicable in every state of the union and it is incredible that the Congress intended, without mentioning or referring to it in the statute, to strike down this method of collection for the sale of liquors transported in interstate commerce in all the states, in the large majority of which the manufacture and sale of intoxicating liquors were not prohibited.

To our minds the natural and manifest meaning of the declaration in this law that "Any railroad company, express company, or other common carrier, or any other person who, in connection with the transportation," etc., shall collect the purchase price, or act as the agent of the buyer or seller, shall be fined, excludes banks, ordinary collectors and all persons who are not members of the general class of carriers. This interpretation finds support in the fact that the contrary construction expunges the words "railroad company, express company, or other common carrier, or any other," and makes the statute read "any person who," etc., and in the rule, which is especially applicable to statutes defining crimes and regulating their punishment, that where general words follow the enumeration of particular classes of persons or acts the general words should be construed to apply to persons or acts of the same general nature or class as those enumerated. Thus where a statute imposed a forfeiture for forbidden acts of the goods of any "owner, importer, consignee, agent, or other person," it was held that the words "other person" did not include a stranger to the goods, but was limited to "some one of the same general class as those described by the words with which it is associated." *United States v. 1150 1/2 Pounds of Celluloid*, 27 C. C. A. 231, 237, 240, 82 Fed. 627, 633, 636; 36 Cyc. 1119, 1120; 2 Lewis' Sutherland Statutory Construction, 2nd Ed., Sec. 422; *United States v. Bevans*, 3 Wheat. 336, 390; *Moore v. American Transportation Co.*, 24 How. 1, 35, 36; *United States v. Chase*, 135 U. S. 255, 258, 259. It is well said at page 1120, Vol. 36 of Cyc., that "The particular words are presumed to describe certain species, and the general words to be used for the purpose of including other species of the same genus. The rule is based on the obvious reason that if the legislature had intended the general words to be used in their unrestricted sense they would have made no mention of the particular classes. The words 'other' or 'any other' following an enumeration of particular classes are therefore to be read as 'other such like' and to include only others of like kind or character."

This is the interpretation of this act of Congress which was given to it by the Secretary of the Treasury and by the Attorney General, who were charged with the duty of executing it and it is an established rule of the national courts that the contemporaneous construction given to an act of Congress by those charged with its execution, though not controlling, is entitled to great weight and should not be disregarded or overturned except for cogent reasons nor unless it is clear that their construction was wrong. *Edward's Lessee v. Darby*, 12 Wheat. 206, 210; *United States v. Moore*, 95 U. S. 760, 763; *United States v. Johnston*, 124 U. S. 236, 253; *United States v. Philbrick*, 120 U. S. 52, 59; *United States v. Hill*, 120 U. S. 169, 182; *Baker v. Swigart*, 199 Fed. 865, 873, C. C. A. . . .; *United States v. Miller*, 187 Fed. 369, 370; *United States v. Newport News Shipbuilding & D. D. Co.*, 178 Fed. 194, 204, 101 C. C. A. 514, 524.

Because the reasons in support of the construction given to Section 239 of the Penal Code by the Secretary and the Attorney General are in our opinion

more cogent and persuasive than those against it, because it is not clear that their interpretation was erroneous, but it seems to us to give to this act of Congress its true meaning, because the bank and the act for which it has been fined are not specified in the statute, nor included within the classes of persons or acts denounced by it, nor within other classes of their kind, and because the statute is a new law creating a new offense and prescribing its punishment, and it fails plainly or clearly to express any denunciation of the collection by a bank, or any other collector of its class, of a sight draft for the purchase price of liquor transported in interstate commerce and the delivery of a bill-of-lading attached to the draft to the consignee to enable him to get possession of the liquor, our minds have been forced to the conclusion that the acts charged against the bank in the second count of the indictment in this case upon which it was convicted constituted no offense and that the judgment below must be reversed with directions to the court below to discharge the bank.

It is so Ordered.

Filed June 13, 1913.

BANKING CUSTOMS AND BANKING LAWS

(Address by General Counsel at Wisconsin Bankers' Convention, June 23, 1913.)

The business of banking is so interrelated with the business life of the people that the laws and customs applying to it, which are the rules governing its conduct, extend to every transaction in which the bank is in some way connected and are more numerous and complex, perhaps, than those which apply to any other kind of business.

These rules, originating largely in custom, have been crystallized into law by thousands of court decisions and to a considerable extent have ultimately found their way into the positive form of statutory enactment.

Take, by way of illustration, the law governing bills, notes and checks which are so largely involved in banking transactions. Originally the rules governing bills of exchange originated in the customs of merchants; later many of them became fixed by definitive legal statement in the decisions of the courts and have had their ultimate expression, in many cases, in the form of a code of statutory rules. The English Bills of Exchange Act was the pioneer codification in English speaking countries. It became a law in 1882 and has since been adopted in more than forty of the English Colonies and dependencies. It represented the law as decided in some 2,000 English cases and as contained in a few prior statutory enactments, and it incorporated, also, a few settled customs that had never theretofore found expression as law in either judicial decision or statutory enactment. This has been followed in the United States by the passage of the Uniform Negotiable Instruments Act, which was originally enacted in New York, Connecticut, Colorado and Florida in 1897, and has up to date been enacted in forty-five States and jurisdictions. This Act was passed in Wisconsin in 1899. It provides the main rules governing bills, notes and checks and contains a general provision that "in any case not provided for in this act the rules of the law merchant shall govern."

The same process of law development is going on with reference to various commercial documents of title which bankers acquire as collateral security and handle in other ways. The most important of these are warehouse receipts, bills of lading and certificates of stock. In their original function, both warehouse receipts and bills of lading, representing goods in store and in transit, were only receipts and contracts between the owner or shipper of the goods and the warehouseman or carrier. But by custom they came to be used as a basis of borrowing or as instruments of credit, carrying certain special rights to the transferee or pledgee not possessed by the original owner. The enlarged use of these documents

as instruments of credit gave rise to many conflicting decisions respecting the rights of third parties; and in recognition of general customs and in furtherance of the rights of transferees, special statutes came to be enacted in a number of States giving a measure of negotiability to warehouse receipts and bills of lading. The latest step in the line of progress in the commercializing of these documents is the movement for complete codification of the law governing warehouse receipts and bills of lading. Through the initiative of the body known as the Commissioners on Uniform State Laws, separate codifications of the law upon these subjects have been perfected and the Uniform Warehouse Receipts Act has been enacted down to the present time in twenty-eight States and the Uniform Bills of Lading Act in eleven. The State of Wisconsin passed the Warehouse Act in 1909, but has not yet passed the Bills of Lading Act. These Uniform acts clear up many doubtful points and make the rights of the transferee for value of warehouse receipts and bills of lading more certain and clear.

There has also been framed and recommended by the Commissioners an act to make uniform the law of transfer of shares of stock in corporations, which provides full negotiability for stock certificates. The Uniform Transfer of Stock Act has been passed in six States.

I have attempted to indicate in a general way the progressive stages of development of the law governing bills, notes and checks and the commercial documents of title which enter so largely into banking transactions. The same process of law building—custom, judicial decision and statutory enactment—holds good in a way throughout the whole field of banking business, except that the great bulk of the law or rules of conduct applying to deposit and discount banking, down to the present time, rests upon custom and judicial decision alone and has not yet, except upon special points, been made the subject of legislative enactment. Banks, it is true, are now governed with respect to their organization, powers and certain details of their business, by statutory provisions contained in general banking laws of State and Nation, but the vast detail of the transactions of deposit and discount which go to make up the sum total of banking business, still have their government and guidance in rules declared by the courts and in many cases in settled customs that have never yet been judicially passed upon.

The purpose of my talk here to-day is not to attempt a theoretical discussion of the principles of deposit and discount banking, but to take up and discuss in a practical way a number of the questions which confront bankers in their daily life and as to which there is doubt and uncertainty as to the correct rule of conduct.

Banks receive and pay deposits, undertake collections, make loans and discounts and perform various other transactions out of which numerous questions arise. Let us begin with the matter of deposits and their payment.

DEPOSITS AND THEIR PAYMENT.

Deposits with a bank are of three kinds (1) general deposits for which the bank is debtor (2) special deposits, where the identical deposit must be specifically returned and as to which the bank is bailee, and (3) specific deposits, where the money deposited is to be applied to a specific purpose and as to which the bank is generally held a trustee.

General deposits may be either commercial or savings. Commercial deposits are generally paid upon check or order of the depositor at the risk of the bank as to genuineness, while savings deposits are generally paid upon presentation of passbook accompanied by order, and the bank is protected from loss through payment on a forged order by rules printed in its passbook which are held to be contracts between bank and depositor, provided it exercises due care in making the payment. Numerous controversies are submitted to the courts for decision as to what does or does not constitute due care in a particular case. In addition to commercial deposits subject to check or order and savings deposits payable on presentation of passbook, banks issue cer-

tificates of deposit payable on demand or on time, with various regulations as to interest, and such deposits are not subject to check, but payable only on presentation of certificate.

NO DUTY TO RECEIVE DEPOSITS.

Bankers, because of the public nature of their business, are sometimes in doubt as to whether they are obliged to receive deposits of all who tender them or have a right to close out an objectionable account. But they are not in the same relation to the public as common carriers, who are obliged to receive and carry the goods of all who offer them, and the courts have held that a bank has the right to choose its depositors; that it is not obliged to receive deposits of persons who for any reason it may not desire to serve, and that it may close out an account at any time by tendering to the depositor the amount due and declining to receive more.

DEPOSITS OF PAPER.

Over 90 per cent. of the total deposits in banks consist of paper, and less than 10 per cent. of coin or currency. Many disputed questions arise as to whether the bank takes title to the paper upon deposit or only receives it for collection, and the courts are not in entire harmony in their declaration of rules governing the subject. Of course, if the paper is indorsed for collection or otherwise restrictively, the bank is not owner but only agent; but where the paper is indorsed generally or payable to bearer and is credited as so much cash, the bank will be held to be agent if (a) by general notices printed in passbooks, on deposit slips or otherwise brought to the attention of the depositor it indicates that it accepts the paper only as agent, or (b) if there is a general course of dealing to that effect agreed to by the depositor or (c) a special agreement as to a particular deposit or (d) a general custom obtaining in the locality. If none of these things are shown, a majority of courts hold that title immediately vests in the bank, while a minority of courts hold the presumption to be that the deposit is for collection, that the credit as cash is gratuitous and provisional and title does not vest in the bank unless it is affirmatively proved that a transfer of title was intended.

The question whether the bank does or does not become the owner at the time of deposit often becomes important in the adjustment of rights where some unforeseen event occurs. For example, if the paper has been lost in transmission through the mails, the loss and burden of procuring a duplicate will be that of the owner, if the agent is not chargeable with negligence. Again, where the paper or its proceeds is lost through the neglect or default of a correspondent, if the bank is owner the loss will fall upon it, while if the bank is a mere agent for collection and itself free from negligence, the loss will fall upon the owner, except in those States where a collecting bank is held liable for defaults of its correspondents and has not protected itself against such liability by agreement. On the other hand, if the bank of deposit fails and has taken the paper as owner, the depositor having parted with his title would only be a general creditor entitled to his pro rata share of the assets in the absence of such fraud as would entitle him to rescind the deposit and reclaim his paper.

The conflict and confusion in the law upon this subject points to the necessity of a uniform statute which will provide that all deposits of paper in a bank are received by it as agent and that its obligation as debtor does not arise until ultimate receipt by it of the proceeds; furthermore regulating the duties and obligations of banks as collecting agents along reasonable and proper lines.

BANK SET-OFF.

The courts have held in numerous cases that a bank has a right to apply the money due by it on general deposit to the payment of any debt due to the bank from the depositor, but many bankers are in doubt as to the extent of this right.

The right grows out of the fact that the bank is debtor to the depositor for the amount on deposit

and the depositor is debtor to the bank upon some note or other obligation; the debts being mutual, one may be set against the other, leaving the balance either way the true amount of the indebtedness.

Where the depositor is maker of a note which has matured and is owned by the bank, bankers quite generally recognize their right to charge it up against the maker's deposit, or, in other words, apply the deposit in payment of the note, and it is quite generally held that they can do this without the maker's consent and without notice to him; except in one State, South Carolina, the depositor has been held entitled to notice to make the charge-up effective, and in Louisiana and West Virginia it has been held that the depositor's consent is necessary to the appropriation.

But where the depositor is indorser of a note owned by the bank, many bankers have been in doubt as to their right of set-off. The decided cases on this point are not numerous; but are to the effect that as soon as the indorser's liability upon the note has been fixed absolutely as a debtor the bank has a right to charge the note to his account.

It has been held, however, that the bank has no right to appropriate its customer's deposit to payment of a note upon which he is liable as guarantor and not as indorser.

Bankers often ask the question: If a depositor dies indebted to the bank upon a matured note, can his balance be appropriated to pay the note? It has been so held in several States. The right of application, however, is limited to the amount on deposit at the time of the depositor's death; funds thereafter coming to the bank for the credit of the depositor must be accounted for to his estate.

In general, the right of set-off only exists where the indebtedness is matured, but it has been held in some States the right will arise upon a depositor's death even though the debt is not matured. This is denied in other States, among them Wisconsin, and it has been held by your courts that set-off of an unmatured note against a customer's deposit will not be allowed in the event of his death where the customer dies solvent or insolvent. (*Oatman v. Bata-vian Bank*, 77 Wis. 501; *Armstrong v. Pratt*, 2 Wis. 299.)

The same conflict of authority exists in the case of the depositor's insolvency as in case of his death where that event happens before his indebtedness to the bank has matured. In some States it is held the insolvency of a depositor entitles the bank to set-off his unmatured note against his deposit, and in others this right is denied. In Wisconsin, as I have just shown, the courts have declared against the right; to entitle the bank to set-off a note against a deceased or an insolvent depositor, the note must be due at the time. In cases arising under the National Bankrupt Act, however, the bank may set-off an unmatured note of the bankrupt against his deposit. (*Frank v. Mercantile National Bank*, 182 N. Y. 264.)

The bank's right of set-off is superior to that of a creditor of the depositor, because all that the bank owes the depositor is the balance after making the set-off.

When the bank owns a note made by its customer which carries the obligation of a surety or an indorser, and at maturity the customer's funds on deposit are sufficient to satisfy the note, the question arises whether the bank is obliged, in the interest of the surety or the indorser, to apply the deposit in satisfaction of the note. Upon this question there is a conflict of authority. A majority of courts have held that if the bank does not make the application, the surety is released, and this especially would seem to be so under the Negotiable Instruments Act wherever the note is made payable at the bank, for in such cases the Act makes it equivalent to an order to the bank to pay the amount for the account of the principal debtor. It is quite generally held, however, that the obligation to apply the deposit in the interest of the surety only exists where the funds to the maker's credit at maturity are sufficient; where insufficient, there is no such obligation, nor does it arise as to deposits made subsequent to maturity.

This question of the bank's obligation in the interest of the surety, to apply the maker's deposit at maturity, does not appear to have been passed

upon by the courts in Wisconsin; but your Supreme Court has held (*Doctor v. Riedel*, 96 Wis. 158) that where the bank owned a note and had money on deposit to the credit of the maker at maturity, it was not obliged to apply the money before bringing suit on the note against the maker, even if it had the right to make such application without his consent.

PAYMENT OF CHECKS.

The questions which arise in connection with the payment of checks are numerous. Only a few can be touched upon. The courts hold that a bank, upon receiving a general deposit, impliedly agrees to pay the same in money at its banking house pursuant to the customer's order or demand in such sums as may be specified. The bank may pay on oral order, and sometimes does; but the difficulty here is in proving the order if the customer disputes it, and the courts hold that the bank is not obliged to pay except upon written order of the customer.

The obligation of the bank to honor its customer's checks or orders in such sums as called for had its origin in custom and has been declared by the courts in numerous decided cases. In this connection it may be of interest to note how the original customary obligation has been enlarged by judicial decision on this side of the water, while in England it was checked by legislation. Originally it was customary to draw checks payable only to bearer or to A or bearer, and their use was confined to the locality of the bank. Under this custom the duty or obligation of the bank was comparatively easy. It was bound to know its customer's signature and to see that there were sufficient funds on deposit. These essentials being present, it could safely pay the check. But about the middle of the last century, customers of banks began to form the habit of drawing their checks to order of specified payees and of mailing to payees at a distance. If the customary obligation to make payment of bearer checks was to be extended to this new class of instruments, the burdens upon the bank would be largely increased, for in addition to determining the genuineness of the customer's signature and ascertaining the sufficiency of his account, the bank would also be required to satisfy itself of the identity of the payee when he personally demanded payment or, in case of indorsement, the genuineness of the indorsement as well as the identity of the indorsee and if it made a mistake in these particulars, the payment would not be good against its customer. In England, when this custom sprang up, the bankers were not long saddled with its burdens, for an act of Parliament was passed in 1853 (Sec. 19, Ch. 59, 16 and 17 Vict.) which provided that "any draft or order drawn upon a banker for a sum of money payable to order on demand which shall, when presented for payment, purport to be indorsed by the person to whom the same shall be drawn payable, shall be a sufficient authority to such banker to pay the amount of such draft or order to the bearer thereof; and it shall not be incumbent on such banker to prove that such indorsement, or any subsequent indorsement, was made by or under the direction or authority of the person to whom the said draft or order was or is made payable either by the drawer or any indorser thereof."

In this country, however, the original practice of drawing checks only to bearer was extended to checks payable to order and acquiesced in by the banks without any attempt to limit the banker's responsibility to bearer checks, and so it has now become the settled custom and law that the banker is bound to honor all checks which his depositor may draw upon him, payable to order as well as to bearer, and has assumed the heavy burden and responsibility, as between himself and depositor, of identification and verification of indorsements. He protects himself from loss by relying upon a guarantee of prior indorsements or upon the responsibility of the bank or person receiving payment.

The statute in England led to the establishment of the Crossed Check system, under which when a check is issued it may be crossed with two parallel lines, between which are written the words "And Co.," in which case it is crossed generally, or the words

"Smith & Co.," when it is crossed specially. The crossing does not affect the negotiability of the check, but it operates as a direction to the drawee bank to pay no one except a banker, in the case of checks crossed generally and to the particular banker named in the case of checks crossed specially.

This system lessens the danger of payment of lost or stolen checks upon forged indorsements by providing for their collection only through responsible channels—the requirement of placing the check in the hands of a banker tends to make it more difficult for a fraudulent holder to negotiate the check—but whenever it is paid upon forgery of an indorsement, the customer and not the bank is the loser. But in this country the system prevails of holding the payor bank to a duty which it is impossible for it to perform, namely, to know the genuineness of the indorsement of a payee perhaps a thousand miles distant, and the payor bank throws the burden upon the prior banks in the chain, so that the ultimate loser in the case of a forged indorsement is the bank or person who has dealt immediately with the forger.

This system differs in its final result from the English system by making the purchaser, instead of the customer whose check has been paid upon a forged indorsement, the ultimate loser. In England, the drawer of the check to a specified payee always takes a certain amount of risk, but in this country a customer may with perfect safety fill out his check to the order of anybody and entrust it to the mails, knowing that if it is stolen or the indorsement is forged, and some bank or responsible person deceived into cashing the check, the purchaser and not the customer will be the loser. So far do the courts go in holding payment of a check upon a forged indorsement invalid that although the check may be indorsed by a person of the same name, but not the real payee, such indorsement is a forgery and the payment non-chargeable. There have been one or two recent cases, however, where a customer has been negligent in mailing his check to a wrong address and thus contributed to the success of the fraud, in which he has been held responsible.

RESPONSIBILITY FOR DISHONOR OF CHECKS.

The obligation to honor the customer's check carries with it a liability in the event of wrongful refusal to pay. A bank never maliciously refuses to pay its customer's check, but sometimes payment of a check which is perfectly good will be refused because of some bookkeeping error, as where a deposit has been credited to a wrong person or an item wrongly charged to the customer's account. In such cases the courts in a number of States have held the bank responsible to its customer for injuring his credit, and it is generally held, wherever the customer is a merchant or trader, that he may recover substantial damages without proving actual damage. Although where the customer is a non-trader, in most cases he will be required to prove that he has been actually damaged in order to obtain a recovery. The rule which allows a man whose check has been dishonored through mistake to recover anywhere from \$100 to \$1,000 by proving that mere fact, without showing that he has been in any way damaged, would seem to call for legislative correction. The courts in New York, differing from most States, require proof of special damage in order that the customer may recover more than nominal damages, and it would seem that if a customer has been actually damaged he should be able to prove it, failing which he should be entitled to nominal damages only. The cases in which banks are being mulcted in damages because of mistaken refusal to pay checks are increasing in frequency and legislation to limit their liability to the actual proved damage thereby caused will probably be urged.

CERTIFICATION OF CHECKS.

A bank is under no legal obligation to certify a check, as distinguished from its payment. Its sole obligation is to pay the check, if in funds, and while the bank may and often does certify checks at the request of the holder or of the drawer, certification has never yet been held to be obligatory. At

the same time, the practice is so frequent that some bankers think there is a legal obligation to certify and that a check may be protested for non-certification. The courts have never so held. Often a check is returned for correction of some irregularity in the indorsement. In many instances the drawee will certify "good when properly indorsed." This practice has led some bankers to suppose there is a legal obligation to do this; but I do not understand there is any general custom so to do and the courts have never held a refusal to certify is a dishonor which will justify a protest.

Certification of a check may be made for either the drawer or the holder. When the bank certifies for the holder, the drawer and all prior indorsers are discharged. The reason is that the holder has the opportunity to receive cash payment; if instead he chooses to take the bank's own obligation, as to prior parties, the check is paid and they should no longer remain liable. Drawers, however, often procure their checks to be certified before delivery, to make them more acceptable. In this case the bank becomes the primary debtor but the drawer remains liable on the check.

A recent decision in New Jersey has raised the question whether banks should keep a separate record of checks certified for drawer and for holder (*Times Sq. Automobile Co. v. Rutherford Nat. Bank*, 73 Atl. 479). A check was given in purchase of an automobile which the payee procured to be certified. Then the drawer, claiming he was defrauded, requested the bank to stop payment, which it did. The payee sued the bank and recovered. The court said the transaction of certification was equivalent to paying the check in cash to the payee and his depositing the cash and receiving the bank's certificate of deposit therefor. In such a transaction the bank was absolutely liable to the payee and it was none of its concern and it could not defend because the payee had obtained the money fraudulently. The court said that if the check had been certified for the drawer, both drawer and bank would be liable on the check and the defense of fraud would be open to both. Upon this theory, banks might comply with the requests of drawers to stop payment, coupled with proper indemnity, in case of checks certified for the drawer and make defense against any fraudulent holder, but such action would be unavailing in case of checks certified for the holder; and if this theory is correct it would seem to call for some means of distinguishing between the two cases. But a recent decision in Ohio (*Blake v. Hamilton Dime Savings Bank Co.*, 87 N. E. 73) would indicate that whether a check is certified for drawer or holder, the bank's obligation to pay is the same; that in neither case can the bank stop payment and defend against a fraudulent holder. The law on this point is therefore uncertain at the present date.

CERTIFICATION OVER TELEPHONE.

Banks are frequently called upon to cash checks drawn upon other banks at some little distance away and before doing so it is very convenient to call up the payor bank on the telephone and ask if the check of Mr. So and So for a stated amount is good and will be paid. Upon an affirmative reply, the check will be cashed. This is an unsafe practice as the promise over the telephone is not legally binding on the bank. In many such cases the drawer will stop payment of the check before it is presented and whenever the question has come before the courts in States having the Negotiable Instruments Act it has been held that the promise of the bank to pay, not being in writing, is not a valid acceptance under that Act.

STOP PAYMENT.

Prior to the general enactment of the Negotiable Instruments Act, two conflicting judicial theories were maintained by the courts in different States as to the effect of a check—one that it was a mere order and authority to the bank to pay; the other that in addition, it constituted an assignment of the fund in bank to the payee which became binding on the bank as soon as the check was presented. As a conse-

quence of this last stated theory, the holder of a check could sue the bank if it refused to pay; the drawer had no power to stop payment of his check and death of the drawer did not revoke his outstanding checks. The first stated theory that a check is not an assignment is provided by the Negotiable Instruments Act and it therefore now almost universally prevails. That Act provides that "a check of itself does not operate as an assignment of any part of the funds to the credit of the drawer with the bank and the bank is not liable to the holder unless and until it accepts or certifies the check." Under this the holder of a check has no right of action against the bank and even though the bank wrongfully refuses to pay, the holder must look to the drawer for redress, while the bank is answerable solely to its customer for injuring his credit. Another consequence is that the death of the drawer revokes the bank's authority to pay, although if the bank pays in ignorance of the death it will be protected. But probably the most important effect of this "no assignment" rule is the right of the drawer to stop payment of his check. The bank, as paying agent of the drawer, can only pay when it is authorized and if the customer, after issuing his check, notifies the bank not to pay, this revokes the bank's authority and it thereafter makes payment at its peril. The danger from overlooking stop payment orders has led many banks to publish regulations governing the subject, sometimes contained in pass-book, sometimes in separate notices to the customer when acknowledging receipt of a stop payment order and sometimes in the form of agreements signed by the customer when he stops payment. These are generally to the effect that the bank will endeavor to execute stop payment orders coupled with a disclaimer of liability for stopped checks inadvertently paid. The tendency of the courts is to construe these regulations most strictly against the bank and to read into them implied requirements of diligence, so as to make it difficult for the bank to overcome the presumption of negligence created by the fact of payment.

POST-DATED CHECKS.

Post-dated checks are valid and negotiable under the Negotiable Instruments Act, but are not payable until the day of their date arrives. Bankers sometimes receive post-dated checks for collection ahead of their date and not infrequently inquire whether there is a duty on their part to make presentment immediately and protest if not paid. There is, of course, no such duty. The drawee bank has no right to pay a post-dated check before the day of its date and refusal to pay before that date is not a dishonor.

Nor should the bank certify a post-dated check before the day of its date arrives at the request of the holder. Such certification would be irregular and the bank would take the risk of the drawer stopping payment before its due date. The courts have also held it improper and unauthorized for a bank officer to certify a post-dated check at the request of the drawer, and the fact that a post-dated check is certified is sufficient notice to deprive a purchaser of the character of a bona fide holder. There has been a recent case in Idaho, however, wherein the Supreme Court upheld the validity of certification of a post-dated check at the request of the drawer (*Smith v. Field*, 114 Pac. 668). A customer of a bank, having taken an appeal from an adverse decision in a lawsuit, was compelled to file an undertaking on appeal, or in lieu thereof he was permitted to make a money deposit. He procured his bank to certify his post-dated check, and the court held the check so certified was valid and the deposit a compliance with the statute; that the bank was prohibited by statute from certifying a check unless it had the money on deposit and that upon making the certification it was its duty to immediately set aside a sum of money represented by the check for the specific purpose of meeting it whenever presented, and that an immediate liability of the bank to the holder attached from the time of certification, irrespective of the date which the check bore.

Under this decision, the effect of certifying a post-dated check for the drawer would be to virtually

nullify the post date and make the check immediately payable and this would seem to defeat the very object for which a check is post-dated, to provide the means of future as distinguished from immediate payment.

The best rule for banks to observe in all cases is to neither pay nor certify a post-dated check nor to acquire for value a check so certified, as it would carry on its face notice of its irregularity.

PARTIAL PAYMENT.

The courts have held in a number of cases that a bank is not obliged to make partial payment of a check where the funds are insufficient to pay in full, nor is it obliged to answer questions of a checkholder as to the amount of the shortage nor to receive from him a deposit sufficient to make the account good to meet the check.

Aside from obligation, various unsettled questions exist as to the bank's right or authority to make part payments, to disclose its customer's balance to a checkholder or to receive from him a deposit sufficient to make the account good. It has been held in one or two cases that the bank may pay over the insufficient amount, crediting it on the holder's check, but in such case it would be entitled to surrender of the check as its voucher. The bank's right to disclose the customer's balance and receive a deposit from the checkholder to make it good has been urged by various text-writers, but what little authority there is on the subject would point to the conclusion that the bank owes its customer a duty of secrecy and should make no disclosure as to the state of his account, except by his express authority or where compelled by legal process. It has been held in England that the banker has no right to reveal the state of his account with his customer and could go no further than to say: "not sufficient funds" (*Hardy v. Veasey*, 3 L. R. Ex. 107; *Foster v. Bank of London*, 3 F. & F. 214). This is the better and safer course for a bank to pursue, unless, to preserve its customer's credit, it pays the check in full and charges the excess to his account as an overdraft.

CHECK "IN FULL."

Customers of banks often receive from their debtors checks payable to their order "in full of account to date" or "in full of note" or "in full of all claims and demands," and desire information as to whether the acceptance of such checks by them will bar a claim for a balance claimed to be due. The law upon this, briefly stated, is: If the debt for which the check is given is liquidated and undisputed and the check is for less amount than the debt, its acceptance by the creditor will not operate to discharge the balance of the debt. But if the claim is an unliquidated disputed one, acceptance of the check involves acceptance of the condition on which it is offered and bars further recovery.

Sometimes the payee of such a check will take it upon himself to erase the words "in full" and then present the check for payment. The plain duty of the bank is to refuse payment of a check so altered. The alteration would probably be held material and avoid the check, and the bank as paying agent of the depositor would not be protecting his interests in making payment of a check so altered. For the same reason the bank should not pay a check drawn "for June rent" which the payee has indorsed "not for June rent."

NOTES PAYABLE AT BANK.

Before the passage of the Negotiable Instruments Act, when a customer made his note payable at bank it was decided in different jurisdictions (1) that the note was equivalent to an order to the bank to pay (2) that the bank was authorized but not obliged to pay; and (3) that the bank had no authority to pay except upon the express instruction of its customer. The Negotiable Instruments Act cleared up this conflict of law by providing that "where the instrument is made payable at a bank it is equivalent to an order to the bank to pay the same for the account of the principal debtor thereon." The Illinois and Nebraska Acts omit this provision, but quite generally the law

at the present day is that where a customer makes his note payable at the bank, the bank is obliged to pay, if it has sufficient funds, without special instructions from him, as the provision in the note constitutes an order to pay, and if the customer does not want his note paid he must stop payment before it is due.

BANK COLLECTION.

Banks in the undertaking of collections act as agents and must exercise due diligence, according to the nature of the case. They must fulfill the requirements of law as to presentment, protest and notice, and must be governed by particular instructions of the principal. A few propositions, sometimes a matter of question, are these:

A demand over telephone by a notary is insufficient legally to justify a protest, as a valid presentment requires personal attendance with the note, readiness to exhibit it if required and to receive payment and surrender if the debtor is willing to pay.

Where a draft is addressed to John Smith, Smithville, care First National Bank of Jonesville, presentment to the Jonesville bank is at the proper place and sufficient, and draft is protestable without further presentment to Smith.

A majority of courts hold it negligent to mail a check direct to the drawee or payor, although in a few States the practice is sanctioned by custom, and in a few it is held to be justified where the drawee is the only bank in the place. But the majority of courts hold the custom is unreasonable and will not allow it to change the established rule of law. This is one of the subjects which call for legislative regulation.

Protest is only necessary in the case of foreign bills of exchange, but is permitted by statute in case of inland bills and notes as a convenient means of proving dishonor.

It is the general duty of a collecting bank to protest unless otherwise instructed.

Protest must be made on the day of dishonor unless delay is excused. Excusable delay is caused by circumstances beyond the control of the holder and not imputable to his default, misconduct or negligence.

A check may be protested as soon as dishonored and it is not necessary to wait until the close of banking hours.

A bank receiving a note for collection is only obliged to send notices of dishonor or protest to its immediate principal, and an express agreement would be necessary to create the duty to notify all prior parties.

EXTENSION CLAUSES IN NOTES.

Payors of notes often desire extension of time of payment, and in order that the indorsers or sureties may not be released it is common to insert a clause or stipulation on the face of the note containing a consent to the extension. Formerly such clauses were framed in such a way as to constitute an agreement by makers and indorsers that the payee or holder might extend the time of payment and it was generally held they destroyed negotiability by rendering the maturity uncertain. But an improved form of extension clause has more recently been adopted which provides that "the makers and indorsers and sureties hereof hereby agree to any extensions of time of payment and partial payments before, at or after maturity," and this is generally held by the courts not to affect negotiability, as neither the maker nor anyone else has the right to demand an extension and the holder is not bound to grant it. The note being payable at a definite time is negotiable and the stipulation is simply to the effect that if the maker and holder should agree upon an extension, the sureties and indorsers will not be discharged. It is simply a stipulation that the indorser or surety, in case the note should be extended, will not claim release from his collateral liability on the instrument.

There are hundreds of important practical questions which arise in the conduct of banking that would be desirable to touch upon, if time permitted. The law and custom on many of these points is more and more approaching certainty and uniformity, but there are still numerous doubtful questions, and much time will elapse before certainty and definiteness of rule is ultimately attained. In the long run the principle of codification, which has already been adopted as to bills and notes and other commercial instruments of credit, will be extended further to cover all phases of deposit and discount banking.

OPINIONS OF GENERAL COUNSEL.

Summary of Questions Received and Opinions Rendered to Members of the Association.

PROPOSED OKLAHOMA USURY LAW.

Opinion that provisions (1) making usury a misdemeanor, (2) making it a misdemeanor for original holder to sell or transfer usurious instrument, (3) prohibiting filing of mortgage or other security given for usurious loan, (4) prohibiting suit in court upon usurious contract, will not, if enacted, be applicable to national banks.

From Oklahoma.—I am enclosing copy of bill which is being initiated by petition in Oklahoma to be submitted to vote on August 5th. Your opinion will be valued whether the provisions of this bill making usury a misdemeanor, punishing the sale or transfer of an usurious contract, prohibiting the filing or recording of instruments given for usurious loans and closing the doors of the courts to suits upon usurious contracts will, if enacted, be applicable to national banks in the State.

A proposed law has been initiated by petition in Oklahoma to be submitted to the legal voters for approval or rejection on August 5, 1913, fixing the legal and contract rate of interest, defining usury,

providing the manner of filing mortgages and suits in courts upon contracts for payment of money and providing penalties for violation of the usury law, and my opinion has been asked as to the applicability of certain of its provisions, if passed, to the national banks of the State. The bill provides a legal rate of interest at 6 per cent. in the absence of contract and a contract rate not exceeding 10 per cent. and prohibits the compounding of interest. The provisions especially referred to are:

Sec. 5, which makes usury a misdemeanor.
Sec. 6, which makes it a misdemeanor for the original holder to sell or transfer a usurious instrument.

Sec. 9, which prohibits filing or recording of mortgages and other securities for the payment of money unless it appears from an attached affidavit of the holder that the rate of interest is lawful.

Sec. 10, which prohibits suits upon any usurious contract in the courts of the State and requires the filing of an affidavit in every suit upon a bill, note, etc., that the rate of interest is lawful.

If the bill becomes law, will the national banks in the State be subject to the above provisions?

It is my opinion, in the limited time I have had for consideration of the question, that these provisions punishing as misdemeanors the taking of usury and the negotiation by the original holder of a usurious instrument and closing the doors of the register's office to instruments securing usurious loans and of the courts to the enforcement of usurious contracts, would be held inapplicable to national banks; that neither such banks nor their officers could be prosecuted for such misdemeanors; that registers of deeds could be compelled by mandamus or other appropriate remedy to accept for filing and to record such instruments and that national banks would be held entitled to access to the State courts for enforcement of such contracts.

By the National Bank Act (U. S. Rev. Stat., Section 5197), national banks are permitted to charge interest at the rate provided for individuals or local banks by the laws of the State or Territory where such bank is located and (Section 5198) a national bank which charges usurious interest shall forfeit the entire interest; or if the usury has been paid, then twice the amount thereof may be recovered.

It will be observed that the only penalty provided for usury by a national bank is a civil penalty, and it has been repeatedly held in cases dealing with civil penalties for usury under State laws that the federal statutes as to the consequences of usury by a bank are exclusive, *Bank v. Dearing*, 91 U. S. 29; that State statutes imposing usury penalties do not apply. *Railway Co. v. Bank*, 106 Ala. 346. See also *Peterborough First Nat. Bank v. Childs*, 133 Mass. 248, where the court said: "The act of Congress to establish a national currency superseded the State laws on the subject of usury, so far as they might otherwise be applicable to national banks. U. S. Statutes, June 3, 1864, Sec. 30; U. S. Rev. Statutes, Secs. 5197, 5198; *Central National Bank v. Pratt*, 115 Mass. 539; *Davis v. Randall*, 115 Mass. 547. The power vested in Congress to establish a bank and to authorize it to lend money, involves the power to fix the rate of interest it may take, and to prescribe the penalties for taking a greater rate. The rate of interest which under this legislation a national bank was entitled to charge upon loans was that which was legal in the State, Territory or District, where it was located. U. S. Rev. Statutes, 5197." See also *First Nat. Bank v. Garlinghouse*, 22 Ohio St. 492, holding that the Ohio statute of March 19, 1850, entitled an act to restrain banks from taking usury, was intended to operate on banking institutions in Ohio whose authority to discount and purchase notes, etc., is subject to control by the legislation of Ohio, and has no application to banking institutions existing and exercising their powers under the authority of Congress.

The logic and reasoning of these decisions, although rendered in cases where State civil penalties for usury in the nature of forfeitures were held inapplicable, would seem equally to apply to a State criminal penalty or to any other penalty for usury by way of weakening the security or making unenforceable the evidence of debt as provided in the Oklahoma proposed law. Congress having the power to enact the kind of penalty to be visited upon a national bank for usury, and having taken unto itself the regulation of that subject, there would seem no power left in the States to provide further and different penalties for usury.

There is only one case that I know of in which such a power has been declared. *State v. Clark First Nat. Bank*, 2 S. Dak. 568. In that case it was held that a national bank is liable under a State statute making it a misdemeanor to take illegal interest and that the national bank act does not prevent the operation of the police laws of the State.

But to the contrary is the decision of the Supreme Court of Alabama in *Slaughter v. First Nat. Bank of Montgomery*, 109 Ala. 157. In that case a State statute made it a misdemeanor for any bank to discount at a higher rate than 8 per cent. The court held this statute did not apply to national banks; that Section 5198 of the U. S. Revised Statutes was exclusive of State laws relating to the sub-

ject, and the only remedies available against a national bank are those prescribed therein.

The decision of the Alabama court is more in consonance with the reasoning of the prior decisions that the penalty provisions of the National Bank Act are exclusive of State laws and more in accord with the general doctrine declared by the Supreme Court of the United States in numerous cases to the effect that when Congress has legislated upon a subject within its jurisdiction, its power to regulate the entire subject is supreme and exclusive of State legislation.

While the Supreme Court of the United States has never directly passed upon the question of the non-applicability to national banks of State criminal penalties for usury, that court has denied the applicability to national banks of a State statute making it criminal for banks to receive deposits when insolvent. *Easton v. State of Iowa*, 188 U. S. 220. In that case the court points out that the federal legislation creating national banks has in view a system of banks extending throughout the country and independent, so far as powers conferred are concerned, of State legislation which, if permitted to be applicable, might impose limitations and restrictions as various and as numerous as the States. The court states: "Our conclusions, upon principle and authority, are that Congress, having power to create a system of national banks, is the judge as to the extent of the powers which should be conferred upon such banks, and has the sole power to regulate and control the exercise of their operations; that Congress has directly dealt with the subject of insolvency of such banks by giving control to the Secretary of the Treasury and the Comptroller of the Currency, who are authorized to suspend the operations of the banks and appoint receivers thereof when they become insolvent, or when they fail to make good any impairment of capital; that full and adequate provisions have been made for the protection of creditors of such institutions by requiring frequent reports to be made of their condition, and by the power of visitation by federal officers; that it is not competent for State legislatures to interfere, whether with hostile or friendly intentions, with national banks or their officers in the exercise of the powers bestowed upon them by the general government. Undoubtedly a State has the legitimate power to define and punish crimes by general laws applicable to all persons within its jurisdiction. So, likewise, it may declare, by special laws, certain acts to be criminal offenses when committed by officers or agents of its own banks and institutions. But it is without lawful power to make such special laws applicable to banks organized and operating under the laws of the United States."

Upon principle and authority it would seem, therefore, to follow that inasmuch as Congress has the power to and has provided what rate of interest national banks may take and what penalty they must suffer if they take more, it has completely regulated the subject to the exclusion of State regulation, and that a State statute imposing other or different penalties for usury would be inapplicable to national banks. If this conclusion be sound, none of the provisions of the proposed law above referred to, if enacted, would be applicable to national banks, for all such provisions are in the nature of penalties for usury. The first provision makes the taking of usury a misdemeanor; the next makes it criminal for the usurious lender to sell or transfer the note; the third bars his security for the usurious loan from the register's office, and the last provision closes the doors of the courts to the enforcement of such security. These provisions being inapplicable to a national bank, the rights of the national bank would be the same as if such law was not in force. It could not be punished criminally, and it would have the same remedies it has to-day against the register of deeds who refused to file its security or to procure the enforcement of its rights through the courts. The purpose here is not to enter into a discussion of remedies, but simply to give brief grounds for the opinion that the provisions of the proposed statute which have been referred to will not, if enacted, apply to national banks.

CHECK ON BLANK FORM OF ANOTHER BANK.

In Kansas it has been held not negligent for a bank to pay a check wherein the name of the drawee has been changed in a handwriting other than the drawer's; but the safer practice is to refuse payment of such a check until the bank receives satisfactory evidence that the alteration has been authorized.

From Massachusetts.—A check signed by one of our depositors, made out on the blank of another bank, which bank name was scratched, and ours printed over it with pen and ink, not in the handwriting of the signer, has been presented for payment. What is the status of such a check and what is our liability if we pay same? Our officers agree that it is an altered check, but differ as to our liability.

It is not infrequent that the customer of a bank, being away from his place of business when he desires to draw a check, will use the check form of another bank, striking out the printed name of the bank in the blank and writing over it the name of his own bank as drawee, or having some one else make such change.

It has been held by the Supreme Court of Kansas that it is not negligent for a bank to pay a check drawn on the blank form of another bank. *First State Bank of Scott City v. Vogeli*, 96 Pac. 490. In that case a customer sued his bank for the amount of a check which he claimed it had paid through negligence. There was a dispute as to the genuineness of the customer's signature and the jury were unable to agree on this point. The trial court having rendered judgment against the bank, the Supreme Court said: "This was error. If the signature were genuine, the bank was obliged to pay unless there was something in the appearance of the check to excite suspicion, or there was some fact known to the bank sufficient to put it upon inquiry. True, the jury found that the bank was guilty of negligence in paying the check, but they also found in what the negligence consisted, and no one of the things or all of them combined would constitute negligence. It is not negligence for a bank to pay a depositor's check written on the form of another bank. There is no invariable rule by which customers of a bank are required to use a blank check prepared by the bank, and in the ordinary course of business it is of very common occurrence to use a check of another bank, erase the name and insert that of the bank in which the depositor's account is kept. This occurs every day in all banks."

According to this decision, the obligation of a bank to honor its customers' checks extends to those which are drawn on the check blank of another bank unless "there is something in the appearance of the check to excite suspicion or there is some fact known to the bank sufficient to put it upon inquiry," and of course the use of the blank form of another bank is not one of the things which will excite suspicion even though the name of the bank substituted as drawee is not in the handwriting of the customer, for this was the very character of the check involved in the case. The court in its official syllabus further says: "Neither any rule of law nor the ordinary course of business renders it a matter of suspicion that the body of a check is not written in the handwriting of the maker."

Notwithstanding this decision, I think it would be safer for the banks to maintain in actual practice that the alteration of the name of the drawee is a suspicious circumstance which entitles them to refuse payment until they can be assured that it has been made by the drawer or by his authority. There is a danger of forgery here that the bank is entitled to protect itself against. This is illustrated by a decision of the Court of Civil Appeals of Texas in *Morris v. Beaumont Nat. Bank*, 83 S. W. 36. In that case a partnership issued two checks on the

First National Bank payable to the order of T, and shortly after they stopped payment of the checks. At the suggestion of the bank's officials, to guard against payment of the checks through inadvertence, the account was withdrawn and placed with the Beaumont National Bank, but that bank was not notified about the two checks on the First. T ran a pencil through "First," and wrote over it "Bmt.," presented the checks to the Beaumont National and received payment six days after their date, notwithstanding the fact that, at the date shown on the checks, the drawers had no account with that bank.

The court held the Beaumont National Bank liable to the drawers for the amount. Not only is a bank held to knowledge of the signature and handwriting of its customer, but in the absence of fault on the latter's part affecting the question of liability, as between bank and depositor, a forged check, whether the forgery is of the signature or is by material alteration in other respects, is honored by the bank at its peril.

The court further held that the fact that the Beaumont bank paid two other genuine checks of the firm written upon the printed blanks of the First National Bank, and changed by it in ink to the Beaumont National, does not relieve it; nor does the plea that it was the local custom for banks to pay checks where the printed name of the payor was erased and another inserted in writing, as no local custom can give validity to a forged check; nor was the firm under duty to foresee T's fraudulent act and notify the bank of checks which had not been drawn against it, nor guilty of negligence in not so doing; nor is there anything in the bank's contention that it was an innocent holder of the checks, without notice of the forgery. As the checks were forgeries, the innocence of the bank is no defense.

The above case illustrates how a bank may suffer loss through payment of a check bearing a genuine signature, but forgery of the drawee's name; and many cases might arise where a customer having accounts in two banks has issued and afterwards stopped payment of his check on one bank, whereupon the holder might change the name to the other bank and receive payment. The bank to whom a check is presented for payment wherein the printed name of the drawee in the blank has been altered to its own in ink in a handwriting other than the drawer's has no means of knowing from the face of the check itself whether such alteration has been authorized or is a forgery, and notwithstanding the Kansas decision to the effect that it is under obligation to pay such a check, and that there is nothing suspicious about it, common prudence would suggest that, before so doing, it take the time to satisfy itself that the alteration has been authorized. The case might be different where the alteration was in the known handwriting of the drawer or initialed by him. But even here it would be best to be on the safe side and refuse to pay until the bank receives an assurance of genuineness. There is, of course, a liability incurred to a customer for damages for refusing to honor his check when in funds, but in an action against a bank for refusing to pay a check wherein the name of the drawee had been altered by authority of the drawer until satisfied of such authority, I doubt very much if the courts would hold the bank liable in damages.

DEPOSIT OF MINOR.

Statute and decisions in Pennsylvania relative to deposits standing to the credit of a minor.

From Pennsylvania.—We would thank you for copy of statute of Pennsylvania, regulating the deposits of minors. Does a parent have any control over such an account?

It is provided by statute in Pennsylvania (Act of May 15, 1874, Sec. 1) as follows:

"The board of trustees of any bank in this Commonwealth shall have full power, at their discretion, to pay on application the check, proper receipt, or order of any minor or married woman, such money, or any part thereof as he or she may have deposited to his or her credit, or any interest or dividend accruing thereon, without the assent or approbation of the parent or guardian of such minor or the husband of such married woman, as the case may be; and it shall not be lawful for the parent or guardian of such minor, or the husband or creditors of the husband of such married woman to attach, or in any manner interfere with any deposit, interest or dividend thereon to such minor or married woman."

You ask whether a parent has any control over an account of a minor child. You will see by the statute just quoted that the bank is given discretionary power to pay the deposit standing to the credit of a minor to such minor without any control or interference either by the parent or the guardian. In addition, I would refer you to the JOURNAL for August, 1912 (page 99), wherein I published a reference to the Pennsylvania decisions on this subject. They are to the effect that a parent has no right to withdraw a deposit to the credit of his minor child, although the parent made the deposit; that the parent cannot control the child's property unless he has been duly appointed guardian, and furthermore the judicial policy in Pennsylvania is not to appoint the parent as curator of the child's estate. You will note that the statute above quoted goes even further than these decisions, so far as the deposits of a minor are concerned, for although a guardian may be appointed with control over the ward's property in general, the statute allows the bank to pay a deposit to the minor free from such control.

FORGED INDORSEMENT.

Bank which cashes check bearing forgery of payee's indorsement acquires no title, and where it receives payment from the drawee, must refund.

From Tennessee.—A Mr. J. J. Jones came to this bank and got a check cashed. The check was made by R. W. W. to J. M. M., indorsed by J. M. M. and J. J. Jones. It now appears that J. J. Jones took the check from the mails, signed J. M. M.'s name and J. J. Jones' (his own) name to the check and got it cashed. It further appears that J. J. Jones cannot be located and the teller does not remember very much about him. This check went to the bank on which it was drawn and was paid. Several days later it was learned that the man to whom the check was sent, J. M. M., did not get the check. We hold that R. W. W. will have to lose this money. Are we correct?

A bank which cashes a check bearing a forgery of the payee's indorsement acquires no title to it, and where it receives payment of the check from the drawee, can be held liable to refund the amount. There is no loss to the drawer in such a case. The drawee bank, having paid his check upon a forged indorsement, cannot charge him with the amount, but does have the right to recover the money from the bank receiving payment. The loss, therefore, will fall upon your bank which cashed the check upon a forged indorsement and not upon the drawer of the check. Your sole recourse for the money is upon J. J. Jones, who is doubtless irresponsible and who is punishable criminally.

ACCEPTANCE BY TELEPHONE.

In Texas is valid; though generally throughout the country under the Negotiable Instruments Act is not binding because not in writing.

From Texas.—I would like your opinion upon the following legal proposition: Is a bank bound to pay a check or draft when information is given over the telephone to the effect that they will pay the instrument?

Generally throughout the country because of provisions of the Negotiable Instruments Act that acceptances must be in writing, a promise by a bank over the telephone to pay a check is not binding or enforceable; but in the State of Texas the law is different. In your State there is no statute requiring acceptances to be in writing. Your Supreme Court in *Newmann v. Schroeder*, 71 Tex. 81, held that an oral acceptance or promise to pay a check or bill of exchange was valid and would be enforced. The court expressed the view that oral acceptances often present an evil which would be corrected by a requirement of writing and said: "If the legislature be of opinion that verbal acceptances or promises to pay bills of exchange and like instruments ought not to be sustained, a statute so declaring will doubtless be enacted." No such statute has as yet been enacted so far as I know. Therefore, specifically answering your question, a bank in Texas is bound to pay a check or draft to a bona fide holder thereof, where it has promised over the telephone that it will pay the same.

ACCEPTANCE BY WIRE.

Where bank receives wire "Will you pay check signed A, \$335?" and replies by wire, "A's check good for amount," opinion that reply will be held an acceptance binding the bank to pay check to bona fide holder who has purchased same on faith thereof.

From Missouri.—A Kansas City bank wires us as follows: "Will you pay check signed A, Three Hundred Thirty-five Dollars?" We reply, "A's check good for amount." The next day A comes in and asks us to stop payment on check, saying he gave it for an automobile which was not as represented. Should we refuse to pay check, and are we liable if we do so?

I think the courts would construe your telegraphic reply, "A's check good for amount," to be the equivalent of an acceptance, binding you to pay the check. If so, you would be liable on the check to a bona fide holder, and I do not think you should stop payment at request of A unless he agrees to indemnify you for any damages sustained.

I would refer you to cases cited in the JOURNAL for September, 1912 (page 175), illustrating cases where telegrams in reply to inquiries concerning drafts were held to be binding as acceptances. In addition see *Oil Well Supply Co. v. MacMurphy*, 138 N. W. 784 (Minn.), where H wired M: "Will you wire me that you will honor draft for \$300?" and M telegraphed back "I will." On faith of these telegrams plaintiff purchased the draft. The court held the telegrams created an agreement on the part of M to honor the draft. See also *Elliott v. First State Bank*, 152 S. W. 308 (Texas), where the F bank wired the C bank: "Will you pay check D. S. Elliott \$1,890? Rush answer," and received a telegram in reply: "D. T. Elliott has deposited with us \$1,790 to pay check drawn by D. S. Elliott favor of O. H. Kilpatrick." The court held that the reply telegram was equivalent to an acceptance and made

the bank primarily liable for payment of the check drawn for \$1,790. It said: "As the writing of the word 'good' by a bank officer, accompanied by his signature, across the face of the instrument ordinarily operates even as a certification of a check, we think it must be held that a bank's written communication, upon inquiry, that it holds a deposit to pay a check of a particular description to be drawn upon it is equivalent to a statement that a check of such description is good and will be honored and amounts to an acceptance, where the person to whom the communication is addressed is thereby induced to discount the check."

In view of the above decisions I think, as already said, the courts would be likely to hold your reply wire, "A's check good for amount," as equivalent to an acceptance, and if on faith thereof the Kansas City bank purchased the check, you would be primarily liable to pay it, and it would not be safe to stop payment unless your customer would indemnify you for any damages you might suffer in so doing.

STOPPED CHECK.

Bank purchasing check from payee upon which payment afterwards stopped because of illegality of consideration, may enforce payment from drawer, if acquired without knowledge of defect in payee's title.

From Colorado.—We would like your opinion in the following matter: Some time ago we cashed a check for a party which he had received in payment for some beaver hides he had trapped. The check was given about 10 A. M., and we cashed it about 1 P. M. Later in the same day the buyer of these hides or maker of this check was arrested for having in his possession the above hides, as to which there is no open season in Colorado. He then telephoned to his bank in a neighboring town and stopped payment on this check, after it had passed into our hands. Who is the loser in this case?

This check was a negotiable instrument and, assuming it was given for an illegal consideration, I presume you cashed it without knowledge thereof. In such case you would be a holder in due course and entitled to enforce payment from the drawer notwithstanding he has stopped payment and has been arrested for having in his possession beaver hides for which the check was given.

The Negotiable Instruments Act defines a holder in due course as one who has taken an instrument (1) complete and regular on its face, (2) before it was overdue and without notice that it had been previously dishonored, if such was the fact, (3) in good faith and for value and (4) without notice at the time it was negotiated to him of any infirmity in the instrument or defect in the title of the person negotiating it. The Act provides that the title of a person who negotiates an instrument is defective when he obtains it by fraud, duress, force, fear or other unlawful means, or for an illegal consideration or when he negotiates it in breach of faith or under such circumstances as amount to fraud. To constitute notice of any infirmity in the instrument or defect of title of the person negotiating it, the person to whom it is negotiated must have had actual knowledge of the infirmity or defect or knowledge of such facts that his action in taking the instrument amounted to bad faith.

Under the above provisions of the Negotiable Instruments Act, assuming you had no actual knowledge when you cashed the check that it was given for some illegal consideration or of other defect in the holder's title, you are entitled as a holder in due course to "enforce payment of the instrument for the full amount thereof against all parties liable thereon." Even if payment had been stopped before, instead of after you purchased the check, it would not have affected your rights where you had no knowledge of the stop payment at the time of purchase.

BANK COLLECTION.

Mailing check direct to drawee where the only bank in the place.

From Texas.—Our customer, The T Mercantile Co., deposit and receive credit for check given them in payment of merchandise. This check was drawn on a bank at Glazier, Texas; we sent our check to our correspondent at Dallas in our cash letter. Dallas credits us and forwards the item direct to the paying bank at Glazier for payment and returns, there being no other bank there. Glazier sends Dallas their draft on Kansas City in payment and charges the check to their customer's account. The draft Glazier gave Dallas was refused and protested by Kansas City. Within a few days after, Glazier bank failed; then Dallas charges back this item and we in turn charge our customer, The T Mercantile Co.

Now, who has our customer, The T Mercantile Co., a claim against—the original maker of the check, who bought the merchandise, the Bank of Glazier, Dallas, or ourselves? The amount is small, but we are anxious to know where rests the liability, as there is no negligence so far as delays are concerned in handling this item.

The drawer of the original check is discharged from liability as, so far as he is concerned, the check has been paid by the Glazier bank's check. The question then is—assuming The T Mercantile Company deposited the check with you for collection and the credit you gave was provisional—whether the Mercantile Company must look to the assets of the Glazier bank or whether there is any liability upon your part or that of the Dallas bank.

It has been established in Texas, where a bank receives a check for collection and sends it to another bank, that, in the absence of special agreement or custom to the contrary, the second bank is the agent of the first bank, and not subagent of the depositor, and the first bank is responsible to the depositor for any negligence of the second bank. *Schumacher v. Trent*, 44 S. W. 460; *First Nat. Bank v. Quinby*, 131 S. W. 429. The Dallas bank, therefore, was your agent, and if it was guilty of any negligence, you would be responsible to the depositor therefor, and it would be responsible to your bank. Was there any negligence?

The Dallas bank mailed this check direct to the drawee. The courts of many States (a few to the contrary) have held this to be negligence. Some courts have held that where the drawee is the only bank in the place, it is permissible to mail the check to the drawee, but other courts have held, notwithstanding the fact that the drawee is the sole bank in the place, sending the check direct to it is negligence. In *First Nat. Bank v. City Nat. Bank*, 34 S. W. 458, your Court of Civil Appeals held that where a collecting bank mailed a draft to the drawee, instead of sending it to a third person, it failed to exercise due care; although in this case the bank was relieved from liability because it was shown that even had the draft been sent to an independent collector it would not have reached in time to be presented before the drawee's failure. But the Texas courts have not as yet, so far as I know, been called upon to consider the effect of a custom to mail to the drawee direct where it is the only bank in the place.

There have been, however, two quite recent cases in Texas in which custom has been held to justify what, otherwise, would be negligence under the strict rules of law. For example, under the strict rule of law, a collecting bank can take only money in payment of a collection item. But in *First Nat. Bank of Memphis v. First Nat. Bank of Clarendon*, 134 S. W. 831, where a bank holding a check for collection, drawn upon another bank in the same town, received the drawee's draft in payment instead of money, which draft was dishonored because of the bank's failure, and it was shown to be in accordance with custom to take the drawee's check in place of money,

the Texas court held that the collecting bank was justified in receiving the drawee's draft in payment, and not responsible for the amount to the bank for whom it made the collection. The collecting bank in this case had, after receiving the drawee's check and before it was dishonored, remitted the amount to its principal, and the court held it was entitled to its return.

The other Texas case I would refer to in which custom is held to afford justification for doing something which otherwise might be contrary to law is Merchants' Nat. Bank v. Dorchester, 136 S. W. 551, in which it was held that a bank exercises due care where, by custom known to its depositor, it presents a deposited check through the Clearing House, instead of direct.

In view of these cases last referred to I am inclined to think it probable the Texas courts would hold in your particular case—assuming the custom can be proved of sending a check direct to the drawee where the only bank in the place—that the Dallas bank was justified in pursuing that course, and was not guilty of negligence. If the courts should take any other view and hold the act negligent, we would have the strange anomaly of one decision that where a bank presents a check direct to the drawee in the same place it is justified by custom in taking the latter's check in payment, but if it mails the check to the drawee and receives the latter's check, although the drawee is the only bank in the place, this is an act of negligence. I think, therefore, the probabilities are your courts would hold the Dallas bank free from negligence and, there being no negligence upon the part of your bank, the T Mercantile Company would have to look solely to the assets of the Glazier bank. If, however, the decision should be that it was negligence to mail direct to the drawee, although the only bank in the place, then the Dallas bank would be responsible to your bank, and your bank, in turn, to your depositor unless it could be proved that no loss resulted from the negligent method of presentment, that is to say, that the check would not have been paid in any event.

It is impossible to arrive at any more positive conclusion than the above in the absence of a decision by the Texas courts upon the precise question whether it is diligent or negligent to send direct to the drawee where the only bank in the place—the authorities elsewhere being in conflict—but, as already said, in view of the recent Texas decisions giving a controlling effect to custom, I think if the custom can be proved, the sending direct to the drawee in the present case would be held justified and both the Dallas bank and your bank free from responsibility.

BANK COLLECTION.

Collecting bank mailing check direct to drawee and taking worthless draft in payment.

From New Mexico.—We have to-day received a letter from our El Paso correspondent which we quote as follows:

THE ——— NATIONAL BANK OF EL PASO, TEXAS.

June 19, 1913.

The ——— National Bank, Las Vegas, N. M.

Gentlemen:

In your letter of June 5th you enclosed an item on the American Bank & Trust Co. of Clovis, N. M., for \$95.00.

This item was handled in the regular course of business, through Tucumcari, N. M., from which point it was forwarded to Clovis. The American Bank & Trust Co. issued their draft on Albuquerque in payment, and before same reached Albuquerque, the Clovis bank had closed its doors; the draft was therefore refused and protested.

The Tucumcari bank now asks that we credit their account with the amount, together with \$3.08 fees, and we will be glad to have you advise if such action will be satisfactory.

Yours truly,

Vice-President.

We will thank you very much if you will give us an opinion as to what our responsibility is in the premises.

This is the case of a draft on a bank at Clovis, New Mexico, deposited in a bank at Las Vegas, forwarded to a bank at El Paso, Texas, from thence to a bank at Tucumcari, New Mexico, and by the latter forwarded direct to the drawee bank at Clovis, which paid the same by its own draft on Albuquerque, which was dishonored and protested because of the failure of the Clovis bank.

In a few states the collecting bank is held justified by custom or usage in mailing a check direct to the drawee, but the majority of courts have held such an act negligent and in the event of loss from pursuing that course, which would not have occurred if the check had been mailed to an independent collector, the collecting bank will be liable. I do not find that the point has been decided in New Mexico, but if the courts of that state follow the majority rule, then the Tucumcari bank would be guilty of negligence in mailing the check direct to the Clovis bank and responsible for the resultant loss. Of course there may have been some agreement by the Tucumcari bank with its immediate principal under which it was authorized to send the check direct, but this is not shown and in the absence of any such agreement and of any decision by the New Mexico courts sanctioning a custom of mailing direct to the drawee, your bank should take the stand, based on the majority rule elsewhere prevailing, that the Tucumcari bank, which mailed this check direct to the drawee and took the latter's check in payment, is responsible for the loss and cannot charge back the amount and protest fees.

Should it develop by other facts, not stated, that the Tucumcari bank was authorized to send the check direct and not negligent in pursuing that course, then further questions would arise as to whom should stand the loss as between the owner of the draft and the various collecting banks prior to the Tucumcari bank; but it is not necessary to discuss these questions until such facts are shown, for they may not exist.

RAISED DRAFT.

Drawee bank which pays raised draft has right of recovery of money paid—Discussion of banking practice where bank draft, bearing evidence of alteration of amount, is tendered for deposit.

From New York.—Will you kindly give us your opinion on the following case?

Mr. B recently presented a draft of the ——— Bank of ———, Michigan, on the ——— Bank of New York for deposit to his account. It was apparent that the amount in writing in the body of the draft had been altered. We refused to receive the draft, taking the position that the amount should be properly authenticated by the maker or a new draft issued. Would we have been safe in receiving this draft for collection upon the theory that as soon as the ——— Bank of New York had honored it all endorsers would be relieved of any liability in connection with the amount of the draft, assuming that it had been raised, or, would the paying bank still have recourse to the indorsers after a period of, say, 30 days had elapsed and the drawing bank upon receiving the draft in the usual course had called attention to the raised amount?

It is not the law that payment by the drawee of a raised draft is final and irrevocable; on the contrary, the courts hold that where money is paid by a bank upon a raised or altered check, it may be recovered back from the person to whom paid as having been paid without consideration. Some courts base the right of recovery on the theory that the indorser impliedly warrants genuineness, except as to the signature; but without discussing the theory, money so paid is recoverable by the drawee. This being so, you could not have taken the draft on the theory that, once paid, that would be the end of the matter. If you had received the draft on deposit and forwarded it for collection and the New York bank had on file an advice from the Michigan bank of drafts drawn showing the altered amount was correct, the draft would have been paid and finally disposed of. But otherwise, the draft would either have been refused by the New York bank because of the alteration and sent back for verification or, if paid and afterwards discovered to be raised, there would be a right of reimbursement with the resultant correspondence and trouble. To obviate either of these last stated results it was probably better to send the draft back in the first instance, as you did, rather than forward for payment or rejection, although assuming the draft was all right and the altered amount the correct one, the holder of such a draft must in strict law first demand payment before looking to the drawer for recourse.

WAIVER OF DEMAND, PROTEST AND NOTICE.

Where provision waiving demand, protest and notice is embodied in the instrument itself, it is binding on all indorsers and dispenses with the necessity of those steps to preserve their liability.

From Alabama.—In your opinion published in the June, 1913, issue of the JOURNAL at pages 831 and 832 you conclude the opinion with these words: "The maker and indorsers on the note give the holder the privilege of omitting presentment and demand," etc. The question with me is, is the waiver in the face of a note binding on a person indorsing the note in blank on its back? Is it needless to protest a note bearing words on its face like the note enclosed in order to hold the indorsers on the back of such a note?

The note in question contains on its face above the signature a provision that "The makers and indorsers *** also waive demand, protest and notice of protest," and the question presented is whether such clause is binding on a person who indorses in blank on the back of the note so as to make it unnecessary to protest the note or to make demand and give notice, otherwise necessary under the law to preserve the liability of the indorser.

The provision in question is binding on the indorser and renders the taking of such steps unnecessary. This has been held in a number of cases under the law merchant and there is a specific provision of the Negotiable Instruments Act on the subject.

To cite a single case which will clearly illustrate the proposition—Phillips v. Dippo, 93 Iowa 35. In that case the court said:

"The question we are required to determine is whether the waiver of presentment for payment, protest and notice of non-payment contained in the body of the note, is effectual against an indorser in blank, who was also the payee. It is contended that such an indorsement is a new, independent written contract between the indorser and indorsee, with conditions implied by law, and that it has no reference to a provision in the note

of the character of that in question. *** When the defendant wrote his name on the back of the note, and transferred it without in any manner qualifying the effect of the indorsement, he necessarily became a party to the agreement of waiver, and was not entitled to the demand and notice which an ordinary indorsement in blank requires."

The Negotiable Instruments Act (§ 5060, Ala.) also provides:

"Where the waiver is embodied in the instrument itself, it is binding upon all parties; but where it is written above the signature of an indorser, it binds him only."

It is not exactly clear whether this section refers to a waiver of anything more than notice of dishonor in view of the fact that the section of the Act next preceding relates merely to notice of dishonor, providing as to the time when it may be waived and also that it may be express or implied, while the next following section contains a provision that waiver of protest is a waiver, not only of formal protest, but also of presentment and notice of dishonor. The provision that "where the waiver is embodied in the instrument itself, it is binding upon all parties," following, as it does, a previous provision relating merely to waiver of notice of dishonor, might be construed as relating simply to waiver of notice and not of demand or of protest; but however this may be, the rule at all events is well settled by decisions under the law merchant that a waiver of demand, protest and notice embodied in the instrument itself, is binding on all indorsers and the Negotiable Instruments Act expressly provides that "in any case not provided for in this Act the rules of the law merchant shall govern."

Your inquiry, therefore, as to whether a waiver of demand, protest and notice embodied in the instrument itself is binding on an indorser who will be held although such steps are not taken, must be answered in the affirmative.

PASSING OF WORTHLESS CHECK.

Arkansas statute provides for punishment of every person who, with intent to defraud, obtains money or other valuable thing by false pretense, and one who fraudulently passes for value a worthless check is punishable under this statute.

From Arkansas.—1. A person gave a check to one of our customers on a neighboring bank. The check was returned marked "no funds." Can he be prosecuted criminally?

2. A negro gave a number of checks to persons here made payable on an Oklahoma bank. They were all returned and it developed that he had but \$1.00 in the Oklahoma bank. Can he be prosecuted?

The statute of Arkansas provides that "every person who, with intent to defraud or cheat another, shall designedly, by color of any false token or writing, or by any other false pretense . . . obtain from any person any money, personal property, right in action, or other valuable thing or effects whatever, upon conviction thereof shall be deemed guilty of larceny and punished accordingly."

Under this statute if, in the case first stated, the person who gave the worthless check to one of your customers obtained any money or thing of value therefor, he could be prosecuted. If, however, he simply gave the check in payment of some existing indebtedness, this would not be a criminal offense.

The same is true as to the negro who gave worthless checks on an Oklahoma bank. If he obtained anything of value for them, which is probably the case, he can be prosecuted.



PROTECTIVE DEPARTMENT



L. W. GAMMON

MANAGER

OFFICES OF THE WILLIAM J. BURNS NATIONAL DETECTIVE AGENCY, INC.

CALIFORNIA, LOS ANGELES.—Walter P. Story Building.
 CALIFORNIA, SAN FRANCISCO.—First National Bank Building.
 COLORADO, DENVER.—First National Bank Building.
 GEORGIA, ATLANTA.—Empire Life Building.
 ILLINOIS, CHICAGO.—First National Bank Building.
 LOUISIANA, NEW ORLEANS.—Whitney Central Building.
 MARYLAND, BALTIMORE.—Munsey Building.
 MASSACHUSETTS, BOSTON.—201 Devonshire Street.
 MICHIGAN, DETROIT.—Dime Savings Bank Building.
 MINNESOTA, MINNEAPOLIS.—McKnight Building.
 MINNESOTA, ST. PAUL.—New York Life Building.
 MISSOURI, KANSAS CITY.—Midland Building.
 MISSOURI, ST. LOUIS.—Frisco Building.

NEW YORK, BUFFALO.—White Building.
 NEW YORK, NEW YORK CITY.—Woolworth Building.
 OHIO, CLEVELAND.—Rockefeller Building.
 OREGON, PORTLAND.—Yeon Building.
 PENNSYLVANIA, PHILADELPHIA.—New Stock Exchange Building.
 PENNSYLVANIA, PITTSBURGH.—Commonwealth Building.
 TEXAS, HOUSTON.—Union National Bank Building.
 WASHINGTON, SEATTLE.—Hinckley Block.

CORRESPONDENTS OF THE WILLIAM J. BURNS NATIONAL DETECTIVE AGENCY, INC.

IOWA, DES MOINES.—The Gus. J. Patek Detective Agency, 515 Mulberry Street.
 ENGLAND, LONDON.—Arrow's Detective Agency, 89 Chancery Lane.
 FRANCE, PARIS.—Calchas & Debischop, 15-17 Rue Auber.

THE following is a report for the month of June, 1913, pertaining to the work of the Protective Department:

Our detective agents are searching for a Bohemian known as ROBERT HRANKA, wanted for defrauding a bank member of Mobile, Alabama, through the medium of a forged check.

Hranka is described as follows: Age, 35 to 38 years; height, 5 feet 8 or 9 inches; weight, 150 pounds; build, slender; complexion, dark; eyes, dark; hair, black; small black mustache, but may be clean shaven; speaks broken English with German accent; drinks freely and smokes cigarettes; fairly well dressed; business like in appearance and not of the laboring type.

A specimen of Hranka's handwriting is shown below.

Robert Hranka

NATHAN AARONS, who had always borne a good reputation in Los Angeles, California, called at a bank member of that place and introduced a party as E. J. ETIQUE, who deposited a check drawn on another bank member. The check was credited to the account of Etique. The check was deposited late Saturday, May 31, 1913. The following Monday morning Aarons appeared at the bank with a check drawn in his favor by Etique. The check was cashed. Later it was learned that Etique had withdrawn his account from the bank on which he had drawn the first check.

Our detective agents working in the interests of this Association and the California Bankers' Association learned that Etique was at Sydney, Australia, but it is impossible to extradite him.

Etique is described as follows: Age, 40 years; height, 6 feet; weight, about 175 pounds; build, well proportioned; complexion, red face; hair, reddish blonde; reddish mustache; wore gray suit, English soft hat; looked and acted like a well-to-do farmer.

Aarons is described as follows: Age, 32 years; height, about 5 feet 8 inches; weight, 180 pounds; build, stout; complexion, dark; eyes, dark; hair, dark; smooth shaven; wore blue suit, black derby hat; good looking; appearance of a prosperous business man.

In behalf of this Association and the California Bankers' Association, our detective agents are investigating a forgery reported by a bank member of Los Angeles, California. L. P. TARPIN, a former employee of the party whose name was forged to the check, is suspected and is being sought by our detective agents.

LEOPOLD MONIK is wanted by our agents for forgery committed on a bank member at Pasadena, California. Monik's home is supposed to be in France, and his mode of operation was to produce a fake wire from his relatives there to the effect that money was left him by his parents, and that if he would call at a certain city he would be able to obtain money to return to France, and by this was able to convince friends to advance him sufficient money to do so. He then obtained the signature of some reputable citizen and forged his name to a larger check.

He is described as follows: Age, 22 to 25 years; height, 5 feet 10 inches; weight, 130 pounds; build, slim; rosy cheeks; brown eyes; dark hair; smooth shaven; clean appearance; speaks French fluently, broken English.

Warrant for his arrest is now in the hands of the authorities at Pasadena, California. The California Bankers' Association is co-operating with this Association in this matter. Monik's signature is reproduced below.

Leopold Monik

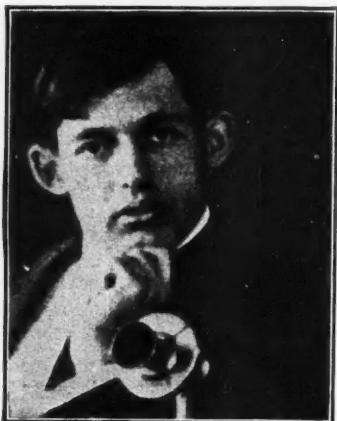
A San Francisco bank member was defrauded through a forgery committed by BERNARD GORDON BRYON, who signs his name B. Gordon Bryon. Bryon signed his employer's name to the check and also forged his "O. K." as an indorsement.

Bryon is described as follows: Age, 35 years, looks 27; height, 6 feet 3 inches; weight, 160 pounds; very slender; complexion, fair; hair, black; eyes, medium brown; peculiarities, uses the word "sir"

about every fourth word; dress, took two gray suits with him when he left town.

Bryon's signature is reproduced below. This Association is co-operating with the California Bankers' Association in this investigation.

Bryon



GEORGE T. CROSSETT.

Above we reproduce a photograph of GEORGE T. CROSSETT, who is wanted for forgery perpetrated on a bank member of San Francisco, California. His description was published on page 381 of the December, 1912, JOURNAL.

A San Francisco bank member on June 12, 1913, reported a forgery. Our detective agents investigated and discovered that the forger was one A. FRIEDMANN, a janitor by occupation. Investigation showed that Friedmann probably departed for Leipsic, Germany, shortly after committing the forgery. He is described as follows: Age, 24 to 26 years; height, 5 feet; weight, about 155 pounds; hair, medium brown; smooth shaven; speaks poor English with pronounced German accent; nativity, Leipsic, Germany. The California Bankers' Association is co-operating with this Association in this matter.



LESTER L. SMITH.

Accused of stealing a United States mail draft and forging the name of Getwold Westgard as in-

dorsement and cashing it at a bank member at Deary, Idaho, LESTER L. SMITH is being sought by our detective agents. He is described as follows: 26 years of age; 5 feet 6 inches tall; weight, 170 pounds; build, thick set; small blue eyes; color of hair, light brown; smooth shaven; small notch top of one ear caused by cut (this is an old scar). Three small white pimples on tongue since birth; thoroughly tanned; hands show hard labor; always wears working clothes. Sheriff C. C. Brown, of Moscow, Idaho, holds a warrant for Smith, charging him with forgery, and he offers a reward of \$50 for his arrest. Smith's signature is reproduced below.

Lester L. Smith

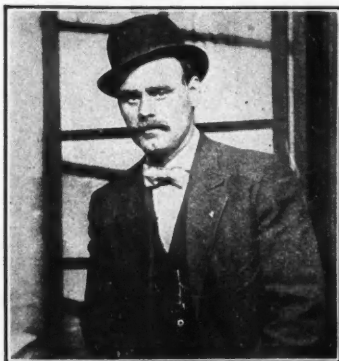
A member bank of Libertyville, Illinois, reports that a number of forged checks have been cashed in that city by merchants and saloon men. All were cashed on June 3, 1913. These checks in blank had evidently been stolen by B. B. McFARLAND and FRANK CLARK, who forged the name of D. Zook, Manager of the American Fence Manufacturing Company, of Libertyville, Illinois.

Clark is described as being 25 years of age, 5 feet 6 inches tall, and weighing 130 pounds. Has light complexion; black, mixed with gray, hair; gray eyes; thin face and straight small nose.

McFarland's description is 23 years of age, 5 feet 6 inches in height, and 150 to 160 pounds in weight. Has blue eyes; light complexion; light brown hair; square jaw. Is smooth shaven.

A member bank of Dubuque, Iowa, advises that one JOHN SIEGEL is drawing checks in sums of \$14.75 each, purporting to be issued by the Spahn, Rose Lumber Company, and signed G. D. Rose. These checks are forgeries, and have been passed on a number of saloon keepers in Dubuque, no bank having been defrauded.

Siegel is described as follows: Age, 25 years; height, 5 feet 11 inches; weight, 150 pounds; build, slim; complexion, dark; smooth round face; well dressed, gray suit.



ASA C. RYAN.

On the strength of a rubber stamp made by himself from a cheap stamp outfit, ASA C. RYAN, who has for the past year and one half lived in Sioux City, Iowa, succeeded in passing a check at a membership bank in Sioux City, which check was payable to his employer. Ryan, who is a plasterer and bricklayer by trade, was employed by a contractor at that point.

When an opportunity presented itself Ryan stole some unpaid bills, which his employer intended to send out for payment, and secured the amounts due for these bills. He then presented one of the checks

at a membership bank, and on the strength of the rubber stamp succeeded in getting the money as a partner in his employer's business.

Ryan is described as follows: Age, 35 years; height, 5 feet 8 inches; weight, 172 pounds; hair, black; eyes, brown; brown mustache. An excellent likeness of this man appears above.

The Iowa Bankers' Association is co-operating with this Association in this matter.

Checks purporting to be signed by Mr. J. J. Slater, of Savannah, Georgia, are being cashed at various points throughout the South by a party giving the name of E. C. HARTMANN. Hartmann is described as being 24 years of age; 5 feet 10 inches tall; fair complexion; dark brown hair; dark brown eyes; smooth shaven; called very good looking; white teeth; and favored mixed clothes. A specimen of Hartmann's handwriting is reproduced herewith.

E. C. Hartmann
Ed. Biddell

A white boy twenty years old passed a bogus check for \$10 at the Anderson Day Light Store at Owensboro, Kentucky, on June 13, 1913. This check was made payable to GEORGE WITHERINGTON and was signed by Ed. Biddell. He also purchased a pair of shoes at the Royal Shoe Store, for which he gave a bogus check for \$10, and it is stated that several days before he passed a check at the T. J. Turley store. He attempted to pass a check for the same amount at the Selz Shoe Co. The boy was allowed to depart by the Anderson store people after he had refunded to them the amount secured from them by the bogus check, as they did not know he had passed other checks in the city.

Two indictments charging W. D. LEEPER with obtaining money under false pretenses have been returned by the Scott County, Kentucky, Grand Jury. He is accused of obtaining money from a bank member of Georgetown, Kentucky, by means of a worthless draft. Leeper is described as being 42 years of age; 5 feet 10 inches tall; 160 pounds; slightly gray and bald; index finger off at first joint on right hand; smooth shaven; claims his profession as that of a lawyer.

Representing himself as being an agent of the Williams' Construction Company, contractors and builders of creameries, ice and canning factories, of Chicago, Illinois, R. E. STURGIS is cashing bogus drafts in various parts of the country. He succeeded in defrauding a bank member at Jennings, Louisiana, and is now being sought by our detective agents. He is described as being 6 feet tall; weighing 200 pounds; with florid complexion; heavy red mustache and slightly gray hair.

A party using the name of C. HARRIS, and described as being 50 years of age, 5 feet 9 inches tall, weighing 160 pounds, having large round face, smooth shaven and large mouth, is reported as passing bogus checks in the vicinity of Wheeler, Michigan. The checks are all for small amounts and are tendered in payment of goods purchased at dry goods stores, etc. A specimen of this operator's handwriting is shown below.

C. Harris

A party using the name A. L. WHITE recently went to a membership bank in Kansas City, Missouri, and left a check amounting to \$90, payable to self, drawn on a bank at Grinnell, Kansas.

Later White called at the bank and requested the money on the check, but the bank in the meantime having been advised that the check was a forgery, told him that he would have to be identified, and advised our detective agents to have a man there when he returned, but he did not return again for the money.

White is described as follows: Age, 32 or 35 years; height, 5 feet 11 inches; hair, brown; weight, 165 or 170 pounds; smooth shaven.

Representing himself as LOUIS HECHT, a son of the senior member of the firm of Hecht & Sons, dry goods merchants, of Poplar Bluff, Missouri, a party succeeded in cashing a sight draft at a dry goods store in St. Louis, Missouri, on June 2, 1913.

The swindler is described as an Americanized Jew; 28 to 30 years of age; 5 feet 9 inches tall; and weighing 150 pounds; medium slender build; has dark hair and eyes; and medium dark complexion; smooth shaven.



R. LIVINGSTON FERNBACH.

R. LIVINGSTON FERNBACH, whose photograph is reproduced above, is wanted at Paterson, New Jersey, on a charge of forgery, having defrauded a bank member of that place. He is accused of obtaining a sum of money on a note to which was forged the indorsement of a depositor of the member.

Fernbach is described as being 45 years of age, 5 feet 6 inches tall, and weighing 140 pounds. Has very dark complexion; dark gray eyes; black curly hair sprinkled with gray on sides and bald in front and on top. Is smooth shaven; has slight impediment in speech. Is a German Jew. A specimen of his handwriting is reproduced below.

R. Livingston Fernbach

W. R. CARLSON is the name of a party who called at a bank member in New York City on March 18, 1913, and purchased three original and duplicate

checks. On April 19, 1913, he left the three duplicate checks with a bank in Paris for collection. After receiving the money on the checks, he cashed the three original checks, one in Holland, one in Switzerland and one in Italy. He also has in his possession a letter of credit purchased from the New York bank member to the amount of £150, and it is believed that he will obtain advances on the letter of credit and then eradicate the entries with acid.

Carlson is described as being 55 or 60 years of age; 5 feet 10 1/4 inches tall; medium build; has oval face; short cut beard, slightly gray. Besides the English language he speaks either French or German. Is well dressed. We reproduce below specimen of Carlson's handwriting.

W. A. Carlson



HENRY ORLOFSKY.

Above we reproduce the photograph of HENRY ORLOFSKY, alias Henry Lewis, who is being sought by our detective agents on a charge of defrauding a bank member at Clovis, N. M. Orlofsky was engaged in the jewelry business in Clovis, and on March 16, 1913, he left there with about \$2,000 worth of his jewelry stock in his possession. The company was incorporated and the bank held about 75 per cent. of the stock of the company as security for a loan. About a week after Orlofsky was arrested at Seattle, Washington, and while being returned to Clovis made his escape by jumping through an open window of a moving train at Oakland, California.

Orlofsky is described as being a Jew; age, 23 years; height, 5 feet 5 inches; weight, about 115 pounds; has rather dark complexion; large brown eyes; dark hair, somewhat bushy when long; Roman nose and heavy beard, when he is not smooth shaven. Walks erect with quick jerk of the limbs and usually wears clothes extra large. Below we reproduce specimen of Orlofsky's handwriting.

Henry Orlofsky

O. CALLAHAN recently swindled a depositor of a membership bank at Cordell, Oklahoma, by representing himself as a traveling salesman, and after employing a driver and team, settled for same with a check drawn on the First National Bank, Wichita, Kansas, for \$33.80. The liveryman advanced him \$15 on the check, which proved to be bogus, no such bank being in existence in Wichita.

The only description given of this man is that he is a young man weighing about 160 pounds; dark hair and eyes. He has the appearance of a traveling man.

JOHN HENRY HORNUNG, alias Horning, alias Handsome Harry, is being sought by our detective agents on charges of passing raised and forged checks. A bank member of New York City is a loser through the operations of Horning.

He is described as being 38 to 40 years of age; 5 feet 8 inches tall; and weighing 170 pounds; has dark complexion; dark brown eyes; sharp features; three upper front teeth missing. Is slightly stoop-shouldered; dresses fashionably; carries a cane and wears flat surface seal ring and thin gold watch.

A very clever check raiser using the names of ALFRED HUNTER and FREDERICK MULLHUNDER raised three checks and succeeded in defrauding a bank member in New York City recently. Hunter is described as 35 years of age; 5 feet 10 inches tall; 160 pounds; smooth shaven; has black hair; light complexion; long face. Reproductions of specimens of his handwriting appear below.

Alfred Hunter
Frederick Mullhunder



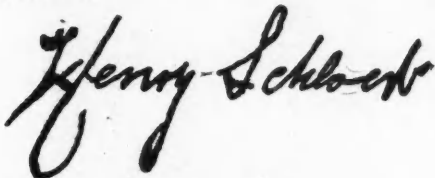
HERMAN COLUCCI.

Above is reproduced a photograph of HERMAN COLUCCI, who passed four forged checks which were accepted by a bank member of New York City.

Colucci is described as follows: Age, 19 years; height, 5 feet 8 inches; weight, 140 pounds; complexion, dark; hair, black; eyes, very dark brown; smooth shaven; dresses flashily.

A bank member of New York City reports being defrauded by means of a forged check presented to them by HENRY SCHLOERB. Schloerb is described as being 60 years of age, 5 feet 7 1/4 inches tall, and weighing 140 pounds; has sallow complexion; white hair; gray eyes; white mustache and good teeth. Is a German; talks good English, having no accent. Wears dark clothes, brown Fedora hat; fairly well dressed. He has one stiff finger which is bent out of shape, large bunions on feet, swelling out his shoes at the little toes.

A specimen of this operator's handwriting is shown below.



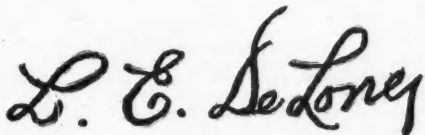
A party representing himself as R. W. BALLARD, of Portland, Oregon, during the month of May, 1913, appeared at a non-member bank as Tulsa, Oklahoma, and requested that a check drawn on a bank member of Portland, Oregon, be cashed. He claimed to be acquainted with the agent of the Midland Valley Railroad of Tulsa, and would have him indorse the check. Ballard started toward the depot, and later the bank, in telephone communication with the party they supposed to be the agent, were informed that the check would be indorsed.

Ballard returned to the bank and the check was cashed. The check was returned to the Tulsa bank from the Portland bank marked "No account." The Tulsa bank then called on the railroad agent, but he denied that he had indorsed the check.

A membership bank of Pittsburgh, Pennsylvania, reported that they had been defrauded by one L. E. DE LONE, for whom they cashed a worthless draft on June 7, 1913. De Lone posed as being the Pittsburgh representative of a New York printing concern. A warrant has been sworn out for the arrest of De Lone. De Lone deserted his wife in Pittsburgh, after defrauding the bank. He also defrauded another membership bank of Pittsburgh by the same method.

De Lone is described as follows: Age, 35 years; height, 5 feet, 7 inches; weight, 170 pounds; build, fairly heavy; hair, dark; eyes, dark; complexion, dark; smooth shaven; peculiarities, good talker and good dresser.

A specimen of his handwriting is reproduced below.



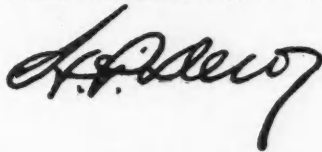
On June 16, 1913, RAY DIAMOND, of Glendale, Oregon, entered a bank member of that place, held up the cashier with a rifle, stole an amount of money, and escaped to the timbered hills at the edge of the town. Our detective agents are now engaged in tracing him through the mountains, he being headed for the Coast. Diamond is described as: Age, 24 years; height, 5 feet 8 or 9 inches; weight, 160 pounds; has dark brown hair; dark blue eyes; dark complexion and large nose. He is a French-Canadian. When last seen he was wearing a coat and

trousers of coarse material, slouch hat, and heavy shoes with cords. The Oregon Bankers' Association is co-operating with this Association on this case.

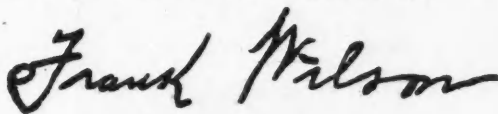
G. B. SWANEY, 32 years of age; 5 feet 10 inches tall; and weighing about 160 pounds; a tug pilot, is being sought by our detective agents, on a charge of defrauding a bank member at Springdale, Pennsylvania. The member cashed a check for Swaney and it was returned by the bank upon which it was drawn, marked "No funds."

Bank members in the Southeast are warned against cashing any drafts or checks for a party representing himself as H. P. DEW.

Recently he succeeded in having a bank member at Charleston, South Carolina, cash a check. A bank member at Mobile, Alabama, reports receiving several drafts drawn on them by Dew. The only description we have of Dew is that he is about 30 years of age; wears glasses; and is smooth shaven. A reproduction of Dew's signature appears below.

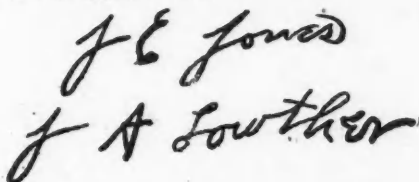


A Sioux Falls, South Dakota, membership bank has taken a warrant for the arrest of one FRANK WILSON, charging him with passing a bogus check. This check is drawn on the form of the Kalamazoo National Bank, and signed R. I. Hughes. A specimen of this operator's handwriting is shown below.



A rather elderly looking individual, C. T. ADAMS, is wanted in Houston, Texas, on the charge of check-raising. Adams is an expert accountant and secured a position in a business house in Houston and within three days after his employment, it is alleged, began his operations. Checks totalling in the neighborhood of a thousand dollars were raised within the course of a few months. While the matter was being investigated, Adams left his place of employment and has not been seen since. He is described as follows: Age, 50 to 55 years; height, 5 feet 4 inches; weight, 140 pounds; hair tinged with gray; eyes, grayish blue; round, smooth face; two upper front teeth missing; very ordinary in appearance. Adams is said to claim Cleveland, Ohio, as his home. No bank lost by his operations.

Late in June a membership bank of Parkersburg, West Virginia, reported to the Pittsburgh Office of our detective agents that they had been defrauded through having cashed two forged checks, to which were forged the signature of one of the bank's customers. An investigation of the case is now being made. The forger used the names J. E. JONES and J. A. LOWTHER. A reproduction of the forger's handwriting appears below.



R. T. DUFFLE on April 5, 1913, forged a check drawn on a bank at Winters, Texas. The check was made payable to C. L. Martin, whom Duffle represented himself to be. Duffle is described as being: 18 years; 130 pounds; light complexion and almost white hair. He writes a good hand.

Members are warned to be on the look-out for checks signed Harper Gerivig Supply Company, per E. J. Barbour, salesman. Checks of this description were recently passed in West Virginia but no member suffered a loss.

GENERAL.

Members are advised that E. S. ARMSTEAD, alias E. S. Burns, alias Sweeney, a forger, was released from the Colorado State Reformatory on June 4, 1913. See JOURNALS: November, 1912, page 318; January, 1913, page 458 and February, 1913, pages 533 and 536.

EARL BISHOP, alias Harry Roberts, alias Harry Jackson, whose operations were reported in the May, 1913, JOURNAL, page 765, and who was arrested by our detective agents at Des Moines, Iowa, has been convicted of forgery and sentenced to a term of fifteen years in the Iowa State Penitentiary at Anamosa, Iowa.

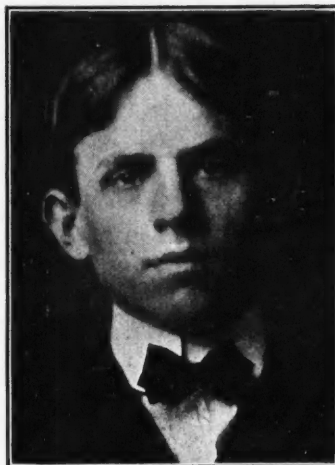
W. C. COLLINS, alias E. C. Reynolds, of whom mention is made in the JOURNAL for May, 1913, page 764, and June, 1913, JOURNAL, page 836, was arrested by Chief of Police Hans Schramm, Davenport, Iowa, and has been identified as the person who operated in St. Louis and other cities. We are also advised that Collins is wanted by the Nebraska Bankers' Association. In the June JOURNAL, we stated that Collins had defrauded a bank member. We have since been advised that the St. Louis member was protected by the indorsement of a responsible party.



BENJAMIN W. BROWN.

BENJAMIN W. BROWN, whose photograph is reproduced above, escaped from the Vermont House of Correction, Rutland, Vermont, on June 21st, 1913, in company with John Burke and Ellis Cooper. On April 21, 1913, he was convicted of attempting to pass a forged check on a bank member at Brandon, Vermont, and was sentenced to the House of Correction for a term of not less than one year and one day or not more than two years. Brown is described as being: 22 years, 5 feet 9½ inches; 143 pounds; brown eyes and hair, and is reported to be wearing a blue suit and a black stiff hat. JOURNALS, March, 1913, page 605; June, 1913, page 842.

On complaint filed by the Alamo Iron Works of San Antonio, Texas, CARL ERICKSON, alias Carl Freeman, alias Ed Gordon, on June 6, 1913, was arrested charged with having forged checks drawn on membership banks and purporting to bear the signature of the Alamo Iron Works. The checks forged by Erickson were cashed by the Housinger Hardware Company of San Antonio. Erickson's case was called for trial the following day before Judge Fisk and he was bound over under bond.



OTTO HACKER.

OTTO HACKER, whose photograph is reproduced above, was arrested at Mount Sterling, Kentucky, on June 14, 1913, on the charge of defrauding a hotel. This young man is said to have cashed worthless drafts and checks ranging in amounts from three to fifteen dollars throughout Indiana, Illinois, Canada, Massachusetts and Ohio.

Hacker is described as being about 26 years of age; 5 feet 7 inches in height and weighing about 140 pounds. Has light complexion, smooth shaven; occupation, machinist and chauffeur. Is a good dresser, well educated and very pleasant address. His home is said to be in Lansing, Michigan.

LLOYD S. KINGSBURY was indicted on June 16, 1913, by the Los Angeles, California, Grand Jury for issuing worthless checks. Extradition will be obtained immediately for Kingsbury and he will be returned from Denver, Colorado, where he is serving time at present for defrauding the United Cigar Company of Denver, Colorado, on worthless checks. Kingsbury has a police record in Denver and Chicago for worthless check operations and being a confidence game worker. See JOURNALS May, 1910, page 492; August, 1910, page 89; September, 1910, page 155; and April, 1913, page 630.

ALBERT PEVERETT, alias Whitey Black; a burglar, who was convicted of being implicated in burglarizing a bank member at Portage, Ohio, while serving a sentence in the penitentiary at Columbus, died recently. JOURNALS February, 1913, page 534; March, 1913, 607.

H. SALES, alias H. Younger, alias A. H. Good, who succeeded in swindling several persons in Kansas and Missouri, by having them indorse fraudulent drafts, was arrested May 23, 1913, at Chapman, Kansas. JOURNAL, June, 1913, page 835.

CORRECTIONS.

Although counted as convicted in the March, 1913, issue, GEORGE LUNDY'S name was carried in the Awaiting Trial List in the March, April and May,

1913, issues of the JOURNAL, and then his name was removed. In error his conviction was again reported in the REMOVED column and counted in the statistics in the June, 1913, issue. The proper correction is being made in the statistics in this month's issue.

In our June, 1913, issue of the JOURNAL, the name of COOPER, whose arrest was reported on page 842, being implicated with Beit Woolf in defrauding a New York City bank member was left out of the Awaiting Trial list.

The names of FRED KERTZENMACHER and JOHN TROXELL in error were dropped from the Awaiting Trial list in the June, 1913, issue.

Although reported as removed and counted in the statistics, the name of EARL SNODGRASS was carried in the Awaiting Trial list of the June, 1913, issue.

We also call attention to the fact that the name of ROY HOLLINGSWORTH was used in our article on page 842 of the June, 1913, issue. It should have been GEORGE HOLLINGSWORTH. George Hollingsworth is now a fugitive from justice having forfeited his bail bond.

ARRESTED.

Charged with defrauding a bank member at Los Angeles, California, THOMAS C. B. AYRES, was arrested by our detective agents and the police at Denver, Colorado, on June 6, 1913.

On May 24, 1913, Ayres deposited a check purporting to be drawn by the Harris Stenographic Company of Los Angeles with the bank member. Two days later he withdrew the amount represented by the check deposited. Later the check which purported to be drawn by the Los Angeles firm was declared to be a forgery.

In the interests of this Association and the California Bankers' Association, our detective agents started an investigation on June 5, 1913, and before the day had closed they learned that Ayres was in Denver. Our detective agents found him and he was kept under surveillance until a warrant was sworn out and the Denver police instructed to make the arrest. Our detective agents and two Denver detectives arrested him in a pawnshop as he was attempting to cash another check.

Ayres is described as being 28 years of age; 5 feet 10 inches tall; and weighing 150 pounds. Is of medium build; has black hair, sallow complexion and is smooth shaven.

A search instituted by our detective agents in behalf of this Association and the Arkansas Bankers' Association resulted on June 11, 1913, in the arrest of EDWARD T. BECK, at St. Louis, Missouri. Our detective agents were assisted in making the arrest by Detective John Kilker of St. Louis, Missouri.

Beck's description was published on page 834 of the June, 1913, JOURNAL.

A United States soldier, A. L. COUNTRYMAN, who is charged with having twice deserted the Army, was arrested in Galveston, Texas, on May 16, 1913, charged with having defrauded a bank member of that place by means of a bogus cashier's check bearing a forged certified stamp of a non-member bank at Fort Leavenworth, Kansas.

Countryman's arrest was effected by Detective Burk of the Galveston police department. After Countryman had been locked up, it was ascertained that he had endeavored to negotiate a similar check for \$700 on another membership bank in Galveston. This latter check was also found in Countryman's possession. He was later turned over to the Federal authorities for trial and is presently confined in the Guard House at Fort Crockett, Texas. He is described as follows: Age, 31 years, height, 5 feet, 8 inches; complexion, dark; eyes, blue; hair, dark brown; smooth shaven; scar top of head, scar left cheek, scar in lip.

E. M. DE AHNA, alias J. E. Fortner, alias Berry Davis, alias Andrew M. Drew, alias E. M. Danna, who escaped from jail at Metropolis, Illinois, on April 14, 1913, was rearrested at Little Rock, Arkansas, during the month of May, 1913.

T. J. DEBAKEY, a Syrian, who recently succeeded in defrauding a membership bank in Kansas City, Missouri, was arrested at Fort Dodge, Iowa, by our detective agents with the assistance of the police officers whose efforts and assistance is to be highly complimented.

Following Debakey's arrest he made an effort to escape from the home of his brother and was only prevented from doing so by the quick action on the part of the officers. Debakey will be returned to Kansas City for trial.

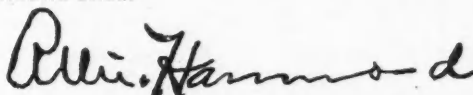
Debakey is described as follows: Age, 26 years; height, 5 feet, 7 inches; weight, 155 pounds; small black stubby mustache; dark complexion; hair, black; eyes, weak looking.

Debakey upon opening an account at the Kansas City bank, gave his business as a dealer in fancy linens and imported laces. He immediately began to circulate checks, cashing them at various places about town until he had overdrawn his account.

H. E. ESTES, whose operation against a bank member at White City, Kansas, reported on page 600 of the March, 1913, JOURNAL, was arrested at Hollister, Missouri, on a charge of passing a forged money order. He escaped from jail and on June 5, 1913, was arrested by the Post Office authorities at Kansas City, Missouri. He was arraigned on a charge of passing money orders stolen at Hilltop, Missouri, and was bound over until November Grand Jury on \$3,000 bail, which he was unable to give and was remanded to jail.

Complaints were received from membership banks of Cresson and Clymer, Pennsylvania, that they had been defrauded by one ALLIE HAMMOND, through their cashing a number of worthless checks drawn and passed by him. On June 3, 1913, a representative of the Pittsburgh Office of our detective agents caused Hammond's arrest at Spangler, Pa. Hammond was taken to Clymer, Pa., where he furnished bail for his appearance at a preliminary hearing.

A specimen of Allie Hammond's signature is reproduced below.

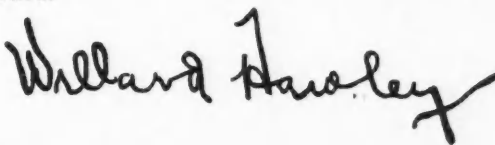


A party by the name of WILLARD HAWLEY was recently arrested in Houston, Texas, immediately after he succeeded in defrauding a membership bank by means of a forgery.

Hawley, who carried an account jointly with his wife at the bank, on June 4, 1913, deposited a check for \$81, payable to the order of Hawley & Alexander, bearing the signature of one W. O. Grant, as drawer of the check. Shortly after depositing this check, Hawley drew against the amount deposited. Check being drawn on another bank in Houston, same was returned later in the day with the notation thereon that no such party as W. O. Grant carried an account with the institution on which the check was drawn. This resulted in the arrest of Hawley, who had already purchased two tickets to Dallas, Texas, and was preparing to leave the city.

The following day it was learned that Hawley had also defrauded a local clothing firm out of the sum of \$28, having given a check for this amount to the firm in payment for clothing purchased and at a time when he had no further funds to his credit in the bank on which the check was drawn. Hawley at the present time is confined in the county jail awaiting action of the Grand Jury.

A specimen of Hawley's handwriting appears below.



Introducing himself as John R. Talley, Jr., son of John R. Talley, a prominent attorney of Hattiesburg, Mississippi, a young man presented a check at a bank member in Atlanta, Georgia, on May 17, 1913. The check was drawn on a bank member at Hattiesburg, Mississippi. "Talley" exhibited a letter which purported to be written by John R. Talley requesting the Atlanta member to cash the check for his "son." The check was cashed and later was returned marked "forgery."

Our detective agents were notified of this matter and began an investigation which resulted in establishing the fact that "Talley" was M. C. HILL, JR., alias H. C. McLaurin, alias N. C. Clark, alias N. C. Hill, who was mentioned in JOURNALS: December, 1909, pages 236 and 239; July, 1910, page 19; and June, 1912, pages 765 and 769.

Hill was arrested by Deputy Sheriff Ed. Drysdale on June 12, 1913, at Fulton, Kentucky, and was returned to Lexington, Kentucky, by Sheriff Dan W. Scott, where he is now held for trial on two charges of forgery.

After having defrauded a bank member at Pueblo, Colorado, and another at Coffeyville, Kansas, C. J. HOEL was arrested at Denver, Colorado, on May 29, 1913, by our detective agents and Deputy Sheriff Schrieber. Hoel sent telegrams to the banks in question signing his father's name and directing that the drafts be honored. He was returned to Pueblo for prosecution.

FRANK HOLTSLANDER, JR., alias H. Evans, was arrested at North Platte, Nebraska, on June 12, 1913, on a charge of defrauding a bank member of that place. JOURNAL, June, 1913, page 837.

Charged with having defrauded a bank member at Los Angeles, California, by means of a forged check, H. E. HOYT was arrested on June 3, 1913, by our detective agents and a deputy sheriff.

Hoyt was formerly in the employ of a firm of stock brokers of Los Angeles. It is alleged that he entered the office of his former employers, stole a blank from the firm's check book and forged their name to it.

Hoyt is described as being 42 years of age; height, 5 feet 10 inches and weighing 150 pounds. Has a prominent nose; very black curly hair and is smooth shaven. This Association is co-operating with the California Bankers' Association in the prosecution of this case.

Charged with having cashed a worthless check on a customer of a non-member bank of St. Mary's, Missouri, ABRAM J. JOHNSON, alias S. S. Schutt, alias S. S. Shutt, alias H. W. Harter, alias W. H. Haller, alias G. M. Forder, was arrested June 19, 1913, at Union, Missouri. He was returned to St. Mary's to stand trial. Johnson is wanted also for defrauding a bank member at McLeansboro, Illinois. JOURNALS July, 1912, page 34; April, 1913, page 625; May, 1913, page 762.

On page 675 of the April, 1913, JOURNAL, we published an article concerning the operations of P. C. JOSE and reproduced a specimen of his handwriting. This criminal was arrested on June 1, 1913, at Charleston, Missouri, by our detective agents and Sheriff J. O. King. On June 5, 1913, he was returned to Kansas City, Missouri, on a charge of defrauding a bank member by means of forged checks.

According to a complaint made by a bank member of Buffalo, New York, THOMAS L. KEANE forged checks and had his wife cash them at the bank.

FLORENCE KEANE, the forger's wife, was taken into custody by our detective agents and the local police, and a search is now being instituted for her husband. Keane is described as being 30 years of age; 5 feet 4 inches tall; and weighing 100 pounds. Is of medium build; has dark complexion; light brown hair and grayish blue eyes. Is smooth shaven, neat in appearance and a stylish dresser. Looks as though he might be a "dope fiend." Very fond of women.

ELLIS LEVEL, charged by a bank member of Los Angeles, California, with forgery, was arrested at El Paso, Texas, February 14, 1913, by the police of that place at the request of our detective agents. JOURNAL, February, 1913, page 523. The California Bankers' Association co-operated with this Association.

Accused of having attempted to defraud a bank member of Georgetown, Colorado, by use of the United States mails, ELLA McCLENDIN, alias Elsie Whitaker, alias Allie Kinderson, was arrested on June 3, 1913, by United States Marshal E. Whitworth, upon information furnished by our detective agents and post office inspectors.

It is alleged that the McClendin woman forged the name of John Rohan to a check and made it payable to "Ed Elders" and then forwarded it to the Georgetown bank, requesting that the money be sent by mail. Mr. Rohan, who was a depositor of the Georgetown bank, had died shortly before the attempt was made to swindle the bank.

It is charged that this woman has attempted to swindle several members and non-membership banks in a similar manner.

She was arraigned on June 18, 1913, before United States Commissioner F. A. Kage and held under \$2,000 bail to await the action of the United States Grand Jury. In default of furnishing bail, she was committed to the Cape Girardeau County Jail.

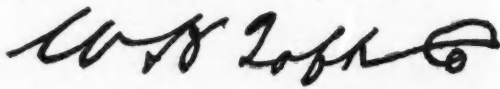
ELWOOD A. MERCER, wanted at St. Louis, Missouri, on a charge of passing forged checks on several membership banks of that city, and who, following his arrest on December 1, 1912, forfeited his bond and failed to appear for trial, was re-arrested at Cincinnati, Ohio, by the sheriff of that city on charges of forgery committed at Cincinnati under the name of T. Patton. He was identified as Elwood A. Mercer and has been returned to St. Louis, Missouri, to stand trial on several charges of forgery. JOURNALS, January, 1913, page 457, and February, 1913, page 535.

A party giving the name of G. C. MERRITT was arrested May 21, 1913, in Des Moines, Iowa, by our detective agents and Mr. P. W. Hall, Secretary of the Iowa Bankers' Association, for passing a bogus check and for forging the name of a prominent merchant at Ogden, Iowa, to a note in the sum of \$1,000, and also a note for \$750, purporting to have been signed by a farmer near Boone, Iowa. These forged notes were offered as collateral for a loan. When Merritt went to the bank, he was taken into custody.

Two youths, VIVIAN MOOREY, alias Ray Hamilton, and LEON FAULKNER, alias Peter B. Brown, were arrested on June 2, 1913, about three miles from Bonner, Oklahoma, after they had attempted to burglarize a bank member at Yukon, Oklahoma. At El Reno, Oklahoma, they were arraigned and held in \$5,000 bond to await the action of the Grand Jury.

HERSCHEL SHAW, whose description was published on page 840 of the June, 1913, JOURNAL, accused of being implicated with Carl Chilton in stealing a sum of money from the cash drawer of a bank member at Calvin, Okla., was arrested June 6, 1913, at Dallas, Texas.

Charged with passing three bogus checks on a bank member of Los Angeles, California, W. H. TAFT was arrested by our detective agents and Constables Roberts and Lindsey in that city on June 5, 1913. Taft was arraigned before Judge Reeves and held in the County Jail in default of furnishing \$3,000 bail. A specimen of this forger's handwriting is reproduced below. The California Bankers' Association is co-operating with this Association on this case.



J. W. SWEENEY, mentioned on page 530, February, 1913, JOURNAL, was arrested on January 15, 1913, on a charge of defrauding a bank member at Omaha, Nebraska, by means of forged checks.

GEORGE WAGNER, alias Paul Yourkee, correct name Paul Gehrke, who was mentioned in June JOURNAL, page 833, was arrested by our detective agents, near Madison, Wisconsin, June 12, 1913, charged with perpetrating a forgery against a bank member at De Smet, South Dakota.

Our detective agents caused the arrest of HAROLD WALTON at Indianapolis, Indiana, June 8, 1913. He was returned to New Orleans, Louisiana, where he was wanted for defrauding a member bank. Walton was first arrested in Cleveland, April 5, 1913, and four days later was released on a writ of habeas corpus. JOURNALS, March, 1913, page 600, and May, 1913, pages 768 and 769.

CLAUDE C. WAYMAN, alias C. Weidman, alias C. Weyman, alias Chas. E. Weyman, alias George Watson, alias C. Watson, alias C. Granville Wright, alias G. H. Wyman, alias F. E. Wilson, alias D. C. Wainwright, whose operations have been published in various issues of the JOURNAL, was apprehended by the police of Albany, New York, in that city, June 16, 1913.

Wayman operated from Coast to Coast defrauding individuals for more than a year. Only once during his criminal career did he operate against a bank. He cashed checks in Oklahoma which resulted in a bank member of Oklahoma City, Oklahoma, being defrauded. After his arrest at Albany he was returned to Boston, Massachusetts, where he is wanted for defrauding a depositor of a bank member at that place. Warrants from several cities will be lodged with the Boston Police, and if he succeeds in securing his liberty on the Boston charge he will be taken in all likelihood to Oklahoma City to stand trial.

Recently he operated on the Pacific Coast and it is reported that individuals were defrauded to the extent of \$3,000 by Wayman.

On June 25, 1913, he was arraigned at Boston and remanded to jail in default of \$4,000 bail to await trial.

JOURNALS, June, 1912, page 763; July, 1912, page 32, and April, 1913, page 674.

REMOVED.

A. ANDERSON, alias L. B. Johnson, alias E. Peterson, who was mentioned in the JOURNAL of April, 1913, on page 680, pleaded guilty to the forgery in the District Court of Polk County, Iowa, and was sentenced to fifteen years in the Iowa State Penitentiary at Anamosa, Iowa.

EDWARD T. BECK, whose arrest is recorded in another column of this issue, entered a plea of guilty to three charges of forgery and was sentenced to serve 6 years in the Arkansas State Penitentiary at Little Rock, Arkansas.

RUSSELL BURGESS, at Toledo, Ohio, was found guilty of juvenile delinquency and placed on probation. He was arrested on a charge of forgery preferred by a bank member of that place, as reported on page 840 of the June, 1913, JOURNAL, but because of his age, he being under 16 years, the case came under the jurisdiction of the Juvenile Court.

L. A. CHRISTENSEN, forger, arrested in Houston, Texas, on March 12, 1913, while attempting to cash a forged check presented to the teller of a membership bank, was on June 9, 1913, placed on trial before Judge Robinson, of the Criminal District Court at Houston, Texas, and found guilty on two counts, and sentenced to serve a term of four years in the Huntsville, Texas, Penitentiary. JOURNAL, April, 1913, page 681.

WILLIAM ROSE COOK, alias J. R. Cook, a forger, whose arrest was reported on page 681 of the April, 1913, JOURNAL, pleaded guilty and was given ninety days in jail.

E. M. DE AHNA, re-arrested as reported elsewhere in this issue on May 19, 1913; was convicted in Massac County, Illinois, on a charge of defrauding a bank member at Metropolis, and was given an indeterminate sentence of from one to fourteen years in the Southern Illinois Penitentiary at Menard, Illinois. JOURNALS, February, 1913, page 529, March, 1913, page 606, May, 1913, page 768.

ROMO FERONI, on June 5, 1913, at Woodstock, Illinois, was convicted of forgery perpetrated on a bank member at Crystal Lake, Illinois, and was sentenced to pay a fine of \$500 and to serve two years in the penitentiary.

PAUL SADEY, who was accused of being implicated with Feroni, was found not guilty by a jury on January 3, 1913, and was discharged. JOURNAL, December, 1912, page 388.

TOMMY GAFFNEY, mentioned on page 251 of the October, 1912, JOURNAL, and on page 318 of the November, 1912, JOURNAL, after a trial at Condon, Oregon, was acquitted on June 5, 1913.

F. S. EDWARDS, alias P. S. Edwards, who had been charged with being an accomplice of Gaffney, was released on June 2, 1913, on account of insufficient evidence.

WILLIAM GAERTER, whose arrest is reported on page 387, December, 1912, JOURNAL, was convicted of forgery, and on May 28, 1913, was given a suspended sentence by Judge O'Sullivan in New York City.

We are advised that the charges against STEPHEN HAMRICK and his wife, whose arrests were recorded on page 766 of the May, 1913, JOURNAL, have been dismissed.

"SKEET" HICKMAN, a negro, whose arrest is reported on page 534 of the February, 1913, JOURNAL, has been convicted of forgery and was sentenced to serve three years in the Huntsville, Texas, Penitentiary.

H. E. HOYT, whose arrest is recorded in another column of this issue, was discharged on June 13, 1913, on request of the District Attorney's office in Los Angeles, California.

H. M. HUDSON was sentenced on June 12, 1913, to a term of five years in the penitentiary for defrauding a member bank by means of a forged check. JOURNAL, June, 1913, page 841.

For defrauding a bank member of Kansas City, Missouri, by means of a forged check, P. C. JOSE, whose arrest is recorded in another column of this issue, pleaded guilty to a charge of forgery on June 5, 1913, and was sentenced to serve two years in the Missouri State Penitentiary.

ROY B. KELCHNER, on May 23, 1913, was sentenced to serve five years in San Quentin Penitentiary for a forgery committed on a bank member at Los Angeles, California. Kelchner applied for probation, but the same was denied him. JOURNALS, December, 1912, page 381; May, 1913, page 692; and June, 1913, page 841. The California Bankers' Association co-operated with this Association in the prosecution of this criminal.

FREDERICK KERTZENMACHER and JOHN TROXELL, whose arrests were reported on page 768 of the May, 1913, JOURNAL, on May 15, 1913, pleaded guilty to a charge of forgery perpetrated on a New

York City bank member. Troxell was sentenced to the New York State Reformatory at Elmira, N. Y. Kertzenmacher was sentenced to serve ten months in the New York County Penitentiary.

ELLIS LEVEL, whose arrest is recorded elsewhere in this issue, on June 9, 1913, pleaded guilty to a charge of forgery and was sentenced to serve one year in the San Quentin, California, Penitentiary. The California Bankers' Association co-operated with this Association in the prosecution of this case.

WILLIAM R. McBRINE, who was arrested on a charge of being implicated in the raising of State warrants, by which a member bank of Guthrie, Oklahoma, was defrauded, and whose arrest was reported on page 457 of the January, 1913, JOURNAL, was discharged.

EDWARD C. MULLER, in New York City, March 31, 1913, was sentenced to the New York State Reformatory at Elmira, New York, having been convicted of forgery. His arrest was reported on page 606 of the March, 1913, JOURNAL.

J. C. POLK, a negro carpenter, mention of whose arrest was made in the February, 1913, JOURNAL, page 353, as having been arrested in Houston, Texas, on January 18, 1913, failed to appear for trial when his case was called in the Criminal District Court on February 25, 1913, and his bond of \$500 was declared forfeited. Investigation developed the fact that Polk had left the State and no further trace of him could be found.

B. RAIN, whose arrest was reported on page 767 of the May, 1913, JOURNAL, was on June 16, 1913, placed on indefinite probation.

The case against AGNES R. REED, a negress, charged with passing a raised check on a bank mem-

ber at Houston, Texas, has been dismissed. JOURNAL, May, 1913, page 767.

ADRIAN SCHOONOVER, whose arrest was reported on page 768 of the May, 1913, JOURNAL, escaped from the Wasco County Jail at The Dalles, Oregon, on May 26, 1913.

RUSSELL R. SEIDLER was sentenced to serve five years at San Quentin, California, Penitentiary on May 20, 1913, under the name of William Russell Seidler, for forgery committed on a bank member at Los Angeles, California. Seidler committed several forgeries against banks in the States of Indiana, Washington and California. JOURNALS, February, 1913, page 531, and April, 1913, page 633. The California Bankers' Association co-operated with this Association in this matter.

Through some miscarriage of justice W. E. SMEDLEY, who was arrested at Herman, Minnesota, on September 15, 1912, by our detective agents on a charge of forgery preferred by a bank member of Des Moines, Iowa, obtained his release. The responsibility for Smedley's release has not as yet been placed. Our detective agents are actively engaged again in an effort to cause this party's arrest and return to Iowa for trial. JOURNALS, October, 1912, page 256, and December, 1912, page 386. The Iowa Bankers' Association is co-operating with this Association on this case.

J. W. SWEENEY, whose arrest is reported elsewhere in this issue, was convicted of forgery and sentenced to serve two years in the Nebraska State Penitentiary.

JOHN C. WALSH, who swindled a Brooklyn, New York bank member, pleaded guilty to a charge of petty larceny and was given a suspended sentence on March 29, 1912.

AWAITING TRIAL, EXTRADITION OR SENTENCE, JULY 1, 1913.

ALLEGED FORGERS, ETC.

Allen, W. H., April 11, 1913, arrested; swindle Duluth, Minn.

Ayres, Thomas C. B., June 6, 1913, arrested; forgery Los Angeles, Cal.

Bailey, Mrs. Ray, April 30, 1912, arrested; forgery Waterloo, Ia.

Baker, J. A., May 20, 1913, arrested; forgery Riverside, Cal.

Beresford, O. J., July 9, 1912, arrested; swindle San Pedro, Cal.

Booker, E. W., January, 1913, arrested; forgery Auxvasse, Mo.

Brighthead, Charles, May 19, 1913, arrested; forgery Hazelton, Pa.

Burtis, Otto, December, 1912, arrested; swindle Bluffton, Ind.

Calistano, Tony, March 7, 1913, arrested; forgery Cleveland, Ohio.

Campbell, James M., May 22, 1913, arrested; swindle Los Angeles, Cal.

Carpenter, Frederick H., May 11, 1912, arrested; forgery Providence, R. I.

Casper, Charles J., August 31, 1912, arrested; forgery Steger, Ill.

Cauble, A. S., October, 1911, arrested; forgery Cairo, Ill.

Chilton, Carl, May 1, 1913, arrested; theft Calvin, Okla.

Cohen, Samuel, March 15, 1912, arrested; forgery Boston, Mass.

Cole, C. E., January 15, 1912, arrested; swindle Atlanta, Ga.

Collins, T. J., September 19, 1912, arrested; swindle Helena, Ark.

Cooper, ———, May, 1913, arrested; forgery New York City.

Coover, Van R., April 12, 1913, arrested; forgery Kern, Cal.

Countryman, A. L., May 16, 1913, arrested; forgery Galveston, Texas.

Crow, Thomas, December 6, 1912, arrested; forgery Portland, Ore.

Debakey, T. J., June 18, 1913, arrested; swindle Kansas City, Mo.

Davenport, E. L., May 18, 1913, re-arrested; swindle Forest Grove, Ore.

De Mangelont, Albert, February 6, 1913, arrested; swindle Akron, Ohio.

Donahue, Thomas, June 19, 1912, arrested; forgery Baltimore, Md.

Dostal, James, May 7, 1913, arrested; forgery Cedar Rapids, Iowa.

Douglass, George, April 10, 1913, arrested; forgery Rochester, N. H.

Doyle, Martha, April 28, 1913, arrested; forgery Jackson, Mich.

Edmonds, William E., March 11, 1913, arrested; forgery Marshfield, Ore.

Ellars, William A., February 11, 1913, arrested; forgery Fort Worth, Texas.

Estes, H. E., June 5, 1913, arrested; swindle White City, Kansas.

Fitzgerald, Thomas, March 15, 1913, arrested; attempted swindle Kansas City, Mo.

Fowler, Frank W., April 30, 1912, arrested; swindle Chicago, Ill.

Gassner, Joseph, December 19, 1912, arrested; forgery New York, N. Y.

Gray, S. H., November 12, 1910, arrested; forgery Athens, Tenn.

Grout, J. E., May 20, 1913, arrested; forgery Kansas City, Mo.

Haiken, Esther, May 28, 1912, arrested; forgery New York, N. Y.

Hammond, Allie, June 3, 1913, arrested; swindle Clymer, Pa.

Hank Warren, May 13, 1911, arrested; attempted swindle Wapakoneta, Ohio.

Harris, William, January 13, 1913, arrested; forgery St. Louis, Mo.
 Hawley, Willard, June, 1913, arrested; forgery Houston, Texas.
 Henifer, Charles, January 16, 1913, arrested; forgery Richmond, Va.
 Hill, M. C., June 12, 1913, arrested; forgery Atlanta, Ga.
 Hoaglin, Oliver, May, 1913, arrested; forgery Ellwood City, Pa.
 Hoel, C. J., May 29, 1913, arrested; forgery Pueblo, Col.
 Holtzlander, Frank, Jr., June 12, 1913, arrested; forgery North Platte, Nebr.
 Houston, J. L., April 24, 1912, arrested; swindle Chicago, Ill.
 Hudson, John E., November 19, 1912, arrested; swindle Beeville, Texas.
 Hutchins, H. C., May, 1913, arrested; forgery Salt Lake City, Utah.
 Isaacs, Walter, April 25, 1913, arrested; swindle Kingsport, Tenn.
 Johnson, Abram J., June 19, 1913, arrested; swindle McLeansboro, Ill.
 Johnson, J. D., March 13, 1913, arrested; swindle Stratford, Okla.
 Jones, Henry, March 24, 1913, arrested; forgery Lakeville, Conn.
 Jordan, J. A., April, 1913, arrested; swindle Redding, Cal.
 Keane, Florence, June 16, 1913, arrested; forgery Buffalo, N. Y.
 Keith, R. L., March 26, 1913, arrested; swindle Chattanooga, Tenn.
 Kirkpatrick, H. S., June 15, 1911, arrested; forgery West Point, Ga.
 Knapp, Fred S., December 9, 1912, arrested; forgery Portland, Ore.
 Knotts, Henry J., November 8, 1912, arrested; swindle Georgiana, Ala.
 Lacy, Frank, January 28, 1913, arrested; forgery Los Angeles, Cal.
 Laubenthal, George M., November, 1912, arrested; swindle Waterloo, Ill.
 League, S. A., October 31, 1912, arrested; forgery Chattanooga, Tenn.
 McCarney, E. J., February 3, 1913, arrested; forgery Sallislaw, Okla.
 McClendin, Ella, June 3, 1913, arrested; attempted swindle Georgetown, Col.
 McReady, R., April 26, 1913, arrested; forgery Fort Lauderdale, Fla.
 McIlwain, Harry M., April 17, 1913, arrested; swindle Sharon, Pa.
 Mackie, Albert, January 18, 1913, arrested; forgery St. Louis, Mo.
 Magoon, Byron G., August 17, 1912, arrested; swindle St. Helens, Ore.
 Mattingly, C. B., March, 1913, arrested; swindle Beebe, Ark.
 Mercer, Elwood A., June 9, 1913, re-arrested; forgery St. Louis, Mo.
 Mercer, Kathryn, November 30, 1912, arrested; forgery St. Louis, Mo.
 Merritt, G. C., May 21, 1913, arrested; swindle Des Moines, Ia.
 Meyers, Charles H., December 30, 1912, arrested; swindle Eastman, Ga.
 Mitchell, C. E., July 26, 1912, arrested; swindle Monroe, La.
 Morrill, Fred W., December 9, 1912, arrested; forgery Portland, Ore.
 Morton, Chas. S., January 6, 1912, arrested; swindle Baltimore, Md.
 Neiss, William F., April 2, 1913, arrested; forgery Los Angeles, Cal.
 Nelson, C. J., April 18, 1912, arrested; forgery Birmingham, Ala.
 Newman, Ira, May 17, 1912, arrested; forgery Cairo, Ill.
 Palmer, Frederick George, March 15, 1913, arrested; forgery Los Angeles, Cal.
 Panos, James, May, 1913, arrested; swindle Willits, Cal.

Percival, James, January 24, 1913, arrested; swindle Clarksburg, W. Va.
 Perry, Chas. G., October 25, 1912, arrested; swindle Middletown, Pa.
 Plum, William H., December 24, 1912, arrested; forgery Kansas City, Mo.
 Posey, J. E., August 10, 1911, arrested; forgery Aiken, S. C.
 Puckett, Lawrence W., March 24, 1913, arrested; forgery Peoria, Ill.
 Richardson, M., January 1, 1913, arrested; swindle Kansas City, Mo.
 Rogers, C. R., August, 1912, arrested; forgery Cordele, Ga.
 Romero, C. D., December 14, 1912, re-arrested; forgery Springfield, Utah.
 Schantz, Orin E., November 29, 1912, arrested; swindle Eldorado, Ill.
 Scherberg, C. W., February, 1913, arrested; swindle Grenada, Miss.
 Schreiber, Herbert E., August 2, 1912, arrested; swindle Denver, Col.
 Shatzkin, Nahum J., January 3, 1913, arrested; forgery New York City.
 Shaw, Herschel, June 6, 1913, arrested; theft Calvin, Okla.
 Shivers, Vernon F., December 21, 1911, arrested; forgery Lake Providence, La.
 Sonneberg, Leo, March 22, 1913, arrested; forgery New York, N. Y.
 Spencer, C. J., April, 1913, arrested; swindle Redding, Cal.
 Stone, Harry, November, 1912, arrested; forgery Bakersfield, Cal.
 Taft, W. H., June 5, 1913, arrested; swindle Los Angeles, Cal.
 Thompson, L. C., February 22, 1913, arrested; forgery Newport, Ky.
 Thornton, Henry Martin, April 24, 1913, arrested; forgery Annapolis, Md.
 Van Leckwyck, Carl, October 2, 1912, arrested; forgery Plymouth, Mass.
 Veverka, Anna, December 14, 1912, arrested; forgery Pittsburgh, Pa.
 Vincent, H. S., January 29, 1913, arrested; swindle Memphis, Tenn.
 Wagner, George, June 12, 1913, arrested; forgery DeSmet, S. D.
 Walton, Harold, June 8, 1913, re-arrested; swindle New Orleans, La.
 Waters, Joseph, June 18, 1912, arrested; forgery Baltimore, Md.
 Wayman, Claude C., June 16, 1913, arrested; forgery Oklahoma City, Okla.
 Weil, Maechel, February 17, 1912, arrested; swindle Chicago, Ill.
 West, Henry, May 19, 1911, arrested; forgery Yuma, Ariz.
 Wheeler, Charles E., February 14, 1913, arrested; swindle Tulsa, Okla.
 Woodruff, William R., May, 1913, arrested; forgery Detroit, Mich.
 Woolf, Beit, May, 1913, arrested; forgery New York City.
 York, G. A., January, 1913, arrested; raised check Waterville, Wash.

BURGLARS.

Baggett, H. C., February 21, 1913, arrested; attempted burglary Talladega, Ala.
 Brown, J. K., November 21, 1912, arrested; burglary Portage, Ohio.
 Clark, William, April 14, 1913, arrested; burglary Mosier, Ore.
 Faulkner Leon, June 2, 1913, arrested; attempted burglary Yukon, Okla.
 Gagnier, Edward, April 14, 1913, arrested; burglary Mosier, Ore.
 Karlake, A., March 19, 1913, arrested; burglary Bastrop, La.

Miley, William, December 28, 1912, arrested; burglary Portage, Ohio.
 Moorey, Vivian, June 2, 1913, arrested; attempted burglary Yukon, Okla.
 Morris, Frank, May 9, 1911, arrested; attempted burglary Layton, Utah.

Robinson, Harry, March 19, 1913, arrested; burglary Bastrop, La.
 Robinson, Mrs. Harry, March 19, 1913, arrested; burglary Bastrop, La.
 Wilson, Charles, February, 1913, arrested; attempted burglary Vera, Okla.

**STATISTICS OF THE WORK OF THE PROTECTIVE DEPARTMENT.
 AS REPORTED TO THE STANDING PROTECTIVE COMMITTEE.**

From September 1, 1912, to June 30, 1913.

New York, N. Y., July 1, 1913.

Persons arrested, discharged, convicted, sentenced, awaiting trial, etc.

	Awaiting trial, etc., September 1, 1912.	Arrests from September 1, 1912, to May 31, 1913.	Arrests in June, 1913.	Total.	Convicted.	Discharged or Acquitted.	Escaped or Fugitives.	Insane, Suicide or Died.	Awaiting Trial.
Forgers.....	122	222	25	247	169	72	11	3	114
Burglars.....	1	22	2	24	9	2	2	..	12
Hold-up robbers.....	2	2
	125	244	27	271	180	74	13	3	126

DOCUMENTS FOR DISTRIBUTION.

THE Association has on hand a quantity of printed matter. The list comprises the following documents, any of which will be sent to our members on notifying the office:

Bills of Lading.

New Uniform Bills of Lading.

Constitutionality of Proposed Act (H. R. 14934). Pennsylvania Speech—L. E. Pierson.

Little Rock, Arkansas, Speech—Thomas B. Paton.

Jamestown, Virginia, Speech—Thomas B. Paton.

Oklahoma Speech—Evans Woollen.

Report of Committee to 1908 Convention at Denver, with Appendices.

Report of Committee to 1909 Convention at Chicago, with Appendices.

Report of Committee to 1910 Convention at Los Angeles, with Appendices.

Proceedings of Joint Conference between bankers, carriers, shippers, etc., held at Chicago, September, 1909.

Currency.

Report of the Currency Commission of the American Bankers Association, 1907.

Report of Currency Commission of American Bankers Association, made at a meeting held at Chicago, Saturday, January 18, 1908.

Statement of Currency Commission of American Bankers Association presented to House Com-

mittee on Banking and Currency, at Washington, D. C., Wednesday, April 15, 1908.

Credit Currency. By Elmer H. Youngman, Editor "Bankers' Magazine."

Address of Hon. Charles N. Fowler, Chairman Committee on Banking and Currency, on the Financial Situation before the Illinois Manufacturers' Association, at Chicago, December 10, 1907.

Report of Committee on Banking and Currency on the "Issue and Redemption of National Bank Guaranteed Credit Notes," Fifty-ninth Congress, Second Session, 1906-7.

Suggested Plan for Monetary Legislation, submitted to the National Monetary Commission—By Hon. Nelson W. Aldrich, as revised by the Currency Commission of the American Bankers Association.

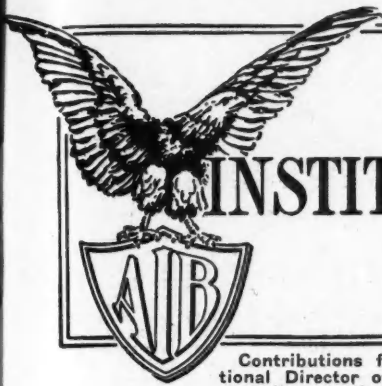
Miscellaneous.

Guaranty of National Bank Deposits. By James B. Forgan, President First National Bank, Chicago, Ill., before the annual meeting of Group Two of the Bankers' Association of the State of Illinois, held at Peoria, June 11, 1908.

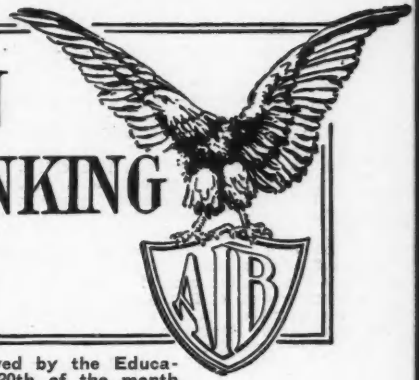
General form of Articles of Association to be used in the organization of Clearing House Associations in the smaller cities and towns.

Report of Special Committee, Trust Company Section, September 13, 1904, on the Classification of Legal Decisions relating to Safe Deposit Companies, Rules and Forms.

Address by Jordan J. Rollins before the Trust Company Section, September 14, 1905, on "The Protection of Trust Companies Acting as Transfer Agents and Registrars."



AMERICAN INSTITUTE OF BANKING BULLETIN



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ESSENTIALS OF GRANTING CREDIT

By B. Parks Gooden, of the New Netherlands Bank of New York—Paper Read at a Meeting of New York Chapter of the American Institute of Banking.

CREDIT is the foundation underlying the entire structure of our banking institutions. It may well be termed the axis upon which our business world revolves. By drawing wealth into channels of trade, credit forms the greatest means of production known to mankind. Since it is the productivity of a nation which measures its power and prestige it is right and necessary that our credit machinery be utilized to its full legitimate strength in order that our country may benefit therefrom. Banks are the custodians and dispensers of credit in its widest meaning and as such, they should aim toward the best exercise of this great commercial trust. They must use the same care and caution in extending credit as though they were handling their own property, because there devolves upon our institutions the added responsibility of being guardians and trustees of the funds and property of their depositors. The margin of profit in making loans and discounting commercial paper is so narrow that we desire to eliminate so far as is possible, the making of a bad loan whereby the profits of many good loans might be quickly wiped out. To accomplish this we must have at the outset, complete credit information concerning the person or persons to whom we expect to loan money. We have four principal sources open to us from which to get this information:—the borrower's statement, the mercantile agencies, his creditors in business, and information from other banks. The first of these is the most important. Therefore we must examine such a statement very carefully, that we may be able to detect any padding or "dead horses," and that we may judge as to the proper management of the concern under investigation. With this in mind I shall only touch upon such items wherein we may expect to find fraud or mismanagement.

"Cash"—This item should be large enough to properly balance the statement. Even at a small cost the properly managed concern will maintain a balance somewhat in excess of what is needed for current expenses. It will be prepared for an emergency. This

lesson in precaution was forcibly taught by the panic of 1907. Many large business concerns were caught in that autumn crash with little more than a week's pay-roll at the bank. The banks were in many cases unable to accommodate their customers, and the result was that every available means was resorted to in raising money for the next week's pay-roll.

"Bills Receivable"—Many progressive concerns prefer to discount bills receivable and carry open accounts rather than have on hand their customers' notes. As a consequence this item has more or less given way to accounts receivable. Where such bills receivable do figure prominently we must be careful to learn their exact nature. They may be clean merchandise notes, easily collected, or they may be old notes which have been renewed time and again, and enlarged by added interest. We have seen included under this head, notes given by purchasers of stock, the same item having been entered on the other side of the statement as paid up capital. The use of kited notes forms a tempting means for the dishonest merchant to pad this item, and increase his apparent assets.

"Accounts Receivable"—The real meat of our customers' assets we find right here. This item should bear a proper ratio to the annual sales and the terms of such sales. Here, too, we wish to find only clean merchandise accounts, easily collected. We must distinguish between these, and accounts charged up, for future delivery. In the latter case a sudden break in prices might throw much of the merchandise back on our customer's hands. It is well, therefore, to make an ample allowance in considering the asset value of such futures.

"Merchandise on Hand"—We may be misled by this item unless we are sure that we have a correct inventory. We must learn the nature and marketability of such merchandise, as it is the actual cash value that concerns us. If we are dealing with a manufacturer, a part of his goods will be the raw material, a part semi-finished, and a part ready for market. It is a good method when analyzing this item to value all unfinished goods as raw material. A jobber on the other hand may be overstocked with certain lines of unmarketable goods. These we would have to consider as practically without value as assets. The whole item of merchandise on hand should be properly related to the rest of the statement. An

over-supply of goods shows a lack of proper management.

"Real Estate"—If such plant be not heavily mortgaged, and if it is situated where real-estate values are likely to remain stable, it may be considered as a good asset, though many credit men prefer to omit such real estate when analyzing a statement. In comparing statements we may discover that our customer has been inclined to arbitrarily add to the value of his plant. A personal investigation of machinery and fixtures may give us a good idea as to the trend of business. A dilapidated plant with machinery out of date would not indicate prosperity. In summing up our customer's assets we must learn if any bills or accounts have been transferred or assigned for previous loans, whether any of the assets are covered by mortgages, etc. The statement, being our customers' own estimate of his own business is likely to be magnified on the asset side. This side we shall be obliged to minimize, while we increase his liabilities proportionately.

"Bills Payable"—Such bills are either for merchandise or for money borrowed. If for the latter they would usually be payable to banks or note brokers. Many houses are judged by the brokers offering their paper on the market. A reliable house can ill afford other than a first-class broker to perform this very important task. Here we have an insight into a concern's ability to finance. If they are putting much paper on the market they should be reserving their credit at the bank, and vice versa. If we find, however, that in proportion to their business they are utilizing both means to their limit also giving notes for merchandise, we may judge that they are "sailing close to the wind," a signal for us to reef the sails of our credit line.

"Accounts Payable"—If we find that bills payable is a large item, then accounts payable should be inversely small. The proceeds from the former would ordinarily be applied to the payment of accounts, making accounts payable a small item. As before stated, the tendency the last few years is toward carrying open accounts rather than accepting and carrying notes for merchandise.

Such items as Capital, Surplus and Undivided profits are self-explanatory. However, we must learn the difference between the actual cash paid in as capital, plus the real earnings, and the capitalization given in the statement. The first, after deducting all doubtful values is the capital which concerns us. The latter may contain padding in the form of patents, good will, etc.

If we were to notice a decided reduction in the Surplus or Capital, and an increase in Undivided Profits, we could be safe in assuming that the concern was preparing to meet future difficulties.

"Contingent Liabilities"—This is one of the most important items contained in the statement—if indeed we find it therein at all. Not being our customers' own real debts he may be backward in disclosing the extent to which he has endorsed paper for other persons or firms. Many houses have been ruined by the collapse of firms for whom they had endorsed much paper. Again, a firm's endorsement may be put upon notes of individual members of the firm; a very dangerous practice and one which the credit man must make note of. All customer's notes discounted at the bank figure under this head. While the proceeds of such notes are carried as cash, still they bear our borrower's endorsement, and he would be held liable for their payment. For the sake of verification, it is advisable that our banks insist upon signed statements of borrowers being based upon reports of certified accountants. The majority of progressive concerns, having nothing to conceal, will readily concede such a request. This of course will not verify inventory valuations, but will disclose any crooked work as to bookkeeping. Along with our customer's statements we find it convenient to file a comparison sheet, upon which are entered side by side the annual statement figures. We are thus able to see at a glance the trend of his business, as told by this, our first source of credit information.

"Mercantile Agencies"—Dun's and Bradstreet's can with reasonable correctness classify the majority of business concerns under their systems of rat-

ing. By looking up a firm in one of these agencies we may learn enough of its past performances and work to justify us in discounting its paper when endorsed by one of our customers. Yet even the special reports of these agencies cannot give us sufficient detailed information upon which to extend credit. It is impossible for them to give to individual cases the same time and care as our credit department demands. We recognize the necessity of the agencies, and the great service they render, yet from the standpoint of the bank, their information is quite inadequate.

"Creditors"—Next to the Statement the information from this source is the most valuable. There is no better judge of a man or firm than his creditors. We can learn from them—and let me say they are usually very generous with information—both the honesty and paying qualities of the firm. In fact there is little that some creditors cannot tell of a man or firm, especially if it be a competitor. We may learn whether our customer has been prompt or negligent in his payments. Upon what terms credit is given him and to what extent. Whether he has a habit of picking flaws in merchandise for the sake of a rebate, and whether he has ever gone back on a contract when prices have taken a tumble. Some of this information will be prejudiced for and against our customer, for which we must make allowances.

"Bank Information"—Competition among our own institutions causes some of them to unwisely guard their credit information. They seem to consider as confidential their relation to their customers. This is just as the dishonest merchant desires, as he is thus able to carry much uncovered paper with several banks. Though banks dispense thousands of dollars where merchants dispense hundreds, yet the merchants freely extend their credit information to one another by means of well systematized agencies. The most pressing need among our banking institutions is for some sort of Credit Clearing House, by means of which a bank, desiring to extend credit to a certain house, could learn what were its obligations to other banks. A few recent examples here in New York have shown the need of such a bureau of credit information among banks. It is needless to say, therefore, that we could not be justified in granting credit to our customer solely by information gained from other banks.

"Personal Element"—Gaining such information as we can from the above sources, we now must speak of the personal elements in granting credit. Someone has said that it is safer to loan one man \$50,000 on his single name paper than another \$5,000 backed by security. The breed of crooks will never die out. The successful credit man must be a good judge of human nature. The crook will come well introduced, of good appearance, and able to use skillfully all means to throw sand in the credit man's eyes. There is no rule for detecting this sort of man as no two act alike. One will boast of his ability to get all the money he wants. Another will become insulted if you require many references. One will tell you that you are behind the times. Another will hand you bouquets. An honest man, used to being accommodated, at a bank, knows the care and caution that must be exercised by bank officers in loaning money. If the borrower has nothing to conceal he will willingly supply us with desired information and references. In sizing up our man we have to view him from two sides: his character and his ability. Honesty cannot bring success unless backed by business capacity. No detail concerning a borrower's private life and morals can be overlooked by our credit man. If he lives an immoral or fast life his business must suffer as a consequence. If evidences show that he is living beyond his means, again it must be at the expense of his business. Regarding the ability of our borrower; this may have been demonstrated by past records of success or failure. The fact, however, that a man has successfully managed one department of a business does not prove his ability to manage a smaller business of his own. In extending credit to large concerns whose past record has been successful, we must be sure that the present management is, and is likely to remain, the same as in the past. Innumerable losses have occurred to our banks, by the

continued extension of credit, after inefficient or extravagant management has replaced the former department heads, from whose integrity and efficiency had resulted the firm's former success.

"Summary"—In summing up we find the essentials of granting credit to be:

First, a careful detailed analysis of the signed statement, verifying values and figures as far as is possible, by personal investigation. This gives us the borrower's opinion of his own business.

Second, a careful analysis of the information gained from the mercantile agencies and his creditors in business. This gives us his past record and the opinion which others hold of our borrower.

Having before us these two opinions and the borrower himself, we should be able to make a reasonably accurate estimate as to what extent credit could be safely and justly given.

EXAMINATION OF BANK ASSETS

By R. P. Kavanagh, Examiner New York State Banking Department—Paper Prepared for the Correspondence Chapter.

CHECKING of book figures of the bank does not mean an examination of assets. Examination of assets means a thorough investigation into the character of the same for the purpose of determining whether the value as represented on the books is the genuine valuation. Too often are securities of questionable character passed at their face value because the examiner through lack of time or relying upon opinions of officers is willing to accept them at a fictitious book figure; but when trouble comes, realization upon these assets proves difficult and mistakes of examiners become prominent. The lack of time is given as an excuse—would it not be better to have fewer and more thorough examinations?

Assets may be summed up or defined in one word, "Resources" or "What is available to liquidate obligations of an institution." It is therefore most essential for an examiner to note what really can be restored to by an institution to meet its liabilities, or, in other words, to what a bank can go for this purpose. This is what should be before an examiner at all times.

The procedure of an examiner upon entering an institution should be to immediately place under his control all the assets in the physical possession of the institution, by the placing of seals on safes or vaults containing any items that might enter into the assets. Such part of the assets which may not be in the physical possession of the institution should be sealed by a representative of the examiner if the same are contained in any safe deposit vault. The plan followed in this respect by the New York State Banking Department is as follows:

An examiner upon entering an institution immediately ascertains the whereabouts of any assets that may not be in the actual possession of the institution and communicates with the New York or Albany office of the department. A representative of the Banking Department is then sent to the safe deposit vault with the necessary credentials and instructions to place a seal upon the securities in question until the same are examined. Very often some of the assets are held by another banking institution on special deposit. In such cases a communication is sent to the institution holding same, asking them to certify what securities they are holding and for what purpose, making sure to always mention the date of examination in the letter of request.

After the matter of placing all the assets of the institution under the control of the examiner has been attended to, the examination may be proceeded with. The first and most important item to be taken up should be that of counting the cash. After the same has been carefully counted the matter of arranging for the verification of the exchanges should be taken up, in fact, these two items—that of cash and exchanges, should be taken up together if the force of examiners warrants. In the clearing house banks of New York city the following plan for the verification

of exchanges has been worked out with splendid results. The examiner in charge of verifying exchanges takes off a list of the amounts due from each bank, as they appear on the envelope about to be sent through the exchanges, placing in the envelope a request for verification of the amount and seals the envelope with the seal of the Banking Department. Later the verification is sent to the examiner in charge of the metropolitan district, by the receiving banks. The next item to proceed with is that of the matter of loans. The loans, of course, should be listed and proven and all collateral checked to the records. In the analysis of the loans the item of "Past Due" should be the first taken up.

A careful list should be made of the various items giving in detail the date of the instrument, maker, all indorsements, due date, whether or not the note has been protested and the present status, that is, what the possibilities of the collection are, making a note at the same time of the name of the attorney if the item is in suit.

A most important point with the examination of loans is the careful test of the demand loans. The indorsement on demand notes of partial as well as interest payments should be insisted on. Demand notes of more than a year old should be revived by obtaining new instruments. A plan for the testing of demand notes which has been used in connection with some of the examinations of the New York State Banking Department and worked out with splendid results is as follows:

A communication is sent to the borrower asking him to verify the amount of the loan together with a description of the collateral. In order that the Banking Department should not appear in the matter so as to obviate any apprehension on the part of the customer of the institution the following form has been used: "In order to facilitate an audit of the books of this institution a memorandum of your loan account is enclosed herewith. If correct kindly certify the same over your signature and return same in the enclosed envelope."

A memorandum of the loan is enclosed giving the amount of loan and description of the collateral together with an envelope for the return of same. This envelope should be addressed to the bank with the initials of the examiner in the corner so that it may be identified when received and not opened by any of the employees of the bank. Another excellent plan for the verification of demand notes is to test the interest payments. Two purposes will be served by this plan, whether the note is being carried for the proper amount and whether the loan possesses any weak features from the fact of the interest not being paid up to date.

Demand notes not secured are in many instances really Past Due paper and should awaken an examiner to a thorough investigation of the standing of the borrower.

In the classification of loans the examiner should make two subdivisions—time loans and demand loans and these should be subdivided as follows: (1) Loans secured by other collateral; (2) Loans secured by quick or stock exchange collateral; (3) Loans secured by real estate collateral; (4) Single name notes; (5) Notes bearing two or more names.

Under the head of quick or stock exchange collateral will be assembled loans mostly to stock exchange brokers. The value of the collateral securing these loans as well as the standing of the borrowers are usually well known to the examiner. Under the head of "Other collateral" will be found loans secured by inactive or unlisted securities, and while the value of the collateral may not be readily obtainable or the collateral may not have a ready market the loan may be amply secured. A description of all such loans together with the collateral should be made for future investigation. The loans secured by real estate collateral are obligations secured by the deposit of bonds and mortgages or deeds. There are many features in connection with this classification which require careful attention. In the first place, owing to the non-liquid characteristics of this class of loans, the speaker is of the opinion that the amount of such loans should not exceed the percentage as prescribed in Section 27 of the Consolidated Banking Laws of

New York State, 1911. The limitation placed upon such loans in accordance with this statute is as follows:

In Borough of Manhattan 15 per cent. of assets; elsewhere 25 per cent. with the exception of towns having a population of 1,500 or less, and where a savings bank is not located, when 40 per cent. of assets are permitted to be loaned on this class of collateral. A written appraisal, signed by a competent appraiser, of the property covered by the mortgages should accompany the loans, as well as a title policy or abstract, together with insurance policies if property is improved.

Notes should be carefully read to see that there are no alterations affecting the notes essentially; it should be payable to order; if signed by two or more individuals a joint and several note; if a corporation note the question of the authority of the signing officers should be thought of. The matter of corporate powers is of special importance and one which, to the mind of the speaker is not always considered by the banks as it should be.

The next item to be taken up should be that of stock and bond investments; the same should be carefully checked and the whereabouts of such securities not in possession of the bank, noted in the margin in order that the same may be verified by letter or otherwise.

In an analysis of the investments a careful division should be made between active and inactive securities. As regards the first named there is usually no difficulty in obtaining a valuation, but in the latter a careful investigation is usually necessary in order to place a value. In the latter there will be often found stocks of holding companies in which the bank itself is sometimes interested. A statement from the holding company should be requested, certified to by an officer, which will be of material assistance in obtaining a valuation of the stock. If necessary the examiner should be permitted to make an examination of the holding company.

The next item to be taken up is that of bonds and mortgages. A bond and mortgage should be in possession of the bank for each item and the mortgage should be properly recorded. Appraisals and insurance policies should accompany the papers and interest payments noted on the bond. In the case of recent mortgages it will be found that some may be out for recording. In such cases a certificate from the attorney, county clerk or affidavit from an officer of the bank covering the same should be produced.

In the matter of verifying amounts due from banks, a careful list should be taken of the amounts due. Where the accounts are active a transcript should be taken, showing transactions four or five days prior to the examination in order to assist in the verification.

The New York State Banking Department has designated a man to handle the verification of these accounts and all data received by him from the examiners is used for this purpose. The result is a very thorough verification of this item. Items in the assets requiring careful analysis and verification are furniture and fixtures, accrued interest and suspense account. Very often, as has been the speaker's experience, will be found charges to furniture and fixture account, which are not proper items to be carried in the assets. Accrued interest will be often found to be a harbor for items which cannot be regarded as assets and the same may be said of suspense accounts. The speaker has experienced occasions when a loan has been charged off as not collectible and the accrued interest on same still carried as an asset. It has also been found that the furniture and fixture account has been padded by charges for repairs and alterations to building. The items, accrued interest, furniture and fixtures and suspense account, are too often accepted by an examiner at the book value.

It is important that a careful analysis of the assets should be made for the purpose of ascertaining the percentage of quick assets to deposits, or, in other words, what portion of the assets is readily available for liquidation of the deposits. The speaker should include as quick assets, cash, exchanges, due from banks, investments in stock exchange, securities and loans on stock exchange collateral.

IS THE INSTITUTE WORTH WHILE?

By F. W. Ellsworth, Publicity Manager of the Guaranty Trust Company of New York and Chairman of the Publicity Committee of the Institute—Remarks at Scranton Chapter Banquet.

THE American Institute of Banking was organized about a dozen years ago. Its purpose from the very first has been the education of the bank man in the principles of banking and banking law. The methods employed to achieve this purpose have been various. In the early days there were those who felt that minstrel shows and smokers and ladies' nights were necessary as a sort of sugar coating to the educational pill that was being prescribed for the more or less unwilling patient. By a process of steady but inevitable evolution it has been discovered that for those who are really worth while no sugar coating is necessary, and to-day in practically every chapter in the country, to say nothing of the correspondence chapter, bank men by the tens and twenties and hundreds are taking the educational courses of the Institute straight. This evolution has not been without its difficulties and its temporary set-backs, nor has the Institute itself or its purpose been entirely free from criticism. How well we remember the beginnings ten or twelve years ago when a certain class of well-meaning but misguided pinheads volunteered their services as critics of the whole enterprise. I especially remember how slightlying some of these stand-patters spoke of the organization which, as you recall, was then known as the American Institute of Bank Clerks. These humorists, with great joy, always referred to it as the American Institute of Punk Clerks. Most of these fellows have become converted during the past ten years and have climbed into the band wagon. A few are still plodding along holding down the self-same jobs that they were struggling with then. Not very long ago I ran across in the "Outlook" a little half-page story entitled "The Parable of the Critic." It went something like this:

The car was on an up grade. Most of the passengers had got out and were pushing. Many, with their coats off, were toiling and sweating bravely. And slowly but surely they were getting ahead. Some, however, remained in the car. Part of them said there was no use in pushing, since the hill was so steep they could never get up, anyway. Others said they would help when all those pretending to push were really pushing as they ought to. But the toilers toiled on, pushing the car and those in it constantly up the hill.

The world is on an up grade. Most of her passengers are pushing faithfully, and every year finds her steadily going forward and upward. The pessimists, however, and the cynics remain seated in the car. The former say that the problems are so hopeless, and human greed so entrenched, that we are already beaten. The latter say that when the church and those who profess to be trying to do right begin to practice what they preach, when the "hypocrites" are eliminated, they will help. Meanwhile the workers are pulling and pushing, and the world is going up the hill. But did you ever see a complainer or a knocker who was helping?

Now the critic is a necessary evil in this human program of ours, but his job is not a pleasant one. He is usually a pessimist, and if there is anything on earth more disagreeable than a professional pessimist I have not yet run across it. Some one with the right idea has composed an epitaph which, when needed, can very appropriately decorate the final resting place of the benighted bank man who criticises rather than constructs. Here it is:

Beneath this spot, with no return ticket,
Repose the remains of the Institute critic,
Though his body lies here in this narrow pit,
His soul has gone up to Paradise—NIT!

So much for critics.

Now for just a few moments suppose we consider what sort of program the Institute is following in its effort to accomplish its purpose.

First and foremost are the Institute study courses. These cover the theory and practice of banking and such principles of law and economics as pertain to the banking business. The lesson pamphlets have been prepared by the very best available authorities, and I believe I am safe in asserting that there is

nothing better published on these subjects. These courses are being pursued by hundreds of students all over the country both in the city chapters and in the correspondence chapter.

In addition to the Institute study courses, the various city chapters maintain other departments which supplement and assist. The larger chapters have debating societies, and public speaking classes, and finance forums. By no means least among the educational features of the Institute is our annual convention where the delegates have the opportunity of hearing men of world-wide reputation—of mingling and becoming acquainted with the leading men in our organization, and even of dabbling perhaps to a healthful degree in Institute politics.

Nor would I forget the educational value of the annual dinners, such as this that we are enjoying to-night. It is on just such occasions that we learn how to properly use the six or eight or ten silver implements that we find at our place. True it is that some of us are disposed before starting in, to sneak a look out of the corners of our eyes to see which weapon the other fellows pick up first, but after one or two sessions like this we become educated, and almost before we know it we are experienced diners out.

Just a word now in regard to the correspondence course which is providing for the bank man in the small country banks the same educational opportunity as is offered the men in the city banks. This course now has enrolled nearly a thousand students. Each student is supplied with the serial lesson pamphlets absolutely uniform in character with those which are furnished city chapters. For the man who is determined to learn the correspondence course is quite as valuable as a course of lectures, and there is no doubt that as the years go on the result which will be obtained from the correspondence students will begin to be shown in increased efficiency of the country banker.

Now what are all these plans and methods actually accomplishing for our members? In the first place they are developing thinkers. Ex-Congressman Fowler has said that when the currency and banking questions are settled in this country they will be settled not by politicians, not by business men, not even by bankers, but by the members of the American Institute of Banking, for, said he, "the men in that organization are the ones who are doing the real thinking on these subjects." Fifteen years ago one could have looked in vain in the various financial periodicals for an article on banking or finance by a junior banker or a bank man. To-day financial paper editors complain that they get such a wealth of good stuff from the members of the Institute that they have difficulty in determining which to print and which to discard. In the old days the average bank clerk did his work in a mechanical manner and his sole reason for doing it the way he did was because his predecessor had told him that was the way to do it. To-day the man who is studying; the man who is developing himself by means of the opportunities offered by the American Institute of Banking, even though he may not have been lucky or fortunate enough to have had a title hitched on to his name, knows why he is doing what he is doing; he at least knows the why and wherefore of the work in his department. In addition, the chances are that he knows about other departments as well, and this is due almost exclusively to the inspiration and education afforded by our organization.

The Institute is also developing speakers. It wasn't so very long ago when it was difficult to find among any group of bank men one capable of standing on his feet and saying what he wanted to in an effective, forceful way. To-day, in a majority of chapters, there are so many members able and willing to speak that it is hard to keep them quiet. These men are being heard from constantly, and they are wielding a powerful influence—more so perhaps than many of us realize.

One of the most significant movements that has been started among the bankers for years was that which was inaugurated a few years ago and had to do with the increase of efficiency on the farm. This movement was started by an Institute man. He wrote

about it, and spoke about it, and has held conferences on the subject until to-day this movement has spread to a majority of States in our union with the result that the banking associations, co-operating with the farmers, are accomplishing great things.

The Institute is also developing mixers, and when I say "mixers" I refer to the kind that gets out among the people on the other side of the counter and absorbs their opinions and obtains their viewpoint. Last winter there was conducted at old Cooper Union in New York, under the auspices of the Savings Bank Section of the American Bankers Association, working in conjunction with the New York Board of Education, a series of weekly meetings on the subject of "Thrift." New York Chapter men addressed these meetings, and following each address the audience was invited to ask questions. Those of you who are familiar with Cooper Union audiences know that they are not at all backward about asking questions, and these discussions naturally uncovered some very interesting points. They also proved valuable both to the people of that section and to the members of New York Chapter. Above all, however, they brought together on a common ground people who ordinarily, either from their environment or their education or their disposition, apparently have little in common.

Some of the chapters in large cities send debating teams to settlement houses where questions of public interest are discussed. Institute men have engaged in numberless debates with representatives of church men's clubs, and naturally in almost every case the subject has been one pertaining to banking or finance. By these methods correct ideas concerning banks and their functions are thoroughly disseminated.

The Institute is developing business getters. By means of the annual convention, chapter dinners such as this, inter-city debates and committee meetings in various parts of the country, members of the Institute cannot help but widen their acquaintance. The logical result of this is a closer relation between individuals in different sections of the country and the consequent friendly basis for consideration of business relations. There are Institute men that you know who are holding high official positions in banks to-day because of their business-getting ability, which have come to them as a direct result of Institute affiliations. Here you have practical, concrete results which, so far as the individuals themselves are concerned, conclusively demonstrate that the Institute is worth while.

I wonder if there has been enough evidence presented now so that by briefly reviewing it we can determine whether or not the Institute is worth while. Its purpose, we say, is education. The means employed to achieve this purpose have proved themselves to be fundamentally correct and effective and result compelling in their operation. As a direct consequence the Institute has developed a new race among the banking houses of the country. This race is made up of men who think logically and intelligently; who can exert influence from the platform; who can climb over the counter and talk with the men on the other side; and who can use this ability, born of study and practice, for the accumulation of business for their institution. It is my conviction that the development of this race of men (and the development is going on all the time and is never ending) demonstrates that our organization is worth while, and in a most significant manner confirms the judgment displayed by the members of the American Bankers Association when they decided to establish the American Institute of Banking.

RECEIVING TELLER

By Horace F. Fuller, Receiving Teller of the Second National Bank of Boston—Paper Read at a Meeting of Boston Chapter of the American Institute of Banking.

THE receiving teller holds one of the most important bank positions, as it requires the greatest accuracy in the handling of both checks and money. He has to deal with the public, and should have a large fund of patience and courtesy,

since much of the good will of the bank may be said to be at his disposal. Customers in making their deposits are inclined to judge of the general tone of the bank by its tellers,—none more so than this one.

The duty of the receiving teller primarily is to stand at his counter and receive all deposits made with the bank. In many cases, where there is no note teller, all the money that is paid on collection notes also comes through his hands. In an active bank the position is an arduous and trying one, and the responsibility upon him is large.

His duties, however, can be greatly lightened by the adoption on his part of a thoroughly systematic method of the administration of his department. He must receive everything for the bank, and from all customers who pass over to him for their credit on the books of the bank cash, drafts, coupons or any kind of funds, he should require a carefully prepared accompanying description of the deposits made in the shape of deposit tickets or credit tickets, giving in detail a statement which shows of just what the deposit consists.

When the receiving teller has counted the money, checks, etc., of his customers the amount is entered in a book presented to the depositor for that purpose. This custom, of course, varies with the banks. Many people since the adoption of the statement system of balancing accounts do not require a receipt. When a customer representing a branch house makes a deposit, a duplicate ticket is often presented to be stamped by the receiving teller, this stamp giving the date and the name of the bank. This is forwarded sometimes by the bank to the customer's head office. Care should be taken in making entries, as these are sometimes very important if any complications should arise.

The original tickets, after the receiving teller has finished with them, are passed to the bookkeeper and then filed. They often become exceedingly valuable for references in case differences and misunderstandings occur as to credits dealing with depositors. All deposits received by mail must have prompt acknowledgment, and when dividend checks are received for credit direct from the paying companies, the advice must show not only the amount, but also give the name, date and rate of the dividend. All errors and discrepancies, if not discovered at the time of deposit, must be immediately advised by telephone, if possible, in the case of city customers, and otherwise by letter.

The receiving teller should examine indorsements, dates, signatures and other features of checks the same as the paying teller. Customers who are perfectly honest may be cheated by others and deposit fraudulent or kiting checks. It is very important, also, that he should report immediately to the cashier any deposits of firm checks to individual accounts, or executor or treasurer checks to other than the company or estate accounts to which they belong. The courts of Massachusetts have decided that the bank is liable in case of any such practices.

The depositor should indorse his name below all others on the back of each check. The receiving teller should notice especially this last indorsement, for it is the key of discovery if anything wrong should appear in the future history of the check. At times when checks are rapidly received for deposit it is impossible to examine them carefully; hence the greater need of looking at the indorsement of a depositor. When checks are finally paid where they are made payable, errors are sure to be detected, and of course the bank receiving them ought always to know from what source they come, in order to ascertain what to do with them should any imperfection be discovered.

Checks are returned between banks, daily. Checks are dated ahead, or dates are obscure or omitted. Often they lack previous indorsement or they are indorsed by an attorney without adequate proof of his authority. The sum in the body of the check may not correspond with the figures below or may be entirely missing. Checks are sometimes paid without any signature. The paying teller recognizes a familiar style of writing and the omission of the signature may not be detected. Sometimes they are missorted and taken to the wrong bank. These and many other errors occur. As soon as discovered, the

checks are sent back to their proper places for correction.

The deposits received by this department consist, of course, principally of checks. When making up his list for deposit, the depositor should indorse all checks, whether payable to bearer or order, with this phrase:—

Pay to the order of
the Ninth National Bank.
Bitter Creek Gas Co.

To do away with the trouble of writing in full the words, "Pay to the order of," or the name of the depositor, a rubber stamp is generally used which it is the custom among larger banks to furnish to customers.

One of the most difficult duties of the receiving teller is to determine whether all the money presented is good or not. Much can be learned by the study of the bills, though the peculiar aptitude to detect counterfeiters comes only from much practice. The banks in the large cities are the chief victims of these counterfeiters. When business is done very quickly there is less time for examination. Go into one of our large banks in the afternoon a short time before closing and see the long line of depositors, each of whom is eager to get away at the earliest possible moment. The tellers appreciate the restlessness of that long row slowly moving on the other side of the grating. Consequently, they work with great rapidity and have no time to scrutinize the money received. The larger banks would be much better protected if in some way they could have more windows and tellers in such emergencies. A standard publication on counterfeiters is necessary in every bank, but unless they are constantly studied they will be of no assistance in keeping counterfeiters out of the drawer, though they will teach one the truth after the counterfeiters are thrown back upon him.

If you desire to become a first-rate teller, take your counterfeit detector and study page by page by comparison with genuine notes. Take a strong magnifying glass and examine the good bills; then, locate the defects on the counterfeiters. Go from one denomination to another until the looks of the genuine bills and the weak spots of counterfeiters are engraved on your memory. Then you know where to look for the vulnerable spots whenever you handle money, and will have no need to scrutinize the bills as a whole. Another good practice is to cut out all newspaper items or telegrams relating to bad money and how banks are duped. Paste these in a convenient place and read them occasionally in order to keep alert and escape the arts of the "shovers of the green." Experts do not judge so much by the appearance of a note as they do by its feeling, that is, by the way it slips through the fingers; but it takes years of experience to acquire the necessary firm touch, and even then it is not always reliable.

When notes are received that are counterfeit it is the duty of the receiving teller to so mark them. The national bank act requires national banks to stamp or write in plain letters the words "counterfeit," "altered" or "worthless" on all fraudulent notes that come into their possession. There is sometimes a delicate duty to perform, when the teller has to say to a depositor who has presented a note that is fraudulent that he must stamp and return it to him. Of course the object of so doing is to stop its circulation. And this is naturally unpleasant to the customer—but there is the law. In many cases the receiving teller is not so sure that the note is a counterfeit, and should he make a mistake, the bank would be liable for the amount. The error can be remedied easily by sending the note for redemption stating the fact, and getting a new one from the government, so that the danger of loss to a bank ought not to deter a teller from performing this clearly defined duty. In cities where there are subtreasuries it is the general custom to refer all doubtful money to them to pass upon.

In receiving coin, and especially gold, one is inclined to be deceived by its weight. On the Pacific coast, where it is in more general use than in the east, as the loss from abrasion is inevitable, the law

would be unjust if every coin falling below the standard weight was declared uncurrent. On the contrary, it expressly provides for the redemption of coins in weight within certain limits, as follows: "Any gold coins of the United States, if reduced in weight by natural abrasion, not more than one-half of one per cent. below the standard weight prescribed by law, after a circulation of twenty years, as shown by the date of coinage, and at a ratable proportion for any period less than twenty years, shall be received at their nominal value by the United States Treasury and its officers, under such regulations as the Secretary of the Treasury may prescribe for the protection of the government against fraudulent abrasion or other practices. . . . Any gold coin in the Treasury of the United States when reduced in weight by natural abrasion more than one-half of one per cent. below the standard weight prescribed by law, shall be received." Coins twenty years of age may, therefore, be one-half of one per cent. below the standard weight and still be current. A coin of light weight, unlike a counterfeit note, cannot be stamped "light weight" or with any words to indicate its imperfect character. There is no law permitting any one to so mark a coin. There is a provision, however, which directs that "every person who fraudulently, by any act, way or means, defaces, imitates, impairs, diminishes, falsifies, scales or lightens the gold and silver coins which have been, or which may hereafter be, coined at the mints of the United States, or any foreign gold or silver coin which is by law made current or in actual circulation as money within the United States, shall be imprisoned not more than two years and fined not more than \$2,000."

The banks belonging to the Boston Clearing House Association have a by-law which requires every member of the association to charge exchange on certain checks received for deposit. On all checks outside of New York City, Philadelphia, Baltimore, Jersey City, Hoboken, Newark, Troy, Albany and west of the New England States, a charge of 1/10 of 1 per cent. has to be made. A charge of 1/4 of 1 per cent. has to be made on the points in the far west and south. There is a list of 85 or 90 places in New England on which there is a charge of 1/10 of 1 per cent., and on Aroostook County banks there is a charge of 1/20 of 1 per cent. This duty must be strictly adhered to, as the bank is liable to a heavy fine and expulsion from the Association if the above is neglected wilfully.

The receiving teller as a rule needs only two books,—a cash book for all debit entries and accounts with other departments of the bank and a credit book for all deposits and letters. Besides these books he must have sheets for his city and New England clearings and his cash items; also proof sheets for his lots or blocks of credits. These proof sheets are ruled and are of a size to be used in the adding machines. After the teller has taken the cash and coin out of a deposit and substituted a ticket in its place, the checks and credits are given to an assistant to sort, following the headings printed at the top. The one marked "Clearing House" means the city of Boston checks; the "New York" one means New York City; the "New England Clearing House," the New England State's checks; the "O. C.'s," other checks on points which the bank's correspondents in New England and outside of New York City, and the points south and west, cover; "sundry," points not reached by the regular correspondents; "cash," the tickets substituted for bills and coin; "own checks," checks drawn on themselves; "miscellaneous," checks or drafts on brokers and checks on banks that another bank may be Clearing House agent for; and "credits," a list of the deposits or letters.

The three latter, after the items have been listed and proved on the machine, are stamped with the lot number of future reference. As soon as a proof is made the checks are immediately sent forward, except the checks on the bank itself, which have to be stamped with the receiving teller's stamp and sorted out by ledgers, and then listed on the cash book and turned over to the bookkeeper to whom they belong. The Clearing House checks are stamped and sorted in racks; the New England Clearing House checks are treated in the same manner; the New York, O. C. and sundry checks are given to the corresponding clerks.

Beginning the day's work in an active city bank where the receiving department handles all the incoming cash items, the first duty is the morning mail. As soon as received, the letters are separated into the city or Clearing House letters and the foreign. The Clearing House letters are immediately checked off or proved on the adding machines; the Clearing House checks separated from the rest and stamped, sorted in racks and listed on the Clearing House sheets, and the slips proved. This is very important, as it must be done and down at the Clearing House at 10 o'clock, so a bank may have the use of the funds on that day. When the work is unusually heavy, it can be seen that speed and accuracy are required to get everything cleared up at that time.

The rest of the checks are sorted to the various places and listed. The credits are entered in the credit book. Then the receiving teller is ready for his morning settlement. He first enters in red ink, to distinguish them from the afternoon cash, the items under the various heads. Then he takes a total of these items from his cash book and subtracts the total from the total credits, and if that agrees with the amount obtained by subtracting the afternoon clearing from the total morning clearing his settlement is right and he can go on with the day's work, happy that the morning letters are right.

If wrong, the letters are first added, bills re-counted and all comparisons gone over. If not discovered the error has to stand until afternoon and then the letters are rechecked. In the meantime some Clearing House bank may call up and have found the difference in checking off their clearing. This is adjusted by a charge or credit.

The foreign letters are sorted and proved by the block of a dozen letters or so, according to the number of checks they contain. The checks are then turned over to assistants to be sorted in their various places. The New England checks are generally the largest amount, as there are 640 or more banks represented, and these all have to be sorted in racks and made up on sheets and slips printed for that purpose. The New York and other checks, or checks which are sent to the bank's correspondents in the various cities, and the sundry checks, which are on points not reached by the bank's correspondents, and have to be sent direct, are delivered to the corresponding clerks. Checks on his own bank are sorted alphabetically and charged up to the ledgers corresponding to that letter. The brokers' drafts and coupons not payable through the Clearing House are passed to the collection clerk, who sends them out with his drafts for collection. Then if the bank is Clearing House agent for any city bank their checks are sorted separately and charged on the ledgers to which they belong, and delivered to a messenger from that bank as shortly after 10 o'clock as possible.

For the items returned by correspondents for any irregularity, a charge is written on a manifold block, one part going to the bank's customer with the item and the other part to the bookkeeper. This latter is charged the same as a check on the ledger to which it belongs.

Shortly after 10 o'clock a list is generally received from the paying teller containing what is generally known as the Clearing House outs. These consist of checks returned from the New England Clearing House protested or for some irregularity, and possibly New York checks which have been received by the Clearing House in payment of its letters. These latter, of course, are generally charged by request, as a bank may want the New York funds for remittances or transfers. The returned items are charged as stated above.

Often customers have a preference as to the way they want their account kept at the bank, and object to charges. In that case the receiving teller must call the depositor on the phone and request his check or cash in exchange for the returned item. Sometimes a request for a second presentation is made if returned for lack of funds.

It is always well to keep all returned items disposed of as promptly as possible.

Throughout the day, as the deposits accumulate, they are turned over to assistants to be proved in lots, stamping each ticket with lot letter to cor-

respond. The checks are distributed as in the morning and credits entered on book. If during the day large amounts of bills are deposited by banks or corporations, these are generally charged to the paying teller.

Shortly after 1 o'clock in the afternoon the second lot of returned items are charged over by the paying teller, these having been returned by the City Clearing House banks. The process of their disposal is repeated as with the morning ones.

At 3 o'clock the New England Clearing, which has in the meantime been listed on sheets and the slips provided for same, is totalled and comparison made with total on the receiving teller's cash book. It is then sent down to the Clearing House and a receipt taken, which is charged in on the following afternoon's city clearing.

The closing time having arrived, all deposits arriving late—except the larger ones which with the small ones must be carefully examined for foreign items—are held out until the following day. By this time there is generally quite an accumulation of deposits on hand, and as much speed as possible must be used by the teller and his assistants so that the other departments of the bank may not be held up.

Having made the necessary distributions of checks and credits, totals are made on all the books, the bills counted, sorted and strapped, the coin rolled in wrappers when the amounts are large enough, and the cash items listed on a sheet. The latter generally consist of brokers' drafts of small amounts, coupons, and checks of banks for which the teller's bank is clearing agent, and generally some return items awaiting instructions or checks from customers, together with small New England Clearing House checks received too late for clearing. Comparison is then made with the departments which have been charging or crediting items during the day,—in this case the paying teller's and collection clerk's and discount clerk's.

The receiving teller then makes up his balance, which consists of the Boston Clearing, cash items, bills and coin, and proceeds to a settlement. The collection clerk has no debit side. This is generally the case, as his receipts of notes and collections are charged over and are very much larger than the receiving teller's debit to him. His bills and coin are added to the receiving teller's cash items, and so appear in the general bank balance.

The credit balance is of course the balance of the day before. The two sides are alike when a correct settlement is made.

Generally some small difference will creep in and necessitates a careful going over of the cash. The book-keepers make comparisons with the debits and credits as charged to them and the error may turn up there. The beauty of the block system as opposed to the old method of checking off is here apparent because if there is an error, as a general thing it is not in the deposit or credit tickets, these all having been proved.

If there is a small difference of less than a dollar and it cannot be found, it is added or subtracted from the cash items, and the following day a debit or credit is made to "over" or "short" account on the bank's ledger. Often there will be a difference in the city clearing due to some assistant not making over a blind check. This latter work must always be insisted upon as a safeguard against incorrect work, as it later saves the time it might otherwise require to look through a large city clearing, though bright assistants will remember some circumstance in connection with certain checks, and the difference may be straightened out immediately.

After the receiving teller has balanced his cash and the book work is all finished, a copy of his balance is made out on a ticket and turned over to the paying teller to become a part of the bank's balance. In the larger banks the receiving teller's department is divided into another department called the check teller's department. In this case the credits and checks, after the cash has been taken out and a ticket substituted therefor, are turned over to the check

teller, and a proof of the bills and coin is made at the end of the day by totalling these tickets, a duplication of which is kept on a machine called the autographic register.

The bills are sorted, the mutilated from the good, and strapped and charged to the paying teller through the day if needed, or the following morning. The balance in this case (check teller) only consists of actual cash and a ticket, showing the amount divided into bills, gold and coin made out and turned over to the paying teller each night.

It is becoming more generally recognized that the receiving teller best serves his bank not only by the correct settlement of his cash, but also by his securing the confidence of the bank's customers, so that they look to him for the protection of their just interests in all their dealings with his department.

THE INSTITUTE AND OREGON BANKS.

By R. H. MacMichael, Manager of the Bond Department of the Dexter Horton National Bank of Seattle, and Former President of the Institute—
Synopsis of an Address at the Convention of the Oregon State Bankers' Association.

THE Institute and Its Relation to Oregon Banks," says the "Pacific Banker," was the topic selected by R. H. MacMichael, manager of the Bond Department of the Dexter, Horton National Bank of Seattle, for his address at the convention of the Oregon Bankers' Association. Mr. MacMichael is a former president of the American Institute of Banking, and his thorough familiarity with the subject he chose made his address very interesting. Mr. MacMichael thought the situation in Oregon offered great opportunity for the work of the correspondence work of the Institute. Oregon has but one chapter, located at Portland; and while that chapter is doing excellent work and accomplishing a great deal, the benefits accruing necessarily are mostly confined to the bank men of Portland. Mr. MacMichael sketched briefly the organization of the Institute, the reasons that prompted its formation and its early history. As with all new organizations there was an experimental stage. From the first, education was the watchword of the Institute, but in the early days every chapter was left to blaze its own pathway and to work out its own salvation. Naturally this resulted in some confusion, but in 1909 a series of uniform lectures in Banking and Finance and in Commercial Law were prepared for the use of chapters and for correspondence students. The pamphlets thus prepared were mostly the work of Institute men. The benefits of the pamphlet system are that Institute education becomes standardized, and the opportunity to acquire it is open to the man in the small bank in the small town just as much as it is to the man in the large city.

"Correspondence work once was looked upon with suspicion by educators, but that was before correspondence work was put upon the scientific basis it now occupies. The educational institutions of the highest standing in the world are now using it with the most gratifying results, and it is significant that it is becoming every year a greater part of the work of the American Institute of Banking. The Institute has now progressed to a point where it has become necessary to install higher work than that covered by the former educational courses, and a new course to be studied by the recently organized forums has been adopted. The work embraced in this course is most difficult and deals with the most intricate of the problems underlying the banking business. The need of the banking business is trained men. These the Institute provides, and the bank man of the future will not only be trained in practical matters, but through the Institute he will be so trained in all that pertains to his business that he will be recognized by legislators and educators as an authority on banking subjects."



INSTITUTE CHAPTERGRAMS

Chaptergrams must be received by the Educational Director of the Institute not later than the 28th of the month preceding publication.

RICHMOND AND THE CONVENTION.

By George H. Keesee of the Program Committee—
**Historic Interest and Natural and Artistic Beauty
 Combined in the Famous City of the South—How
 Southern Hospitality Will Blend Education and
 Entertainment in Refined Simplicity.**

WHEN convention trains leave for Richmond Town we want a large delegation from every chapter city to say—

"I'll be right there,
 I've got my fare.
 So, all aboard, all aboard,
 All aboard for Richmond Town."

As Richmond should be the Mecca in September for all Institute men, a few words in regard to our city will no doubt be appropriate.

In May, 1607, shortly after the landing of the English settlers at Jamestown, Capt. John Smith, Capt. Newport and others ascended the river as far as the place where Richmond now stands, and shortly thereafter purchased from the Indians a tract of land which was called "None Such," and this has ever since stuck to us, for the visitor, as well as the resident of Richmond, claims that there is "none such" as our beautiful city. Richmond, however, was founded in 1733 by Col. Wm. Byrd, and often now in the conveyance of land you will find the titles referring to the original deed from the Byrd lottery. In 1779 we were designated the capital, the seat of government being then moved from Williamsburg. Later, Richmond was designated the capital of the Southern Confederacy and became the storm center

of the civil war, and when evacuated on April 3, 1865, the city was almost entirely destroyed by a conflagration, originating in the arsenals and warehouses fired by the Confederates on their departure.

Many years were necessary for our people to recover from the devastations of that trying period, but out of the ashes there has sprung up a new and



COUNTRY CLUB OF VIRGINIA

more beautiful city, one which while still cherishing the traditions of the colonial days yet has also adapted herself to the modern conditions and has become a factor in the commercial world.

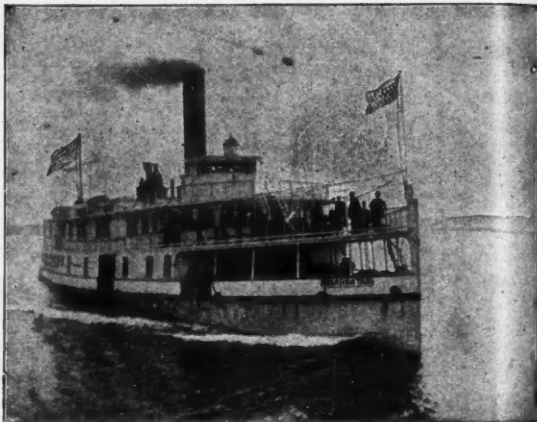


ST. JOHN'S CHURCH

The banker who comes to Richmond for the A. I. B. Convention, September 17th, 18th, 19th and 20th (remember all of the days) cannot help being impressed with the commercial importance of our city and the great future in store for her, but we are bringing you here to make this a pleasure trip—to let you forget—better—to make you forget the busy days spent at the desk during the year, to give you a taste of life in Old Virginia and to show you the joy of living in this section. We know that there will be a large attendance, for reservations are being made very rapidly at headquarters—the Jefferson Hotel—so, if you are not met at the station, remember there will be some of the “ever ready boys” at the hotel looking for you and anxious to give the information desired.

Arrangements will be made to take the entire party on a sightseeing trip over the city on the first afternoon. On this trip opportunity will be given to see some of the novel manufacturing plants, such as a short trip through one of the tobacco factories where hundreds will be found making the cigarette or cigar, which is possibly your favorite brand, then a visit to the largest wood-working plant in the world to see them make the many household articles that we find around the office and home. The management is very strict at this plant and will exact a promise of us that none will kick the bucket while going through the works. The next point of interest will be a stop at Old St. John's Church in the center of the old residential section. We will pile out here to get a glimpse of a few of the old tombstones dating back into the early seventeen hundreds. Time will also be given to see the Old Church and to hear the sexton, a direct descendant of Patrick Henry, as he impersonates his ancestor in his famous speech of Colonial Days. From there we will journey to the beautiful Country Club of Virginia, where a lawn luncheon will be served and later dancing. Thursday we will go to work with a vim to get over the many attractive papers being arranged by the program committee. This will keep you all day, but in the evening you will be ours again and the entertainment features will be a smoker in the hotel. The ladies will be expected to be present to hear some of the stories and the songs of the old-time Southern darkies. Friday morning again we get to work, while a part of the afternoon will claim the attention of all, as the convention elects its officers for the coming year and selects a meeting place of the many who are always anxious to have the A. I.

B. Friday evening another entertainment, of which we will not tell you until the last minute. The program committee has allowed us the privilege of keeping this one dark, so just leave it to us and we will try to see that you enjoy yourselves. If you do not, all admission tickets will be redeemed by us at twice their value, even if they are not worth any-



“READY FOR DOWN THE RIVER”

thing. Saturday will be given over to the local crowd, and early we will start down the river for a visit to dear old Jamestown, passing the many homes along the river front. A number of guides will be aboard the ship to give us the narrative of life in the early days. This should be a most interesting trip to all and will stop at Newport News, so that those wishing to catch the Saturday afternoon boats to Boston, New York or Baltimore will have ample time to make these connections, while those returning to Richmond will be brought back by special train, reaching Richmond in ample time to allow those finding it necessary to leave for home or other parts to catch their trains in all directions.



A TOBACCO FACTORY SCENE

ALBANY.

By H. J. Hotaling.

ON May 29th eighteen members of our study class took the first-year course examination, of which the following seventeen members passed: Samuel Applebaum, C. J. Beckett, E. J. Boyce, Edward Corrie, Leo K. Fox, H. J. Hotaling, H. J. Kneip, P. R. Krause, Oscar A. Meyer, J. C. O'Byrne, Raymond Roos, Godfrey J. Smith, H. D. Smith, Halsey J. Snow, Alfred L. Taylor, Mills Ten Eyck, George B. Wilkinson.

The President has appointed as the Educational Committee for the ensuing year Leo K. Fox, Union Trust Company, Chairman; Clifford J. Beckett, First National Bank; Arthur Koch, Manufacturers' National Bank, Troy. This Committee is hard at work outlining the law course which we will take up in the fall. They have secured a member of the New York State Bar Association as instructor. We expect to have a much larger class this coming year, as the showing made by the last class has made some of the scoffers "sit up and take notice."

The State Banking Department has furnished for publication an article entitled "Assisting Directors to Direct," written by J. A. Broderick, a prominent Institute member who is in charge of the credit bureau of the department. According to Mr. Broderick, the successful management of a banking institution depends primarily upon its directors. To them the depositors look for the safeguarding of the funds deposited with the bank. To them the stockholders look for an efficient supervision which will insure safety of investment and fair dividends, and it is to the directors that the National and State Governments look for a sound businesslike administration in accordance with the provisions of the banking law. Continuing, Mr. Broderick says:

In the Board of Directors is vested the authority of management. Its members under the law must own a certain number of shares free from pledge. Invariably they either own or represent the control of stock. Some directors are chosen because they are representative and respected citizens and it is thought their names will inspire confidence. Others are elected because it is thought that through their influence desirable and profitable business may be brought to the bank. Some become directors through the ownership of a substantial block of stock with the idea that by giving personal attention to the affairs of the institution their own interests will be best served. Some seek the office because of the prestige it carries and, lastly, some become directors in order to be in a position to influence the granting of loans to favored enterprises and in the furtherance of their personal interests.

There are usually from five to thirty members on a Board of Directors. The average director is a busy man, successful in his own line but possessed of little knowledge of banking customs, practice and technique. It becomes necessary for the directors to choose well-informed men as officers and to delegate to them the active management of the bank's affairs, the directors contenting themselves by acting in an advisory capacity.

To keep the Board of Directors informed, periodical meetings are held at which the business of the institution is discussed and passed upon. If the bank has a small Board of Directors, meetings are usually held weekly and members are able to keep pretty well in touch with affairs.

Where there is a large Board of Directors direct power is usually delegated to an Executive Committee which meets weekly and passes upon all matters of importance. The entire Board holds a meeting monthly and ratifies the acts of the Executive Committee. Both the Executive Committee and the Board of Directors are dependent in a large measure on the officers of the institution for information and are often guided by the opinions of the officers.

The Government grants authority to a bank to do business, but to protect the interests of the depositors, the shareholders and directors, it enacts laws to govern the management and conduct of the business and prescribes penalties for failure to live up to the legal requirements.

It is an interesting fact that every banking institution which failed in New York State in the past few years had well-known men on its Board of Directors. However, the directors were directors in name only and in almost every case they had delegated their powers to an Executive Committee, whose members never appeared to be aware of their proper duties, were closely affiliated in outside businesses and were content to be guided by the will of those in control.

As required by law, the officers brought certain matters to the directors' attention, but this was done in such

an uninteresting manner as to be entirely overlooked by the directors. Proper attention might have prevented the failures.

One of the most important questions before the Bank Supervisors, is that of insisting upon directors assuming full responsibilities and giving the proper attention to the affairs of the institutions with which they are connected. In order to insure that important matters are brought to the attention of the directors and for the purpose of assisting directors to fulfill their duties, certain provisions have been added to the Banking Law and new methods have been introduced by Superintendent Van Tuyl in departmental examinations, viz.:

1. Each director, when appointed or elected, takes an oath that he will, so far as the duty devolves on him, diligently and honestly administer the affairs of such corporation and will not knowingly violate or permit to be violated any of the provisions of law applicable to such corporation, etc.

2. The law requires a meeting of each board of directors to be held at least once each month. At each meeting there must be presented to each director present, or to an executive committee of not less than five members, a written statement of all purchases and sales of securities and of every discount and loan (of \$1,000 or more) made since the last regular meeting of the Board of Directors. The statement must be sworn to and filed with the records of the company.

3. Each official communication from the Banking Department must be submitted by the officer receiving it, to the Board of Directors, at the next meeting of the board.

4. The law requires the Board of Directors of every bank and trust company in the months of April and October to examine or cause a committee of at least three of its members to examine fully the books, papers and affairs of the institution. A copy of this report is filed with the Superintendent of Banks. The examining committee is permitted to employ expert assistance. A recent amendment to the law requires directors to report all loans made to directors and to firms, companies and corporations with which they are connected or interested. In the latter part of 1911, in an examination of an institution in New York, a very unsatisfactory condition was disclosed. One officer assumed the entire responsibility and management. He represented an interest in control of the stock. During the course of the examination a directors' meeting was called. As usual, the officer dominated the meeting and reported the affairs in excellent condition. The examiner asked for an opportunity to speak and then took occasion to advise the directors of the true condition of affairs and convinced them that they had been deceived for some time back. They were informed that it would be necessary to raise a large sum of money to replace so-called assets. The bank was liquidated. Superintendent Van Tuyl shortly thereafter issued an order that in connection with each examination the examiner was directed to call a meeting of the Board of Directors for the purpose of discussing loans and other matters of importance. This innovation caused a little apprehension on the part of the bank officials at first, but when the purpose was understood it met with the approval of all.

Before going into an institution the examiner is furnished by the Credit Bureau with a list of all failures and bankruptcies of individuals or companies doing business with the bank to be examined. He has available a list of the firm, business and corporation affiliations of each director of the institution. He also receives a memorandum as to special matters which should receive attention. After starting the examination, he confers with the officers and arranges for the calling of a meeting of the Board of Directors. When the Board is convened the method of procedure is as follows:

The directors are informed that the meeting has been called in accordance with the rule of the Department. They are told that the examiner wishes the benefit of their advice and desires to give them an opportunity of expressing their views as to the worth of loans and investments. They are then informed that after the examiner has read the list of the loans to them, they will be asked to sign a certificate which reads as follows:

"We, the undersigned, directors of _____ Bank (or Trust Company), New York City, do hereby certify that on this _____ day of _____, 1913, in the presence of Examiner _____, who is duly appointed by the Superintendent of Banks, to examine the above-named bank (or trust company), have heard read to us by said examiner a list of loans of \$5,000 and over, forming a part of the assets of said bank (or trust company), and we do hereby declare that to the best of our knowledge and belief all of said loans are worth face value except as listed in the following schedules, viz.: Schedule A—Worthless loans. Schedule B—Loans of questionable value; such loans as we believe will eventually be paid in full or in part, but about which there is some question at the present time about realizing the full face value. Schedule C—Slow paper; such loans as we believe will eventually be paid in full, but which must be considered as slow assets. Schedule D—Paper objected to by one or more directors, but considered collectible by others."

The following matters are brought to the attention of the directors:

1. Past Due Paper—Items are taken up in detail. Comment is made on the length of time the paper has been held, the action taken by the bank to enforce payment and the prospects of collection.

2. Demand Loans—Particularly unsecured demand loans. To the mind of the examiner unsecured demand paper invariably is considered as past due paper until it has been proven otherwise. This is a favorite method of carrying uncollected notes and it should receive more attention than any other item. The question of uncollected interest is also commented upon.

3. Loans of \$5,000 and over in the case of city institutions and of \$2,500 and over in the case of smaller institutions are discussed in detail with the directors. The standing of the borrowers is considered in connection with the loan lines granted by other financial institutions. The examiner comments upon the signed financial statements on file, he takes up the matter of proper corporate authorizations and the question as to whether the guarantees held by the bank are properly drawn to protect its rights. In this respect it is frequently the case that the bank accepts a guarantee but fails to have it renewed or continued at the time of the renewals of the original obligation.

4. The question of inactive collateral is taken up. Special attention is given to securities of small, close and private corporations. Comment is made in case an undue proportion of the bank's funds is loaned on securities of the corporations controlled by one or more groups.

5. Loans to Officers or Directors—in this case the examiner arranges the loans in groups to show not only the indebtedness of an official as maker, endorser or guarantor, but also loans to the companies, firms and corporations with which he is connected either as an officer or director, or which he controls through stock ownership.

6. In discussing the investments of a concern the question of the quick assets is taken up. Inquiries are also made in case the institution purchases securities in companies owned or controlled by officers or directors. This matter is always considered in conjunction with securities held as collateral.

6-a. In New York State, banking institutions are permitted to hold real estate, to invest in mortgages and to loan upon real estate collateral. Comment is made to the Board of Directors in the event of the papers not being in proper shape. The banking institution must be the holder of record. There must be a proof or abstract of title showing the mortgage and liens against the property. Receipts for taxes and a certificate of valuation by recognized, competent appraisers must be on file.

7. The examiner requests the officers to obtain for him from the counsel of the institution a letter or certificate setting forth the status of all actions pending in which the institution under examination is interested.

These matters are taken up before the Board. Comment is made as to whether proper action is being taken to protect the interests of the bank and, also, if allowance is being made by the bank for losses which the institution is likely to sustain.

8. Under the recent law passed by the New York State Legislature, the Department has power to prescribe forms and books which shall be used in an institution. Prior to the passage of this law, the examiners had always commented upon the accounting system and made suggestions as to improve methods.

9. At times it becomes necessary for an institution to protect its interests by taking over the business of a creditor. Sometimes it is necessary to take over real estate properties for debts. Some institutions place the titles to these properties in a so-called Holding Company, the capital stock of which company will be owned by the bank. This feature of banking has been very much abused during the last five or six years. It has been the loophole through which questionable practices have been made possible, but at times it is necessary to have such a company to perform legitimate functions. In New York State the practice of permitting holding companies to do business is discouraged by the Department, but in a case where it is necessary, the affairs of the holding company are examined by the Credit Bureau in conjunction with the regular semi-annual examination of an institution and the result of this examination is discussed by the examiner at the meeting of the directors.

10. The question of directors' attendance at Board meetings is mentioned. The Department is of the opinion that if a director cannot attend, his office should be declared vacant. The policy of the institution in the making of loans is discussed with particular attention being called to any undue concentration of loans to favored interests.

11. In the Credit Bureau of the Department a record is kept of bank stock that is hypothecated in the different institutions under its supervision. In the event of a weak technical position being disclosed through the hypothecation of a substantial portion of bank stock, the matter is discussed with the directors and suggestion made that the condition be remedied or the stock placed in stronger hands. In fact, the main idea of directors' meetings is to encourage frank discussions on the part of directors.

Superintendent Van Tuyl's idea is that whenever possible matters should be settled at the meeting. The directors are corrected and directors are given an opportunity of becoming familiar with the affairs of the institution. The Banking Department keeps informed as to the activities of the officers and directors of institutions under its charge. Shortly after each election there is filed with the Credit Bureau a card record showing the name of the director or officer, his business and a list of his business, firm and corporation affiliation. This includes all corporations in which he may be an officer or director, or which he may control through stock ownership. Investigation is made as to his character and standing. His relations with other financial institutions are ascertained. If, at any time, his activities become inconsistent with his duties as an official of the institution, the Department does not hesitate to insist upon the situation being remedied.

It is claimed that if the State Department continues to hold directors to a strict accountability, it will so burden them with duties as to make it difficult to get desirable men to serve as directors.

When a note or agreement is signed, business law and practice require that the contract be fulfilled. In dealings with fellowmen, the breaking of one's given word is an act of dishonor. Now when a director is elected, he gives to the state his sworn word that he will diligently and honestly administer the affairs of the institution. He accepts a sacred trust, which carries with it the control and safety of the depositors' money. His first duty is to the depositors—not the stockholders. Stock control does not carry with it the ownership of the depositors' money.

From time to time practically every banking institution publishes statements of financial condition with a list of directors. The character of the directors is considered by the customers of the bank and the general public as a guarantee that the affairs are being properly administered, and that the published statement shows the true condition. A director is willing to accept the honor and prestige which the position carries. Should he shirk his responsibilities?

"Diligently and honestly administer the affairs" means an active participation in the affairs of an institution, not the delegation of full power to others. It means the giving of requisite time to become familiar with conditions; the insuring of fair treatment to all customers and not special consideration to directors or favored interests at the expense of the institution. It means the maintenance of sound, conservative policies and the choosing of competent, active officers.

Many active officers of financial institutions are so busy attending to personal investments and speculations that they have little time to give to the bank. Few officers will borrow at their own institution, because the directors may learn of their activities. Arrangements will be made for loans at friendly or allied institutions and in return for the accommodation bank balances will be shifted or reciprocal loans made. Often this plan is used in the interest of directors in control of an institution. Again, it is often said that you cannot expect a busy director to give his valuable time for a small fee. Still, many accept a fee without giving any service. Some are so complimented by being associated on Boards of Directors with prominent men that they hesitate to embarrass the controlling factors by asking questions.

If our present system is wrong it should be changed. A director who cannot give the required time to become familiar with the business of his institution should resign. Probably it would be better to have small Boards in active control with a provision for compensation to directors, say the setting aside of a certain percentage of the profits for distribution. Then there would be no delegation of power to others, no shirking or excuses.

The New York State Banking Department has succeeded in bringing the responsibility home to directors. It is willing to assist directors to direct, but determined to insist that directors shall understand their duties and live up to them. It is gratifying to say that this plan is receiving the hearty support and approval of the banking institutions in our state.

BOSTON.

By F. T. Olmstead.

ON Saturday, June 14th, about one hundred and thirty members of Boston Chapter visited Fitchburg, Mass., as guests of the banks of that city. The weatherman donated the best weather he had in stock, and this, together with

the perfect arrangements made by the committee in charge, made every moment of the day a pleasure.

We left Boston at 1.40 in a special train, and on reaching Fitchburg found electricians waiting to take us to Whalom Lake. Once there we were treated to all the amusements of the park, including a ride about the lake, canoeing, bathing and trips in automobiles around the vicinity. Through the courtesy of George N. Proctor, Vice-President of the Safety Fund National Bank, we were able to visit his model dairy-farm and to enjoy some of its products. In a baseball game between teams representing the two cities, Boston won by twelve to ten, after a whirlwind finish.

At 6.30 lunch was served in the grove, and following that, bowling, roller-skating and dancing were in order until the cars took us back to the Fitchburg Station at 9.00.

Boston Chapter has extended to its hosts its most cordial thanks for their kindness, and we feel that both John C. Dexter, of the Safety Fund National Bank, and Fred A. Young, of the Fitchburg National Bank, are deserving of our especial gratitude for the way in which they handled the whole affair.

Once again we wish to extend a cordial invitation to any convention delegations who can do so to visit Boston either before or after the Richmond Convention. Charles W. Stevens, of the Old Colony Trust Co., will be pleased to hear from any of the chapters with this idea in view. He reports that over thirty members have signified a wish to be appointed as delegates, and this will insure a full representation from Boston; a choice among this number will be made on July 16th.

CHATTANOOGA.

By T. R. Durham.

THE last meeting of this season, which was held Thursday night the 19th of June, marked a new era in the history of the Chattanooga Chapter. We had what might be called an "insurgent" movement in the chapter ranks, and when the smoke died away, the reins of government reposed serenely in the hands of the younger element.

Our chapter is about as strong in numbers as it has ever been, but so many of the old guard have been promoted and taken on new interests that our chapter has not been what might be termed "A Howling Success" the past year. Realizing this fact, and not being satisfied with the conditions, the younger men have taken the matter in hand and have come to the front with an insurgent ticket covering practically all of the offices, and strange though it might seem, they were all elected. With the exception of L. H. Potter, who has done such efficient work as treasurer for the past two years, and C. E. Kirkpatrick, the retiring president, not a single man among the older crowd is honored with a place on the board of governors for the next year.

E. Lee Smith, of the American Trust & Banking Co., was elected president; Frank G. Rice, of the Hamilton National Bank, vice-president; F. J. Miller, of the First National Bank, secretary, and L. H. Potter, of the Chattanooga Savings Bank, treasurer.

The board of governors also consists of six of the hustling youngsters, and they propose to make this the snappiest year in the history of the Chattanooga Chapter. They propose to send five delegates to the Richmond Convention. All of the officers, except Mr. Potter, were elected delegates with H. H. Granger and G. F. Karsteadt in addition. The writer, also, expects to attend the convention, making six representatives from Chattanooga.

The various committees for the next year's work will probably be selected from the younger element, and the present scribe bids farewell to the chapter readers as Chattanooga's correspondent.

CHICAGO.

By Wilbur W. Walton.

THE writer of this chaptergram feels that he owes an apology to Chicago Chapter and the readers of the JOURNAL-BULLETIN for his negligence in having failed to cover his assignment in the last two issues of this magazine, but owing to circumstances over which he had no control he was unable to fulfil his mission in this respect.

Chicago Chapter held its annual election Tuesday evening, May 27th, and while there were several official positions which had no competing candidates, however, there was considerable interest centered in the three-year term for the executive committee, there being five candidates for the two vacancies. The following officers were elected for the year 1913-14: President, Thomas J. Nugent, First National Bank; Vice-President, John W. Gorby, People's Trust and Savings Bank; Corresponding Secretary, Frank M. Day, Merchants' Loan and Trust Company; Financial Secretary, Wilbur W. Walton, Continental and Commercial National Bank; Treasurer, Myron D. Goldberg, Live Stock Exchange National Bank. Joseph J. Schroeder, of the National Bank of the Republic, and Charles F. Sommers, of the Continental and Commercial National Bank, were elected to the three-year term of the Executive Committee, and A. G. Holmes, of the Northern Trust Company, and H. L. Benson, of the Union Trust Company, were elected to the two-year term. Forty-five delegates were endorsed by the chapter to represent it at the annual convention to be held at Richmond, Va., next September.

After the pools were closed and while waiting for the election committee to count the ballots, we had our annual adding machine contests, one for the listing of 250 checks, and the other the listing of 500 checks, both of which events were won by J. T. Gallagher, of the Continental and Commercial National Bank. Mr. Gallagher broke the world's record in the listing of 250 checks, his time being three minutes flat, the record last year being made by C. E. Johnson, of the Continental and Commercial National Bank, his time being three minutes and fourteen seconds. Mr. Gallagher made a very excellent showing, having listed his 250 checks without a moment's hesitation. Practically all the Clearing House banks were entered. The successful contestants are as follows:

Listing 250 checks—1st prize, \$20, J. T. Gallagher, Continental and Commercial National Bank, three minutes; 2d prize, \$12.50, H. M. Jackson, Continental and Commercial National Bank, three minutes twelve and a half seconds; 3d prize, \$7.50, C. Sorenson, Continental and Commercial National Bank, three minutes seventeen and a half seconds.

Listing 500 checks—1st prize, \$30, J. T. Gallagher, Continental and Commercial National Bank, six minutes nineteen and a fifth seconds; 2d prize, \$20, C. Sorenson, Continental and Commercial National Bank, six minutes forty-five seconds; 3d prize, \$10, H. Boyell, First National Bank, six minutes forty-seven and a half seconds.

Chicago Chapter is indebted to the Burroughs Adding Machine Company for the interest they manifested in this contest, they having furnished the machines as well as the prizes. The winning contestants all used electric Burroughs machines, excepting Mr. Boyell, of the First National Bank, who used a hand Burroughs.

Chicago Chapter has just closed a very successful and profitable year, and the officers just retiring can look back with justifiable pride on what they have accomplished during the past year. They have turned over the affairs of the chapter to the new officers in an exceptionally satisfactory condition, and the new officers are taking hold of their duties knowing that a great work is ahead of them, as there are many problems to be worked out during the year. Our educational work was very enthusiastically taken advantage of during the year by many and much good has been accomplished, and Chicago Chapter feels that they have accomplished much toward the education of the younger bank clerks in its organization.

We have just moved into our new and enlarged quarters in the Northwestern University Building, which has been for some time under consideration, and our former president, John W. Rubecamp, is deserving of a great deal of credit for the work he has done in order to accomplish this. Our new quarters will give us class rooms and lecture rooms, so that it will be possible to have several classes in session during the same evening, and, when necessary, we will have at our disposal the large assembly room. A library room and committee room will also be provided for, as well as offices for our President and Secretary, and after we have fitted up our headquarters we expect to have an ideal place for all chapter members who desire to make it their headquarters.

CINCINNATI.

By A. DeWitt Shockley.

THE new Board of Governors of Cincinnati Chapter held their first meeting on Thursday, June 19th, in the Union Savings Bank parlors. President Harry Benedict, of the Fourth National Bank, presided. Tentative plans for the coming fall and winter were talked of. Everything looks toward a big year for Cincinnati this year. A big midsummer picnic is being planned for the chapter within the next month or so to keep interest alive during the summer months. Our membership has shown an active and healthy growth during the past season which we expect continued during this year. There is considerable interest among our members in the Richmond convention and there is no doubt but that we will have a large representation at that gathering.

CLEVELAND.

By P. J. Slach.

THE meeting on Tuesday evening, May 27th, was the finale of our most successful year. Our attendance was large, and was composed of the bank officials and clerks. Though it was the annual election night, W. R. Green presented a good program, as the conclusion of his year as Chairman of the Program Committee. His programs have not only been of high grade, but they have always been fulfilled as announced, and the chapter is greatly indebted to him and his subordinates for their untiring energy in this most important department.

A. S. Taylor, a member of the firm of V. C. Taylor & Son, a prominent real estate firm of this city, took as his subject, "Real Estate as a Form of Investment." His lecture was the third of a series on the various forms of investment. He not only dealt with his topic in an able, convincing manner, but he also suggested hints in regard to real estate values as of the future, which, if followed, might be converted into a great many dollars.

J. C. Hoffman, Assistant Treasurer of the Society for Savings, spoke upon the "Mutual Savings Banks." He gave a complete history of the Mutual Savings Bank in our country, citing his great institution as an example of this particular form of banking. His address was interesting and afforded an insight in the institutions of this class.

The chairmen of the various permanent committees, including the secretary and treasurer, made their final bow before the chapter. They gave a summary of their activities during the year, which all showed decided advances upon the past.

R. P. Sears, in particular, the chairman of the membership committee, reported that at the present time we have 418 members as compared to 200 when he assumed office. Incidentally, we wish also to add that Mr. Sears, though his term is ended, but his successor is not as yet appointed, is still determined to increase this figure. The chapter in appreciation of the work done on its behalf unanimously thanked all these gentlemen and their assistants for the valuable service rendered.

The election committee made a new departure in our election, by having the ballot box open from five

o'clock in the afternoon and continuing the voting time until 9 o'clock, thus affording an opportunity for all members to express themselves in regard to their coming officers. The election was brisk and active, and the officers elected assure a good future for the Cleveland Chapter. They are as follows: President, C. L. Corcoran, Asst. Cashier, Central National Bank; Vice-Pres., H. H. McKee, Cashier, Garfield Savings Bank Company; Secretary, F. L. Archer, the Guardian Savings & Trust Company; Treasurer, J. W. Baque, the First National Bank. New members of the Board of Governors: T. J. Champion, First National Bank, H. D. Cozad, Cashier of the Garfield Savings Bank Co., L. C. Haas, Central National Bank, H. W. Herrick, the Cleveland Trust Company, J. A. Ward, Asst. Cashier, the Cleveland National Bank.

The retiring President, P. J. Slach, had the pleasure of introducing his successor in office, C. L. Corcoran, who was received with a most welcome applause, and who accepted his honors modestly, assuring the chapter of his willingness to devote his time and energy to its growth and upbuilding. The officers elected in spite of the hot weather are already endeavoring to select the chairmen and the members of the various committees, so that when the fall season commences, the work will be organized to produce results immediately. The educational part is especially to be developed.

J. W. Meriam, former Treasurer of the Garfield Savings Bank Company, has been elected Treasurer of the State Banking & Trust Company. Mr. Meriam is one of our old members and we wish him success in his new position.

Cleveland has been blessed with a new addition to its financial institutions, that of the First Trust & Savings Bank, and we are glad to announce that among its officials, all are members with one exception, and that one exception will undoubtedly soon disappear. The officers are as follows: John Sherwin, President; T. H. Wilson, Vice-President; F. J. Woodworth, Vice-President; G. N. Sherwin, Secretary; R. F. Crawford, Treasurer. We not only welcome this addition into our fold, but wish to extend our congratulations, and express our hopes that its future may ever be linked with prosperity.

Members of the educational class have concluded their grind and almost all of them, we anticipate, have passed their examinations. The forum class, under the leadership of H. H. McKee, was late in starting, but we are informed that some members are digging away and hope to present their essays for the examinations to be given them in August.

Mr. Slach's Platform.

Believing that the time has come in the history of The American Institute of Banking when a candidate for prominent office should be considered, not only upon the merits of his personal qualities and past Institute record, but also with reference to the policies which he advocates, Cleveland Chapter wishes to announce that Peter J. Slach, whom it proposes as a candidate for President of the Institute, stands upon the following platform of definite policies to be promoted by him if honored with the office:

1. EDUCATIONAL WORK.

- (a) Continued and increasing emphasis upon the educational plans that have already proved effective.
- (b) Experiments with traveling libraries and lecturers with a view to extending to the smaller chapters, so far as possible, the educational advantages, in addition to Institute courses, enjoyed by chapters in the larger centers.
- (c) Enlargement of the scope of the post-graduate courses so as to offer opportunities for research work in special phases of the banking business.
- (d) The establishment of a "clearing-house" for good ideas, by means of which the best ideas on banking work originating with any individual may be placed at the disposal of all.
- (e) Continued recognition of the needs of the Correspondence Chapter.

2. INTER-CHAPTER RELATIONS.

Promotion among chapters of a "group plan" similar to that in use by the State Bankers' Associations, with the purpose of the strengthening old chapters, establishing new ones, and promoting closer personal acquaintance among members in the same territory.

3. RELATION TO BANKERS' ASSOCIATIONS.

- (a) Endeavor to gain from each State Bankers' Association the admission of all chapters within its territory as a "section" of such association.
- (b) Recognition of the obligation of the Institute, as an auxiliary of The American Bankers Association, to be of such usefulness as it can in the work of the Association; and in line with such policy, the endorsement of the country clearing-house plan, and sustained effort to bring about the complete adoption of the numerical system.

C. L. Corcoran,	W. H. Kinsey,
I. F. Freiberger,	Harry F. Pratt,
W. R. Green,	R. P. Sears,
Clay Herrick,	Guy W. Shanks,
L. J. Kaufman,	J. A. Ward,
	Committee.

DALLAS.

By Stewart D. Beckley.

THE convention city for 1914 should be Dallas, Texas. We men of Dallas Chapter have faith in our claims for the convention; we have confidence in the judgment of the national body to appreciate such claims, and we now invite you to our city in the fall of 1914, assuring you of a very hearty welcome and pledge you our word as determined men who have been inspired by the example set by the other men of this grand organization that we will strive to the full extent of our ability, with unabated energy, and as men who welcome an opportunity to make good, to make the 1914 convention in Dallas the most successful in the history of the Institute.

This invitation is extended after a careful analysis of the situation, first locally, as to our ability to take care of the convention, and second, from the standpoint of the advantages to the Institute in holding this convention here. Such analysis has been placed before several prominent A. I. B. men with the result that they encourage us in our endeavor. Our closest sister chapter, Ft. Worth, has pledged its capable assistance and, while we have not yet had time to canvass the situation, we hope to secure the co-operation of all the Southern chapters. Dallas has a reputation second to none as a Convention City, and its hotel and railroad facilities have been tested in a manner which brings pride to us. The Shriners' convention, with sixty thousand visitors, held here last month, and the Ad. League Convention, with thirty-five thousand visitors, held here last year, were unqualified successes. Dallas is the home of The Texas State Fair, the greatest State Fair in North America, bringing within our midst for a period of two weeks annually visitors from 40,000 to 125,000 per day. We, therefore, know how to take care of crowds and assure every delegate excellent hotel accommodations, we having several hotels, each of which is large enough to house the entire convention. The Dallas Chamber of Commerce has pledged its assistance, which not only insures a hearty welcome on the part of the chapter, but of the city as well.

Texas, more than any other State in the Union, is attracting attention. The eyes of the commercial world are upon it. With the completion of the Panama Canal, close at hand, with natural resources beyond the boast of other States, Texas will soon be the greatest field of commercial development in the United States. This section, the great Southwest, has already made itself known and felt throughout the length and breadth of the nation. The magnitude of its resources, their effect upon the supply

and demand of the world, the unparalleled stage of development along industrial lines insures a great future; and, during the next one hundred years at least, the banking and commercial world in general will look to this section as the barometer of national prosperity. "Seeing is believing"—come and see!

Generally it is of no great importance to the national organization as a whole as to what section of the country the convention is to be held. The question as to where the convention should go in 1914 is the most vitally important question that will be decided at Richmond. At that time it will be determined whether or not the A. I. B. will take advantage of the opportunity which now exists to further its interests as a national organization and establish a firm foothold in the fast growing South. If this organization be national in name, it should be national in its scope of activity.

The activities of a banker are no longer confined to his own county or State, but are nation wide. His vision must extend over the entire field of commercial activity, and he must anticipate the needs and demands of the people as a whole and perceive with unerring judgment the degree to which he must respond to such needs and demands. Such is the great responsibility facing the banker. To refuse to accept this responsibility or to err in responding may prove fatal. Therefore, as bankers and future bankers and considering the conditions here, as above presented, a visit to Texas will prove advantageous to each delegate personally and to the Institution with which he is connected.

One of the greatest reasons for the success of the A. I. B. has been the need of its primary object, viz., banking education. That need, on account of the size of the banks and each man's work having become more specialized, was felt in the East several years ago. The same condition now confronts the Southern bank clerk in general and the A. I. B. is becoming recognized, not only as an added opportunity for the ambitious, but a vital necessity as well. The South now presents the greatest field for the extension of the A. I. B. The bank men here have awakened to their need along the line of banking education, and it will prove a strategical move for the A. I. B., as a national organization, to hold the convention here in 1914.

It is unnecessary to emphasize the fact that holding the convention here would give a great impetus to the work and prove of inestimable value to the South. Dallas Chapter is a live organization and the convention will have to come to Dallas in the near future. San Francisco apparently will get it in 1915. Why should it not come here in 1914 at the opportune time? "Come over into Macedonia and do us good."

P. S. The irregularities in our last month's chaptergram were the result of the chaptergram being sent in by wire, hence also its brevity.

DAYTON.

By F. H. Stachler.

DAYTON CHAPTER held its monthly meeting Tuesday, May 27th, in the Y. M. C. A. Club Rooms. The feature of the evening was the annual election of officers for the chapter. The result of the election is as follows: B. B. Brady, of the Dayton Savings & Trust Co., was chosen President; Walter Davidson, of the City National Bank, Vice-President; Jesse Blackmore, of the Germania Building Association, Secretary, and Len M. Holler, of the Fourth National Bank, Treasurer. A. C. Jackson, Oscar Poock, and A. H. Callahan form the Board of Governors. After a much spirited contest, the president and vice-president were elected to represent Dayton Chapter at the annual convention to be held at Richmond, Va., in September. The newly elected officers assumed their duties without any formal installation, and continued the business of the meeting, after which a social session was held during which the chairman of the Entertainment Committee caused some refreshments to be distributed.

DETROIT.

By Joseph J. McGrath.

DETROIT CHAPTER at a recent meeting elected the following officers: James P. McHugh, President; Henry Bridgman, Vice-President; Joseph J. McGrath, Corresponding Secretary; Albert J. Stocker, Recording Secretary; Allen S. McKenny, Treasurer. The new officers are already laying plans for the study course of next year and hope to at least double last year's class of fifteen graduates.

An outing was given June 12th to the "Flats," known as the Venice of the Great Lakes, where a frog and chicken supper was served. The June meeting was held on board the boat. Among the speakers were S. D. Williams, a prominent attorney; W. G. Toepel, cashier Peninsular State Bank, and Dr. Russel G. Pearce. The following delegates were elected to the Richmond Convention: L. C. McConnell, James P. McHugh, A. W. Schweitzer, Charles A. Kinney, Allen S. McKinney, Leo G. Heaphy, A. J. Stocker and William A. Sands.

Preparations are being made for the annual moonlight, which will take place August 14th. Over four thousand tickets are out and a record crowd is expected.

HARTFORD.

By Wilbur F. Lawson.

WE are still in the field for the 1914 Convention, basing our candidacy on the following reasons: We have never before been out for honors, preferring to wait until the time was ripe to go out for a convention. That time has arrived, and we ask the thoughtful consideration of other chapters. Hartford Chapter was one of the first to be organized, and is now in its twelfth year. No chapter, therefore, has a better claim for 1914, and by every right we are entitled to recognition. During the period of our existence we have given our support to many chapters in their endeavors to accomplish things which they desired in the way of honors. We now ask every delegate to give our candidacy serious thought when deciding how he will vote for the convention city at Richmond. Our city is exceptionally well suited to act as a convention's host. It is the garden spot of New England, and no other city can offer anything to surpass it in the way of attractions. "ASK A MAN WHO'S BEEN HERE." It is a city of parks—nineteen miles of them. It has many handsome buildings, the most beautiful one being the State Capitol. Near that is the State Library, housing, among other things, the original charter of Connecticut. This document will be remembered by students of history as the one which, in colonial days, was made famous by being stolen from the council chamber and hidden in an oak tree in order to prevent confiscation by the King's agents. This building also houses the Mitchelson collection of American coins, the most complete and valuable one in existence. The Morgan Memorial, donated by the late J. Pierpont Morgan (who was a native of Hartford) contains many art treasures. To those interested in military affairs, the new State Armory offers attractions. The new three million dollar bridge across the Connecticut River is one of the finest and handsomest structures of its kind to be found anywhere. The office buildings of the insurance companies are most imposing, and the residential sections of the city contain many beautiful homes. Those which attract many visitors are the houses where resided Harriet Beecher Stowe, Mark Twain and Charles Dudley Warner. It is a city of wealth. For every thousand inhabitants there are one million dollars of banking assets, and four millions of dollars of insurance assets.

From an educational standpoint no better city could be chosen. It is located in a section which can draw upon the best of talent along academic,

financial and political lines, thus insuring an interesting program of speakers. Add to this the educational value to be derived from spending several days in a place so rich in financial, civic and historical associations. Then consider that an association which stands first and last for education will be assured of a most successful convention. For entertainment we can furnish every variety, indoors and out. We will promise a royal welcome to our guests. Again we say, "Ask a man who's been here," and then ask every Institute man you know to help make it possible to see for yourselves what we have to show. We shall esteem it an honor to act as your host.

FORT SMITH.

By E. Peninger.

OUR year's work closed out on the 21st of May with a banquet and election of officers. This has been the most successful year that we have had, and the members are all enthusiastic and anxious to get down to hard work again when the vacations are over and the winter's course begun. The banking course was completed with five to pass the examination. This makes seven graduates from Fort Smith Chapter. As yet the plans for 1913-14 have not been mapped out, nor will they be completely until after the convention. However, the President, Mr. Netherland, has several things in view, and the chapter will have something definite to start with on the first meeting night in October. Wood Netherland and Harry Jackson Jr. were chosen as delegates to the national convention in Richmond. The following were elected as officers of the chapter to serve the coming year: W. W. Netherland, President; C. B. Herbert, Vice-President; R. Harry Jackson, Jr., Treasurer; R. H. Kagy, Secretary

MINNEAPOLIS.

By A. V. Smith.

ALTHOUGH the official year of the Minneapolis Chapter closed with the banquet at the Minneapolis Club on April 26, 1913, the classes in Economics and Law kept plugging away for a few weeks more.

The class in Economics took its final examination on May 28th and the Law class finished its work on June 6th. We have not as yet received an official report as to who passed in the various courses, but judging from the uniformly excellent work of the past year, we expect to have fifteen or more chapter members qualify for the Institute Certificate.

The Educational Committee for the next year have already been appointed and have roughly laid out their work. The University of Minnesota is going to extend its field of evening instruction, and we are especially lucky in having their hearty cooperation in our educational work.

The classes in Banking and in the elements of Commercial Law will commence their work the first week in October. There will also be a class in Real Estate law, which is going to appeal to a large number of the older members of the chapter and also to several of the younger members who hope some time to have a bank of their own.

NEW ORLEANS.

By Jos. J. Farrell.

ONE hundred and fifty members of New Orleans Chapter left their rows of interest tables, calculations of discounts and other intricate problems incidental to work in a bank, and gathered at the Hotel Cosmopolitan Saturday evening, May 31st, for the purpose of administering a "knock-out" to the different palatable delicacies spread be

fore them; the occasion being the seventh annual banquet of the chapter.

After the menu had been enjoyed, the toastmaster, L. E. Bentley, Special Deputy Collector of Customs, was introduced by E. A. Saucier, the retiring President. Mr. Bentley proved to be a very clever master of ceremonies, and his witty remarks were enjoyed throughout the evening.

The result of the election of officers for the ensuing year was announced as follows: John Dane, Hibernia Bank & Trust Co., President; W. F. Mulledy, German American Savings Bank & Trust Co., Vice-President; Joseph J. Farrell, Hibernia Bank & Trust Co., Secretary; W. D. Parham, Canal-Louisiana Bank & Trust Co., Treasurer. President Dane, in his inaugural address, stressed the need of membership and co-operation of members, and outlined the work for the coming year.

Leon C. Simon, President of the Association of Commerce, spoke ably on "Co-operation," one of the most timely subjects possible, inasmuch as New Orleans is presently conducting a campaign for co-operation of the various commercial organizations toward the betterment of local conditions.

R. S. Hecht, Trust Officer of the Hibernia Bank & Trust Co., who, in conjunction with Prof. Morton A. Aldrich, of Tulane University, conducted the classes in Banking, read out his report to the chapter, announcing that of the approximately fifty members enrolled in Banking, the following eighteen gentlemen passed the examination, which was held on Saturday, May 24, 1913: Messrs. R. E. Byrne, P. Wraight, E. F. LeBreton, C. A. Lambertson, Jr., W. F. Mulledy, E. A. Saucier, J. J. Plauché, W. C. Byrne, F. Lloveras, A. Luria, F. F. Michon, F. C. Vasterling, W. McKay, L. V. DeGruy, N. B. Hinckley, W. D. Parham, R. H. Palfrey and J. J. Farrell. Mr. Hecht said in part: "We wish to state that all of these men showed a very good grasp of the subject matter covered by the questions, and their percentage is all above 78, whereas anybody receiving a mark of 70 would have passed the examination. Of these eighteen men who have passed the Banking and Finance examination this year seven have already passed the Commercial Law examination, and are, therefore, entitled to the certificate of the American Bankers Association, and proper steps are being taken to secure the diplomas. The following are the seven certificate holders: Messrs. R. E. Byrne, E. F. LeBreton, F. Lloveras, W. McKay, W. F. Mulledy, R. H. Palfrey and E. A. Saucier. These seven names, added to the eleven New Orleans men who already have certificates, gives New Orleans eighteen certificate holders, which is a larger number in proportion to the membership than any other chapter in the country can boast of. As a matter of record, we give below the names of the gentlemen who previously acquired the certificate: Messrs. R. S. Hecht, Victor L. Bernard, Fritz Borgemeister, Harry Hardie, R. G. Fitzgerald, W. B. Machado, John Dane, R. J. Palfrey, F. L. Ramos, C. W. Kay and J. L. Benton."

Dr. Robert Sharp, President of Tulane University, spoke of "The Need of Courses at Tulane Preparatory to a Business Career."

Geo. H. Maxwell, Executive Director of the National Reclamation Association, one of the leading advocates of Government Control of Rivers, made a forceful talk on "Louisiana's Opportunity," and was followed by Mr. Sam Blum, on "The Responsibility of the Business Man of To-day."

The banquet, which was attended by officers of every bank in the city and many guests of note, was an unqualified success, due mainly to the untiring efforts of the banquet committee, of which Irwin L. Bourgeois, of the Hibernia Bank & Trust Co., was chairman.

I. L. Bourgeois, of the Hibernia Bank & Trust Co., having been appointed a member of the transportation committee for the Richmond convention, is endeavoring to bring the largest southern delegation to that city that has ever attended an Institute convention. The prospects, so far, have been very encouraging, and it is very probable that the South will drive up to Richmond in a special train of its own.

NEW YORK.

By Harold S. Schultz.

SEASON OF 1912-13. REPORT OF THE SECRETARY.

NEW YORK CHAPTER has just closed one of the most eventful and most important chapters in its history. The season of 1912-13 has been replete with a vast number of new ideas and important changes, which have followed each other with such rapidity, that to chronicle them with full details is a task which must be left for some able historian.

Perhaps the most striking evidence of advancement is that we have crystallized still more along the lines of education. From the very beginning, when great care and much time were devoted to the compilation of a dignified and at the same time complete Announcement of the work to be given during the year, and the broadcast distribution of that Announcement with the determination to reach every young banker in the city, if possible, the bent of the work has been to elevate and instruct the younger men in our banks. The co-operation of James G. Cannon, President of the Fourth National Bank, made the publication of this book possible. Over 3,100 copies were distributed.

Under the direction of the Educational Committee of which Mr. Broderick was Chairman, the regular course for the year was prepared far in advance of the beginning of the term and complete instructions were given as to how to gain the Institute Certificate, so that it was not at all surprising when during the first two weeks of the season over five hundred new men enrolled as regular students. The membership table below shows the steady increase as compared with the same period of the previous season.

1911-12.		1912-13.	
June	1,492	June	1,694
July	1,492	July	1,629
Aug.	1,515	Aug.	1,624
Sept.	1,533	Sept.	1,631
Oct.	1,805	Oct.	1,847
Nov.	1,891	Nov.	1,957
Dec.	1,934	Dec.	1,966
Jan.	1,916	Jan.	1,958
Feb.	1,916	Feb.	1,998
Mar.	1,853	Mar.	2,018
Apr.	1,768	Apr.	1,974
May	1,694	May	1,941

Again emphasizing the fact that figures are even more demonstrative than words, the following table shows how much our lectures were appreciated, and is the best sort of encouragement to those interested in making the instruction of the best possible sort.

Course	Average		Total
	Number of Lectures	Attendance at each Lecture	
*Practical Banking	25	248	6,206
†Fundamental Business Conditions, Investment Analysis, Commercial Law	19	49	932
English and Public Speaking.	27	60	1,643
‡Credit Lectures	12	122	1,469
Chapter Forum	10	25	250
Special Lectures on Savings Banks	2	50	100
Total	95	110	10,800

The average attendance for the year 1911-12 was 53 less than half the number shown above.

Our financial standing while not yet entirely satisfactory is extremely encouraging. During the season of 1911-12 New York Chapter was obliged to

* About 75 per cent. of the men attending were under 22 years of age.

† The apparent low average here was caused by the fact that the majority of the men registered in this course had previously passed the law course and were not required to attend that particular division of the work this year.

‡ Second-year men were required to attend this course.

depend in a large measure upon the generosity of several banks who offered to be of assistance. During the past season while these banks made an offer equally as generous as that of the previous year, our officers made up their minds that, if possible, they would show their appreciation of the kindness of these benefactors by using every effort to make the chapter pay its own expenses.

A Maintenance Committee, having for its Chairman Mr. Minor, without much difficulty collected about \$900 to be used to defray any deficit that might be incurred. We have not touched the fund subscribed by our good friends, but we do not hesitate to acknowledge that even though the Maintenance Fund was used there are still some unpaid bills. We intend to do our best to handle this deficit ourselves and different ideas and plans are being formulated to this end. This year has really been a turning point in chapter annals, for up to now with the elaborate scheme of lectures no one has expected that we could finance ourselves.

The happy results shown above have been reached by means of various channels, and after serious work on the part of all the officers and all the committees. The harmony which has existed throughout the year and the hearty co-operation of all those interested in the work have really been the means by which we have gained so much.

The Literature Committee under the able direction of Mr. Ohlrogge, our Librarian, has been extremely active in keeping the library in good shape and in fostering a lively distribution of books. New books were added, handsome covers were placed on all periodicals, systematic endeavor was made to recover books that seemed lost, and in every way the library did its part to boom the work.

The House Committee, of which Mr. Costello was Chairman, is responsible for the new blackboards that adorn the walls of the lecture hall, and which are very useful; for the piano which gives a homelike air to the library, the ice water, the new camp chairs, and the general comfort of the place. It most certainly deserves our deep gratitude.

The Reception Committee, of which Mr. Cohen was Chairman, did a great service, particularly at the beginning of the year, when the new men were enrolling, by greeting each man as he came in and making him feel at home.

The Entertainment Committee under Mr. Riggs had charge of all social affairs of the chapter. It supervised the boat ride, the banquet and the Inter-Chapter Debate, but not the dance, for Mr. Clements conducted this with his usual success. This committee is also extremely important in an educational way as being one of the chapter's best means of spreading news of achievements.

The Press Committee, under its Chairman, Mr. Dawson, and with the aid of Mr. Ellsworth, spread the news of our work throughout the length and breadth of the United States by means of our chaptergram in the BULLETIN, by articles sent to five of the banking publications of the country and by distributing news to the New York News Bureau. Chapter notes and a program card were sent to the members in the banks on the first of each month, thus keeping them well informed as to just what was going on and increasing the interest in chapter affairs.

The Registration Committee under C. D. Johnson cared for the details and kept records of class work, all of which was most essential.

The Finance Committee under Mr. St. John watched with care the expenditures and labored diligently to see that none of the funds were wasted.

Great credit is due to the Board of Consuls for the effective personal campaign for members which was carried on throughout the year. Mr. Stevens, Chief Consul, began the year by calling frequent meetings, which were largely attended and at which all sorts of ways and means of increasing membership were discussed. Suggestions were made which proved of great value and in addition to all the other efforts made there is no doubt but that the personal solicitations made by a large number of these consuls gave to the work the real impetus which made the success of the year possible.

At the September meeting of the Board of Governors the conclusion was reached that the detail work of the chapter could be most effectively handled through a combination of the departments of the Secretary and Treasurer. Therefore, since the first of October the Secretary has taken complete charge of the whole work, both financial and clerical, the Treasurer's sole duty being to sign checks and to supervise the management of the funds. All bills have been mailed directly from the office of the chapter. All accounts have been kept there and all funds received there. To facilitate the work it was deemed best to issue membership cards, which eliminates the work of writing a receipt for each member. The Consul in each bank was made responsible for the whole amount collected from the men in that bank and the money received for to him.

In addition to the routine work, such as correspondence, assistance to employment, general information, enrolling new banks and keeping office records, the Secretary has kept in touch with the work of each committee and assisted it in its various duties. All advertising matter and publications have been composed and sent out from the office; the distribution of Institute pamphlets, class information, etc., have also been made under his direction.

The great credit for the success this season belongs unquestionably to Mr. McWilliam. As President throughout the season he kept closely in touch with every activity and bent every effort to increase chapter efficiency with a zeal of which few men are capable. It was entirely due to him that we can say that the social side of New York Chapter life was more successful this year than ever before. In addition to the many functions of the year which have been dwelt upon at length in various publications, the institution of Chapter Night was inaugurated.

The third Tuesday evening in each month was called Chapter Night and a number of interesting addresses by various successful chapter men were made on these occasions. Mr. Knox, of the Bowery Savings Bank; Mr. Cheney, of the Pacific Bank; Mr. Ludlow, of the Union Trust Company, of New Jersey; our Educational Director, Mr. Allen, and John Harsen Rhoades, of Rhoades & Co., all of whom are successful chapter men, each gave an interesting and helpful tale of "how he made good," and gave the credit to New York Chapter. Usually a musical program or some light entertainment followed the speeches. In every way these occasions were made most attractive, and helped much to foster an atmosphere of good fellowship among the members. Every opportunity was taken to impress upon those present the idea that New York Chapter is only a part of a great national body having for its purpose the uplifting of bank men not in New York City alone, but throughout the whole country.

Philadelphia Wins.

Yes, we have got to hand it to the gentlemen from the Quaker City. They are right there with the goods. On the 8th of May a team composed of P. B. Detwiller, R. U. Frey, H. E. Dely and A. R. Elmer dropped in and rippled the surface of the peaceful stream of our existence by contesting the proposition of O. Howard Wolfe, B. F. Gooden and A. E. Lobeck of our own chapter that: "Notes of an Incorporated Clearing House Association are better than notes issued by any proposed National Reserve Association," and the story runs as follows:

The rooters were gathered in great numbers at the appointed hour and the tension of the situation can be described only by the use of the antiquated phrase "that you could hear a pin drop." George E. Allen was referee, and in introducing the first speaker of the affirmative, our Mr. Wolfe, added a few introductory remarks as to the great advantage of such a contest.

Wolfe did well. The subject at best is pretty difficult, and he treated it so scientifically and thoroughly that the New York Chapter rooters felt that Philadelphia had no chance whatever; Mr. Detwiller was the first speaker for Philadelphia, and a mighty able little man is he. His delivery was forceful and showed that he had spent much time in preparation.

Lobeck and Gooden followed for New York in the order named, each with extremely good arguments and well put. Deily and Frey in the same order delivered the rest of Philadelphia's argument in superb form. Intermission of a few minutes was then taken to give the sides an opportunity to make up their rebuttal, Mr. Wolfe for New York and Mr. Detwiller for Philadelphia, after which the audience suffered a few anxious moments.

Mr. Gilbert, of the Market & Fulton National Bank, Dr. Crowell, of the Wall Street Journal, and Mr. Broderick, State Bank Examiner, filed slowly out to make the momentous decision. It did not take them long either, which was good for the nerves of those who waited. There is no use going farther with this history—the verdict was PHILADELPHIA WINS. New York did her best, but Philadelphia did still better. The affair ended happily for all. Of course we would like to see New York win, but both sides of any game cannot carry off the honors. Next to New York we are glad that Philadelphia won, and we trust that the future may give us an opportunity to get at them again.

Rally Night.

The season of 1912-13 was formally closed on the evening of the 27th of May by a Grand Rally at the Chapter Rooms. Hon. Jeremiah T. Mahoney, Commissioner of Accounts of the City of New York, gave an address on "Efficiency," which was extremely instructive and well delivered. After Mr. Mahoney's address the formal inauguration of the new officers for the year 1913-14 took place in the following manner:

President McWilliam presented the gavel to Mr. Hudson and announcing him as the new president stepped down from the platform. President Hudson expressed his appreciation of the honor and responsibility which he felt went with the office and then took the chair. The other old officers relinquished their positions and the new stepped in in the same manner.

W. M. Rosendale for the Past Presidents of the chapter presented two pictures for the library. Another pleasant surprise that Mr. Rosendale brought were the pictures of all the Past Presidents, which in neat frames now adorn our walls.

Mr. Wolfe, the new Vice-President and Chairman of the Educational Committee for the coming year, announced the names of those who are eligible for Institute Certificates and also those who passed the first-year examination. He presented David M. Cross, of the Fifth Avenue Bank, with a prize of \$10 for having obtained the highest mark in that course.

The occasion was marked as one of the most successful that New York had had this year and speaks well for the enthusiasm which should mark the beginning of next season.

Institute Graduates, 1913.

New York Chapter is proud to announce that the following men have successfully completed two years of work under its direction and are entitled to receive certificates of the American Institute of Banking. These certificates will be presented at the opening meeting in October. Names are listed in order of class standing. Joseph McDonough, Bowery Bank; H. E. Burr, Fifth Avenue Bank; G. A. Kinney, Hamilton Trust Co.; O. W. Eggleston, Fifth Avenue Bank; R. E. Zimmerman, Hudson Trust Co.; Hoboken; A. G. Roberts, National Park Bank; C. W. Robinson, Title Guarantee & Trust Co.; Rodney Dean, Fifth Avenue Bank; W. J. Tyler, Corn Exchange Bank; C. D. Johnson, Fourth National Bank; R. R. Covert, Mechanics' Bank; J. H. Thompson, Guaranty Trust Co.; W. Thompson, Second National Bank, N. Y.

New Administration.

New York Chapter is proud to announce the following officers for the year 1913-14:

A. W. Hudson, Empire Trust Co., President.
O. Howard Wolfe, American Bankers Association, First Vice-President.

F. C. Riggs, National Newark Banking Co., Second Vice-President.

H. M. Baldwin, Title Guarantee & Trust Co., Treasurer.

H. S. Schultz, 138 East Thirty-fifth Street, New York, Secretary.

J. B. Birmingham, Citizens' Central National Bank, Chief Counsel.

I. H. Meehan, Farmers' Loan & Trust Co., Secretary to the Board of Consuls.

A. R. T. Young, Union Square Savings Bank, Librarian.

If during the summer any of our members desire information pertaining to chapter work it is hoped that they will communicate with any of the officers by telephone or letter. All such communications will be promptly attended to.

Passed State Bank Examiners' Examinations.

Of the one hundred and eighty-one men who presented themselves for the state bank examiners' test, only fifty were successful. It is particularly gratifying to the members of the American Institute of Banking that twenty-eight of this number were Institute men and of this number of Institute men twenty-three were members of New York Chapter.

Better proof of the fact that the educational work of the Institute is effective could hardly be found. The following is a list of the Institute men who passed the examination: R. W. Taylor, New York; A. D. Dutton, Buffalo; F. W. Piderit, New York; A. J. Van Pelt, New York; A. A. White, Syracuse; Charles E. Blackford, Jr., New York; J. M. Kinney, Buffalo; P. J. Mulcahy, New York; A. F. Johnson, New York; Gilbert R. Hendrickson, New York; J. M. Bromley, New York; Charles J. Juster, New York; W. F. McLaughlin, New York; Francis A. Gallagher, New York; Fred Billman, New York; D. O. Palmer, New York; E. H. Ensell, New York; C. W. Robinson, New York; Mills Ten Eyck, Albany; N. Orens, New York; A. T. Wolfe, New York; H. P. Brunjes, New York; E. V. Kean, New York; R. F. Frawley, New York; C. F. Pfaffman, New York; C. M. Bemann, New York; Henry B. Rockwell, Albany; R. J. H. Hutton, New York.

Passed First-Year Course.

The following men named in order of standing have successfully completed the first-year course prescribed for those desiring to receive an Institute Certificate. A total of ninety-three men took the examination. It will be seen that a few were unsuccessful. These are to be given another opportunity in the early fall, and it is hoped that when the second-year course opens in October that every man who was qualified to take the examination in Practical Banking will have passed the examination and be a full-fledged second-year man. The course next year is going to be great according to Chairman Wolfe and every man should hasten to register.

David M. Cross, Fifth Ave. Bank, N. Y.
Gus Bottner, Coal & Iron National Bank, N. Y.
I. H. Meehan, Farmers Loan & Trust Co., N. Y.
Russel C. Doeringer, Plainfield Trust Co., Plainfield, N. J.

W. H. Maeder, Bronx National Bank, N. Y.
Louis F. Wigand, Bank of Metropolis.
H. P. Davis, Chase National Bank, N. Y.
August Emke, Second National Bank, N. Y.
Philip Kunzinger, Jr., Mechanics Bank, Bay Ridge.
A. H. Watson, Liberty Trust Co., Newark, N. J.
H. D. Davis, Plainfield Trust Co., Plainfield, N. J.
H. A. Wilkinson, Fifth Ave. Bank, N. Y.
William Feick, Broadway Trust Co., N. Y.
F. A. Melly, Fifth Ave. Bank, N. Y.
Edwin Merrill, Hanover National Bank, N. Y.
H. R. Scheibe, Ladenburg, Thalman & Co., N. Y.
Willard Schenck, Mechanics Bank, Brooklyn, N. Y.
C. J. Fetterer, Bank of Metropolis, N. Y.
C. L. Gray, Fourth National Bank, N. Y.
Harry C. Bock, Astor Trust Co., N. Y.
Percy M. Christie, Citizens National Bank, Englewood, N. J.

A. B. Gardiner, First National Bank, Hoboken, N. J.
 J. D. Robertson, Brooklyn Trust Co., Brooklyn, N. Y.
 Carl Meyer, Flushing National Bank, Flushing, L. I.
 E. K. Dimock, Union Exchange National Bank, N. Y.
 George Preston, Brown Brothers Co., N. Y.
 N. G. Chase, Bigelow & Co., N. Y.
 Harry Rode, Title Guarantee & Trust Co., N. Y.
 L. F. Schaeffer, Greenwich Bank, N. Y.
 L. C. Montgomery, Peoples National Bank, Brooklyn.
 J. P. Johnson, Farmers Loan & Trust Co., N. Y.
 Charles Octave, Bank of Europe.
 John Kunkle, Peoples National Bank, Brooklyn, N. Y.
 H. P. Althaus, Fifth Ave. Bank, N. Y.
 G. H. Fountain, Security Bank, N. Y.
 O. P. Schmalzle, New Netherlands Bank, N. Y.
 D. E. Faucett, Peoples National Bank, Brooklyn, N. Y.
 J. M. Squier, Guaranty Trust Co., N. Y.
 F. M. Johnson, Mutual Alliance Trust Co., N. Y.
 D. J. Casterline, Hamilton Trust Co., Brooklyn, N. Y.
 F. R. Lynn, Turmure & Co., N. Y.
 P. H. Long, National Newark Banking Co., Newark, N. J.

A. B. Rowland, Farmers Loan & Trust Co., N. Y.
 E. C. Howard, State Bank, N. Y.
 Arthur Rueffer, Chase National Bank, N. Y.
 Clemens Graf, Fourth National Bank, N. Y.
 A. J. Curtin, Second National Bank, Hoboken, N. J.
 W. Schmidt, Peoples National Bank, Brooklyn, N. Y.
 F. A. Jennings, Bigelow & Co., N. Y.
 C. A. Balthazar, Title Guarantee & Trust Co., N. Y.
 E. Kretz, Hanover National Bank, N. Y.
 E. J. Reichert, Kountze Brothers, N. Y.
 O. Burian, Bank of Europe, N. Y.
 William Engelhard, West Hudson County Trust Co., N. J.
 E. W. Schweibert, Bronx Savings Bank, N. Y.
 F. J. McAvoy, Title Guarantee & Trust Co., N. Y.
 L. C. Lewis, Fourth National Bank, N. Y.
 W. T. McGregor, Metropolitan Bank, N. Y.
 A. Kunzinger, Mechanics Bank, Brooklyn, N. Y.
 W. Hauck, Fourth National Bank, N. Y.
 W. E. R. Slattery, Title Guarantee & Trust Co.
 A. G. Swan, Fourth National Bank, N. Y.
 Claude H. Meredith, Hamilton Trust Co., Brooklyn, N. Y.
 Robert McGregor, National Bank of Commerce, N. Y.
 A. A. Seegars, Lincoln National Bank, N. Y.
 Louis Bihl, Century Bank, N. Y.
 Richard Conlon, Jr., Farmers Loan & Trust Co., N. Y.
 T. Barthen, Guaranty Trust Co., N. Y.
 F. A. Godwin, Brown Brothers Co., N. Y.
 W. A. Ross, National Park Bank, N. Y.
 H. E. Manston, National City Bank, N. Y.
 R. Bryan, Fourth National Bank, N. Y.
 Charles Schoch, Irving National Bank, N. Y.
 John C. Dedell, Fifth Ave. Bank, N. Y.
 H. G. Norris, National City Bank, Brooklyn, N. Y.
 E. L. Aston, First National Bank, Jamaica, L. I.

Notes of Advancement.

J. H. Hunt, of the Bloomfield Trust Co., is now Assistant Secretary of that Institution.

F. K. Lister, of the Fourth National Bank, is now Assistant Cashier.

F. J. Leary, formerly with the Mutual Alliance Trust Co., is now Assistant Manager of the 42d St. Branch of the Central Trust Co.

William Feick, formerly of the New Netherlands Bank, is now the Credit Man of the Broadway Trust Co., Woolworth Building.

B. P. Gooden is Credit Man of the New Netherlands Bank.

Willard Schenck, of the Mechanics Bank, Bay Ridge Branch, has been promoted to Paying Teller of that Institution. Philip Kunzinger takes his place as Receiving Teller.

From the New York Journal of Commerce: "J. T. Monohan, Manager of the New York Agency of the National Bank of Cuba, will leave on Wednesday for the West Indies on a mission connected with the National Bank of San Domingo. During his absence of about two months the National Bank of Cuba's Agency will be in charge of J. H. Durrell, superintendent of branches, who has just come from Havana for that purpose."

OAKLAND.

By George W. Ludlow.

ON May 21st Oakland Chapter elected the following officers and delegates: President, W. F. Morrish, First National Bank, Berkeley; Vice-President, J. S. Killam, Union Savings Bank; Secretary & Treasurer, George W. Ludlow, The Oakland Bank of Savings. Members of the Board of Governors, two-year term: J. Melson Ernst, First National; Chas. J. Feehan, Central National; one-year term: G. T. Douglas, First National, Berkeley. Hold-overs: George R. Gilmour, The Oakland Bank of Savings; J. E. Smith, Union Savings. Delegates to Richmond: H. E. Jacobus, The Oakland Bank of Savings; J. J. Flynn, Central National Bank; S. C. Scott, Farmers & Merchants Savings Bank; F. M. Cerini, The Oakland Bank of Savings; J. E. Smith, Union Savings Bank; Theo. Jenkins, Union Savings Bank; J. E. Spafford, Citizens Bank of Fruitvale; W. F. Morrish, First National Bank, Berkeley, Delegate at Large.

Preceding the installation, Hon. Duncan McKinlay, former Congressman, spoke on the Alaskan Coal-Land controversy. Mr. McKinlay was a member of the committee which investigated this affair and thus was able to give us some very interesting "inside information."

All of the thirteen who took the final examination were successful, and the following are entitled to certificates: Clarence H. Hillhouse, Magnus A. Wallin, Edwin L. Buzzell, George W. Ludlow, John F. Waters and Alfred J. Anderson.

PORTLAND, ORE.

By Cyrus A. Woodworth.

THE vacation period finds all regular educational work suspended, but preparations are under way for a continuation of the trips to points of interest in the local industrial field, which proved so interesting last summer. In addition to familiarizing the members with the work of the concerns whose accounts they handle, the chapter doubtless acquired quite a few members among those who heard of the trips, but did not go. The fourth annual banquet, held in the dining hall of The Commercial Club on May 22d, was a success from every standpoint. The number seated, 238, was within two of double the previous year's attendance. Chapter talent, cabaret singers from a local grill, an orchestra and singing by the crowd livened the progress of the meal, after which a series of cartoons with nonsense verses were thrown on a screen in which the various "hobbies" of the bank officers were made the subject. Special electrical decorations, the work of members, were in keeping with the spirit of the occasion. Theodore B. Wilcox, a director of Ladd & Tilton Bank, who rose through its ranks to the position of paying teller, spoke on "Reminiscences of a Bank Clerk." Col. C. E. S. Wood gave some ideas worth remembering on the bankers' relation to the community, and Rev. John H. Boyd, pastor of the First Presbyterian Church, delivered a splendid address on "Work and Life." In addition to the above programmed numbers, the guests were favored with a short impromptu talk by Mr. Truman Butler, a pioneer banker of Hood River. Seventeen members passed the Institute final examination last month. Much of this can be credited to the high class of lecturers who gave so freely of their time and talent during the past year.

At the annual meeting, May 13th, the following officers were elected: President, T. H. West, of Ladd & Tilton Bank; Vice-President, J. D. Leonard, of United States National Bank; Secretary, H. C. Bancroft, of Lumbermen's National Bank; Treasurer, Walter H. Brown, of Commerce Trust & Savings Bank. With the exception of Mr. Leonard, all officers were chosen to succeed themselves. The Board of Governors for 1913-14 are: F. O. Bates, of Merchants' National Bank; L. E. Cable, of Bank of California, N. A.; R. M. Dobie, of Security Savings & Trust Co.; E. A. Hartman, of First National Bank; R. H. E. Nelson, of Northwest National Bank, and Joseph Wiley, of Hibernia Savings Bank.

ROCHESTER.

By Fred. D. Whitney.

THE season of 1912-13 of our chapter has come to a close, and we believe that we can look back over the past year and feel that it has been one of great success toward educational efforts. We have now on our list six men who have graduated, completing both parts of the course given by the Institute, five men who have passed the examination in Banking and eight men who have completed the law part.

In addition to taking up the study course we have had a series of monthly dinners held at our leading hotels, at which we were addressed by prominent men of the city on topics of interest to the banking men. These dinners have proven a great success, both in drawing the men together for a social time and also in giving them the privilege of listening to addresses of merit.

While our debating team was defeated by the Syracuse team on the question of "Currency Reform," it has been gratifying to the members of the team to receive congratulations from the leading business men of the city on the able manner in which our team handled the question. The debate also served to emphasize to the community the work of the Institute and to bring the Syracuse and Rochester chapters closer together.

While the active season is over, the new officers are working diligently upon tentative plans for the coming year, and hope to have by fall the best program the members of this chapter have participated in thus far.

SACRAMENTO.

By C. E. Gruhler.

AFTER passing the crucial period of chapter work with a 90 per cent. membership and a study class of better than 40 per cent. of a possible membership of 125, we feel that we are on the A. I. B. map and want our sister chapters to know it. Saturday evening, May 25th, we celebrated our first anniversary with a banquet at the Hotel Sacramento, having as our guests Hon. Duncan McKinley, W. A. Day and R. A. Newell, of San Francisco, and F. M. Cerini, F. Moorish and G. L. Downing, of Oakland. An enjoyable evening was spent, in the course of which we were commended upon the maintenance of our membership. Our study class has been discontinued until the month of September when we expect to start two classes of about twenty-five each. Our delegates to the Richmond Convention will be named in our next chaptergram and when you meet them, they will appreciate any suggestions you, of more chapter experience, can give them. Call at our headquarters in Richmond, as you did at Salt Lake, as we hope to bring enough real California fruit to give you an idea of what you can expect when you attend the convention in San Francisco, 1915.

SCRANTON.

By E. R. Kreitner.

JUNE 5th was the close of the most successful year Scranton Chapter has ever had, and it was marked by the most successful dinner we ever had. The weather was ideal, the menu fit for royalty and the toast list—none of the 300 guests left until all was said, which is the best recommendation the speakers could have. The speakers, most all of whom were from out of town, started to arrive early in the day. Senator Boise Penrose reached here at 11.50 A.M., and was entertained with a reception and luncheon at the Scranton Club by about 50 of Scranton's most prominent citizens. Hon. Charles N. Fowler, Dr. C. B. Meding, Fred W. Ellsworth, Raymond B. Cox and J. B. Birmingham arrived at 1.45 P.M., and were met at the station by the reception committee, escorted to the Hotel Casey, where the dinner was held, and later taken around the city and over the Elmhurst Boulevard in automobiles, returning to the hotel at 5.30 P.M. The din-

ing hall was beautifully decorated and presented a pretty picture when the doors were thrown open at 7 o'clock. Bauer's full orchestra and the Electric City Quartet furnished the entertainment during the dinner. Mr. Norris J. Swisher made the opening address; as president of the chapter he told of the many things accomplished during the past year. He said Scranton Chapter ranks second to none in the Institute as regards its success educationally, over one-third of its members being graduates, and a chapter forum of sixteen taking the Post Graduate course under Walter B. Kramer as chairman. Mr. Swisher outlined his plans for the coming year, and predicted that the chapter would keep up its position as one of the most successful chapters in the Institute. In introducing the toastmaster, Walter B. Kramer, the retiring president, he paid a glowing tribute to him for his untiring efforts in behalf of the chapter, which has endorsed Mr. Kramer as a candidate for National Secretary of the Institute. In his response the toastmaster thanked the bankers and chapter members for the loyal manner in which he was supported during the past year, and wished them a future far more successful than they had ever enjoyed.

Fred W. Ellsworth, of the Guaranty Trust Company of New York, answered to the toast "The Institute;" he covered the history of the Institute and its aims, and made many friends for himself in Scranton, by the able manner in which he handled his subject. He pointed out the good the Institute is doing and urged upon his hearers to continue in that good.

The toastmaster then introduced Hon. Boise Penrose, senior senator from Pennsylvania, saying he was glad the senator had afforded the bankers this opportunity of displaying their appreciation of so distinguished a fellow citizen. Senator Penrose talked on "Tariff Legislation" from a non-partisan and non-political point of view. He said: "In looking over this intelligent and good-looking crowd I wonder that so many Americans believe in the existence of a money trust, and that so many bankers come to Washington under subpoena. I think if some of these investigators saw this gathering they would mistake it for a representation from the Young Men's Christian Association, and not for a hideous octopus that is draining the money of the community." The senator proceeded to discuss tariff legislation and tariff agitation. To show that the tariff has been a live subject for many years, he quoted from reports of Alexander Hamilton, Albert Gallatin, Robert J. Walker, Henry Clay and Daniel Webster, explaining their views on the big question during their time.

The toastmaster introduced Dr. C. B. Meding, of the Harlem Eye and Ear Infirmary of New York. Dr. Meding made a big hit in Scranton; his subject, "Citizen Righteousness," was very much different from anything we have ever heard, and Dr. Meding has a way of winning his audience entirely his own. He said in part: "Gentlemen, I come from a rotten town—and I know it—and am proud of it, because I know that it is just one little part of this great big rotten country of ours, of which no part is one bit better than another. Scranton, Memphis, San Francisco, New York, they're all alike. All through these cities you will hear people crying—civic righteousness. With all their howls they don't get anything, and why? Simply because they do not know where to begin to work; they should start to clean up themselves, and nobody else or nothing else. I would suggest a daily look into the mirror. Cut out the arguments against introspection for a little introspection combined with some repentance and a lot of manly resolve will bring about more civic righteousness than all this fool talk that is going around."

The toastmaster changed the order of speakers and introduced Dr. Griffin W. Bull, Pastor of the First Presbyterian Church of Scranton. Dr. Bull is an old friend of the chapter, and no dinner of ours is complete without him; he is one of the best after-dinner talkers in the country and his talk was one of the most prominently discussed features of the night. He certainly gave us the longest and best laugh we ever had.

Mr. Kramer then introduced Hon. Charles N.

Fowler, of Elizabeth, N. J. Hon. Fowler's talk was technical. He is a recognized authority on banking laws and problems, and he went into great detail in describing the banking laws of the United States and comparing them with those of other countries. Canada, he said, has the greatest banking laws in the world, and he said that these laws were taken from the State of Massachusetts before the civil war. They were lost to this country during the war, but Canada took them up and made the most of them, and we should try and get them back. But he said the bankers must make a careful study of the situation before they do anything, because the greatest danger lies in legislation that is not founded on absolute knowledge of conditions and needs, and as yet there is no fundamental knowledge of the question in the minds of the great majority of our legislators.

The committee that had charge of arrangements were Walter B. Kramer, Norris S. Swisher, E. R. Kreitner, Alfred Breen, W. D. Howarth and John Benfield.

We are pleased to announce the advancement of Geo. C. Nye to Assistant Treasurer of Lackawanna Trust & Safe Deposit Co. Mr. Nye helped to organize Scranton Chapter, and is a certificate holder.

SYRACUSE.

By J. J. Hughes.

SYRACUSE CHAPTER has just passed its first milestone. Looking back, it was a good year, full of things accomplished. Some have made use of their talents and received the laurel wreath, others have gotten quietly to work o' nights, preparing themselves for other opportunities. Looking ahead, if like Patrick Henry, "We may judge the future by the past," our success is assured, especially if we may continue to borrow from the "lamp of experience" of such men as A. W. Loasby, Anthony Lamb and W. H. Kniffen. The last-named gentleman sojourned in Syracuse long enough to en-fuse much of his A. I. B. enthusiasm into our chapter. We hope to demonstrate to him our gratitude by showing that his work was bigger than he.

We are gratified that Mr. Loasby, in whose brain germinated our chapter, has been chosen President of the Trust & Deposit Co. of Onondaga. It is due to his direction as our first President that the chapter is in such good condition. Congratulations are also due to M. V. White, of the Trust & Deposit Co., who has been promoted to the position of Trust Officer. He will succeed Mr. Kniffen as chairman of the educational and speakers' committee on the chapter, which means more good stuff for our chapter nights.

Our much-needed permanent meetings and library rooms are about to be realized. Two large connecting rooms in the Syracuse Savings Bank Building have been secured through the influence of F. W. Barker at a figure within our means.

Several of our members have signified their intention of attending the convention at Richmond, and we hope that another year our finances will permit sending one or more delegates.

The Syracuse Trust Company has just moved into its modern new home, which is an ornament to our city, and will compare with any banking quarters in the country.

WISDOM FROM A WISE SOURCE.

From the Chicago Banker.

NEW YORK Chapter graduated seventy-six at the "June commencement." Pretty soon New York will quit "lifting" western men, and rely upon home grown.

ON TO RICHMOND.

By James Lee.

THE road to Richmond is easier this year than McClellan and Grant found it in the sixties, but it is nevertheless interesting.

OILY.

By Peter Phelps.

THE following from the Detroit Free Press, entitled "The Oily Congressman," is submitted as descriptive of the Institute politician:

A feller that's in politics gets most peculiar ways,
He makes a salad dressing out of everything he says;
He oils his words an' seasons 'em an' speaks 'em soft an' low.

An' never utters anything but what he thinks'll go;
He deals out pretty phrases instead of good old spunk.
An' spends his time in office jes' passing out the bunk.

Afore Jim got to Congress an' put on a shiny hat
We fellers here in Pixley used t' sit with him an' chat;
Why, he had growed up with us, an' was on the level, too,
An' what he told us, stranger, you could gamble would be true;

In them days I was Jack to him—but now I can depend
On bein' called the times we meet: "My very good old friend."

He don't talk sense no longer—he ain't the same old Jim
We loved in little Pixley, afore we 'lected him.
He's shook his good old custom of tellin' us his mind,
An' uses, to say nothin', all the big words he can find.
He's allus charmed to see us, an' he's allus tryin' hard
To convince us that he holds us in his very high regard.

Last night we had a meetin' an' Jim was there to talk,
He praised us in a gallop, an' he praised us in a walk;
He praised the village drunkard, an' he praised our sterling men,

He praised our lovely women, an' our little ones, an' then
He praised the skies above us, an' he almost shed real tears.
As he praised the recollections of his early boyhood years.

He raved about our sunshine an' he gushed about our flowers,
To hear him elocute you'd think all loveliness was ours;
He told us how it thrilled him t' get back with us once more,

With the dear old friends whose faces in his mind he allus bore;
An' that night this thought came to me, as away from there I slunk;

A Congressman ain't happy 'less he's somewhere spillin' bunk.

INSTITUTE MEN LEAD.

From the Financial Age.

OF the fifty-one men who passed the recent examination for State Bank Examiner in the State of New York, twenty-eight are members of the American Institute of Banking and twenty-three of the twenty-eight are New York Chapter men. This is probably the most significant comment that can possibly be made on the efficient training furnished by the Institute, and demonstrates in a concrete and practical manner just the kind of work that is being accomplished by this organization.

SIGNIFICANT.

By Richard Topping.

NONE but Institute graduates have been nominated for Institute offices thus far this year. This is right. None but educationists should be on guard.

INTERESTING IF TRUE.

By John P. Truax.

RUMORS are rife of a Hooligan rally at Richmond to substitute gladhandism for education in the Institute. Some persons still think that education should be only a "feature" of the organization.

PHILOSOPHY OF POLITICS.

By George Thompson.

IF Institute politics is a good thing, why not have more of it? If Institute politics is a bad thing, why not have less of it?

